

# San Francisco Chronicle

## NEWS

### **7 U.S. Officials Charged in Alleged Fraud Scheme / Public Health Service executives in S.F. accused of falsifying travel vouchers**

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High-ranking administrators at the U.S. Public Health Service's regional offices in San Francisco have been charged with taking part in an alleged scheme to embezzle more than \$25,000 in public funds through phony travel vouchers, The Chronicle has learned.

Four executives in the health agency's Pacific regional headquarters at 50 United Nations Plaza were charged in a criminal complaint two days ago with embezzlement and related felonies. Three others were charged with conspiring to defraud the government and aiding in the alleged double-billing scheme.

Court records show that Assistant Surgeon General Sheridan Lloyd Weinstein, who oversees the Public Health Service's operations in California, Hawaii and other Western states, has been named as a co-conspirator. He has not been charged in the case.

The seven defendants -- who remain in their jobs -- were ordered yesterday to appear before U.S. Magistrate Joan Brennan in San Francisco on March 11.

It appears to be among the biggest public corruption cases involving a federal agency in Northern California, certainly in terms of the number of high-ranking officials facing criminal charges.

In one of several alleged conspiracies, court records show, Assistant Regional Administrator **Steven D. Bice** has told investigators that he and Weinstein submitted false travel vouchers for 21 official government business trips in 1990, including jaunts to the Philippines and other island nations in the Pacific.

The two men agreed to share hotel rooms on the road, then each submitted vouchers billing the government for the full price of a room, the complaint alleges.

Weinstein's special assistant, Jon Michael Rasmussen, told investigators that he traveled with Weinstein on 30 business trips since 1985 when his boss submitted false travel vouchers, the complaint alleges.

Rasmussen as well as Deputy Regional Health Administrator John Blake West have each told investigators that they improperly billed the government on a few occasions after traveling with Weinstein, the complaint alleges.

Neither Weinstein nor any of the seven defendants could be reached late yesterday for comment.

The probe began in October 1990 when the U.S. Department of Health and Human Services received several anonymous letters accusing Weinstein and other top executives in the San Francisco office of misconduct.

Bice, Rasmussen and West have each been charged with the felony counts of conspiracy, embezzlement and filing false travel claims. Kent L. Angerbauer, chief of health services delivery, was charged with embezzlement and filing false travel vouchers.

Assistant regional health administrators Heidi Fitton and Kathy L. Guerrero and executive officer Robert M. Krochak were charged with conspiracy and aiding in the filing of false claims

If convicted, the seven defendants face maximum penalties ranging from 15 years to 30 years in prison and fines as high as \$1 million.

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