

Hotel owner pleads guilty to scam

■ Investigators uncovered false claims he made about lodging Katrina evacuees

By RICHARD STEWART
HOUSTON CHRONICLE

The principal owner of Galveston's Flagship Hotel pleaded guilty Friday to one count of filing false claims for lodging for hurricane victims.

Daniel Yeh, 54, of Sugar Land, could get up to five years in prison and be fined as much as \$250,000 when he is sentenced on Feb. 1.

He entered his plea in U.S. Magistrate Judge John Froeschner's court in Galveston after doctors at the Federal Medical Center at Butner, N.C., found him competent to stand trial.

He was originally accused of billing the Federal Emergency Management Agency at least \$232,000 in 2005 for room-nights that Hurricane Rita victims never used.

He was indicted last year on 17 counts of filing false FEMA claims and 22 counts of wire fraud.

Yeh has since repaid the \$232,000 to FEMA.

According to Yeh's lawyer, Robert Bennett, Yeh has had severe brain tumors for a decade, which affects his ability to function normally.

In a statement, Bennett said his client's hotel "made a mistake in billing but reimbursed the government."

Competency restored

A year ago, U.S. District Judge Samuel Kent found Yeh incompetent to stand trial. The government argued that Yeh was competent during late 2005 because he taught a computer science course that fall at the University of Houston.

Yeh spent four months at the federal medical center for "competency restoration."

Froeschner ruled Friday that Yeh was competent to enter his guilty plea.

He pleaded guilty to filing a claim for rent on room 701 at the Flagship from Oct. 28 through Nov. 11, 2005.

FEMA paid the hotel \$1,189.86 from a special fund for hurricane evacuees.

The man listed as the occupant told federal investigators that he never stayed there.

A special federal task force investigating false claims made as a result of the Hurricanes Katrina and Rita in 2005 began looking at the Flagship's records after getting a tip that hotel records said it was full when there were, in fact, many rooms unoccupied.

Investigators said Yeh made claims that 30 friends, relatives and hotel employees stayed in the hotel as part of the evacuee program.

Federal agents seized records at the hotel and Yeh's residence in December 2005.

Chronicle reporter Cindy George contributed to this story.

richard.stewart@chron.com