November 28, 2007
United State Attorney's Office
Southern District of Texas

Brothers Who Operated Fraudlent Salvation Army Website After Katrina Sentenced to Prison

(HOUSTON, TX) - Two brothers convicted of multiple counts of wire fraud and aggravated identify theft as the result of fraudulently operating a website that purported to raise money on behalf of the Salvation Army for Hurricane Katrina victims have been sentenced to prison, United States Attorney Don. DeGabrielle announced today.

Steven Stephens, 24, and Bartholomew Stephens, 27, were sentenced today by U. S. District Judge David Hittner. At this morning's hearing, the Court found that the Stephens brothers used sophisticated means to promote and conceal their internet fraud, and that more than 250 persons were victims of the scheme. Judge Hittner sentenced Steven Stephens to a 63 month prison term on each of his six convictions for wire fraud, with each of those sentences to be served concurrently. Bartholomew Stephens was sentenced to concurrent 57 month prison terms on each six wire fraud convictions. In addition, both Stephens brothers were sentenced to mandatory two-year sentences for each of their two aggravated identity theft convictions. Each of these two mandatory sentences are to be served consecutive to each other and to the sentences imposed for their wire fraud convictions. Steven Stephens will thus serve a total of 111 months in federal prison. Bartholomew Stephens will serve a total of 105 months in federal prison. All federal prison terms are served without the benefit of parole.

Judge Hittner reserved the issue of restitution for a possible hearing within the next ninety days. Upon completion of their prison terms, each brother must also serve a three-year term of supervised release. Steven and Bartholomew Stephens have been in federal custody since their convictions in June 2007.

A jury convicted Steven and Bartholomew Stephens after a four-day trial in June. The evidence during the trial proved that the brothers registered www.salvationarmyonline.org on September 3, 2005, less than a week after Hurricane Katrina struck New Orleans. The website stated that it was "The Salvation Army International Home Page" and falsely purported to solicit charitable donations for Hurricane Katrina (and later Hurricane Rita) relief. A link on the website directed those wishing to donate to PayPal, a service that allows for online money transfers. The defendants created numerous accounts with PayPal, such as salvationarmyonline@yahoo.com, and registered those accounts using the names and identification information, including social security numbers, of other individuals not involved in the fraudulent scheme. The PayPal accounts, however, were linked by the brothers to bank accounts belonging to one or both of them. To make it appear to PayPal that the linked bank accounts belonged to the other individuals in whose names they had registered the PayPal accounts, the defendants submitted copies of their bank statements to PayPal that had the names and addresses of the other individuals pasted onto the part of the bank statements where the defendants' information appeared. The fraudulent website collected more than $48,000 before all the PayPal accounts were frozen based on fraud reports.

The United States Attorney's Office for the Southern District of Texas is a member of the Department of Justice's Hurricane Katrina Fraud Task Force, created by Attorney General Alberto R. Gonzales to deter, detect and prosecute unscrupulous individuals who try to take advantage of the Hurricane Katrina and Hurricane Rita disasters. Headed by Assistant Attorney General Alice S. Fisher, the Task Force is comprised of federal, state, and local law enforcement investigating agencies and the United States Attorney's Offices in the Gulf Coast region and nationwide.

The case was investigated by the Federal Bureau of Investigation with assistance from the Social Security Administration Office of Inspector General and was be prosecuted by Assistant United States Attorney Gregg Costa and Special Assistant United States Attorney Bret Davis.

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