



Department of Justice

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Western District of Texas

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JURY CONVICTS CIRILO “CHILO” LARA MADRID IN EL PASO PUBLIC CORRUPTION TRIAL

Former Aliviane Chief Executive Officer Cirilo “Chilo” Lara Madrid faces federal prison after a jury in El Paso this morning convicted him on federal mail fraud and embezzlement charges announced United States Attorney Robert Pitman and Federal Bureau of Investigation Special Agent in Charge Mark Morgan.

Following seven days of testimony, jurors convicted Madrid of one count of conspiracy to steal or embezzle federal program funds, one substantive count of theft of embezzlement of federal program funds and one count of conspiracy to commit mail fraud and the deprivation of honest services.

In 2002, El Paso County created the Border Childrens’ Mental Health Collaborative (BCMHC) and subsequently received a 5-year, \$9.5 million federal grant from the Substance Abuse and Mental Health Services Administration (SAMHSA) to help provide services to severely mentally handicapped and emotionally disturbed children. Between November 28, 2005 and September 28, 2006, El Paso County paid LKG \$550,000 for evaluation services with the understanding that LKG would also provide the same amount of in-kind services for BCMHC in order to satisfy requirements of the grant. Evidence presented at trial revealed that from January 2006 to February 12, 2007, LKG paid Madrid approximately \$100,000 for a sustainability study of the BCMHC, portions of which were copied from various websites. Also, during that same time period, LKG failed to provide (BCMHC) \$50,000 monthly in donated services for staffing, or proper documentation, as promised and required under their contract with El Paso County. Evidence also revealed that in December 2005, Madrid and former L.K.G. Enterprises, Inc. (LKG) president Ruben “Sonny” Garcia, indirectly paid \$24,000 in bribes to then El Paso County Judge Dolores Briones for her continued support of the BCMHC related contract between El Paso County and LKG.

Sentencing for Madrid, who was placed into federal custody following today’s verdict, is scheduled for March 22, 2013, before United States District Judge Frank Montalvo. Madrid faces up to five years in federal prison on the embezzlement conspiracy charge; up to ten years in federal prison on the substantive embezzlement charge; and, up to 20 years in federal prison on the mail fraud conspiracy charge. In July, Ruben “Sonny” Garcia, on behalf of himself and LKG, pleaded guilty to conspiracy to commit theft or embezzlement of federal program funds. As a result, Garcia faces up to five years in federal prison; LKG, up to \$1 million in fines. Sentencing for Garcia will also be scheduled for March 22, 2013, before Judge Montalvo.

This investigation is being conducted by the Federal Bureau of Investigation. Assistant U.S. Attorneys Juanita Fielden and William F. Lewis, Jr., are prosecuting this case on behalf of the Government.

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