



FOR IMMEDIATE RELEASE

'Operation Blank Check' Charges 94 People in Drug Trafficking, Fraud Ring

(Phoenix, Ariz. – Dec. 19, 2008) A year-long investigation of a major drug-trafficking and criminal fraud ring in Phoenix has led to the indictment of 94 individuals and the arrest of at least 20 today in the latest phase of "Operation Blank Check."

Attorney General Terry Goddard, Phoenix Mayor Phil Gordon, Phoenix Public Safety Manager Jack Harris, FBI Special Agent in Charge John Lewis, Pete Zegarac, Inspector in Charge of the U.S. Postal Inspection Service's Phoenix Division, Department of Corrections Director Dora Schiro, Department of Public Safety Commander Tim Chung and Mesa Police Commander Joe Shelley took part in an afternoon press conference to make the announcement.

To date, this multi-agency investigation has led to the indictment of 183 individuals and arrest of 127.

"This operation has taken dozens of violent criminals off the streets and amounts to one of the biggest blows ever landed against drug-trafficking in Arizona," Goddard said. "The investigation is not finished, and we expect more arrests will follow."

The defendants were indicted Tuesday in Maricopa County Superior Court on numerous felony charges, including conspiracy; illegally conducting an enterprise; assisting a criminal street gang and offers to sell or transfer Ecstasy, cocaine and marijuana.

"Going after the worst offenders is the best way to make a community safe," said Phoenix Mayor Phil Gordon. "That's what these operations are all about; that's why these successes are so important, and that's why our homicide rate in Phoenix, for example, is down nearly 25 percent this year."

The investigation, which remains ongoing, is being conducted by the FBI's Violent Street Gang Task Force, comprised of the FBI, Phoenix Police Department, Arizona Department of Public Safety, Mesa Police Department and Arizona Department of Corrections, as well as the U.S. Postal Inspection Service.

"Stopping crimes committed by gang members has and will always be a top priority for me. The dismantling, disrupting, and dissolving of gangs is amongst my highest priorities and among the highest priorities for the residents of Phoenix," said Phoenix Public Safety Manager Jack Harris.

“This investigation has resulted in the arrest of over 100 individuals. Seventy-seven of those individuals are ‘hardcore’ gang members from 22 different gangs who have victimized our community. We will continue to target those individuals and organizations that prey upon our community and bring them to justice.”

John E. Lewis, Special Agent in Charge of the FBI Phoenix Division stated, “The arrests made today exemplify the law enforcement cooperation between our local, state and federal law enforcement partners. These partnerships are invaluable in combating gang related activity. The FBI’s Violent Street Gang Task Force has worked jointly over the past six months with the U.S. Postal Inspection Service and the Arizona State Attorney General’s Office to disrupt and dismantle the criminal organization targeted in today’s arrests. Our collaborative efforts in this matter will continue to strengthen our resolve to improve the quality of life for those communities affected by gang activity.”

The investigation began in December 2007 when postal inspectors contacted the Phoenix Police Department Gang Enforcement Unit with information that individuals involved in mail theft and fraudulent schemes were potential gang members. Further investigation led investigators to believe that the suspects had been involved in “traditional” violent gang activity and transitioned to “white collar” crime.

According to court documents, the scheme worked as follows: Defendants generated fraudulent checks on valid checking accounts. They then solicited co-conspirators to act as “check cashers.” The defendants made out the fraudulent checks to check cashers, who then brought cash to the defendants.

In each transaction, the check casher kept a small percentage of the funds for himself and passed the majority of the money to the defendants, who in turn kept a portion of the funds and passed the remainder to their superiors in the scheme. Officials believe that scheme has brought in over \$3,000,000 since it began five years ago.

While this investigation began with “white collar” crime, it ultimately led investigators to discover extensive “traditional” violent gang activity, including homicide, robbery, conspiracy and drug trafficking. Over the course of the past year, the investigation has expanded to include a broad partnership of local, state and federal law enforcement agencies.

“The U.S. Postal Inspection Service will continue to partner with fellow law enforcement agencies to combat fraud,” said Pete Zegarac, Inspector in Charge for the Phoenix Division of the Postal Inspection Service. “Our participation in this operation underscores our agency’s national commitment to investigate fraud and bring those responsible to justice.”

“This was a highly complex case and involved a tremendous amount of hard work by federal, state and local investigators over a long period of time. DPS GIITEM (Gang and Immigration Intelligence Team Enforcement Mission) detectives made significant contributions to this effort which resulted in the arrests made today. GIITEM will continue to be a valuable investigative resource to law enforcement in both large and small operations,” said Roger Vanderpool, Director of the Arizona Department of Public Safety.

In addition to these arrests, Operation Blank Check has led to the seizure of 31 firearms; 24 vehicles; \$75,000 cash; illegal drugs including Ecstasy, cocaine and marijuana; several bullet proof vests, fraudulent checks and equipment used to manufacture fraudulent checks.

Today's operation represents the fifth phase of Operation Blank Check.

State Senator Leah Landrum-Taylor said of today's enforcement action, "Attorney General Goddard is to be commended for his courage, and conviction of protecting the families of our great state. The Attorney General's staff, the Police Department, and the various task forces involved are to be commended for working with such diligence and tenacity to make our neighborhoods a great place to live. The community of South Phoenix is encouraged by the ongoing efforts to dismantle gang related activity, especially concerning the neighborhood of Hermosa Park."

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