

IN THE SUPREME COURT OF PENNSYLVANIA

OFFICE OF DISCIPLINARY COUNSEL,	:	No. 2167 Disciplinary Docket No. 3
	:	
Petitioner	:	No. 73 DB 2015
	:	
v.	:	Attorney Registration No. 19964
	:	
ARTHUR J. SMITH,	:	(Allegheny County)
	:	
Respondent	:	

ORDER

PER CURIAM

AND NOW, this 3rd day of October, 2018, upon consideration of the Recommendation of the Three-Member Panel of the Disciplinary Board, the Joint Petition in Support of Discipline on Consent is granted, and Arthur J. Smith is suspended on consent from the Bar of this Commonwealth for a period of five years, retroactive to July 5, 2015. He shall comply with all the provisions of Pa.R.D.E. 217.

Respondent shall pay the costs incurred by the Disciplinary Board in the investigation and prosecution of this matter.

A True Copy Patricia Nicola
As Of 10/03/2018

Attest: 
Chief Clerk
Supreme Court of Pennsylvania

BEFORE THE DISCIPLINARY BOARD OF THE
SUPREME COURT OF PENNSYLVANIA

OFFICE OF DISCIPLINARY COUNSEL,	:	No. 2167 Disciplinary Docket
	:	No. 3
Petitioner	:	
	:	Disciplinary Board No. 73 DB 2015
v.	:	
	:	
ARTHUR J. SMITH	:	Attorney Registration No. 19964
	:	
Respondent	:	(Allegheny County)

JOINT PETITION IN SUPPORT OF DISCIPLINE
ON CONSENT UNDER RULE 215(d), Pa.R.D.E

OFFICE OF DISCIPLINARY COUNSEL

PAUL J. KILLION
CHIEF DISCIPLINARY COUNSEL

Samuel F. Napoli
Disciplinary Counsel
Suite 1300, Frick Building
437 Grant Street
Pittsburgh, PA 15219
(412) 565-3173

and

Arthur J. Smith
Respondent
784 Greenfield Avenue
Pittsburgh, PA 15217
(412) 580-3268

BEFORE THE DISCIPLINARY BOARD OF THE
SUPREME COURT OF PENNSYLVANIA

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: No. 3
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: Attorney Registration No. 19964
ARTHUR J. SMITH :
: (Allegheny County)
Respondent :

JOINT PETITION IN SUPPORT OF DISCIPLINE
ON CONSENT UNDER RULE 215(d), Pa.R.D.E.

Petitioner, Office of Disciplinary Counsel, by Paul J. Killion, Chief Disciplinary Counsel, and Samuel F. Napoli, Disciplinary Counsel, and Respondent, Arthur J. Smith, and Stephen S. Stallings, Esquire, Counsel for Respondent, file this Joint Petition In Support Of Discipline On Consent Under Rule 215(d), Pa.R.D.E. and respectfully represent as follows:

1. Petitioner, whose principal office is located at Pennsylvania Judicial Center, Suite 2700, 601 Commonwealth Avenue, P.O. Box 62485, Harrisburg, PA 17106-2485, is invested, pursuant to Rule 207 of the Pennsylvania Rules of Disciplinary Enforcement (hereafter "Pa.R.D.E."), with the power and the duty to investigate all matters involving alleged misconduct of an attorney admitted to practice law in the Commonwealth of Pennsylvania and to prosecute all disciplinary proceedings brought in accordance with the various provisions of the aforesaid Rules.

FILED
8/8/2018
The Disciplinary Board of the
Supreme Court of Pennsylvania

2. Respondent, Arthur J. Smith, was born in 1949. He was admitted to practice law in the Commonwealth of Pennsylvania on October 21, 1974.

3. Respondent's mailing address is 784 Greenfield Avenue, Pittsburgh, Pennsylvania 15217.

4. Respondent is subject to the disciplinary jurisdiction of the Disciplinary Board of the Supreme Court of Pennsylvania.

5. By Order of the Supreme Court of Pennsylvania dated June 5, 2015, effective July 5, 2015, Respondent was suspended from the practice of law, pursuant to Rule 214(d)(2), Pa.R.D.E.

SPECIFIC FACTS AND CONCLUSIONS OF LAW

6. On March 26, 2013, in the United States District Court for the Western District of Pennsylvania, a Superseding Indictment was filed, and docketed at No. 2:11-Cr-00014-NBF-4, in which Respondent was charged as follows:

(a) At Count 1 with conspiracy to commit wire fraud and bank fraud, in violation of 18 U.S.C.A. §1349;

(b) At Counts 2, 4, 5, 6 and 7 with wire fraud, in violation of 18 U.S.C.A. §1343 and 18 U.S.C.A. §2;

(c) At Counts 12, 13, and 14 with bank fraud, in violation of 18 U.S.C.A. §1344(1) and 18 U.S.C.A. §2;

(d) At Count 15 with conspiracy to Commit Money Laundering, in violation of 18 U.S.C.A. §1956(h); and,

(e) At Counts 18, 19, and 20 with willful failure to file income tax returns, in violation of 18 U.S.C.A. §7203.

A copy of the Superseding Indictment is attached hereto as Exhibit 1.

7. On February 23, 2015, Respondent entered a plea of guilty to Counts 13, 15, and 20 of the Superseding Indictment. Copies of the Minute Entry for Respondent's Change of Plea Hearing and his Change of Plea are attached hereto as Exhibits 2 and 3, respectively.

8. After extensive litigation concerning sentencing, including evidentiary hearings, on April 11, 2018, Respondent was sentenced at each of the three Counts to which he pled guilty to incarceration of one day, to be served concurrently, and supervised release for three years at each Count, to be served concurrently. A copy of the Judgment in a Criminal Case, which sets forth Respondent's sentence, is attached hereto as Exhibit 4.

9. As part of his sentence, Respondent was ordered to make restitution to J.P. Morgan Chase of \$321,689.13.

10. Respondent's conviction is an independent basis for discipline, pursuant to Rule 203(b)(1), Pa.R.D.E.

SPECIFIC JOINT RECOMMENDATION FOR DISCIPLINE

11. Petitioner and Respondent jointly recommend that the appropriate discipline for Respondent's admitted misconduct is a suspension of five years, retroactive to July 5, 2015, the effective date of Respondent's suspension pursuant to Rule 214(d)(2), Pa.R.D.E.

12. Respondent entered into a plea agreement with the government, thus eliminating the need for the government to expend resources in pursuing a trial of the charges against Respondent.

13. Respondent has no history of discipline over his first forty years of practice.

14. Precedent for the discipline recommended in this case exists in *Office of Disciplinary Counsel v. Danenberg*, 130 DB 2010 (2014). Mr. Danenberg, for similar misconduct, received a suspension from the practice of law for five years. In that case, after trial had begun, Mr. Danenberg entered a plea of guilty to one count of a three-count indictment, and was sentenced to incarceration of twenty-four (24) months. He was actually incarcerated for about 17½ months, and served the balance of his sentence on home confinement. He was then subject to supervised release for about another year. Mr. Danenberg agreed that his criminal conduct had caused a loss of \$250,000, which he repaid via a loan from a family member.

15. Respondent has not yet paid the restitution which he was ordered to pay. However, a suspension of five years will require him to pursue formal reinstatement proceedings before he can be readmitted to practice. If he does not make the required

restitution, that fact can be taken into account in such formal reinstatement proceedings, and may be considered as a basis for the denial of reinstatement.

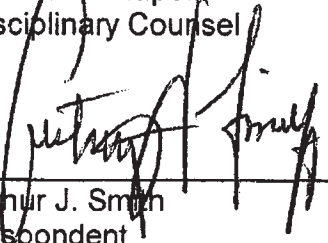
16. WHEREFORE, Petitioner and Respondent respectfully request that pursuant to Rules 215(d) and 215(f), Pa.R.D.E., the Three Member Panel of the Disciplinary Board review and approve this Joint Petition in Support of Discipline on Consent under Rule 215(d), Pa.R.D.E. and files its recommendation with the Supreme Court of Pennsylvania, in which it is recommended that the Supreme Court enter an Order imposing upon Respondent a suspension of five years, retroactive to July 5, 2015, the effective date of Respondent's suspension pursuant to Rule 214(d)(2), Pa.R.D.E.

Respectfully submitted,

OFFICE OF DISCIPLINARY COUNSEL

PAUL J. KILLION
CHIEF DISCIPLINARY COUNSEL

By 
Samuel F. Napoli
Disciplinary Counsel

By 
Arthur J. Smith
Respondent

BEFORE THE DISCIPLINARY BOARD OF THE
SUPREME COURT OF PENNSYLVANIA

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ARTHUR J. SMITH : Attorney Registration No. 19964
: :
Respondent : (Allegheny County)

VERIFICATION

The statements contained in the foregoing Joint Petition In Support Of Discipline On Consent Under Rule 215(d), Pa.R.D.E. are true and correct to the best of my knowledge or information and belief and are made subject to the penalties of 18 Pa.C.S. §4904, relating to unsworn falsification to authorities.

8/8/18
Date

8/8/18
Date

Samuel F. Napoli
Samuel F. Napoli
Disciplinary Counsel

Arthur J. Smith
Arthur J. Smith
Respondent

BEFORE THE DISCIPLINARY BOARD OF THE
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AFFIDAVIT UNDER RULE 215(d), Pa.R.D.E.

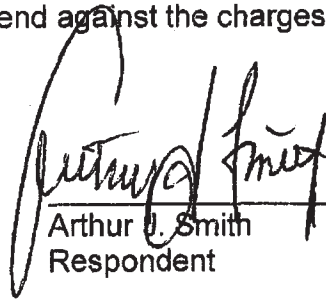
Respondent, Arthur J. Smith, hereby states that he consents to imposition of a suspension of five years, retroactive to July 5, 2015, the effective date of Respondent's suspension, pursuant to Rule 214(d)(2), Pa.R.D.E., and is jointly recommended by Petitioner, Office of Disciplinary Counsel, and Respondent, Arthur J. Smith in the Joint Petition In Support Of Discipline On Consent and further states that:

1. My consent is freely and voluntarily rendered; I am not being subjected to coercion or duress; and I am fully aware of the implications of submitting the consent; and, I have consulted with counsel in connection with the decision to consent to the imposition of discipline;

2. I am aware that there is a pending proceeding involving allegations that I have been guilty of misconduct as set forth in the Joint Petition;

3. I acknowledge that the material facts set forth in the Joint Petition are true;
and,

4. I consent because I know that if the matter pending against me was
prosecuted, I could not successfully defend against the charges.



Arthur J. Smith
Respondent

Sworn to and subscribed
before me this 8th
day of August, 2018.



Notary Public

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Shella A. M. Blumentig, Notary Public
City of Pittsburgh, Allegheny County
My Commission Expires April 22, 2019
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

5. At all material times, Karen Atkison, not a defendant herein, was a paralegal who assisted Daniel Sporrer in preparing documents related to closing real estate transactions.

6. At all material times, Crystal Spreng, Bartholomew Matto and Cynthia Pielin, not defendants herein, were employees of Citizens Bank, Citizens Bank and National City Bank, respectively.

7. At all material times, the defendant, SANDRA SVARANOVIC, and other individuals known to the grand jury were appraisers.

COUNT ONE

The grand jury charges:

8. The allegations set forth in paragraphs 1 through 7 of this Superseding Indictment are incorporated herein as if set forth in full.

THE CONSPIRACY AND ITS OBJECTS

9. From in and around November 2005, and continuing thereafter until in and around December 2008, in the Western District of Pennsylvania and elsewhere, the defendants, GEORGE KUBINI, DOV RATCHKAUSKAS, SANDRA SVARANOVIC, and ARTHUR SMITH knowingly and willfully did conspire, combine, confederate and agree together and with other persons known to the grand jury, to commit offenses against the United States, that is, Wire Fraud, in violation of Title 18, United States Code, Section 1343, and Bank Fraud, in violation of Title 18, United States Code, Section 1344(1).

MANNER AND MEANS OF THE CONSPIRACY

10. It was a part of the conspiracy that Robert Arakelian, Rhonda Roscoe and Rochelle Roscoe submitted and caused the submission to lenders of loan applications that falsely represented that the borrowers were intending to make payments at the time of the closings related to the purchase of the properties and that they had sufficient assets to make those payments from their own funds.

11. It was further part of the conspiracy that Robert Arakelian, Rhonda Roscoe and Rochelle Roscoe, in connection with loan applications, submitted and caused the submission to lenders of fraudulent Verifications of Deposit that falsely verified that the borrowers had sufficient funds in their bank accounts to make the payments at the closings.

12. It was further a part of the conspiracy that Bartholomew Matto, Cynthia Pielin, and Crystal Spreng signed some of the fraudulent Verifications of Deposit, knowing that the Verifications of Deposit did not contain accurate information.

13. It was further a part of the conspiracy that Daniel Sporrer, Karen Atkison, James Steiner, and the defendant, ARTHUR SMITH, submitted to lenders and caused the submission to lenders of settlement statements that were materially false in the following ways:

(a) the settlement statements overstated the true sales prices of the properties;

(b) the settlement statements falsely indicated that the borrowers and/or purchasers had made payments related to the purchase of the properties;

(c) the settlement statements failed to report payments made to the borrowers and/or purchasers;

(d) the settlement statements falsely indicated that the funds were disbursed in accordance with the settlement statements;

(e) the settlement statements failed to disclose seller held second mortgages; and

(f) the settlement statements falsely indicated that they represented a true and accurate accounting of the transactions.

14. It was further a part of the conspiracy that the defendant, ARTHUR SMITH, failed to supply the Internal Revenue Service with Form 1099s disclosing the disbursement of sales proceeds to the defendants, GEORGE KUBINI and DOV RATCHKAUSKAS, and the companies with which they were associated.

15. It was further a part of the conspiracy that the defendants, GEORGE KUBINI and DOV RATCHKAUSKAS, sold properties through the conspiracy using the same fraudulent means referred to above, and that in connection with those fraudulent transactions knowingly signed the fraudulent settlement statements.

16. It was further a part of the conspiracy that the defendant, SANDRA SVARANOVIC, and other individuals known to the grand jury, prepared appraisals that overstated the true values of the properties serving as collateral for the loans.

17. It was further a part of the conspiracy that the defendant, SANDRA SVARANOVIC, and other individuals known to the grand jury, prepared appraisals that falsely represented the condition of the properties serving as collateral for the loans.

18. It was further a part of the conspiracy that the defendants, GEORGE KUBINI and DOV RATCHKAUSKAS falsely represented

to the purchasers of the properties that they would make improvements to the properties.

19. It was further a part of the conspiracy that members of the conspiracy, as was reasonably foreseeable to the defendants, GEORGE KUBINI, DOV RATCHKAUSKAS, SANDRA SVARANOVIC and ARTHUR SMITH, used and caused the use of the interstate wires by submitting to the lenders, through facsimiles and e-mails, loan documents, including the loan applications, the appraisals, and the settlement statements.

20. It was further a part of the conspiracy that members of the conspiracy, as was reasonably foreseeable to the defendants, GEORGE KUBINI, DOV RATCHKAUSKAS, SANDRA SVARANOVIC, and ARTHUR SMITH, caused wire transfers from the accounts of the lending institutions, located outside the Commonwealth of Pennsylvania, to the accounts of the closing agents located in the Commonwealth of Pennsylvania, in furtherance of the Wire Fraud scheme.

21. It was further a part of the conspiracy that some of the lenders funding the loans were federally insured financial institutions.

All in violation of Title 18, United States Code, Section 1349.

COUNTS TWO - ELEVEN

The grand jury further charges:

22. The allegations set forth in paragraphs 1 through 7 of this Superseding Indictment are incorporated herein as if set forth in full.

THE SCHEME AND ARTIFICE TO DEFRAUD

23. From in and around November 2005, and continuing thereafter to in and around December 2008, in the Western District of Pennsylvania and elsewhere, the defendants, GEORGE KUBINI, DOV RATCHKAUSKAS, SANDRA SVARANOVIC, and ARTHUR SMITH, and other individuals known to the grand jury, devised and intended to devise a scheme and artifice to defraud and for obtaining money by means of materially false and fraudulent pretenses, representations and promises, well knowing at the time that the pretenses, representations and promises were false and fraudulent when made.

24. It was part of the scheme and artifice to defraud that Robert Arakelian, Rhonda Roscoe and Rochelle Roscoe submitted and caused the submission to lenders of loan applications that falsely represented that the borrowers were intending to make payments at the time of the closings related to the purchase of the properties and that they had sufficient assets to make those payments from their own funds.

25. It was further a part of the scheme and artifice to defraud that Robert Arakelian, Rhonda Roscoe and Rochelle Roscoe,

in connection with loan applications, submitted and caused the submission to lenders of fraudulent Verifications of Deposit that falsely verified that the borrowers had sufficient funds to make the payments at the closings in their bank accounts.

26. It was further a part of the scheme and artifice to defraud that Bartholomew Matto, Cynthia Pielin, and Crystal Spreng signed some of the fraudulent Verifications of Deposit, knowing that the Verifications of Deposit did not contain accurate information.

27. It was further a part of the scheme and artifice to defraud that Daniel Sporrer, Karen Atkison, James Steiner, and the defendant, ARTHUR SMITH, submitted to lenders and caused the submission to lenders of settlement statements that were materially false in the following ways:

(a) the settlement statements overstated the true sales prices of the properties;

(b) the settlement statements falsely indicated that the borrowers had made payments related to the purchase of the properties;

(c) the settlement statements failed to report payments made to the borrowers and/or purchasers;

(d) the settlement statements falsely indicated that the funds were disbursed in accordance with the settlement statements;

(e) the settlement statements failed to disclose seller held second mortgage; and

(f) the settlement statements falsely indicated that they represented a true and accurate account of the transactions.

28. It was further a part of the conspiracy that the defendant, ARTHUR SMITH, failed to supply the Internal Revenue Service with Form 1099s disclosing the disbursement of sales proceeds to the defendants, GEORGE KUBINI and DOV RATCHKAUSKAS, and the companies with which they were associated.

29. It was further a part of the conspiracy that the defendant, ARTHUR SMITH, withdrew and caused the withdrawal of funds from his escrow account, into which money from lenders and borrowers had been deposited in trust, in order to cover deficiencies in his operating account caused by, among other things, withdrawals made for his personal benefit.

30. It was further a part of the scheme and artifice to defraud that the defendants, GEORGE KUBINI and DOV RATCHKAUSKAS, sold properties through the scheme and artifice to defraud using the same fraudulent means referred to above, and that in connection with those fraudulent transactions knowingly signed the fraudulent settlement statements.

31. It was further a part of the of the scheme and artifice to defraud that the defendant, SANDRA SVARANOVIC, and other individuals known to the grand jury, prepared appraisals that

overstated the true values of the properties serving as collateral for the loans.

32. It was further a part of the scheme and artifice to defraud that the defendant, SANDRA SVARANOVIC, and other individuals known to the grand jury, prepared appraisals that falsely represented the condition of the properties serving as collateral for the loans.

33. It was further a part of the scheme and artifice to defraud that the defendants, GEORGE KUBINI and DOV RATCHKAUSKAS falsely represented to the purchasers of the properties that they would make improvements to the properties.

34. It was further a part of the scheme and artifice to defraud that the defendant, ARTHUR SMITH, falsely represented to a representative of a title insurance company known to the grand jury which was conducting an audit of defendant ARTHUR SMITH's business, that the shortfall in his escrow account was due to deficiencies in the operations account caused by unknown reasons when, as the defendant then well knew, the shortfall in the escrow account was due to the defendant, ARTHUR SMITH, taking money from the escrow account through the operations accounts and into his personal bank accounts for his personal benefit.

THE WIRES

35. On or about the dates set forth below, in the Western District of Pennsylvania, the defendants GEORGE KUBINI, DOV RATCHKAUSKAS, SANDRA SVARANOVIC, and ARTHUR SMITH, and other individuals known to the grand jury, for the purpose of executing and attempting to execute the scheme and artifice to defraud, did transmit and cause to be transmitted in interstate commerce, by means of a wire communication, certain signs, signals, sounds, specifically the following wire transfers funding the loans that financed the purchase of the following properties, each such wire transfer originating in the account of the lending institution located outside the Commonwealth of Pennsylvania and going to the account of the closing agent located in the Western District of Pennsylvania:

Count	Date	Property Address	Approximate Wire Transfer Amount	Defendants Charged
TWO	4/17/2008	1014 Stanhope Street, Pittsburgh, Pennsylvania	\$53,641	KUBINI RATCHKAUSKAS SMITH
THREE	5/2/2008	7512 Calumet Street, Pittsburgh, Pennsylvania	\$55,617	KUBINI SVARANOVIC
FOUR	6/3/2008	6925 Greenwood Street, Pittsburgh, Pennsylvania	\$69,819	KUBINI RATCHKAUSKAS SMITH

Count	Date	Property Address	Approximate Wire Transfer Amount	Defendants Charged
FIVE	6/25/2008	246 Webster Drive, Pittsburgh, Pennsylvania	\$84,632	KUBINI RATCHKAUSKAS SMITH
SIX	6/30/2008	45 Petunia Street, Pittsburgh, Pennsylvania	\$70,819	KUBINI RATCHKAUSKAS SVARANOVIC SMITH
SEVEN	7/16/2008	309 Carson Street, East McKeesport, Pennsylvania	\$70,710	KUBINI RATCHKAUSKAS SMITH
EIGHT	8/19/2008	1020 Lakewood Avenue, Pittsburgh, Pennsylvania	\$35,900	KUBINI SVARANOVIC
NINE	10/30/2008	223 Suncrest Street, Pittsburgh, Pennsylvania	\$57,756	KUBINI SVARANOVIC
TEN	11/21/2008	420 North Avenue, Pittsburgh, Pennsylvania	\$57,982	KUBINI SVARANOVIC
ELEVEN	12/16/2008	273 Paul Street, Pittsburgh, Pennsylvania	\$68,450	KUBINI SVARANOVIC

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT TWELVE

The grand jury further charges:

36. The allegations set forth in paragraphs 1 through 7 of this Superseding Indictment are incorporated herein as if set forth in full.

37. At all times material to this Superseding Indictment, Chase Bank was a federally insured financial institution.

38. From in and around June 2007, and continuing thereafter until in and around October 2007, in the Western District of Pennsylvania and elsewhere, the defendants, GEORGE KUBINI, DOV RATCHKAUSKAS, SANDRA SVARANOVIC and ARTHUR SMITH, and other individuals known to the grand jury did knowingly execute and attempt to execute a scheme and artifice to defraud Chase Bank.

39. The allegations set forth in paragraphs 24 through 32 are incorporated herein as if set forth in full.

In violation of Title 18, United States Code, Sections 1344(1) and 2.

COUNT THIRTEEN

The grand jury further charges:

40. The allegations set forth in paragraphs 1 through 7 of this Superseding Indictment are incorporated herein as if set forth in full.

41. At all times material to this Superseding Indictment, JP Morgan Chase Bank was a federally insured financial institution.

42. From in and around August 2007, and continuing thereafter until in and around May 2008, in the Western District of Pennsylvania and elsewhere, the defendants, GEORGE KUBINI, DOV RATCHKAUSKAS, SANDRA SVARANOVIC and ARTHUR SMITH, and other individuals known to the grand jury did knowingly execute and attempt to execute a scheme and artifice to defraud JP Morgan Chase Bank.

43. The allegations set forth in paragraphs 24 through 32 are incorporated herein as if set forth in full.

In violation of Title 18, United States Code, Sections 1344(1) and 2.

COUNT FOURTEEN

The grand jury further charges:

44. The allegations set forth in paragraphs 1 through 7 of this Superseding Indictment are incorporated herein as if set forth in full.

45. At all times material to this Superseding Indictment, Well Fargo Bank was a federally insured financial institution.

46. From in and around June 2008, and continuing thereafter until in and around July 2008, in the Western District of Pennsylvania and elsewhere, the defendants, GEORGE KUBINI, DOV RATCHKAUSKAS, SANDRA SVARANOVIC and ARTHUR SMITH, and other individuals known to the grand jury did knowingly execute and attempt to execute a scheme and artifice to defraud Well Fargo Bank.

47. The allegations set forth in paragraphs 24 through 28 and 30 through 32 are incorporated herein as if set forth in full.

In violation of Title 18, United States Code, Sections 1344(1) and 2.

COUNT FIFTEEN

The grand jury further charges:

48. The allegations set forth in paragraphs 1 through 7 of this Superseding Indictment are incorporated herein as if set forth in full.

THE CONSPIRACY AND ITS OBJECTS

49. From in and around November 2005, and continuing thereafter to in and around December 2008, in the Western District of Pennsylvania and elsewhere, the defendants, GEORGE KUBINI, DOV RATCHKAUSKAS, and ARTHUR SMITH, and other individuals known to the grand jury, knowingly and willfully did conspire, combine, confederate and agree with other persons known to the grand jury, to commit an offense against the United States, that is: Money Laundering, in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i), 1956(a)(1)(B)(i), and 1957(a).

MANNER AND MEANS OF THE CONSPIRACY

50. It was a part of the conspiracy that, in connection with the Wire Fraud and Bank Fraud schemes set forth in Counts Two through Fourteen of this Superseding Indictment, the defendants, GEORGE KUBINI, DOV RATCHKAUSKAS, and ARTHUR SMITH, and other members of the conspiracy, obtained proceeds related to those schemes.

51. It was further a part of the conspiracy that, in order to further the Wire Fraud and Bank Fraud schemes, the defendants,

GEORGE KUBINI, DOV RATCHKAUSKAS, and ARTHUR SMITH, and other members of the conspiracy, used and caused the use of the proceeds from the Wire Fraud and Bank Fraud schemes to further promote the scheme by engaging in financial transactions, many of which exceeded \$10,000, and which were designed to conceal and disguise the nature, the location, the source, the ownership, and the control of those proceeds, including but not limited to the following:

(a) Providing illegally obtained proceeds to sellers of the real estate;

(b) Providing illegally obtained proceeds to the purchasers of the real estate;

(c) Using the illegally obtained proceeds to purchase additional real estate for later sale as part of the schemes; and

(d) Depositing illegally obtained proceeds into the trust account of the defendant, ARTHUR SMITH, and then receiving approximately the same amount back shortly thereafter from the trust account.

All in violation of Title 18, United States Code, Section 1956(h).

COUNT SIXTEEN

The grand jury further charges:

52. On or about October 20, 2008, in the Western District of Pennsylvania and elsewhere, the defendant, GEORGE KUBINI, a resident of Verona, Pennsylvania, did willfully make and subscribe an individual United States Individual Income Tax Return, Form 1040 for the 2007 calendar year, which was verified by a written declaration that it was made under the penalties of perjury, which was filed with the Internal Revenue Service, and which he did not believe to be true and correct as to every material matter in that the income tax return reported Adjusted Gross Income of approximately \$115,162, whereas, as he then and there well knew and believed, he had Adjusted Gross Income in addition to the amount stated in the return.

In violation of Title 26, United States Code, Section 7206(1).

COUNT SEVENTEEN

The grand jury further charges:

53. On or about January 5, 2010, in the Western District of Pennsylvania and elsewhere, the defendant, GEORGE KUBINI, a resident of Verona, Pennsylvania, did willfully make and subscribe an individual United States Individual Income Tax Return, Form 1040 for the 2008 calendar year, which was verified by a written declaration that it was made under the penalties of perjury, which was filed with the Internal Revenue Service, and which he did not believe to be true and correct as to every material matter in that the income tax return reported Adjusted Gross Income of approximately \$77,851, whereas, as he then and there well knew and believed, he had Adjusted Gross Income in addition to the amount stated in the return.

In violation of Title 26, United States Code, Section 7206 (1).

COUNT EIGHTEEN

The grand jury further charges:

54. That during the calendar year 2007, the defendant, ARTHUR SMITH, who was a resident of Pittsburgh, Pennsylvania, had and received gross income in excess of the amount requiring him by law, following the close of the calendar year 2007, and on or before October 15, 2008, to make an income tax return to the Internal Revenue Service, stating specifically the items of his gross income and any deductions and credits to which he was entitled; that well-knowing and believing all of the foregoing, he did willfully fail to make an income tax return to the Internal Revenue Service for the calendar year 2007.

In violation of Title 26, United States Code, Section 7203.

COUNT NINETEEN

The grand jury further charges:

55. That during the calendar year 2008, the defendant, ARTHUR SMITH, who was a resident of Pittsburgh, Pennsylvania, had and received gross income in excess of the amount requiring him by law, following the close of the calendar year 2008, and on or before October 15, 2009, to make an income tax return to the Internal Revenue Service, stating specifically the items of his gross income and any deductions and credits to which he was entitled; that well-knowing and believing all of the foregoing, he did willfully fail to make an income tax return to the Internal Revenue Service for the calendar year 2008.

In violation of Title 26, United States Code, Section 7203.

COUNT TWENTY

The grand jury further charges:

56. That during the calendar year 2009, the defendant, ARTHUR SMITH, who was a resident of Pittsburgh, Pennsylvania, had and received gross income in excess of the amount requiring him by law, following the close of the calendar year 2009, and on or before October 15, 2010, to make an income tax return to the Internal Revenue Service, stating specifically the items of his gross income and any deductions and credits to which he was entitled; that well-knowing and believing all of the foregoing, he did willfully fail to make an income tax return to the Internal Revenue Service for the calendar year 2009.

In violation of Title 26, United States Code, Section 7203.

FORFEITURE ALLEGATIONS

57. The grand jury realleges and incorporates by reference the allegations contained in Counts One through Fourteen of this Superseding Indictment for the purpose of alleging criminal forfeitures pursuant to Title 28, United States Code, Section 2461(c), which incorporates Title 18, United States Code, Section 981(a)(1)(C) and Title 21, United States Code, Section 853(p); and Title 18, United States Code, Sections 982(a)(1) and 982(b)(1), which incorporate Title 21, United States Code, Section 853(p).

58. As a result of the commission of the violation charged in Counts One through Fourteen of this Superseding Indictment, the defendants, GEORGE KUBINI and DOV RATCHKAUSKAS, did acquire the following property that constitutes, and is derived from, the proceeds obtained, directly and indirectly, from such violation, thereby subjecting said property to forfeiture to the United States of America pursuant to Title 28, United States Code, Section 2461(c), which incorporates Title 18, United States Code, Section 981(a)(1)(C): \$1,000,000 in United States currency, cash equivalents, and bank account balances, constituting the gross proceeds of such violations.

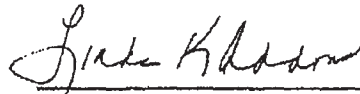
59. If through any act or omission by the defendants, GEORGE KUBINI and DOV RATCHKAUSKAS, any or all of the property described in paragraph 58 above (hereinafter the "Subject Properties")

- a. Cannot be located upon the exercise of due diligence;

- b. Has been transferred, sold to, or deposited with a third person;
- 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 subdivided without difficulty,

the United States intends to seek forfeiture of any other property of the defendant up to the value of the Subject Properties forfeitable above pursuant to Title 28, United States Code, Section 2461(c), which incorporates Title 21, United States Code, Section 853(p); and Title 18, United States Code, Section 982(b)(1), which incorporates Title 21, United States Code, Section 853(p).

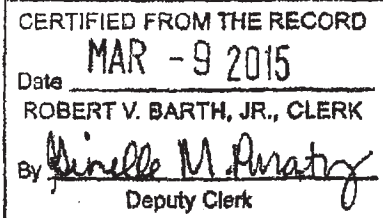
A True Bill,



FOREPERSON



DAVID J. HICKTON
United States Attorney
PA ID No. 34524



IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA)
)
 vs.) Criminal No. 11-14
)
 ARTHUR SMITH,)
)
 Defendant.)

HEARING ON - Change of Plea

Before Judge Nora Barry Fischer

Shaun Sweeney, AUSA
Appear for USA

Stephen Stallings, Esquire
Appear for Defendant

Special Agent IRSC1 -- Amanda Avolia

Hearing begun 2/23/15 at 9:00 a.m.

Hearing adjourned to _____

Hearing concluded 2/23/15 at 10:05 a.m.

Stenographer: J. Kienzie
Clerk: J. Galovitch

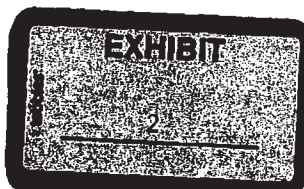
WITNESSES:

For U.S.A.

For Defendant

Oath administered to defendant; Defendant found competent to plead; Court asks defendant questions from colloquy and defendant indicates understanding; Court details charges; Court advises defendant of right to trial; Defendant indicates understanding of charges; Court asks about and defendant understand regarding Sentencing Guidelines application & pertinent Supreme Court & Circuit Court decisions; Court advises defendant of potential penalties; Government details elements of the offenses and summarizes evidence against the defendant; Defendant indicates wish to plead guilty; Court accepts defendant's change of plea and enters a Judgment of Guilt as to Counts 13, 15 and 20 of the Superseding Indictment; Counsel and defendant signed the Change of Plea Form; Court orders preparation of Presentence Investigation Report; Telephonic Sentencing Conference set for 7/8/15 at 4:30 p.m. and Sentencing set for 7/10/15 at 9:00 a.m.; Defendant's Bond continued to date of disposition of Sentence; The Court also Order that the pending Motions filed in this case at Doc. Nos. [330], [331], [350] and [370] are all denied, as moot, and Jury Selection and Trial which was set for 3/2/15 at 9:30 AM is cancelled as to defendant Smith.

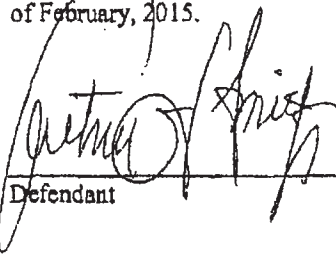
CERTIFIED FROM THE RECORD
Date MAR - 9 2015
ROBERT V. BARTH, JR., CLERK
By Minelle U. Paratz
Deputy Clerk




UNITED STATES OF AMERICA,)	
)	
vs.)	Criminal No.11-14
ARTHUR SMITH,)	
Defendant.)	

CHANGE OF PLEA

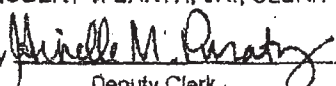
AND NOW, the Defendant, Arthur Smith, in the above entitled case hereby withdraws his plea of NOT GUILTY entered April 16, 2013, and now pleads GUILTY to Counts 13, 15 and 20 (of the Superseding Indictment), in open court this 23rd day of February, 2015.

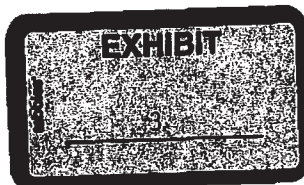


Defendant



Attorney

CERTIFIED FROM THE RECORD
Date MAR -9 2015
ROBERT V. BARTH, JR., CLERK
By 
Deputy Clerk



UNITED STATES DISTRICT COURT

Western District of Pennsylvania

UNITED STATES OF AMERICA

v.

ARTHUR SMITH

JUDGMENT IN A CRIMINAL CASE

Case Number: CR NO. 11-00014-004

USM Number: 34105-068

Stephen S. Stallings, Esquire
Defendant's Attorney

THE DEFENDANT:

- pleaded guilty to count(s) 13, 15, and 20 (of the Superseding Indictment)
- pleaded nolo contendere to count(s) _____ which was accepted by the court.
- was found guilty on count(s) _____ after a plea of not guilty.

The defendant is adjudicated guilty of these offenses:

<u>Title & Section</u>	<u>Nature of Offense</u>	<u>Offense Ended</u>	<u>Count</u>
18 U.S.C. § 1344(1)	Bank Fraud	May, 2008	13
18 U.S.C. § 1956(h)	Money Laundering Conspiracy	December, 2008	15
26 U.S.C. 7203	Failure to File Tax Return	Calendar year 2009	20

The defendant is sentenced as provided in pages 2 through 7 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, 2, 4-7, 12, 14, 18-19 is are dismissed on the motion of the United States.

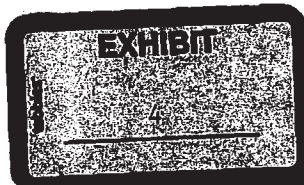
It is ordered that the defendant must notify the United States attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant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

April 11, 2018
Date of Imposition of Judgment

Nora Barry Fischer
Signature of Judge

Nora Barry Fischer, United States District Judge
Name and Title of Judge

April 11, 2018
Date



DEFENDANT: ARTHUR SMITH
CASE NUMBER: CR NO. 11-00014-004

IMPRISONMENT

The defendant is hereby committed to the custody of the Federal Bureau of Prisons to be imprisoned for a total term of:

one (1) day, said term comprised of one (1) day at each of Counts 13, 15 and 20, to be served concurrently.

The court makes the following recommendations to the Bureau of Prisons:

- 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 _____, unless the defendant is advised to report to a facility at an earlier date by the Bureau of Prisons
 - 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: ARTHUR SMITH
CASE NUMBER: CR NO. 11-00014-004

SUPERVISED RELEASE

Upon release from imprisonment, you will be on supervised release for a term of:

Three (3) years, said term comprised of three (3) years at each of Counts 13 and 15 and one (1) year at Count 20, to be run concurrently.

MANDATORY CONDITIONS

1. You must not commit another federal, state or local crime.
2. You must not unlawfully possess a controlled substance.
3. You must refrain from any unlawful use of a controlled substance. You must submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the court.
 The above drug testing condition is suspended, based on the court's determination that you pose a low risk of future substance abuse. (check if applicable)
4. You must make restitution in accordance with 18 U.S.C. §§ 3663 and 3663A or any other statute authorizing a sentence of restitution. (check if applicable)
5. You must cooperate in the collection of DNA as directed by the probation officer. (check if applicable)
6. You must comply with the requirements of the Sex Offender Registration and Notification Act (34 U.S.C. § 20901, et seq.) as directed by the probation officer, the Bureau of Prisons, or any state sex offender registration agency in the location where you reside, work, are a student, or were convicted of a qualifying offense. (check if applicable)
7. You must participate in an approved program for domestic violence. (check if applicable)

You must comply with the standard conditions that have been adopted by this court as well as with any other conditions on the attached page.

DEFENDANT: ARTHUR SMITH
CASE NUMBER: CR NO. 11-00014-004

STANDARD CONDITIONS OF SUPERVISION

As part of your supervised release, you must comply with the following standard conditions of supervision. These conditions are imposed because they establish the basic expectations for your behavior while on supervision and identify the minimum tools needed by probation officers to keep informed, report to the court about, and bring about improvements in your conduct and condition.

1. You must report to the probation office in the federal judicial district where you are authorized to reside within 72 hours of your release from imprisonment, unless the probation officer instructs you to report to a different probation office or within a different time frame.
2. After initially reporting to the probation office, you will receive instructions from the court or the probation officer about how and when you must report to the probation officer, and you must report to the probation officer as instructed.
3. You must not knowingly leave the federal judicial district where you are authorized to reside without first getting permission from the court or the probation officer.
4. You must answer truthfully the questions asked by your probation officer.
5. You must live at a place approved by the probation officer. If you plan to change where you live or anything about your living arrangements (such as the people you live with), you must notify the probation officer at least 10 days before the change. If notifying the probation officer in advance is not possible due to unanticipated circumstances, you must notify the probation officer within 72 hours of becoming aware of a change or expected change.
6. You must allow the probation officer to visit you at any time at your home or elsewhere, and you must permit the probation officer to take any items prohibited by the conditions of your supervision that he or she observes in plain view.
7. You must work full time (at least 30 hours per week) at a lawful type of employment, unless the probation officer excuses you from doing so. If you do not have full-time employment you must try to find full-time employment, unless the probation officer excuses you from doing so. If you plan to change where you work or anything about your work (such as your position or your job responsibilities), you must notify the probation officer at least 10 days before the change. If notifying the probation officer at least 10 days in advance is not possible due to unanticipated circumstances, you must notify the probation officer within 72 hours of becoming aware of a change or expected change.
8. You must not communicate or interact with someone you know is engaged in criminal activity. If you know someone has been convicted of a felony, you must not knowingly communicate or interact with that person without first getting the permission of the probation officer.
9. If you are arrested or questioned by a law enforcement officer, you must notify the probation officer within 72 hours.
10. You must not own, possess, or have access to a firearm, ammunition, destructive device, or dangerous weapon (i.e., anything that was designed, or was modified for, the specific purpose of causing bodily injury or death to another person such as nunchakus or tasers).
11. You must not act or make any agreement with a law enforcement agency to act as a confidential human source or informant without first getting the permission of the court.
12. If the probation officer determines that you pose a risk to another person (including an organization), the probation officer may require you to notify the person about the risk and you must comply with that instruction. The probation officer may contact the person and confirm that you have notified the person about the risk.
13. You must follow the instructions of the probation officer related to the conditions of supervision.

U.S. Probation Office Use Only

A U.S. probation officer has instructed me on the conditions specified by the court and has provided me with a written copy of this judgment containing these conditions. For further information regarding these conditions, see *Overview of Probation and Supervised Release Conditions*, available at: www.uscourts.gov.

Defendant's Signature _____

Date _____

DEFENDANT: ARTHUR SMITH
CASE NUMBER: CR NO. 11-00014-004

SPECIAL CONDITIONS OF SUPERVISION

1. The defendant shall not illegally possess a controlled substance.
2. The defendant shall not possess a firearm, ammunition, destructive device, or any other dangerous weapon.
3. The defendant shall pay restitution that is imposed by this judgment that remains unpaid at the commencement of the term of supervised release at a rate of not less than 10 percent of his gross monthly earnings. The first payment shall be due within 30 days from the defendant's release from the custody of the Bureau of Prisons.
4. The defendant shall report any change of address within 30 days to the United States Attorney's Office while any portion of the restitution remains outstanding.
5. The defendant is prohibited from incurring new credit charges or opening additional lines of credit without prior written approval of the probation officer.
6. The defendant shall provide the probation officer with access to any requested financial information.
7. The defendant shall timely file local, state and federal income tax returns, and cooperate with the Internal Revenue Service in the collection of any past due taxes including penalties and interest.
8. The defendant shall participate in a mental health assessment and/or treatment program approved by the probation officer, until such time as the defendant is released from the program by the Court. The defendant shall be required to contribute to the costs of services in an amount determined by the Probation Office. These costs shall not exceed the actual cost of the service. The Probation Office is authorized to release the defendant's presentence report to the treatment provider if so requested.
9. The defendant shall submit his person, property, house, residence, vehicle, papers, business or place of employment, to a search, conducted by a United States Probation or Pretrial Services Officer at a reasonable time and in a reasonable manner, based upon reasonable suspicion of contraband or evidence of a violation of a condition of supervision. Failure to submit to a search may be grounds for revocation. The defendant shall inform any other residents that the premises may be subject to searches pursuant to this condition.
10. The defendant shall cooperate in the collection of DNA as directed by the probation officer, pursuant to 28 C.F.R. § 28.12, the DNA Fingerprint Act of 2005, and the Adam Walsh Child Protection and Safety Act of 2006.
11. The periodic drug testing mandated by the Violent Crime Control and Law Enforcement Act of 1994 is hereby waived. The Court finds that these offenses are not drug related, and the defendant has no current or past history of substance abuse.
12. The defendant shall be placed on home detention for a period of nine (9) months, to commence as soon as arrangements can be made by the Probation Office. The defendant shall abide by all technology requirements. The location monitoring technology requirement, that is Radio Frequency (RF), Global Positioning System (GPS) or Voice Recognition, is at the discretion of the Probation Officer. During this period of home detention, the defendant shall remain at his residence except for employment; education; religious services; medical; substance abuse or mental health treatment; attorney visits; Court appearances; Court ordered obligations; or other activities as pre-approved by the Probation Officer. During this time the defendant shall adhere to the rules of the location monitoring program and may be required to maintain a landline telephone, without special features, at defendant's place of residence. Based on defendant's ability to pay, the defendant shall pay all or part of the costs of participation in the location monitoring program as directed by the Court and the Probation Officer, but not to exceed the contractual rate.
13. The defendant shall perform 12 hours of community service for each week of the term of Supervised Release as approved and directed by the Probation Officer. The defendant shall be responsible for providing the Probation Officer with written proof of the number of hours completed. It is recommended that the defendant continue to provide community service to the Aleph Institute and to provide community service to Habitat for Humanity.

DEFENDANT: ARTHUR SMITH
 CASE NUMBER: CR NO. 11-00014-004

CRIMINAL MONETARY PENALTIES

The defendant must pay the total criminal monetary penalties under the schedule of payments on Sheet 6.

	<u>Assessment</u>	<u>JVTA Assessment*</u>	<u>Fine</u>	<u>Restitution</u>
TOTALS	\$ 225.00	\$	\$	\$ 321,689.13

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

The defendant must 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 before the United States is paid.

<u>Name of Payee</u>	<u>Total Loss**</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>
J.P. MORGAN CHASE (details may be provided By U.S. Atty. Office)		321,689.13	

TOTALS \$ _____ \$ 321,689.13

Restitution amount ordered pursuant to plea agreement \$ _____

The defendant must pay interest on restitution and a fine of more than \$2,500, unless the restitution or fine 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 6 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. § 3612(g).

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

X the interest requirement is waived for fine X restitution.

the interest requirement for fine restitution is modified as follows:

* Justice for Victims of Trafficking Act of 2015, Pub. L. No. 114-22.

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

DEFENDANT: ARTHUR SMITH
CASE NUMBER: CR NO. 11-00014-004

SCHEDULE OF PAYMENTS

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

- A Lump sum payment of \$ _____ due immediately, balance due
- not later than _____, or
- in accordance with C D, E, or F below; or
- B Payment to begin immediately (may be combined with C, D, or F below); or
- C Payment in equal _____ (e.g., 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 equal _____ (e.g., 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 Payment during the term of supervised release will commence within _____ (e.g., 30 or 60 days) after release from imprisonment. The court will set the payment plan based on an assessment of the defendant's ability to pay at that time; or
- F Special instructions regarding the payment of criminal monetary penalties:

The \$225.00 Special Assessment imposed is due immediately; Regarding the Restitution in the amount of \$321,689.13. Any portion of the restitution that is not paid in full at the time of the defendant's release from imprisonment shall be paid as a condition of supervised release. The defendant shall pay restitution to the Clerk of the United States District Court for the Western District of Pennsylvania that is imposed by this judgment that remains unpaid at the commencement of the term of supervised release at a rate of not less than 10 percent of his gross monthly earnings. The first payment shall be due within 30 days of entry of Judgment in this case. The victim's recovery is limited to the amount of victim's losses, and the defendant's liability for restitution ceases if and when the victim receives full restitution. The defendant shall pay the restitution jointly and severally with the codefendants, whose names are fully set forth in the superseding indictment and any defendant in the related cases. The defendant shall apply all moneys received from income tax refunds, lottery winnings, inheritance, judgments and any anticipated or unexpected financial gains to the outstanding court ordered financial obligation within 10 days of receipt, unless excused from doing so by Order of the Court. The Court finds that the defendant does not have the ability to pay interest. Therefore, interest is waived.

Unless the court has expressly ordered otherwise, if this judgment imposes imprisonment, payment of criminal monetary penalties is 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.

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

X Joint and Several

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and corresponding payee, if appropriate.

The defendant shall pay the restitution jointly and severally with George Kubini, Dov Ratchkauskas, and Sandra Svaranowic (co-defendants at CR No. 11-14) and the defendants in the related cases, that is, Karen Atkison (CR No. 09-223); Daniel Sporrer (CR No. 09-311); Cynthia Pielin (CR No. 11-255); Rochelle Roscoe (CR No. 11-17) and Joel Reck (CR No. 11-221).

- 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) fine interest, (6) community restitution, (7) JVT A assessment, (8) penalties, and (9) costs, including cost of prosecution and court costs.