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Feder Grand Jury Indicts Eleven in Orleans Parish Schools Corruption Investigation

NEW ORLEANS, LOUISIANA - Jim Letten, United States Attorney for the Eastern District of Louisiana, Louis Reigel, III, Special Agent in Charge of the Federal Bureau of Investigation, Patricia Vangilder, Special Agent in Charge, Office of Inspector General, U. S. Department of Education, and Edwin P. Compass, III, Superintendent, New Orleans Police Department, announce today that a Federal Grand Jury sitting in the Eastern District of Louisiana returned four (4) indictments against eleven (11) defendants for criminal offenses against the Orleans Parish School System.

In the first indictment, GLENN DAVIS, age 51, of New Orleans, Louisiana and CHARLES "CHUCK" SWANSON, age 59, were charged in a two count indictment with violating the Hobbs Act for kickbacks paid to Carl Coleman, then the Risk Manager of the Orleans Parish School System. The indictment alleges that beginning in 1997 and continuing through 2001, SWANSON and DAVIS, along with Lillian Smith Haydel, who has previously been charged and convicted of the scheme, kicked money back to Carl Coleman in order to retain highly lucrative health insurance contracts for insurance companies they represented. SWANSON and DAVIS are both charged with conspiring to pay the kickbacks to Coleman, as well as the actual kickbacks. Lillian Smith Haydel, mentioned in the indictment as a conspirator with SWANSON and DAVIS, was charged in case number 04-197 "S" and pled guilty as charged on October 6, 2004. She is currently set for sentencing on January 12, 2005 before U.S. District Judge Mary Ann Vial Lemmon.

The indictment further charges that SWANSON and DAVIS, along with Smith Haydel met covertly in parking lots, coffee houses, offices and other places to discuss kickback payments to Coleman. The indictment further alleges that in late 1998 or early 1999, Coleman, Smith Haydel, DAVIS and SWANSON became uncomfortable tendering the payments to Coleman individually and thought it would be easier to hide the payments if SWANSON made all of the payments to Coleman directly.

In the second indictment returned by the Grand Jury, two teachers and two clerical employees at Fannie C. Williams Middle School were charged with a Hobbs Act Conspiracy and extortion scheme. JOHN BAKER, JR., age 42, of New Orleans, DRENA CLAY, age 38, of New Orleans, TRYNITHA FULTON, age 26, of New Orleans, and DEBRA HARRISON, age 42, of New Orleans were all charged in the two count indictment. DEBRA HARRISON was a secretary and DRENA CLAY was a teacher at Fannie C. Williams Middle School. BAKER, a para-professional, and FULTON a teacher, were new employees in the 2002-2003 school year. According to the indictment, the Orleans Public School System has a policy by which teachers who cover classes for absent teachers are paid an hourly fee in addition to their salary. This additional money is paid them because they are giving up their study period in order to cover a class for an absent teacher. Normally, the secretary of the school prepares what is referred to as a Class Coverage List listing

the hours worked by each teacher covering classes for absent teachers. The indictment alleges that BAKER was approached by CLAY and was extorted by her, indicating to him that if he would kick money back to DEBRA HARRISON, she (CLAY) would increase his class coverage hours. Further, if BAKER did not kick money back as demanded, CLAY warned that he would be excluded from class coverage. Additionally, FULTON was approached by DEBRA HARRISON with the same demand. Both BAKER and FULTON, the indictment alleges, agreed to the extortion and actually kicked money back to HARRISON. DRENA CLAY received inflated hours on her class coverage sheet as well. In December 2002, the form [called a SPC-1], the official form designed to designate the class coverage hours worked, was prepared by HARRISON for the principal's signature. On that form, BAKER was reported to have worked 40 hours and was due \$320.00; CLAY was reported to have worked 20 hours for a total due of \$190.00; FULTON was reported to have worked 70 hours for a total of \$665.00. At that point, this form represented the true number of hours actually worked, and the principal signed each form approving payment. However, as the indictment alleges, these forms were illegally altered after the principal signed them, in that BAKER'S hours were falsely inflated to 260 hours for a total of \$2,080.00; CLAY'S hours were falsely inflated to 280 hours for a total of \$2,660.00; and FULTON'S hours were falsely inflated to 260 hours resulting in a payment of \$2,660.00.

The third indictment alleges that three individuals, JUAWANNE SCOTT, age 32, of New Orleans, SHERRY WILKERSON, age 47, of New Orleans, and ANGELA WILLIAMS, age 38 of New Orleans conspired to commit bank larceny in their positions at the Orleans Public School Federal Credit Union. SHERRY WILKERSON held the position of assistant manager of the credit union, ANGELA WILLIAMS held the position as assistant in the accounting department, and JUAWANNE SCOTT was a teller at the credit union. The indictment alleges that the three conspired to steal a total of nearly \$150,000.00 from the credit union. The indictment alleges that they participated in two schemes. The first scheme involved failing to debit their own personal checking accounts from the credit union's corporate clearinghouse account. By failing to debit their own checks from their own accounts they, in essence, had an unlimited financial reservoir. After auditors began to notice large irregularities in the corporate account, the three employees began stealing money from accounts of customers who were either deceased or who had moved.

In the fourth indictment the Grand Jury indicted DEBBIE WILLIAMS, age 42, of New Orleans and LOLETA WRIGHT, age 39, of New Orleans for conspiring to possess forged checks and for illegally passing the forged checks. DEBBIE WILLIAMS was employed as a secretary at McMain Secondary School located on Claiborne Avenue and LOLETA WRIGHT was an assistant secretary at McMain. The Grand Jury alleged that WRIGHT and WILLIAMS, in their capacity as clerical workers at the school, would pick up the paychecks from a check depository in uptown New Orleans. WRIGHT and WILLIAMS also had knowledge, based on their positions of trust, of employees who had left the Orleans Parish School System. They are charged with stealing the paychecks belonging to employees separated from service, by forging the departed employee's signature on the back of the check, and negotiating the checks. The indictment alleges that together they stole one check totaling \$1,311.21 and split the proceeds. The indictment further alleges that in nine separate occasions WILLIAMS stole paychecks, and forged the endorsement totaling \$6,930.00. The indictment further alleges that WRIGHT stole an additional five checks totaling \$2,819.45.

The maximum penalties faced by DAVIS and SWANSON is twenty (20) years imprisonment and a \$250,000.00 fine. BAKER, CLAY, FULTON and HARRISON additionally each face twenty (20) years incarceration and a \$250,000.00 fine. SCOTT, WILKERSON and WILLIAMS each face ten (10) years imprisonment and WILLIAMS and WRIGHT also face ten (10) years imprisonment. As in all federal cases the actual sentences to be served by a defendant upon a conviction would be determined by a United States District Judge based on the United States Sentencing Guidelines.

This latest set of indictments of eleven defendants brings the total number of persons charged to date with fraudulent activities involving the Orleans Parish School Board to twenty-four.

Carl Coleman, former risk manager for the Orleans Parish School System, and Jeffrey Pollitt, a contractor from Texas, were charged on February 6, 2004, with Hobbs Act Conspiracy, as well as income tax violations. Both of those individuals pled guilty as charged and are currently awaiting sentencing. As noted earlier, Lillian Smith Haydel was charged on July 2, 2004 with Hobbs Act

Conspiracy. She entered a guilty plea and is awaiting sentencing.

On July 2, 2004, eight individuals including Louis Serrano, Conchetta Carbo, Armtrice Cowart, Tremika Knight Henry, Rachelle Hunter, Monique Landry, Latasha Williams and Tamika Winesberry were charged with Hobbs Act Conspiracy. All defendants, except Conchetta Carbo and Tremika Knight Henry, have pled guilty as charged. Louis Serrano, age 29, was sentenced on December 14, 2004, by United States District Judge Jay Zainey to serve 24 months in a federal penitentiary. Monique Landry, age 28, Latasha Williams, age 31, and Tamika Winesberry, age 31, were all sentenced to three years probation including a special condition of six months of home detention with electronic monitoring and six months of community service. Serrano was ordered to pay restitution of \$67,443.83, Landry \$4,800.00, Williams \$2,400.00 and Winesberry \$3,000.00.

U. S. District Judge Jay Zainey told Serrano in open court, "You are a thief from the children of the city."

Terri Smith Morant, age 37, of New Orleans, was charged by a Bill of Information filed on July 2, 2004 with stealing nearly a quarter of a million dollars from the school system. She pled guilty as charged on December 8, 2004 and is awaiting sentencing.

Tanya Price was charged with insurance and mail fraud and on March 31, 2004, pled guilty as charged and is currently awaiting sentencing, which is set for March 20, 2005.

Mr. Letten also reiterated that the indictments are a charge and that the guilt of the defendants must be proven beyond a reasonable doubt.

These cases are being prosecuted by Assistant U.S. Attorneys Carter K. D. Guice, Jr. and G. Dall Kammer, who will continue conducting this important corruption investigation.

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