



U.S. Department of Justice

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FOR IMMEDIATE RELEASE
April 23, 2010

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FORMER ARKANSAS STATE UNIVERSITY EMPLOYEE PLEADS GUILTY TO MAIL FRAUD AND MONEY LAUNDERING

Little Rock – Jane W. Duke, United States Attorney for the Eastern District of Arkansas, announced today the waiver of indictment and guilty plea of Virginia DeMaine, age 57, of Jonesboro, Arkansas. The Honorable Brian S. Miller, United States District Judge, Eastern District of Arkansas, accepted DeMaine's guilty plea to one count of mail fraud in violation of Title 18, United States Code, Section 1341 and one count of money laundering in violation of Title 18, United States Code, Section 1957. The statutory sentence for the mail fraud offense is up to twenty years imprisonment, a \$250,000.00 fine, or both, and not more than three years supervised release. The statutory sentence for the money laundering offense is up to ten years imprisonment, a \$250,000.00 fine, or both, and not more than three years supervised release.

DeMaine worked for Arkansas State University Childhood Services as an advisor for the Childhood Development Associate (CDA) from November 17, 1993 until August 1, 1994, when she became the program coordinator for CDA. CDA is a national credentialing program through which students can receive certification as early childhood professionals. CDA classes are held at 18 class sites statewide and serve up to 300 students per term. Tuition payments by students are sent to ASU Childhood Services via United States Mail and were to be processed by persons working at the direction of DeMaine.

On June 23, 2009, ASU was contacted regarding a duplicate payment that had been made to the CDA program. A copy of the cancelled check provided to ASU showed that the check had been deposited into DeMaine's personal account at Regions Bank. That account had been opened in December 1997. It was later determined that although the account was originally established in the name of Virginia DeMaine, checks and deposit tickets reflected that the account was for Virginia DeMaine - Childhood Services. After being presented with this information, ASU conducted a full audit of payments made to CDA, as well as an analysis of DeMaine's Regions Bank account.

That audit revealed that for a seven-year period of time, checks totaling \$737,889.98 and which were intended for ASU Childhood Services, were converted to Virginia DeMaine Childhood Services. The converted funds were then used for the personal benefit of DeMaine. Investigation revealed that from June 2005 until February 2009, \$102,069.98 of the funds were used to pay DeMaine's American Express bills. These payments were made by checks issued by DeMaine on the Regions Bank account. Of the ten checks DeMaine issued to American Express during this period of time, six were in excess of \$10,000, including the September 5, 2007 check charged in the Information. Restitution in the amount of \$733,008.85 is owed to ASU.

The investigation revealed that as a part of the scheme, DeMaine would have her assistant place the incoming payments for the CDA program in a drawer in DeMaine's desk. It was also learned that DeMaine would instruct individuals to make payments to Childhood Services as opposed to ASU Childhood Services. When the deposit items from DeMaine's account were obtained, it was noted that on checks made payable to ASU Childhood Services, ASU had been marked out.

"Clearly, this was a deliberate scheme designed to enrich Ms. DeMaine at the expense of a state-funded institution. During the time period of this fraud, colleges across the state were suffering budget cuts and students were seeing increases in tuition. It is unthinkable that someone charged with the responsibility of promoting education and professional development in our state would divert much-needed funds in this manner," stated United States Attorney Jane W. Duke.

DeMaine was released on bond at the conclusion of today's proceedings. She awaits sentencing, which will be set after completion of the customary pre-sentence investigation report.

The case was investigated by the Federal Bureau of Investigation and the Internal Revenue Service - Criminal Investigation Division. It is being prosecuted by Assistant United States Attorney Karen Whatley.

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