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United States Courts
Southern District of Texas
FILED

AO 91 (Rev. 11/11) Criminal Complaint

MAY 23 2014

UNITED STATES DISTRICT COURT

for the

David J. Bradley, Clerk of Court

Southern District of Texas

United States of America)
v.)
NATALIE JENG)
DARLENE DRUMMER)
NIESHA HALL)
)
)
)
)
)
)

Case No. H-14-503M

Defendant(s)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

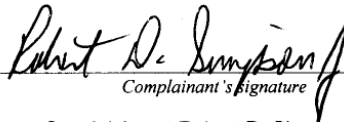
On or about the date(s) of June 2012 to September 19, 2013 in the county of Harris in the
Southern District of Texas, the defendant(s) violated:

<i>Code Section</i>	<i>Offense Description</i>
Title 18, United States Code, Section 1956(h)	Conspiracy to Launder Funds

This criminal complaint is based on these facts:

The defendants did then and there agree to knowingly conduct financial transactions involving the proceeds of specified unlawful activity, namely wire fraud, with the intent to promote said unlawful activity and to conceal or disguise the nature, location or source of said proceeds.

Continued on the attached sheet.


Complainant's signature

Special Agent Robert D. Simpson, Jr.
Printed name and title

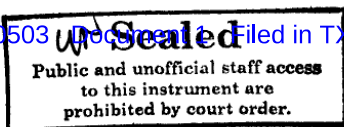
Sworn to before me and signed in my presence.

Date: 05/23/2014


Judge's signature

City and state: Houston, Texas

Nancy K. Johnson, U.S. Magistrate Judge
Printed name and title



AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT

I, Robert D. Simpson, Jr., being duly sworn, depose and state the following:

1. I am a Special Agent with the Internal Revenue Service – Criminal Investigation (IRS-CI), United States Department of the Treasury, and, as such, I am empowered to make arrests and to obtain and execute search, seizure, and arrest warrants. I am currently assigned to the Houston Field Office of the IRS-CI, and have been so since 1993. I have participated in numerous investigations involving felony violations of Title 26 of the United States Code (tax violations) and related financial crimes, including money laundering, bank fraud, wire fraud, mail fraud, illegal gambling operations, and identity theft.

2. I am making this affidavit in support of a Criminal Complaint to be presented to the United States District Court, Southern District of Texas, establishing probable cause for the arrest of Natalie Jeng, Darlene Drummer, and Niesha Hall, who are engaged in acts violating Title 18, United States Code, Section 1343, Wire Fraud; Title 18, United States Code, Section 1956(a)(1)(B)(i), Laundering of monetary instruments; and Title 18, United States Code, Section 1956(h), Conspiracy to launder funds. Section 1343 states that, "Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, shall be fined under this title or imprisoned not more than 20 years." Section 1956 (a)(1)(B)(i) provides for up to 20 years' imprisonment for anyone who, "...knowing that the property involved in a financial transaction represents the proceeds of some form of unlawful activity, conducts or attempts to conduct such a financial transaction which in fact involves the proceeds of specified unlawful activity...knowing that the transaction is designed in whole or in part...to conceal or disguise the nature, the location, the source, the ownership, or the control of the proceeds of specified unlawful activity." Section 1956(h) states, "Any person who conspires to commit any offense defined in this section or section 1957 shall be subject to the same penalties as those prescribed for the offense the commission of which was the object of the conspiracy."

3. I base the information outlined in this affidavit on personal observations and knowledge, information related to me by other sworn agents and

law enforcement officers, and my training and experience in the investigation of financial crimes. The facts set forth in this affidavit are not the only facts known to your affiant, they are only the facts set forth for the limited purpose of establishing probable cause for arrest.

Origin of the Investigation

4. In October of 2013, IRS-CI, along with the United States Postal Inspection Service (USPIS), received information from Garden Ridge Pottery, a regional craft and home décor retailer, that one of its employees may have been engaged in a scheme to defraud the company. Company representatives had approached Sandra Johnson, who was employed as the chain's Claims Manager, regarding misuse of a company credit card. As Claims Manager, Johnson had authority to order the payment of company funds in settlement of alleged injury claims filed by customers of Garden Ridge. When confronted about the credit card issue, Johnson abruptly resigned from the company. Subsequent investigation of numerous "slip and fall" type claims handled and approved by Johnson revealed that company files were largely devoid of any type of documentation normally associated with the claim review and approval process. Further investigation, including review of Johnson's company computer and social media internet sites, revealed personal relationships between Johnson and some of the allegedly injured claimants. In all, Garden Ridge identified 26 claims involving \$2,063,436.00 in settlement payments which it believed to be fraudulent. Further investigation by IRS-CI and the USPIS revealed that Johnson was, in fact, approving fraudulent claims. The majority of the fraudulent claims were paid via automated clearing house (ACH) bank transfers, generally involving the use of interstate wire communications facilities. Upon receipt of the settlement funds, the claimants generally withdrew the majority of the settlement amount in cash or cashier's checks, some of which could be traced directly back to Johnson. Johnson was charged via criminal complaint with wire fraud and money laundering in April of 2014.

Evidence of Natalie Jeng's Involvement in the Scheme

5. Unbeknownst to Garden Ridge at the time of Johnson's hiring in June of 2012, Johnson had pleaded guilty to mail fraud and conspiracy to launder funds in the Southern District of Texas on August 13, 2007 (Criminal No. H-07-262). In her plea agreement in that matter, Johnson admitted that, while employed as a claims adjuster for The Hartford Insurance Company in Houston, Texas, she ordered more than \$1,700,000 in payments be made from The Hartford to various medical clinics in the Houston area for medical services that were

never performed. Johnson also admitted that the clinic owners wrote her kickback checks to compensate her for her role in the scheme to defraud The Hartford. After admitting her role in the scheme, Johnson agreed to cooperate with the government in the prosecution of her co-conspirators, testified at trial, and received a recommendation for a reduced sentence from the United States. On January 13, 2009, Johnson was sentenced by the Honorable Kenneth Hoyt to 12 months and one day in prison and ordered to pay \$1,717,737.00 in restitution to The Hartford. Additionally, Johnson forfeited a new home and a Cadillac Escalade she had purchased with proceeds from the scheme.

6. In a resume' submitted to Garden Ridge, Johnson misrepresented her criminal past and her work history. Johnson denied ever being convicted of a crime (her previous indictment was actually under the name Sandra Washington Johnson). Additionally, Johnson completely omitted her employment at The Hartford and indicated that she had been continuously employed at Tetra Technologies in The Woodlands, Texas from March 2004 through September 2008. In fact, during that time, Johnson had been employed at The Hartford and then unemployed following her plea of guilty relating to insurance fraud. In the online application which accompanied her resume', Johnson listed her Supervisor at Tetra Technologies as Natalie Jeng; Natalie Jeng is Sandra Johnson's sister.
7. During the time of Johnson's employment at Garden Ridge, Natalie Jeng was employed at Hammerman & Gainer, Inc., a third-party administrator hired by Garden Ridge to review potential settlement claims. Jeng was assigned the Garden Ridge account. Thus, claims that were approved by Sandra Johnson at Garden Ridge were being reviewed at Hammerman & Gainer by Natalie Jeng, her sister.
8. Jeng's direct involvement in fraudulent claims was confirmed by Daidrill Fearon, a friend of Jeng's who was interviewed by your affiant. Fearon stated that she had confided in Jeng that Fearon was about to lose her home to foreclosure. Jeng told Fearon that, if Fearon was willing to make up a story about how she was injured in a Garden Ridge store and fill out some paperwork, Fearon could receive a settlement from Garden Ridge. Jeng stated that Fearon could keep \$10,000.00 out any settlement she might receive. Fearon agreed and traveled to Jeng's office at Hammerman & Gainer in Houston, Texas. According to Fearon, Jeng provided Fearon with forms to complete the claim process and provided Fearon with false information to place in the paperwork, including instructing Fearon to back-date the information. Jeng entered information into her computer at Hammerman & Gainer, and also made a phone call to Sandra Johnson. A few days later, a settlement amount arrived in Fearon's

checking account from Garden Ridge. Fearon stated that she traveled to the bank and, on Natalie Jeng's instruction, withdrew the full amount of the settlement, minus the \$10,000.00 Fearon was allowed to keep, in cash. Fearon stated that she then met Jeng and Johnson at a restaurant which had a buffet-style ordering line, similar to a Luby's restaurant. After the women ate, Fearon handed \$37,000.00 cash to Jeng, who then handed it to Johnson. Johnson counted the cash and told Fearon not to tell anyone about the transaction, unless her favorite color was orange. Fearon was able to identify both Jeng and Johnson from separate photo spreads as the women she met with at the restaurant.

9. Fearon's statements are corroborated by records obtained from Hammerman & Gainer, as well as by her bank records. Records obtained from Hammerman & Gainer include a "Garden Ridge Customer Incident Report." Fearon identified her handwriting on the form and stated that it was a portion of the paperwork completed at Jeng's office. Fearon stated that Jeng told her what to write on the form. Hammerman & Gainer records also included a "RELEASE OF ALL CLAIMS" form. Fearon identified her signature on the form and stated that she signed it at Natalie Jeng's office. Fearon stated that the allegation in the form that she was injured at a Garden Ridge store in Humble, Texas on May 29, 2012 was false; Fearon has never been injured in a Garden Ridge store. The release form indicates that Fearon is to receive a \$47,000.00 settlement from Garden Ridge for her injuries. Records subpoenaed from Wells Fargo bank reflect a \$47,000.00 ACH deposit to Fearon's account from Garden Ridge Corp on September 12, 2013. The same day, there is a \$37,000.00 cash withdrawal from Fearon's account. Also on the same day, there is a debit card charge against Fearon's account for a purchase at Skeeter's Mesquite grill, a restaurant known by your affiant to have a buffet-style ordering line, similar to a Luby's restaurant.

Evidence of Darlene Drummer's Involvement in the Scheme

10. The first questionable claim approved by Johnson involved the claimant Darlene Drummer, who allegedly slipped on a hanger at a Garden Ridge store on October 2, 2012 and injured her hand. Johnson asserted to outside counsel for Garden Ridge that Drummer, who was allegedly an uninsured home health care nurse, would require two surgeries and lose \$400 per week in pay for at least 12 weeks (ostensibly through December of 2012). Garden Ridge issued a check for \$65,900 to Darlene Drummer on October 10, 2012.
11. On October 12, 2012, Darlene Drummer made reservations for a week-long cruise aboard the Disney Magic cruise ship. According to

Disney Cruise Line records, Drummer indicated in her reservation that she was "traveling with" Natalie Locke (a.k.a. Natalie Jeng) and Donna Washington, Sandra Johnson's two sisters. Also in Drummer's traveling party was Carol Smith, who would receive a \$174,000.00 settlement from Garden Ridge two months later. Drummer's home address per the Disney Cruise Line records was an address known by your affiant to be Sandra Johnson's home address. Additionally, Sandra Johnson made a separate reservation and traveled on the same cruise. Review of bank records for Darlene Drummer indicates that she received payroll deposits from the Memorial Hermann Healthcare System every two weeks and continued to receive them throughout October, November, and December of 2012, the period she was allegedly injured.

12. Drummer's direct involvement in fraudulent claims was confirmed by Tawania Sykes, who received a \$68,000.00 settlement from Garden Ridge on April 29, 2013. Sykes is one of only three claim recipients who did not receive their settlements via ACH deposit. Nonetheless, Sykes, who was interviewed by your affiant, stated that she was approached by Darlene Drummer and Natalie Washington (a.k.a. Natalie Jeng) about potentially cashing a check from Garden Ridge for them. Both Drummer and Jeng were present when it was explained to Sykes that a claim would be made in her name alleging she had been injured at a Garden Ridge store. When a settlement was issued, all Sykes had to do was cash the check and provide the majority of the proceeds back to Drummer and Jeng; Sykes would be allowed to keep some of the money for herself. Sykes agreed and completed some paperwork that was faxed to her. Sykes stated that, a short time later, she again met with Drummer and Jeng and was provided a check from Garden Ridge. Sykes reviewed a copy of Garden Ridge check #643252 in the amount of \$68,000.00 and payable to Tawania Sykes. Sykes identified her signature on the reverse of the check and stated that it was a copy of the check provided to her by Darlene Drummer and Natalie Jeng. Sykes stated that she negotiated the check at her bank and, over the course of several days, withdrew the majority of the settlement in the form of cash and a cashier's check payable to Darlene Drummer. Sykes stated that she provided the cash and the cashier's check to Darlene Drummer; Jeng was not present. Sykes was able to identify both Drummer and Jeng from separate photo spreads as the women she met with regarding the Garden Ridge claim. Sykes' statement is corroborated by records subpoenaed from Chase bank, which reflect Sykes purchasing a \$35,000.00 cashier's check payable to Darlene Drummer on May 2, 2013.
13. Eric Parker, another Garden Ridge claim recipient who was interviewed by your affiant, also stated that he was asked to cash a

check by Darlene LNU, a friend of Tawania Sykes'. However, Parker eventually received a settlement via ACH deposit. Parker stated he agreed to cash a check for Darlene and provided Darlene with some account information she requested. It was not until later that Parker learned a claim had been filed in his name against Garden Ridge. Parker stated that he has never been injured in a Garden Ridge store. Additionally, Parker did not know a claim settlement was going to be issued to him in the form of a direct deposit until after it happened. Parker stated that, as soon as money from Garden Ridge went into his account, Darlene began calling him and harassing him about when "they" could get their money. Acting on instructions from Darlene, Parker withdrew a large portion of the settlement and, he believes, purchased a money order or other instrument which he provided directly to Darlene. Darlene stated that "they" would need the rest of their money in cash. Parker made another large withdrawal of the Garden Ridge funds and provided the cash to someone other than Darlene. Parker vaguely remembers Darlene needing money to pay something off, perhaps a trip.

14. Parker's statements are corroborated by his bank records, which were subpoenaed from Wells Fargo bank. Parker's account reflects an ACH deposit from Garden Ridge Corp in the amount of \$57,490.00 on June 27, 2013. On June 28, 2013, there is a \$25,000.00 withdrawal from Parker's account, followed by a \$20,000.00 withdrawal on July 2, 2013.
15. In addition to Sykes and Parker, Drummer also received or funneled payments from several other alleged co-conspirators via wire transfer. Specifically, Garden Ridge and bank records reflect that Sammie Perry received a \$59,200 settlement from Garden Ridge via ACH on June 20, 2013. The same day, Perry wire transferred \$48,489.00 to Darlene Drummer. Drummer subsequently withdrew \$20,000.00 cash from her account the next day, followed by a \$25,000.00 withdrawal three days later. Brittany McGlory received a \$132,000.00 settlement from Garden Ridge on November 1, 2012; McGlory wire transferred \$33,000.00 to Darlene Drummer the same day. Lashon Drummond, who resides in Georgia, received an \$82,000.00 settlement from Garden Ridge on July 29, 2013. Over the course of the next several days, Drummond sent three wire transfers to Darlene Drummer that totaled \$58,000.00. Lashon Drummond's home address in Georgia is the same address that appeared as Tawania Sykes' address on the \$68,000.00 check Sykes received from Garden Ridge. Sykes stated that she has never resided in Georgia.

Evidence of Niesha Hall's Involvement in the Scheme

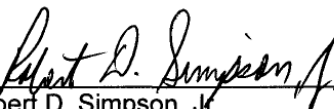
16. Like Darlene Drummer, Niesha Hall received one of the questionable Garden Ridge settlements approved by Sandra Johnson. Hall

received a \$162,000.00 settlement from Garden Ridge via ACH deposit on February 1, 2013. However, Hall's direct involvement in fraudulent claims was confirmed by claim recipient Jessica Williams, who was interviewed by your affiant. Williams stated that, while she has never been injured in a Garden Ridge store, she was approached by Niesha Hall about filing a claim against Garden Ridge. Williams stated that Hall told her that Williams would need a story about how she was hurt at a Garden Ridge store and that Williams would get paid. Hall told Williams that Williams could keep \$10,000.00 of any settlement Williams received. Williams stated that she agreed and later received approximately \$70,000.00 into her checking account from Garden Ridge. Williams stated that she withdrew the entire settlement from her account, less the \$10,000.00 she was allowed to keep, and provided the proceeds to Niesha Hall in the parking lot of Williams' bank. She did this based on Niesha Hall's instructions.

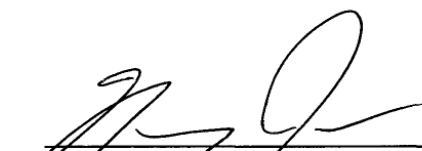
17. Williams' statements are corroborated by her bank records, which were subpoenaed from Wells Fargo bank. The bank records show that Williams received a \$69,800.00 payment via ACH transfer from Garden Ridge Corp on June 7, 2013. The same day, Williams withdrew \$59,800.00 cash from her account; the words "Niesha Hall" are written on the reverse of the \$59,800.00 withdrawal slip received from Wells Fargo bank.
18. Williams reviewed records obtained from Hammerman & Gainer, Inc. related to her claim. Williams stated that she had never seen the records, which included a "RELEASE OF ALL CLAIMS" and a "Garden Ridge Customer Incident Report." Williams stated that the assertion contained in the release that she was injured at a Garden Ridge store in Sugar Land, Texas on April 2, 2012 was not true.
19. Jessica Williams' boyfriend, Hilton Simon, was also interviewed by your affiant. Simon stated that he was approached about making some money by the same woman that had arranged Jessica Williams' payment from Garden Ridge. Simon claimed to be unclear on what the transaction entailed, but admitted that he completed some paperwork provided by the woman and later received a deposit from Garden Ridge. Simon added that he withdrew the majority of the funds in cash and paid them to the same woman Jessica Williams paid. Simon stated that he has never been injured in a Garden Ridge store.
20. In addition to Williams and Simon, Hall also negotiated transactions from several other alleged co-conspirators, as well. For instance, Garden Ridge records reflect that Dorothy Lawrence received a \$61,900.00 settlement from Garden Ridge on September 19, 2013. The same day, Lawrence's bank records, obtained via subpoena from

Woodforest National Bank, reflect that she purchased a \$41,900.00 cashier's check payable to Sandra Washington, a nominee name for Sandra Johnson. The cashier's check was endorsed by Niesha Hall and deposited to Sandra Johnson's checking account at Woodforest Bank, records for which were obtained via grand jury subpoena.

21. Garden Ridge records and subpoenaed bank records also reflect other claim recipients that negotiated funds through Hall. For instance, claimant Anthony Sam purchased a \$27,500.00 cashier's check payable to Hall one day after receiving a \$65,236.00 settlement from Garden Ridge. Also, claimant Tyesha Rogers purchased a \$50,000.00 cashier's check payable to Hall one day after receiving a \$68,300.00 settlement from Garden Ridge.
22. Based upon the foregoing, your affiant respectfully submits that probable cause exists to believe that Natalie Jeng, Darlene Drummer, and Niesha Hall have committed violations of Title 18, United States Code, Sections 1343, 1956(a)(1)(B)(i), and 1956(h) between on or about October 2, 2012 and on or about September 19, 2013 in the Southern District of Texas.


Robert D. Simpson, Jr.
Special Agent
Internal Revenue Service

Sworn to and subscribed before me this 23rd day of May, 2014 and I find probable cause.


Nancy K. Johnson
U.S. Magistrate Judge
Southern District of Texas