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**DIRECTOR AND BOARD MEMBER OF BEACON STREET GALLERY
CHARGED WITH STEALING \$400,000 IN FEDERAL EDUCATION GRANT FUNDS**

CHICAGO The director and a member of the board of directors of the Beacon Street Gallery and Performance Company, a non-profit corporation based on Chicago's North Side, were charged late yesterday with fraudulently obtaining at least \$1 million in federal education grant funds and misapplying at least \$400,000 of that amount for their personal benefit.

Patricia Murphy, the director of the Beacon Street Gallery and a member of its board of directors, and Susan F. Field, a member of the gallery's board of directors and consultant for the gallery, were charged in a seven-count indictment with mail fraud, wire fraud, and theft of federal funds. The indictment alleges that from May 2004 through June 2010, Murphy and Field fraudulently obtained at least \$1 million in federal grant funds for Beacon Street Gallery by misrepresenting how those funds would be used, and that they converted at least \$400,000 of that amount to their personal benefit through the diversion of grant funds for such purposes as personal credit card bills, household expenses, automobile payments, apartment rental expenses, and personal travel expenses.

The grant funds originated with the United States Department of Education's 21st Century Community Learning Center grant program, which is administered in Illinois by the Illinois State Board of Education (ISBE). The purpose of the program is to fund educational programs that provide after school academic enrichment opportunities for children.

Murphy, 66, and Field, 62, both of Geneva, Illinois, will be arraigned at a later date in U.S. District Court, according to Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; and Thomas D. Utz Jr., Special Agent-in-Charge of the Central Region of the Department of Education, Office of the Inspector General.

According to the indictment, Murphy was the director and a member of the board of directors of Beacon Street Gallery, and Field was a consultant and also a member of the board. From approximately 2004 to 2010, Murphy and Field allegedly defrauded the Department of Education and IBSE by misrepresenting the way in which 21st Century grant funds awarded to Beacon Street Gallery were used and misappropriating a significant portion of the funds for their own benefit.

Murphy allegedly completed and submitted nine grant applications and continuation applications to ISBE seeking funding for Beacon Street Gallery, each containing false statements about the intended and actual use of the awarded funds. The indictment alleges that Murphy and Field misappropriated for their own benefit a significant percentage of the grant funds awarded to Beacon Street Gallery, using the funds for purposes that included making personal credit card payments; personal household expenses, replacement and repairs; medical expenses; automobile payments; insurance payments; apartment rental fees; and personal travel expenses.

Murphy allegedly submitted expenditure reports and other documentation to ISBE following the receipt of grant funds that contained false representations about how funds awarded to Beacon

Street Gallery had been spent. Murphy and Field are alleged to have obtained approximately \$250,000 of the \$400,000 by fraudulently collecting salaries and benefits through false claims that they instructed students at three elementary schools in Chicago, when they did not do so. As a result of the scheme, ISBE allegedly awarded Beacon Street Gallery over \$1,000,000 in 21st Century grant funds, and of that amount, Murphy and Field misappropriated at least \$400,000 for their own benefit.

“This indictment alleges that these defendants not only abused their positions of trust for personal gain but did so at the expense of young students who relied on those funds for needed academic enrichment activities. That is completely unacceptable,” said Thomas D. Utz, Jr. Special Agent in Charge of the U.S. Department of Education Office of Inspector General’s Central Regional Office. “That’s why OIG Special Agents will continue to aggressively pursue those who seek to enrich themselves at the expense of our nation’s students and taxpayers.”

The government is being represented by Assistant U.S. Attorney Lindsay C. Jenkins.

Each defendant was charged with two counts of mail or wire fraud and three counts of stealing federal program funds. Each count of wire fraud or mail fraud carries a maximum penalty of 20 years in prison and a fine of \$250,000. Each count of stealing federal program funds carries a maximum sentence of 10 years in prison and a fine of \$250,000. Restitution is mandatory. The Court may also impose a fine on each count totaling twice the loss to any victim or twice the gain to the defendant, if that is greater than the \$250,000 statutory fine amount. If a defendant is convicted, however, the Court must impose a reasonable sentence taking into consideration the advisory United States Sentencing Guidelines.

An indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.