

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

UNITED STATES OF AMERICA

v.

Case No. 8:16-cr-484-T-24TGW

JOE HARRY PEGG,	18 U.S.C. § 371
DOLORES EILEEN PEGG,	18 U.S.C. § 1503
and	18 U.S.C. § 1001(a)(2)
DOLORES LEE PEGG	18 U.S.C. § 981(a)(1)(C) – forfeiture
a/k/a “Dee Dee Pegg”	28 U.S.C. § 2461(c) – forfeiture

INDICTMENT

The Grand Jury charges:

COUNT ONE

A. Introduction

At times material to this Indictment:

1. Defendant JOE HARRY PEGG (“JOE PEGG”) was a federal inmate at Coleman Federal Correctional Complex (“Coleman FCC”) in the Middle District of Florida. JOE PEGG was serving his sentence at Coleman FCC after having been prosecuted and convicted in the United States District Court for the Middle District of Florida.

2. JOE PEGG was married to defendant DOLORES EILEEN PEGG (“DOLORES PEGG”). Defendant DOLORES LEE PEGG (“DEE

DEE PEGG”) was the daughter of JOE PEGG and DOLORES PEGG.

3. Rule 35 of the Federal Rules of Criminal Procedure (“Rule 35”) set forth the procedure by which a United States District Court, upon motion by the government, could reduce a defendant’s sentence for providing substantial assistance to the government in the investigation or prosecution of another person.

4. The United States Attorney’s Office for the Middle District of Florida (the “USAO MDFL”)—the federal prosecuting authority in the Middle District of Florida—had the authority to determine whether a defendant had provided substantial assistance to the government and whether to file a motion to reduce the defendant’s sentence pursuant to Rule 35.

5. Typically, before filing a Rule 35 motion to reduce a defendant’s sentence, the USAO MDFL required the defendant to personally provide substantial assistance to the government in its investigation or prosecution of another person for committing a federal or state crime. Accordingly, in the typical case, a defendant personally provided substantial assistance to the government and, as a reward for that assistance, the USAO MDFL would file a Rule 35 motion with the United States District Court to reduce the defendant’s sentence.

6. With the approval of the USAO MDFL, however, a defendant could earn substantial assistance credit through the use of a third-party cooperator. Third-party cooperation was different from typical cooperation efforts, because the defendant was not personally involved in providing substantial assistance to the government. Instead, another person, referred to as the “third-party cooperator”, would assist the government on behalf of the defendant. Usually, a third-party cooperator was a close friend or family member of the defendant. In exchange for substantial assistance provided by the third-party cooperator, the USAO MDFL would file a Rule 35 motion with the United States District Court to reduce the defendant’s sentence.

7. The third-party cooperator did not receive any personal benefit for his cooperation with the government, rather, the defendant received the benefit for any substantial assistance provided by the third-party cooperator. Pursuant to the USAO MDFL’s policies and procedures, the use of a third-party cooperator would not be authorized if the defendant or someone acting on the defendant’s behalf paid the third-party cooperator or if there was reason to believe that such payments would be made to the third-party cooperator in the future. If the USAO MDFL discovered that a third-party cooperator had been paid for his efforts to earn a defendant a reduction in his sentence, the USAO MDFL would refuse to file a Rule 35 motion to reduce that

defendant's sentence.

8. Co-conspirator Isidro Moreno was a federal inmate and cellmate of JOE PEGG at Coleman FCC. While Isidro Moreno was housed at Coleman FCC, he became close friends with JOE PEGG.

9. In or about January 2011, the USAO MDFL approved the use of Isidro Moreno as a third-party cooperator for JOE PEGG's benefit based, in part, on the representation and belief that the third-party assistance would be rendered without benefit to the third-party cooperator, and that neither JOE PEGG nor anyone acting on JOE PEGG's behalf would pay a third-party cooperator for his assistance.

10. JOE PEGG and his family, including DOLORES PEGG and DEE DEE PEGG, enlisted the help of Isidro Moreno and others, including Fernando Morales, to act as third-party cooperators and help arrange for undercover drug transactions that could lead to substantial assistance credit for JOE PEGG, with the intended result of the USAO MDFL filing a Rule 35 motion to reduce JOE PEGG's prison sentence.

11. JOE PEGG and his family, including DOLORES PEGG and DEE DEE PEGG, agreed to pay Isidro Moreno and Fernando Morales for their third-party cooperation efforts. Because the USAO MDFL would not file a Rule 35 motion if it knew JOE PEGG and his family had paid third-

party cooperators for their assistance, the members of the conspiracy agreed to conceal from the USAO MDFL and the United States District Court any information about such payments.

12. In or about March 2012, JOE PEGG, acting through DOLORES PEGG and DEE DEE PEGG, paid Isidro Moreno and Fernando Morales for helping to set up an undercover drug transaction that was intended to result in a Rule 35 motion to reduce JOE PEGG's prison sentence. To ensure that the USAO MDFL would file a Rule 35 motion for JOE PEGG'S benefit, the conspirators attempted to conceal and did in fact conceal from the USAO MDFL the payments made to the third-party cooperators.

B. The Conspiracy

13. Beginning on an unknown date, but no later than in or about 2011, and continuing through and including at least in or about August 2014, in the Middle District of Florida, and elsewhere,

JOE HARRY PEGG,
DOLORES EILEEN PEGG,
and
DOLORES LEE PEGG
a/k/a "Dee Dee Pegg,"

the defendants herein, did unlawfully, willfully, and knowingly combine, conspire, confederate, and agree with others, both known and unknown to the Grand Jury, including Isidro Moreno and Fernando Morales, to:

a. defraud the United States for the purpose of impeding, impairing, obstructing, and defeating the lawful Government functions of the United States Attorney's Office for the Middle District of Florida in determining whether to file a Rule 35 motion to reduce defendant JOE HARRY PEGG's prison sentence based on substantial assistance provided by a third party cooperator, and the United States District Court for the Middle District of Florida in deciding whether to grant that Rule 35 motion to reduce defendant JOE HARRY PEGG's prison sentence; and

b. knowingly and corruptly endeavor to influence, obstruct, and impede the due administration of justice in a pending judicial proceeding in the United States District Court for the Middle District of Florida, in violation of Title 18, United States Code, Section 1503.

C. Manner and Means of the Conspiracy

14. The manner and means by which the conspirators sought to accomplish the objects of the conspiracy included the following:

a. It was a part of the conspiracy that conspirators would and did enlist persons to serve as third-party cooperators for JOE PEGG's benefit;

b. It was a further part of the conspiracy that conspirators would and did promise to pay third-party cooperators for their assistance in trying to obtain a Rule 35 sentence reduction for JOE PEGG;

c. It was a further part of the conspiracy that conspirators would and did make false representations to federal agents about their intent to pay third-party cooperators for their assistance on JOE PEGG's behalf;

d. It was a further part of the conspiracy that conspirators would and did arrange for undercover drug transactions to occur that were intended to result in the USAO MDFL filing a Rule 35 motion with the United States District Court for the Middle District of Florida to reduce JOE PEGG's prison sentence;

e. It was a further part of the conspiracy that conspirators would and did communicate in person and on the telephone to make arrangements for paying third-party cooperators;

f. It was a further part of the conspiracy that conspirators would and did make and receive payments in exchange for efforts to set up undercover drug transactions that were intended to result in the USAO MDFL filing a Rule 35 motion with the United States District Court for the Middle District of Florida to reduce JOE PEGG's prison sentence;

g. It was a further part of the conspiracy that conspirators would and did conceal from the USAO MDFL the fact that payments had been made and received in exchange for such efforts;

h. It was a further part of the conspiracy that conspirators would and did make false statements to the USAO MDFL and federal agents in an effort to conceal the payments to third-party cooperators and the conspirators' plan to defraud the USAO MDFL and the United States District Court for the Middle District of Florida; and

i. It was a further part of the conspiracy that conspirators would and did misrepresent, conceal, and hide, and cause to be misrepresented, concealed, and hidden, the purpose of acts done in furtherance of the conspiracy.

D. Overt Acts

15. In furtherance of the conspiracy and to effectuate the objects thereof, the following overt acts, among others, were committed within the Middle District of Florida, and elsewhere:

a. In or about 2011, conspirators Isidro Moreno and Fernando Morales met at a Burger King restaurant in Miami Lakes, Florida to discuss the amounts they intended to be paid for serving as third-party cooperators;

b. In or about December 2011, DOLORES PEGG paid Isidro Moreno \$5,000 to compensate him for his efforts to assist JOE PEGG in obtaining a Rule 35 sentence reduction;

c. On or about March 6, 2012, Fernando Morales worked with law enforcement agents to arrange for the arrest of a target in Tampa, Florida during an undercover drug transaction;

d. On or about March 6, 2012, while incarcerated at Coleman FCC, JOE PEGG spoke by telephone with DOLORES PEGG and directed her to obtain money from another Pegg family member;

e. On or about March 6, 2012, while incarcerated at Coleman FCC, JOE PEGG spoke by telephone with DOLORES PEGG and told her to give money to DEE DEE PEGG;

f. On or about March 8, 2012, while incarcerated at Coleman FCC, JOE PEGG met with DEE DEE PEGG;

g. On or about March 8, 2012, while incarcerated at Coleman FCC, JOE PEGG spoke by telephone with Isidro Moreno about making partial payment to Fernando Morales;

h. On or about March 8, 2012, while incarcerated at Coleman FCC, JOE PEGG spoke by telephone with DEE DEE PEGG about making a payment to Isidro Moreno;

i. On or about March 9, 2012, while incarcerated at Coleman FCC, JOE PEGG spoke by telephone with DEE DEE PEGG about paying Isidro Moreno;

j. On or about March 9, 2012, DOLORES PEGG and DEE DEE PEGG met with Isidro Moreno and paid him \$35,000 in cash to partially compensate him and Fernando Morales for their efforts in trying to obtain a Rule 35 sentence reduction for JOE PEGG;

k. On or about March 9, 2012, while incarcerated at Coleman FCC, JOE PEGG spoke with DEE DEE PEGG by telephone to confirm that Isidro Moreno had been paid;

l. On or about March 10, 2012, Isidro Moreno and Fernando Morales met to split up the \$35,000 that DEE DEE PEGG had paid Isidro Moreno on March 9, 2012;

m. On or about March 20, 2012, Isidro Moreno met with DEE DEE PEGG to receive another payment for the third-party cooperator efforts to obtain JOE PEGG a Rule 35 sentence reduction;

n. On or about July 5, 2012, while incarcerated at Coleman FCC, JOE PEGG spoke with Isidro Moreno by telephone to confirm that Isidro Moreno would not tell law enforcement that he had been paid by the PEGG family for his involvement in arranging an undercover drug transaction;

o. In or about July 2012, Isidro Moreno met with DOLORES PEGG to confirm that Isidro Moreno would lie to law

enforcement and tell agents that he had never been paid by the PEGG family for his involvement in arranging an undercover drug transaction;

p. On or about July 10, 2012, Isidro Moreno falsely stated to law enforcement that he had never received any payment from the PEGG family for his role in attempting to assist JOE PEGG in obtaining a Rule 35 motion for a sentence reduction;

q. On or about September 11, 2012, while incarcerated at Coleman FCC and while being interviewed by Assistant United States Attorneys, JOE PEGG falsely denied his involvement and the involvement of other Pegg family members in paying Isidro Moreno and Fernando Morales for their assistance in setting up an undercover drug transaction; and

r. In or about August 2014, Isidro Moreno met with DOLORES PEGG to confirm that they would continue to lie to and conceal from law enforcement that Isidro Moreno was paid by the PEGG family for his assistance and involvement in the aforementioned activities.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO
**(Endeavoring to Influence, Obstruct, or Impede
the Due Administration of Justice)**

1. The Grand Jury re-alleges and incorporates by reference Part A of Count One of this Indictment as though fully set forth herein.

2. From at least as early as in or about 2011 and continuing through at least in or about August 2014, in the Middle District of Florida, and elsewhere,

JOE HARRY PEGG,
DOLORES EILEEN PEGG,
and
DOLORES LEE PEGG,
a/k/a "Dee Dee Pegg,"

the defendants herein, did corruptly influence, obstruct, and impede and endeavor to influence, obstruct and impede the due administration of justice in United States v. Joe Harry Pegg, Case No. 94-38-cr-FtM-17(D), in the United States District Court for the Middle District of Florida, by making payments to third-party cooperators for arranging undercover drug transactions that were intended to result in the USAO MDFL filing a Rule 35 motion with the United States District Court for the Middle District of Florida to reduce JOE PEGG's sentence, and concealing such payments from the United States.

In violation of Title 18, United States Code, Sections 1503 and 2.

COUNT THREE
(False Statements to a Federal Law Enforcement Officer)

On or about September 11, 2012, in the Middle District of Florida,

JOE HARRY PEGG,

the defendant herein, did knowingly and willfully make a materially false, fictitious, and fraudulent statement and representation in a matter within the

jurisdiction of the executive branch of the Government of the United States, that is, the defendant falsely stated and represented to an Assistant United States Attorney with the United States Attorney's Office for the Middle District of Florida, during the course of its investigation into conspiracy to obstruct justice and obstruction of justice, that:

neither Isidro Moreno nor Fernando Morales had received any monetary payment from either the defendant or any of his family members in connection with their third-party cooperation efforts to benefit JOE PEGG through a government motion to reduce his sentence,

when in truth and in fact, as the defendant then and there well knew, the defendant knew that Isidro Moreno and Fernando Morales had been paid at least \$35,000 cash by one or more of the defendant's family members in March 2012 for their third-party cooperation efforts to obtain a Rule 35 sentence reduction for the defendant.

In violation of Title 18, United States Code, Section 1001(a)(2).

FORFEITURES

1. The allegations contained in Counts One and Two of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to the provisions of Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. From their engagement in the violations alleged in Counts One and Two of this Indictment, involving a conspiracy to obstruct justice in violation of Title 18, United States Code, Sections 371 and 1503, and obstruction of the administration of justice, in violation of Title 18, United States Code, Section 1503, the defendants,

JOE HARRY PEGG,
DOLORES EILEEN PEGG,
and
DOLORES LEE PEGG,
a/k/a "Dee Dee Pegg,"

shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), all of their interest in any property constituting or derived from proceeds the defendants obtained directly or indirectly as a result of such conspiracy, including, but not limited to, a forfeiture money judgment in the amount of \$35,000.00, which represents the amount of proceeds obtained as a result of such offense.

3. If any of the property described in paragraph 2 above, as a result of any act or omission of the defendants:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;

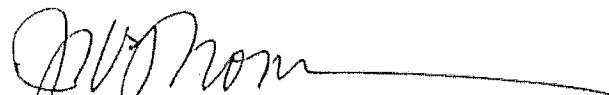
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

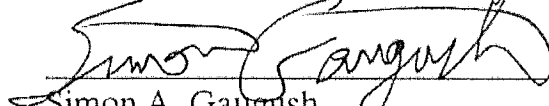
the United States shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

A TRUE BILL,


FOREPERSON

RACHELLE DESVAUX BEDKE
Attorney for the United States,
Acting Under Authority Conferred
By 28 U.S.C. § 515

By: 
Josephine W. Thomas
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By: 
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Chief, Economic Crimes Section