

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT ARKANSAS

JUL 25 2002

JAMES W. MCCORMACK, CLERK
By: C. WILKINS DEPT. CLERK

UNITED STATES OF AMERICA)	
)	
)	NO. 4:02CR00130 SWW
v.)	
)	
STEVEN A. PIRANI,)	18 U.S.C. § 1001
LOUIS F. PIRANI, and)	18 U.S.C. § 1341
JOSEPH W. APPELEGATE)	18 U.S.C. § 1623
)	18 U.S.C. § 1956(a)(1)(B)(i)
)	18 U.S.C. § 2

INDICTMENT

THE GRAND JURY CHARGES THAT:

COUNT ONE

1. At all times material to this Indictment, JOSEPH W. APPELEGATE and LOUIS F. PIRANI were Deputy Sheriff's of the Crittenden County Sheriff's Office and served on the Crittenden County Sheriff's Office Drug Task Force.

2. On July 12, 1999, deputy APPELEGATE, assisted by LOUIS F. PIRANI, made a traffic stop of the vehicle being driven by Steven N. Bailey on Interstate 40 at the 272 mile marker in Crittenden County, Arkansas. During a search of the vehicle, deputies APPELEGATE and LOUIS F. PIRANI found \$56,400 in currency.

3. Deputies APPELEGATE and LOUIS F. PIRANI provided only \$30,240.00 of the money retrieved to the Sheriff's Office for forfeiture, and kept the remaining \$26,140 for their own personal benefit and use.

4. On August 9, 1999 the State of Arkansas filed a

forfeiture complaint claiming that \$30,240.00 should be forfeited to the State of Arkansas and notified Bailey of the action by United States mail.

5. On or about the 9th day of August, 1999 in the Eastern District of Arkansas the defendants,

**JOSEPH W. APPLGATE and
LOUIS F. PIRANI,**

aiding and abetting each other, in furtherance of the scheme to defraud set forth in paragraphs 1 thru 4, did cause to be placed in the United States mails a certified letter containing a summons and copy of a forfeiture complaint wherein the State of Arkansas, sought to serve Steven N. Bailey to commence a forfeiture action for the forfeiture of the \$30,240.00 described in paragraph 3, the letter being mailed from a United States postal service post office in West Memphis, Arkansas to a United States postal service post office in Houston, Texas where Steven N. Bailey received the letter on August 13, 1999.

All in violation of Title 18 United States Code, §§ 1341 and 2.

COUNT TWO

1. The grand jury re-alleges Count 1, paragraphs 1 through 3.
2. **STEVEN A. PIRANI** is the brother of **LOUIS F. PIRANI**.
3. In September 1999, **LOUIS F. PIRANI** and **STEVEN A. PIRANI** purchased a 1980 Cessna 182Q airplane, registration number N5127N.

4. In connection with the purchase of the airplane, the defendants made a down payment with first monthly payment of \$10,815.00. This payment was accomplished by a series of bank transactions which included, in part, the deposit of a portion of the cash obtained by **LOUIS F. PIRANI** as a result of the conduct charged in Count 1 of this Indictment. The series of bank transactions were:

a. On or about September 9, 1999 **LOUIS F. PIRANI** caused \$5,420.00 from the funds taken in the criminal offense described in count 1 of this indictment to be deposited into the account of Regina M. Pirani or **STEVEN A. PIRANI**, account number [REDACTED] at Fidelity National Bank, West Memphis, Arkansas.

b. On September 8, 1999 **STEVEN A. PIRANI** transferred \$5,500.00 from the account of his business, Paragon, Inc., account number [REDACTED] at Fidelity National Bank, to his personal account, i.e. account number [REDACTED]

c. On September 8, 1999 **STEVEN A. PIRANI** wrote check number 999 in the amount \$10,815.00 from his Fidelity National Bank, account number [REDACTED], to the account of **LOUIS PIRANI** and Angela Pirani at Fidelity National Bank, account number [REDACTED].

d. On September 6, 1999 **LOUIS F. PIRANI** wrote check number 5512 in the amount \$10,815.00 on his Fidelity National Bank account number [REDACTED] as down payment for the purchase of the 1980 Cessna.

5. As set forth above, in or about September 1999, in the Eastern District of Arkansas, the defendants,

**LOUIS F. PIRANI and
STEVEN A. PIRANI,**

aiding and abetting each other, did knowingly and willfully conduct a financial transaction affecting interstate commerce, that is, they caused check number 999 from the Fidelity National Bank account of Regina M. Pirani or **STEVEN A. PIRANI**, account number [REDACTED] in the amount \$10,815.00, to be deposited into the account of Louis or Angela Pirani, account number [REDACTED] at Fidelity National Bank, West Memphis, Arkansas, which involved the proceeds of a specified unlawful activity, that is, the fraud described in Count 1 of this indictment, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, source, ownership and control of the proceeds of said specified unlawful activity and, while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction, that is, funds in the amount \$5,420.00 represented the proceeds of some form of unlawful activity.

All in violation of Title 18, United States Code,
§ 1956(a)(1)(B)(i) and 2.

COUNT THREE

1. During 2001 and 2002, the Grand Jury for the Eastern District of Arkansas, the Internal Revenue Service, and the Federal Bureau of Investigation, were conducting an investigation to determine whether officers of the Crittenden County Sheriff's Office were diverting to themselves for their personal benefit cash taken from persons stopped for alleged traffic violation on the interstate highway system in Crittenden County, that is, potential violations of 18 U.S.C. §§ 371, 1341 and 1951. It was part of the investigation to determine if the officers taking this money had violated the revenue laws of the United States by not reporting this income, that is, potential violations of 26 U.S.C. § 7201. It was also part of the investigation to determine whether any such funds had been used to conduct financial transactions in violation of the money laundering statutes of the United States, that is, potential violations of 18 U.S.C. 1956 and 1957. In so doing, it was pertinent to the investigation: (a) whether Deputy **LOUIS F. PIRANI** was expending funds in excess of his income and other legitimate funds available; and (b) whether Deputy **LOUIS F. PIRANI** had purchased any interest in a 1980 Cessna 182Q airplane and/or a ski boat.

2. On the 5th day of September 2001 in the Eastern District of Arkansas, **STEVEN A. PIRANI**, was called to testify before the grand jury. While under oath and testifying in this proceeding

STEVEN A. PIRANI knowingly made a false, material declaration as set forth below.

3. In the course of questioning **STEVEN A. PIRANI** about **LOUIS F. PIRANI's** ownership interest in the Cessna 182Q airplane the following exchange occurred:

Q Other than making half the monthly payment, has your brother Lewis made any other payments in relationship to the plane?

A No, Sir.

3. The aforesaid underlined testimony of defendant,

STEVEN A. PIRANI,

as he then and there well knew and believed, was false, in that, **STEVEN A. PIRANI** knew that **LOUIS F. PIRANI** had made various payments for the airplane other than one half the monthly payments, including the \$10,815.00 payment described in Count 2.

All in violation of Title 18, United States Code, § 1623.

COUNT FOUR

1. The grand jury re-alleges Count 3, paragraphs 1 and 2.

2. In the course of questioning **STEVEN A. PIRANI** about **LOUIS F. PIRANI's** ownership interest in the Cessna 182Q airplane the following exchange occurred:

Q What was the down payment that was made for the plane?

A I can't really remember, ma'am.

Q Approximately.

A It was twenty -- almost -- it was like five thousand (\$5,000.00) that I put down through my company check.

3. The aforesaid underlined testimony of defendant,

STEVEN A. PIRANI,

as he then and there well knew and believed, was false, in that, the down payment for the airplane was not approximately \$5,000.00 paid through his company's check.

All in violation of Title 18, United States Code, § 1623.

COUNT FIVE

1. The grand jury re-alleges Count 3, paragraphs 1 and 2.

2. It is material to this Indictment that S & L Aircraft Sales and Rental, Inc. was a company chartered to do business in Arkansas. **LOUIS F. PIRANI** was listed as the registered agent. In November 2000 the State of Arkansas sent notification that the charter for S & L would be revoked on January 1, 2001, for non-payment of its franchise tax. Since the franchise tax was not paid, the charter was revoked.

3. It was material to the investigation referred to above and is material to this Indictment that from September 1999 through July 9, 2001, the monthly payments for the Cessna 182Q airplane were made by **LOUIS F. PIRANI**. With the exception of the first payment which was made from his personal account, payments were made by **LOUIS F. PIRANI** from the S & L Aircraft account.

4. It was further material to the investigation referred to above and is material to this Indictment that from July 27, 2001 forward, the monthly payments for the Cessna 182Q airplane were made by **STEVEN A. PIRANI** using his business or personal account.

5. On May 8, 2002 **STEVEN A. PIRANI** was interviewed by Internal Revenue Service Special Agents in the presence of his attorney. During this interview, **STEVEN A. PIRANI** stated he began making monthly payments for the airplane from his personal/business account because notification was received from the Arkansas Secretary of State's office that S & L Aircraft Sales and Rental, Inc.'s charter was to be revoked for non-payment of its franchise tax. **STEVEN A. PIRANI** also specifically denied that the change in method of payment occurred due to the July 17, 2001 execution of federal search warrants related to police corruption in Crittenden County .

6. On or about May 8, 2002, in the Eastern District of Arkansas, in a matter within the jurisdiction of the Internal Revenue Service Criminal Investigation of the United States, defendant,

STEVEN A. PIRANI,

knowingly and willfully made a false, material statement, in that, the defendant stated that the reason for changing the method of making monthly payments for the purchase of a 1980 Cessna 182Q airplane was that the Secretary of State had notified him that the charter for the corporation which had been making the monthly payments would be revoked for failure to pay the franchise tax, when as **STEVEN A. PIRANI** well knew, the cancellation of the charter of the corporation was not the reason for the change in the manner

monthly payments were made, as the notification occurred more than nine months before the change in the method of making payments occurred.

All in violation of Title 18, United States Code, § 1001.

COUNT SIX

1. The grand jury re-alleges Count 3, paragraph 1.

2. On August 22, 2001 **LOUIS F. PIRANI** was interviewed by agents of the FBI and IRS. During this interview **LOUIS F. PIRANI** denied owning or having owned an airplane, and contended that his brother, **STEVEN A. PIRANI**, not he, owned the airplane.

3. On or about the 22nd day of August, 2001, in the Eastern District of Arkansas, in a matter within the jurisdiction of the Federal Bureau of Investigation and the Internal Revenue Service, the defendant,

LOUIS F. PIRANI,

knowingly and willfully made a false, material statement, in that, during an interview with agents of the Federal Bureau of Investigation and the Internal Revenue Service, defendant stated his brother, **STEVEN A. PIRANI**, solely owned the airplane when, in fact, as the defendant well knew he and his brother jointly owned the airplane.

All in violation of Title 18, United States Code, § 1001.

COUNT SEVEN

1. The grand jury re-alleges Count 3, Paragraph 1.

2. During the interview referred to in Paragraph 2 of Count 6 of this Indictment, **LOUIS F. PIRANI** denied ever owning a ski boat.

3. In April 1997 **LOUIS F. PIRANI** purchased a 1997 Mastercraft Pro Star 205 ski boat for \$26,500.00, which he paid in one hundred dollar bills. He owned the ski boat until April 2000 at which time he sold the ski boat.

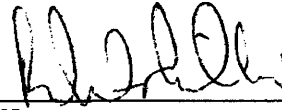
4. On or about the 22nd day of August, 2001, in the Eastern District of Arkansas, in a matter within the jurisdiction of the Internal Revenue Service and the Federal Bureau of Investigation, agencies of the United States, the defendant,

LOUIS F. PIRANI,

knowingly and willfully made a false, material statement, in that, during an interview with agents of the Federal Bureau of Investigation and the Internal Revenue Service, defendant stated that he had never owned a ski boat when, as defendant well knew and believed, he had owned a ski boat from April 1997 until April 2000.

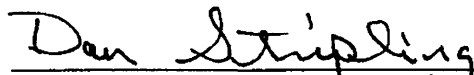
All in violation of Title 18, United States Code, § 1001.

A TRUE BILL.



FOREMAN

H.E. (BUD) CUMMINS
United States Attorney



UNITED STATES ATTORNEY/ASSISTANT

DAN STRIPLING
Assistant U. S. Attorney
P. O. Box 1229
Little Rock, AR 72203
(501) 324-5342

JUN 30 2003

UNITED STATES DISTRICT COURT

EASTERN

District of

JAMES W. McCORMACK, CLERK
By: ARKANSAS
DEP. CLERK

UNITED STATES OF AMERICA
V.

LOUIS F. PIRANI

JUDGMENT IN A CRIMINAL CASE

(For Offenses Committed On or After November 1, 1987)

Case Number: 4:02CR00130-002 SWW

PATRICK R. JAMES

Defendant's Attorney

THE DEFENDANT:

pleaded guilty to count(s) _____

☐ pleaded nolo contendere to count(s) _____
which was accepted by the court.

☒ was found guilty on count(s) 6 and 7 of Indictment
after a plea of not guilty.

ACCORDINGLY, the court has adjudicated that the defendant is guilty of the following offense(s):

Title & Section	Nature of Offense	Date Offense Concluded	Count Number(s)
18 U.S.C. §1001	Making a False Statement, a Class D Felony	08/22/01	6, 7

The defendant is sentenced as provided in pages 2 through 6 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

☐ The defendant has been found not guilty on count(s) _____

☒ Count(s) 1 and 2 ☐ is ☒ are dismissed on the motion of the United States.

IT IS ORDERED that the defendant shall notify the United States attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant shall notify the court and United States attorney of any material change in the defendant's economic circumstances.

Defendant's Soc. Sec. No.: [REDACTED]

Defendant's Date of Birth: [REDACTED]

Defendant's USM No.: 22725-009

Defendant's Residence Address:

[REDACTED]

Marion, AR 72364

Defendant's Mailing Address:

Same as above

JUNE 6, 2003

Date of Imposition of Judgment

[Signature]
Signature of Judicial Officer

SUSAN WEBBER WRIGHT, Chief United States District Judge

Name and Title of Judicial Officer

JUNE 30, 2003

Date

ENTERED ON THE DOCKET IN ACCORDANCE
WITH RULE 55, FRCP, ON 6-30-2003
BY [Signature]

DEFENDANT: LOUIS F. PIRANI
CASE NUMBER: 4:02CR00130-002 SWW

IMPRISONMENT

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of 5 MONTHS
ON EACH COUNT TO BE SERVED CONCURRENTLY.

X The court makes the following recommendations to the Bureau of Prisons:
That defendant be incarcerated in the facility located at Millington, if available, or as close to home as possible.

EXECUTION OF SENTENCE IS STAYED PENDING APPEAL

- ☐ The defendant is remanded to the custody of the United States Marshal.
- ☐ The defendant shall surrender to the United States Marshal for this district:
- ☐ at _____ ☐ a.m. ☐ p.m. on _____
- ☐ as notified by the United States Marshal.
- ☐ The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons:
- ☐ before 2 p.m. on _____
- ☐ as notified by the United States Marshal.
- ☐ as notified by the Probation or Pretrial Services Office.

RETURN

I have executed this judgment as follows:

Defendant delivered on _____ to _____
at _____, with a certified copy of this judgment.

UNITED STATES MARSHAL

By _____
DEPUTY UNITED STATES MARSHAL

DEFENDANT: LOUIS F. PIRANI
CASE NUMBER: 4:02CR00130-002 SWW

SUPERVISED RELEASE

Upon release from imprisonment, the defendant shall be on supervised release for a term of THREE (3) YEARS

The defendant shall report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

The defendant shall not commit another federal, state or local crime.

The defendant shall not illegally possess a controlled substance.

For offenses committed on or after September 13, 1994:

The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter.

X The above drug testing condition is suspended, based on the court's determination that the defendant poses a low risk of future substance abuse.

X The defendant shall not possess a firearm, destructive device, or any other dangerous weapon.

If this judgment imposes a fine or a restitution obligation, it shall be a condition of supervised release that the defendant pay any such fine or restitution that remains unpaid at the commencement of the term of supervised release in accordance with the Schedule of Payments set forth in the Criminal Monetary Penalties sheet of this judgment.

The defendant shall comply with the standard conditions that have been adopted by this court (set forth below). The defendant shall also comply with the additional conditions on the attached page.

STANDARD CONDITIONS OF SUPERVISION

- 1) the defendant shall not leave the judicial district without the permission of the court or probation officer;
- 2) the defendant shall report to the probation officer and shall submit a truthful and complete written report within the first five days of each month;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation, unless excused by the probation officer for schooling, training, or other acceptable reasons;
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance or any paraphernalia related to any controlled substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity and shall not associate with any person convicted of a felony, unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view of the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court;
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

AO 245B (Rev. 3/01) Judgment in a Criminal Case
Sheet 3A — Supervised Release

Judgment—Page 4 of 6

DEFENDANT: LOUIS F. PIRANI
CASE NUMBER: 4:02CR00130-002 SWW

ADDITIONAL SUPERVISED RELEASE TERMS

SPECIAL CONDITION OF SUPERVISED RELEASE:

Defendant shall serve a period of FIVE (5) MONTHS of home detention with electronic monitoring.
The cost of such monitoring is to be paid by the defendant.

DEFENDANT: LOUIS F. PIRANI
CASE NUMBER: 4:02CR00130-002 SWW

CRIMINAL MONETARY PENALTIES

The defendant shall pay the following total criminal monetary penalties in accordance with the schedule of payments set forth on Sheet 5, Part B.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
TOTALS	\$ 200.00	\$ None	\$ None

☐ The determination of restitution is deferred until _____. An *Amended Judgment in a Criminal Case* (AO 245C) will be entered after such determination.

☐ The defendant shall make restitution (including community restitution) to the following payees in the amount listed below.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment, unless specified otherwise in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. § 3664(i), all nonfederal victims must be paid in full prior to the United States receiving payment.

<u>Name of Payee</u>	<u>*Total Amount of Loss</u>	<u>Amount of Restitution Ordered</u>	<u>Priority Order or Percentage of Payment</u>
----------------------	----------------------------------	--	--

TOTALS \$ _____ \$ _____

☐ If applicable, restitution amount ordered pursuant to plea agreement \$ _____

☐ The defendant shall pay interest on any fine or restitution of more than \$2,500, unless the fine or restitution is paid in full before the fifteenth day after the date of the judgment, pursuant to 18 U.S.C. § 3612(f). All of the payment options on Sheet 5, Part B may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. § 3612(g).

☐ The court determined that the defendant does not have the ability to pay interest, and it is ordered that:

☐ the interest requirement is waived for the ☐ fine and/or ☐ restitution.

☐ the interest requirement for the ☐ fine and/or ☐ restitution is modified as follows:

* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18, United States Code, for offenses committed on or after September 13, 1994 but before April 23, 1996.

DEFENDANT: LOUIS F. PIRANI
CASE NUMBER: 4:02CR00130-002 SWW

SCHEDULE OF PAYMENTS

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties shall be due as follows:

- A ☒ Lump sum payment of \$ 200.00 due immediately, balance due
- ☐ not later than _____, or
☐ in accordance with ☐ C, ☐ D, or ☐ E below; or
- B ☐ Payment to begin immediately (may be combined with ☐ C, ☐ D, or ☐ E below); or
- C ☐ Payment in _____ (e.g., equal, weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (e.g., 30 or 60 days) after the date of this judgment; or
- D ☐ Payment in _____ (e.g., equal, weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (e.g., 30 or 60 days) after release from imprisonment to a term of supervision; or
- E ☐ Special instructions regarding the payment of criminal monetary penalties:

Unless the court has expressly ordered otherwise in the special instruction above, if this judgment imposes a period of imprisonment, payment of criminal monetary penalties shall be due during the period of imprisonment. All criminal monetary penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the clerk of the court, unless otherwise directed by the court, the probation officer, or the United States attorney.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

☐ Joint and Several

Defendant Name, Case Number, and Joint and Several Amount:

- ☐ The defendant shall pay the cost of prosecution.
- ☐ The defendant shall pay the following court cost(s):
- ☐ The defendant shall forfeit the defendant's interest in the following property to the United States:

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) community restitution, (6) fine interest (7) penalties, and (8) costs, including cost of prosecution and court costs.

F I L E C O P Y

CW

UNITED STATES DISTRICT COURT
Eastern District of Arkansas
U.S. Court House
600 West Capitol, Suite 402
Little Rock, Arkansas 72201-3325

June 30, 2003

* * MAILING CERTIFICATE OF CLERK * *

Re: 4:02-cr-00130.

True and correct copies of the attached were mailed by the clerk to the following: CRD, USM, USP, POST, FINANCE

Patrick R. James, Esq.
Perroni & James
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Little Rock, AR 72203-1229

James W. McCormack, Clerk

Date: 6/30/03

BY: C. Wilkins