

NEWS

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**NEW ORLEANS BUSINESSMAN
INDICTED BY FEDERAL GRAND JURY FOR
FRAUD AGAINST AND THEFT FROM THE
REGIONAL TRANSIT AUTHORITY**

NEW ORLEANS, LOUISIANA - Jim Letten, United States Attorney for the Eastern District of Louisiana and James Bernazzani, Jr., Special Agent in Charge, Federal Bureau of Investigation and Michael Nelson, Special Agent in Charge, Internal Revenue Service, Criminal Investigations, announced today that a Federal Grand Jury indicted GLENN A. HAYDEL in connection with a federal investigation into corruption at the Regional Transit Authority (RTA). In particular, the indictment returned by the Grand Jury charges one count of wire fraud, one count of theft concerning programs receiving federal funds and one count of money laundering.

The indictment alleges that GLENN A. HAYDEL became the majority stockholder and president of Metro New Orleans Transit Incorporated (Metro) and was the president of Transit Management of Southeast Louisiana, Inc. (TMSEL) which together essentially operated the mass transit system for the Regional Transit Authority (RTA).

The Indictment alleges that in August of 1999, GLENN A. HAYDEL, acting as the president of TMSEL, developed a scheme to substitute cash which was in the Debt Service Reserve Fund (DSRF) of the 1991 Sales Tax Bonds Issue with a surety bond. The indictment alleges that GLENN A. HAYDEL approached the Board of Commissioners for the RTA on three occasions and sought their authority to substitute the cash in the DSRF with a surety bond thereby liberating the cash in the fund to be used for capital expenses of the RTA. At this time, the RTA was in dire need of cash.

After receiving permission from the Board of Commissioners of the RTA to substitute the cash in the DSRF with a surety bond, HAYDEL, according to the Indictment, developed a scheme to divert \$550,000.00 of the funds to a bank account owned by Metro. As the Indictment alleges, in August, 2000, HAYDEL instructed a bank officer to divert \$550,000.00 from the proceeds from DSRF to the bank account of Metro and thereafter, HAYDEL diverted \$350,000.00 to his personal account. In particular, the indictment charges one count of wire fraud involving the actual diversion of the \$550,000.00 from the proceeds of the DSRF to the Metro bank account.

The Indictment also alleges one count of theft concerning programs receiving federal funds. The RTA, during the year of 2000, received approximately \$18,000,000.00 in federal funds from the Federal Transit Administration. It is alleged that because HAYDEL embezzled approximately \$350,000.00 of funds owned by the RTA, he is criminally responsible for that diversion of funds to his personal account.

The indictment also alleges that HAYDEL, in diverting the \$350,000.00 from the Metro account to a personal bank account, is criminally responsible for money laundering in that he conducted a financial transaction with money criminally derived from the wire fraud of the \$550,000.00 hereinabove mentioned.

The Indictment also seeks forfeiture of assets in order to make restitution to the RTA.

United States Attorney Jim Letten reminds citizens that an indictment is merely an accusation and that under our Constitution, each defendant so charged is presumed innocent until proven guilty by competent evidence. If convicted HAYDEL could receive a maximum of twenty-five (25) years imprisonment and a \$1,000,000.00 fine.

In addition to HAYDEL being charged in connection with the corruption probe of the RTA, Jim Letten, the United States Attorney, James Bernazzani, Jr., Special Agent in Charge, Federal Bureau of Investigation and Michael Nelson, Special Agent in Charge, Internal Revenue Service, Criminal Investigations announced formal charges being files against JOHN S. KELLER, an attorney and business partner of GLENN A. HAYDEL. KELLER was charged in a Bill of Information with one count of misprision of a felony and pled guilty to that charge on August 4, 2005. KELLER'S involvement in this scheme was that he was the local attorney who assisted in the substitution of the surety bond and for his efforts received \$10,000.00 from the proceeds of the DSRF during the same month he received his regular compensation from the RTA. KELLER is cooperating with federal investigators in a continuing investigation of corruption at the RTA. KELLER could be sentenced to three (3) years and fined \$250,000.00.

This case is being investigated by Special Agents of the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation Division. This case is being prosecuted by Assistant United States Attorney Salvador Perricone, Supervisor of the Organized Crime and Racketeering Strike Force, along with Assistant United States Attorneys Michael Simpson and Richard Pickens.

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