PUYALLUP MAN SENTENCED TO 10 YEARS IN PRISON FOR $2.4 MILLION EMBEZZLEMENT FROM LUMBER MILL

Local News

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BRETT M. SMITH, 24, of Puyallup, Washington, was sentenced today in U.S. District Court in Tacoma to 10 years in prison, three years of supervised release and $2,476,913 in restitution for Mail Fraud. SMITH was the leader of a scheme to embezzle $2.4 million from Manke Lumber Company. SMITH was a log scaler for Manke, who was fired in July 2006, following an internal investigation of the fraud. SMITH and seven other people, including SMITH's brother, Bryan M. Smith, were indicted in June 2008, for Mail Fraud and Conspiracy to Commit Money Laundering. BRETT SMITH pleaded guilty January 9, 2009. Calling the crime "deplorable and despicable," U.S. District Judge Ronald B. Leighton said, "this crime has caused me more sadness, to see a generation of kids who were willing to participate in this... Has caused me more fear for our future.... If we don't make an example here and now, as a society we are doomed.

According to the indictment, BRETT SMITH began working at Manke Lumber in May 2004. In September 2004, SMITH became a "Scaler" for Manke. A scaler weighs, measures and inspects logs delivered to the lumber mill to determine their grade and value. Based on that information, Manke Lumber would mail checks to those people who were being compensated for the logs. Between November 2004, and July 2006, SMITH and others entered into a scheme to create false records that prompted Manke to send checks to conspirators for logs that were never delivered to the mill. In his plea agreement SMITH admits he submitted false paperwork for more than 1500 loads of logs worth more than $2.5 million. In all, SMITH submitted false log intake information in at least twenty different names. "Brett Smith, and several under him, seduced 25 others into lives now marred with criminal records with the lure of easy cash," Assistant United States Attorney Arlen Storm wrote in his sentencing memo. Judge Leighton agreed saying SMITH "was the pied piper. He was the guy playing the sweet tune and flashing the money.... There are 27 lives here that have been adversely affected big time. And that's not all on Mr. Smith, but he can't just walk away. The honor system has been impacted." Judge Leighton imposed a sentence above the guidelines range and ordered SMITH immediately into custody. In asking for a significant prison term, Mr. Storm told the court that SMITH continued to gamble away what was likely the Manke Lumber money even after the scheme was discovered and he was indicted. Co-conspirators informed the government, moreover, that SMITH asked them to help him hide the proceeds of the crime, including a 2002 BMW and a 1998 BMW, that the government is seeking to forfeit. Five other defendants, Bryan Smith, 28, Puyallup, Jeffrey S. Ogburn, 24, Puyallup, (also a Manke employee for a short time), Berlie Fincham, 29, Tacoma, Shaun Jones, 29, Tacoma, and Shawn Pak, 27, Spanaway, recruited others to act as recipients of the fraudulently obtained checks. Bryan Smith was sentenced last month to 54 months in prison, Ogburn was sentenced last month to 37 months in prison, Fincham was sentenced to 30 months in prison, Jones was sentenced to 37 months in prison, and Pak was sentenced to six months in prison. In addition, Bryan Smith's girlfriend, Elaine H. Turner, 28, of Puyallup, assisted Bryan Smith in obtaining check proceeds from check passers while Bryan Smith was incarcerated on a probation violation between May 2006 and July 2006. When investigators questioned her regarding the offense, she denied any knowledge of it.

Turner entered a guilty plea to Misprision of a Felony on January 5, 2009. Turner was sentenced today to five years probation. More than a dozen additional defendants have been prosecuted and sentenced in connection with the scheme. The majority were charged with tax crimes for failing to report the income they took from the scheme. **"With April 15th right around the corner, it should be emphasized that the majority of the two dozen or so defendants in this case were convicted of Federal income tax crimes," said Kenneth J. Hines, the IRS Special Agent in Charge of the Pacific-Northwest. "All income that is taxable must be reported on your Federal income tax returns."** "The conviction of Smith and the group of individuals who assisted him in defrauding Manke Lumber highlights the impact that fraud and other types of white-collar crime can have on a business, its employees, and an entire community. The U.S. Secret Service and other law enforcement agencies strive to combat these types of criminal activities," said David Iacovetti, the Special Agent in Charge of the Secret Service's Seattle Field Office. "I would like to commend the outstanding work of the Tacoma Police Department and IRS-CID in this joint investigation." The case was investigated by the United States Secret Service, the Tacoma Police Department and the Internal Revenue Service Criminal Investigations (IRS-CI). The case is being prosecuted by Assistant United States Attorney Arlen Storm.