

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
)
)
)
ANTHONY C. SINAGRA)
)
)
Defendant.)

INFORMATION

JUDGE
CASE NO.

1:09CR364

JUDGE POLSTER

Title 18, United States Code,
Sections 666(a)(2) and 1349

The United States Attorney charges:

General Allegations

At all times material to this Information:

1. The Parma City School District (“PCSD”) was a government agency, as that term is defined in Title 18, United States Code, Section 666(d)(2), that received benefits in excess of \$10,000 during each calendar year relevant to this Information under a federal program involving a grant, contract, subsidy, loan, guarantee, insurance and other form of federal assistance. The

PCSD served the cities of Parma, Parma Heights and Seven Hills, Ohio, and its operations affected interstate commerce.

2. AC Sinagra & Associates (“ACSA”) was a lobbying and consulting company formed by ANTHONY C. SINAGRA in or around January of 1995.

3. Defendant ANTHONY C. SINAGRA was a principal of ACSA. Before forming ACSA, SINAGRA served as the Mayor of Lakewood, Ohio and as a member of The Ohio Senate.

4. John Kevin Kelley (“Kelley”) was employed in various positions within Cuyahoga County government from approximately 1998 through June 2009. From January 2000 until March 2009, Kelley served on the PCSD Board of Education (“Parma School Board”), an elected position. In both of those roles, Kelley had the power to influence public policy, contracts and expenditures. In addition to his public employment, in or about May 2003, Kelley created a consulting business, J. Kevin Kelley Consulting, LLC.

5. Attorney 1 was an attorney licensed to practice law in the State of Ohio and a partner in a law firm doing business in the Northern District of Ohio and elsewhere. He also served as a lobbyist/consultant for clients seeking municipal contracts. His clients included Alternatives Agency and the Parma City School District. As an Ohio-licensed attorney, Attorney 1 was subject to the rules of ethics set forth in the Ohio Rules of Professional Conduct and former Ohio Code of Professional Responsibility, which along with other provisions of law, (1) imposed on attorneys a duty of loyalty to clients, (2) recognized that an attorney has a fiduciary relationship with clients, (3) forbade an attorney from using a client’s trust to the client’s disadvantage, and (4) required that an attorney avoid personal conflicts of interest that have an

adverse effect on the representation of a client. These rules included Ohio Rules of Professional Conflict 1.7 and 1.8 and former Ohio Code of Professional Responsibility sections DR 5-101(A)(1) and DR 5-105.

COUNT 1

(Theft or Bribery Concerning Programs Receiving Federal Funds, 18 U.S.C. § 666(a)(2))

6. The General Allegations of this Information are re-alleged and incorporated by reference as if fully set forth herein.

7. At all times relevant to this Count of the Information, John Kevin Kelley (not charged herein) was an agent of the PCSD, as defined in Title 18, Section 666(d)(1), United States Code.

8. From in or about December 1, 2002 to on or about December 31, 2008, the exact dates unknown to the United States Attorney, in the Northern District of Ohio, Eastern Division, Defendant ANTHONY C. SINAGRA did corruptly give, offer, and agree to give anything of value to John Kevin Kelley, an agent of the PCSD, with the intent to influence and reward Kelley in connection with any business, transaction and series of transactions of the PCSD, involving anything of value of \$5,000 or more.

9. It was part of the scheme that in or about December of 2002, Kelley, acting in his official capacity as a Parma School Board member, aided ACSA in obtaining and retaining a consulting contract with the PCSD, including voting in favor of the contract.

10. It was further part of the scheme that on or about December 1, 2002, the PCSD awarded a consulting contract to ACSA.

11. It was further part of the scheme that from on or about December 1, 2002 through on or about December 31, 2008, PCSD paid ACSA on the consulting contract, the value of which to ACSA exceeded \$5,000.

12. It was further part of the scheme that in return for Kelley's assistance with obtaining and retaining the contract, SINAGRA provided Kelley with campaign contributions and cash, some of which transactions are described below.

13. It was further part of the scheme that from in or about March 2002 to in or about September 2007, SINAGRA gave and caused others at ACSA to give more than \$3,000 in campaign contributions to Kelley.

14. It was further part of the scheme that on or about December 27, 2007, SINAGRA called Kelley to confirm that Kelley was en route for a meeting. SINAGRA told Kelley, "I got some nice vino for you that I don't want to drag into the restaurant [where they had planned to meet]. Why don't we meet in the parking lot?" SINAGRA and Kelley met in the Holiday Inn parking lot, at which time SINAGRA gave Kelley approximately \$1,000 in cash and a bottle of wine. ..

15. It was further part of the scheme that on or about March 17, 2008, Kelley and SINAGRA met in Lakewood, Ohio, at which time the SINAGRA gave Kelley approximately \$1,000 in cash and a bottle of wine.

All in violation of 18 U.S.C. § 666(a)(2).

The United States Attorney further charges:

COUNT 2

(Conspiracy to Commit Mail Fraud, 18 U.S.C. § 1341, in violation of 18 U.S.C. § 1349)

Introduction

16. The General Allegations of this Information are realleged and fully incorporated herein.

17. At all times relevant to this Count of the Information, Alternatives Agency was a non-profit organization that provided treatment and rehabilitation services to post-incarceration individuals in criminal cases who had been ordered to receive such services. Alternatives Agency received the majority of its funding from public funds, including the State of Ohio Department of Corrections and Rehabilitation and the Cuyahoga County Probation Department. Alternatives Agency was located on East 55th Street in Cleveland, Ohio. Its operations affected interstate commerce.

18. At all times relevant to this Count of the Information, Alternatives Agency was governed by a Board of Directors. Attorney 1 was the attorney for the Board of Directors.

THE CONSPIRACY

19. From on or about January 31, 2002, and continuing through sometime after July 28, 2008, the exact dates being unknown to the United States Attorney, in the Northern District of Ohio, Eastern Division, Defendant ANTHONY C. SINAGRA, John Kevin Kelley (not charged herein) and others known and unknown to the United States Attorney, did knowingly and willfully combine, conspire, confederate and agree with each other to commit offenses against the United States, namely, to devise and intend to devise a scheme and artifice to defraud

Alternatives Agency of money and property and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, to cause matters to be placed in any post office and authorized depository for mail matter to be sent and delivered by the United States Postal Service, in violation of Title 18, United States Code, Section 1341.

OBJECT OF THE CONSPIRACY

20. It was the object of the conspiracy that Attorney 1 and others known and unknown to the United States Attorney abused their positions and professional relationships with Alternatives Agency by hiring unnecessary consultants at high fees, which consultants in turn used those funds to benefit Attorney 1 and his designees on matters unrelated to Alternatives Agency.

21. It was also the object of the conspiracy that Attorney 1 and others known and unknown to the United States Attorney concealed the identities of the ultimate recipients of Alternative Agency's funds.

MANNER AND MEANS

It was part of the conspiracy that:

22. Attorney 1 and others at Alternatives Agency hired consultants, known and unknown to the United States Attorney, for the purported benefit of Alternatives Agency.

23. On or about January 31, 2002, Alternatives Agency hired ACSA as one such consultant and paid it periodic fees.

24. Alternatives Agency made payments to ACSA totaling \$13,500 in 2002, \$40,000 in 2003, \$12,500 in 2004, \$18,000 in 2005, \$58,500 in 2006, and \$48,000 in 2007.

25. ACSA did not produce work to Alternatives Agency that was commensurate with the fees received.

26. In or around October 2004, Alternatives Agency hired J. Kevin Kelley Consulting as another such consultant, making payments to J. Kevin Kelley Consulting totaling \$2,700 in 2004, \$29,000 in 2005, \$65,000 in 2006, \$58,223 in 2007, and \$43,750 in 2008.

27. Neither J. Kevin Kelley Consulting nor Kelley produced any written work product to Alternatives Agency.

28. Attorney 1 and others at Alternatives Agency knew that Kelley, SINAGRA, and other consultants did not perform work for Alternatives Agency commensurate with the fees received, yet continued to pay them.

29. Attorney 1 concealed from members of the Alternatives Agency Board of Directors the number of consultants retained, the fact that the consultants performed little, if any, actual work for the agency, and the fact that Attorney 1 received a personal benefit from the consultants.

30. In or around March 2006, Attorney 1 and SINAGRA agreed that Attorney 1 would cause Alternatives Agency to increase payments to ACSA, and SINAGRA would use the additional funds to pay persons or entities identified by Attorney 1 in the amounts Attorney 1 designated. For example, in or around March 2006, Attorney 1 asked that SINAGRA pay one of Attorney 1's relatives. SINAGRA expressed discomfort with that arrangement. As a result, Attorney 1 directed SINAGRA to make the payments to a limited liability corporation identified by Attorney 1 ("the LLC"). From in or around March 2006 to in or around December 2006, SINAGRA paid the LLC approximately \$20,350 with monies obtained from the increase in

ACSA's fee from Alternatives Agency. As another example, from in or around June 2006 to in or around August 2006, SINAGRA, at Attorney 1's direction, paid \$8,000 to an individual identified by Attorney 1, with monies obtained from the increase in ACSA's fee from Alternatives Agency. Neither the LLC nor the individual identified by Attorney 1 performed work for ACSA.

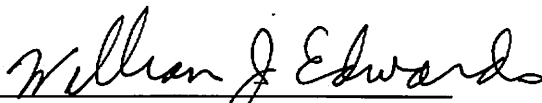
31. In or around 2006, Kelley told Attorney 1 that Kelley had received complaints from Alternatives Agency employees about consulting payments Alternatives Agency was paying SINAGRA and the fact that SINAGRA's work did not justify the amount of monthly consulting fees paid to SINAGRA. Attorney 1 responded by instructing Kelley to speak favorably of SINAGRA to these Alternatives Agency employees, explaining to Kelley that SINAGRA was paying a portion of his monthly consulting fee to Attorney 1's relative.

32. One effect of the conspiracy was that Alternatives Agency had fewer resources with which to serve its clients.

33. On a regular basis and on numerous occasions from in or about January 2002 through in or about July 2008, SINAGRA and others executed and attempted to execute the scheme and artifice set forth above by causing the following matters and things to be mailed and delivered by the United States Postal Service according to the directions thereon within the

Northern District of Ohio: ACSA invoices to Alternatives Agency and Alternatives Agency's checks remitting payment on those invoices.

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



WILLIAM J. EDWARDS
UNITED STATES ATTORNEY