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FORMER BALTIMORE CITY EMPLOYEE GARY BROWN SENTENCED TO MORE THAN TWO YEARS IN FEDERAL PRISON FOR CONSPIRACIES TO COMMIT WIRE FRAUD AND TO DEFRAUD THE UNITED STATES RELATED TO FORMER MAYOR CATHERINE PUGH AND FOR FILING A FALSE TAX RETURN

Greenbelt, Maryland – U.S. District Judge Deborah K. Chasanow today sentenced former Baltimore City employee Gary Brown, Jr., age 38, of Baltimore, to 27 months in federal prison, followed by three years of supervised release, for conspiracy to commit wire fraud, two counts of conspiracy to defraud the United States, and for filing a false tax return. Judge Chasanow also ordered Brown to pay restitution of \$14,000.

The sentence was announced by United States Attorney for the District of Maryland Robert K. Hur; Special Agent in Charge Jennifer C. Boone of the Federal Bureau of Investigation, Baltimore Field Office; and Special Agent in Charge Kelly R. Jackson of the Internal Revenue Service - Criminal Investigation, Washington, D.C. Field Office.

“As a public servant, Gary Brown should have placed the interests of Baltimore City residents above his own,” said United States Attorney Robert K. Hur. “Instead, Brown conspired with the former Mayor and others to line their own pockets and to avoid paying their taxes. Baltimore City faces many pressing issues, and we need dedication and integrity from our public servants—not corruption—in order to solve them. Law enforcement will continue to be vigilant for evidence of fraud and corruption, to ensure that our citizens receive the honesty and professionalism they deserve from government officials.”

“Gary Brown displayed a flagrant abuse of power by deceiving and defrauding the public and the government for his own personal gain,” said Special Agent in Charge Jennifer Boone, of the FBI’s Baltimore division. “We have no tolerance for public corruption and will continue to root out violations of the law. The sentence today is the result of a partnership with the IRS Criminal Investigation, Department of Labor OIG and the Baltimore City Inspector General’s Office.”

“Rather than setting an example for the citizens of Baltimore, Brown demonstrated a blatant disregard for the law,” said IRS-CI Special Agent in Charge Kelly R. Jackson. “Brown not only neglected to accurately report his income to the IRS but he also falsified tax documents on behalf of others, actions which erode the confidence in public officials as well as our tax system.”

According to Brown’s plea agreement, from approximately 2011 until December 2016, Gary Brown, Jr. worked as a legislative aide to then-Maryland State Senator Catherine Pugh. Brown actively campaigned for Pugh’s reelection to the State Senate in 2014 and served as her campaign aide during her 2016 mayoral election campaign. Following Pugh’s election and inauguration as mayor of Baltimore City in December

2016, Brown was hired as the Deputy Director of Special Events in the mayor's office. In December 2016, Brown was nominated by the Maryland Democratic Central Committee to fill the vacancy in the Maryland House of Delegates created by Pugh's mayoral victory. However, the Governor withdrew Brown's nomination after he was indicted for election law violations in January 2017.

Brown was the sole owner and operator of Stricker Abstracting, LLC, and GB Abstracting, LLC, both Maryland companies that purported to be title-abstracting businesses, and GBJ Consulting, LLC, a Maryland consulting business. Brown ran all three companies from his residences in Baltimore. Brown also freelanced as a tax return preparer. Between March 2011 until March 2019, Brown helped Pugh promote and sell the Healthy Holly books. Brown oversaw the transportation and storage of the books, drafted invoices, and corresponded with purchasers. Much of Brown's work on Healthy Holly occurred during work hours while serving as Pugh's legislative aide and mayoral staff member. Brown was not an employee of Healthy Holly and received no salary or compensation until approximately mid-2016 when he started to get sales commissions. None of his companies received compensation for services purportedly provided to Healthy Holly.

Brown Wire Fraud Conspiracy

According to Gary Brown's plea agreement, from November 2011 until March 2019, he conspired with Catherine Pugh to fraudulently sell and distribute tens of thousands of Healthy Holly books. Brown admitted that over that period they executed the scheme in three ways: by selling the books, keeping the money and not delivering the books; by providing books to purchasers, but later converting them to their own use at campaign events and government functions; and by reselling books that had previously been purchased and donated to the Baltimore City Public Schools.

Brown Conspiracy with Pugh to Defraud the United States

Further, as detailed in his plea agreement, Brown cashed checks Pugh wrote to him from the Healthy Holly account, then used the cash to fund money orders, debit cards, and personal checks in the names of straw donors, which were then submitted to the Committee to Elect Catherine Pugh. Brown also admitted that he cashed some of the Healthy Holly checks and gave the cash to Pugh. To conceal the straw-donation scheme and avoid paying taxes that might result from the scheme, Pugh and Brown provided false information to the IRS regarding the purpose of the Healthy Holly checks.

Brown and Wedington Conspiracy to Defraud the United States/Filing False Tax Returns

Brown and former Baltimore City employee Rosyln Wedington both admitted that they conspired to avoid tax withholdings from Wedington's payroll checks while Wedington was the Executive Director of the Maryland Center for Adult Training (MCAT) and Brown was the Chairman of the Board of Directors. Specifically, in 2013, Wedington's salary was garnished due to outstanding student loan debt and medical bills. In order to avoid further garnishments, Wedington asked Brown to take her "off payroll," which meant that MCAT would no longer submit her name to the payroll service provider for the purpose of calculating taxes to be withheld from her salary. Brown agreed to the arrangement and had MCAT make electronic deposits into his personal bank account in an amount that exceeded the annual salary owed to Wedington, creating the pretense that he was doing work for MCAT as an independent contractor. Brown then wrote checks to Wedington and/or gave her cash equal to or greater than her salary, which was more than \$80,000 per year. No taxes were withheld from the funds Brown paid to Wedington, nor did her salary go through Wedington's bank account, where it could be garnished. In addition, Brown prepared fraudulent tax returns for Wedington for tax years 2013 through 2017, which did not report Wedington's MCAT income and made a variety of false entries, resulting in refunds to which Wedington was not entitled and avoiding over \$121,000 in total taxes due and owing. Brown also filed a false individual income tax return for tax year 2016 for himself, which falsely listed the \$64,325 of Healthy Holly payments as business income. In addition, from 2016 through 2018, Brown worked part-time as a freelance tax preparer and charged a fee to prepare dozens of tax returns that he filed on behalf of his family, friends, and associates. Brown included false information in all of those tax returns in order to obtain larger refunds for his customers. The fraudulently obtained refunds totaled more than \$100,000.

Judge Chasanow previously sentenced Catherine Elizabeth Pugh, age 69, of Baltimore, Maryland, to three years in federal prison, followed by three years of supervised release, on charges of conspiracy to commit wire fraud, conspiracy to defraud the United States, and two counts of tax evasion. Judge Chasanow also ordered Pugh to pay \$411,948 in restitution and to forfeit \$669,688 including property on Ellamont Road in Baltimore and \$17,800 from the Committee to Re-elect Catherine Pugh.

Roslyn Wedington, age 50, of Rosedale, Maryland, previously pleaded guilty to conspiracy to defraud the United States and to five counts of filing false tax returns. Wedington faces a maximum sentence of five years in federal prison for conspiracy to defraud the United States, and three years in prison for each count of filing a false tax return. Judge Chasanow has not yet scheduled sentencing for Wedington.

United States Attorney Robert K. Hur commended the FBI and the IRS Criminal Investigation for their work in the investigation and thanked the U.S. Department of Labor - Office of Inspector General, Office of Investigations - Labor Racketeering and Fraud, the Maryland State Prosecutor's Office, and the Baltimore City Office of Inspector General for their assistance. Mr. Hur thanked Assistant U.S. Attorneys Martin J. Clarke and Leo J. Wise, who are prosecuting the case.

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