

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

CRIMINAL NO. 2:06-CR-20285

Plaintiff,

FILED: 5/23/06

v.

HONORABLE:

D-1 DOUGLAS A. BENIT, aka J.D.
HOWEN, aka D.J. HOWEN, aka
JACK HOWEN

VIOLATIONS: 18 U.S.C. § 371
18 U.S.C. § 666
18 U.S.C. §§ 1341 & 2
18 U.S.C. §§ 1343 & 2
18 U.S.C. §§ 1344 & 2
18 U.S.C. § 1341
18 U.S.C. § 1956(h)

D-2 MARY ANN ELAM BENIT, aka
MARY ANN ELAM, aka MARY
ANN ROSSI

D-3 CORAL TECHNOLOGY, INC.
D-4 SCHOOL MANAGEMENT
SERVICES, INC.

OFFENSES: Conspiracy to Commit Federal
Program Fraud, Mail Fraud
and Wire Fraud
Federal Program Fraud
Mail Fraud and Aiding and
Abetting
Wire Fraud and Aiding and
Abetting
Bank Fraud and Aiding and
Abetting
Mail Fraud
Conspiracy to Commit
Money Laundering

Defendants.

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INDICTMENT

THE GRAND JURY CHARGES:

GENERAL ALLEGATIONS

At all times material to the indictment:

1. Ecorse Public Schools (“EPS”) was an independent agency operating with the Michigan State Board of Education. EPS is located in Ecorse, Michigan, which is located in the

Eastern District of Michigan. EPS educates students residing in a small community on the shores of the Detroit River. It has an enrollment of approximately 1,200 students, of which about 55% are identified as minorities. In each calendar year covered under this Indictment, EPS received benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance or other form of Federal assistance.

2. The 1997 Building and School Bond Fund was a \$44 million dollar bond issue for the construction of new schools and renovation of existing schools within the EPS.
3. During the relevant period, EPS established a process for handling the bids submitted by prospective contractors for 1997 Building and School Bond Fund projects. First, bid specifications would be developed by DOUGLAS A. BENIT, in conjunction with the architect and construction manager. Second, bid advertisements would be sent to companies who so requested and would be published in four newspapers. Third, bids would be opened at a public meeting and analyzed by DOUGLAS A. BENIT. Fourth, at the next regular EPS School Board meeting, the bids would be awarded by resolution.
4. E-Rate was a program created by Congress in the Telecommunication Act of 1996 and operated under the auspices of the Federal Communications Commission (“FCC”) to provide funding to connect schools and libraries to the Internet. The FCC designated the Universal Services Administrative Company (“USAC”), a nonprofit corporation, to administer the E-Rate program. The E-Rate program collected substantial quantities of money from telecommunications customers across the country to fund the program. EPS was awarded E-Rate monies in the 1999-2000 and 2000-2001 funding years.

5. During the relevant period, USAC established rules and procedures to ensure that E-Rate funding was distributed to the widest number of qualifying applicants. Among the rules and procedures were the following: (1) only USAC-approved equipment, services, and supplies were eligible for funding; (2) schools could seek funding only for projects for which the schools had budgeted funds for their matching amount and for the purchase of the end-user equipment and services necessary to utilize the applied-for equipment and services; (3) services providers or their agents could not participate in the vendor selection process or the completion of forms necessary for the schools to receive E-Rate funding in order to avoid a conflict of interest or even the appearance of a conflict of interest; and (4) school districts were required to follow local and state law competitive bidding procedures to ensure that the school districts received the most cost-effective bids from the responsive bidders.
6. DOUGLAS A. BENIT, aka J.D. HOWEN, aka D.J. HOWEN, aka JACK HOWEN, was employed by EPS from 1997 to 2003, serving as the Director of Facility Development and then later as the Assistant Superintendent. During his tenure at EPS, BENIT's responsibilities centered on administering the 1997 Building and School Bond Fund, which included coordinating and supervising new school construction; advising and assisting in the development of appropriation requests for major projects; and reviewing contractor bids and proposals. BENIT was also responsible for overseeing the E-Rate funds awarded to EPS and serving as the contact person for USAC at EPS. While employed at EPS, BENIT was also an owner, employee, agent, or contractor of CORAL TECHNOLOGY, INC.

7. CORAL TECHNOLOGY, INC. (“CORAL”) was an Ohio corporation that, among other functions, was a distributor of Degem Systems Ltd. (“Degem”) products. Degem designed and manufactured vocational educational and distance learning technology. Degem, an Israeli company, maintained a presence in the United States through its subsidiary, Innovative Technologies in Education (“ITE”). ITE, in turn, had regional distributors, such as CORAL, who were paid commissions for sales of Degem products in the distributors’ region.
8. MARY ANN ELAM BENIT (hereinafter “MARY ANN ELAM”), aka MARY ANN ELAM, aka MARY ANN ROSSI was an employee, agent, or contractor of CORAL. ELAM married DOUGLAS A. BENIT in 2005.
9. General Electric Contracting, Inc. (“GE Contracting”) was a corporation organized and existing under the laws of Michigan.
10. NEC-Business Network Solutions, Inc. (“NEC”) was a corporation organized and existing under the laws of Delaware with its principal place of business in Irving, Texas.
11. SCHOOL MANAGEMENT SERVICES, INC. (“SMS”) was a corporation established by BENIT in 1999 in the State of Michigan. Both BENIT and ELAM have been named as officers.

COUNT ONE

(18 U.S.C. §§ 666(a)(1)(A), 1341, 1343, 1346, 371 – Conspiracy to
Commit Federal Program Fraud, Mail Fraud and Wire Fraud)

D-1 DOUGLAS A. BENIT
D-2 MARY ANN ELAM
D-3 CORAL TECHNOLOGY, INC.

12. The General Allegations, Paragraphs 1 to 10 are hereby incorporated in this Count.

13. From about March 16, 1998, up to and including October 7, 2003, said dates being approximate, in the Eastern District of Michigan and elsewhere, Defendants DOUGLAS A. BENIT, an employee or agent of Ecorse Public Schools, MARY ANN ELAM, CORAL TECHNOLOGY, INC., and others known and unknown to the Grand Jury, conspired to commit offenses against the United States, in violation of 18 U.S.C. § 371, that is,

- (A) to embezzle, to steal, to obtain by fraud and to unlawfully convert to the use of a person other than the rightful owner or intentionally misapply property valued at \$5,000 or more and that is owned by or under the custody, care and control of EPS, an organization or agency of a state or local government which received benefits of over \$10,000 in a one-year period under a Federal program involving a grant, contract, subsidy, loan, and other form of federal assistance, in violation of 18 U.S.C. § 666(a)(1)(A); and
- (B) to knowingly devise a scheme and artifice to defraud EPS and USAC as to a material matter and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises,

and to deprive EPS and USAC of the right to DOUGLAS A. BENIT's honest services in the affairs of EPS and USAC, and to use the United States mails or other interstate delivery services and interstate wire communications to further the scheme to defraud, in violation of Title 18, United States Code, Sections 1341, 1343 and 1346.

MANNER AND MEANS

It was part of the conspiracy that:

14. BENIT used his position at EPS to misappropriate project funds allocated for the use and benefit of EPS for his own use and the use of others.
15. BENIT used his position at EPS to direct contracts for products and services at EPS for the benefit of companies under his control or the control of his coconspirators; to instruct vendors seeking contracts at EPS to purchase products or services from certain companies to benefit companies under his control or the control of his coconspirators; to inflate the value of contracts awarded to benefit companies under his control or the control of his coconspirators; and to issue change orders increasing the value of the original contracts to benefit companies under his control or the control of his coconspirators.
16. The conspirators circumvented the rules, regulations, and procedures governing contracting and procurement within EPS and under the E-Rate program.
17. The primary entity for which BENIT secured contracts, either as a direct contractor or as a subcontractor, was CORAL.
18. MARY ANN ELAM, DOUGLAS A. BENIT, CORAL and others known and unknown

to the grand jury, created and prepared documents and other written materials that contained materially false statements and omissions.

19. MARY ANN ELAM, DOUGLAS A. BENIT, CORAL and others known and unknown to the grand jury submitted and caused to be submitted the documents described in Paragraph 18 with the intent to deceive and mislead officials responsible for approving contracts and authorizing payments on invoices for products and services provided to EPS.
20. MARY ANN ELAM, DOUGLAS A. BENIT, CORAL and others known and unknown to the grand jury concealed BENIT's relationship to CORAL from EPS officials who approved contract awards and payments under the 1997 Building and School Bond Fund and the EPS General Fund, from USAC officials who approved contract awards and payments under the Federal E-Rate Program, and from others. One means by which BENIT's relationship to CORAL was concealed was to name individuals, with or without their knowledge, as CORAL employees on documents submitted by CORAL to EPS, USAC and others. To further conceal and disguise the relationship between BENIT and CORAL, BENIT and others assumed aliases.
21. BENIT used his position at EPS to create requisition certificates, purchase orders, and other documents necessary to cause to be paid the invoices submitted by CORAL and others.
22. EPS and USAC relied on the representations of BENIT and on the documents BENIT submitted as an EPS official in awarding contracts and paying invoices.
23. MARY ANN ELAM, DOUGLAS A. BENIT, CORAL and others known and unknown to the grand jury endeavored to receive full payment on invoices submitted to EPS,

USAC, and companies to whom CORAL served as a subcontractor on projects at EPS.

24. MARY ANN ELAM, DOUGLAS A. BENIT, CORAL and others known and unknown to the grand jury transmitted from and received within the Eastern District of Michigan documents related to projects at EPS through the United States mails, interstate delivery services, and interstate facsimile.
25. MARY ANN ELAM, DOUGLAS A. BENIT, CORAL and others known and unknown to the grand jury used email and telephone to communicate from the Eastern District of Michigan to persons outside the State of Michigan regarding projects at EPS.

OVERT ACTS

26. In executing the conspiracy alleged in Paragraph 13, one or more of the Defendants committed the following overt acts in the Eastern District of Michigan and elsewhere:

CORAL'S CONTRACTS FOR PRODUCTS AND SERVICES AT EPS

CORAL's Projects at EPS

27. The conspirators sought to obtain contracts for projects at EPS totaling approximately \$7,277,772.
28. From in or about March, 1998 through in or about April, 2002, CORAL served as the contractor or subcontractor on diverse projects at EPS.

The following are some examples of CORAL's projects at EPS:

On or about the following date:	Value	Project
3/16/98	\$14,800	Two Modules
3/16/98	\$15,425	Four Modules
5/20/98	\$45,920	Auto/Electronics Lab Phase I
7/02/98	\$63,580	Autotronic Laboratory Equipment
8/06/98	\$4,020	Technology Service
4/29/99	\$10,700	Speedlan
8/22/99	\$4,025	Cleaning of Technology Equipment
8/29/99	\$19,416	Computer Equipment
9/01/99	\$3,015.88	Moving the Computer Network
10/26/99	\$16,200	Engineering Site Survey and WAN Drawings
12/06/99	\$34,659	Wireless WAN
1/24/00	\$279,956	Security Camera System
7/30/00	\$1,992,000, with a contemplated extension of \$2,040,000	Cabling
9/06/00	\$154,267	AT/EB Labs
9/06/00	\$143,908	A/C & Ref. Lab
9/25/00	\$511,317	CIM 2000 Lab
10/30/00	\$149,870	CIM 2000 Lab
10/30/00	\$22,900	AT/EB Labs
11/29/01	\$61,000	CIM 2000 Lab
11/29/01	\$22,624	A/C & Ref. Lab
11/29/01	\$18,833	AT/EB Labs

On or about the following date:	Value	Project
4/16/02	\$53,000	CIM 2000 Lab
8/07/02	\$47,545.64	Replacement Equipment
9/02/02	\$30,409.10	Replacement Equipment

CORAL Projects That Did Not Receive Funding

29. On or about October 7, 1999, USAC sent a letter to CORAL acknowledging receipt of CORAL's E-Rate funding request totaling \$97,000.
30. On or about November 2, 1999, USAC notified CORAL that USAC approved \$6,600 in funding for Internal Connections (Shared) and denied the remaining requests for funding because the services requested were ineligible products or services.
31. On or about January 15, 2002, EPS issued a \$577,427 change order to CORAL on the 1999 E-Rate contract. The change order is signed by MARY ANN ELAM on behalf of CORAL and DOUGLAS A. BENIT on behalf of EPS and was contingent on E-Rate funding.
32. On or about January 17, 2002, the documents relating to CORAL's E-Rate funding request were sent via U.S. Postal Express Mail from Ecorse, Michigan to USAC in Kansas.
33. On or about May 5, 2003, USAC denied funding for the change order to CORAL because the product offered by CORAL was ineligible based on program rules.

BENIT's Role in Processing Payments for Contracts at EPS

34. DOUGLAS A. BENIT, in his position at EPS, caused to be made documents certifying the invoices for the projects described in Paragraph 28 to be appropriate for payment.

35. Based on the documents submitted and representations made by the conspirators and others, payments totaling approximately \$4,335,001 were made for projects benefitting CORAL at EPS.

Direct Payments to CORAL

36. During the course of the conspiracy, CORAL sought payments directly from EPS for projects at EPS. One such example occurred on or about November 30, 2001, when BENIT caused to be made documents certifying three of CORAL'S invoices to be appropriate for payment. On or about December 5, 2001, CORAL received payment in the amount of \$102,507. A second example occurred on or about April 18, 2002, when DOUGLAS A. BENIT caused to be made documents certifying CORAL'S invoice for the CIM 2000 lab dated April 17, 2002 to be appropriate for payment. On or about April 26, 2002, CORAL received payment in the amount of \$53,000.

CORAL's Payment as a Subcontractor on the Security System Project at EPS

37. On or about December 22, 1999, CORAL was identified by GE Contracting as the subcontractor on a project to install a security system at EPS.
38. GE Contracting received payment from EPS on this project.
39. On or about January 22, 2001, GE Contracting certified to EPS that CORAL had been paid \$168,824.30 on the contract, with \$14,756.84 outstanding to CORAL from GE Contracting.

CORAL's Payment as a Subcontractor on the Cabling Project at EPS

40. On or about January 2, 2000, CORAL submitted a bid to GE Contracting for a cabling project at EPS, proposing five years of cabling work at EPS.
41. GE Contracting received payment from USAC on this project.
42. In April and May 2001, GE Contracting wired a total of \$550,000 to CORAL.
43. On or about January 10, 2002, an employee of CORAL sent via facsimile from CORAL's offices in Cincinnati, OH to BENIT in the Eastern District of Michigan, a statement of monies owed to CORAL for work as a subcontractor to GE Contracting on the cabling project.
44. On or about January 18, 2002, BENIT, in his capacity at EPS, sent a letter to GE Contracting demanding payment be made to CORAL.
45. On or about June 11, 2002, CORAL caused to be filed a Complaint and Jury Demand in the United States District Court for the Eastern District of Michigan, Case No. 02-72405, seeking payment on the monies owed to CORAL from GE Contracting for work CORAL performed at EPS on the cabling project.
46. On or about May 2, 2003, CORAL caused to be filed in the United States District Court for the Eastern District of Michigan, Plaintiff's Renewed Motion for Summary Judgment, which attached a false and fraudulent exhibit, containing a forged signature of an EPS official.
47. During the course of the lawsuit, CORAL caused to be filed with the United States District Court documents that contained material falsities or omissions of material facts.

48. On or about July 29, 2003, the Honorable Robert H. Cleland, uninformed of the material falsities and omissions of material facts in CORAL's submissions, entered partial judgment in favor of CORAL in the amount of \$294,832.66.
49. On or about June 4, 2003, EPS was requested to pay a matching payment as required under the E-Rate program for the cabling project. This \$164,600 matching payment, remitted through a series of installments that ended on or about October 7, 2003, was deposited into CORAL's bank account.

CORAL's Payment for the Sale of a Multicenter at EPS

50. On or about March 16, 2001, DOUGLAS A. BENIT directed NEC, a company contracting at EPS, to purchase a Degem Multicenter for EPS at a cost of \$700,000.
51. On or about June 18, 2001, BENIT transmitted an email regarding the purchase of the Degem Multicenter from his EPS email account in Ecorse, Michigan, to NEC in Texas. The subject reads "Forms for In-kind P.O."
52. On or about June 18, 2001 NEC sent a subcontractor agreement to Degem's subsidiary, ITE, for the purchase of a Degem Multicenter for delivery to EPS.
53. DOUGLAS A. BENIT, in his position at EPS, caused to be made documents certifying the invoices submitted by NEC to be appropriate for payment by USAC.
54. On or about October 30, 2001, NEC caused to be delivered, via Federal Express, a check to ITE for \$350,000, which served as partial payment for the Degem Multicenter installed at EPS.

55. On or about November 13, 2001, \$127,380 was wired in two transactions from ITE's account at Bank of Leumi in Miami, Florida to CORAL's account at Key Bank in Cleveland, Ohio.
56. On or about March 14, 2002, NEC sent via Federal Express, a check to ITE for \$140,000, which represented final payment on the Degem Multicenter installed at EPS.
57. On or about March 18, 2002, BENIT informed Degem that ITE received money for the Multicenter and stated, "I need to have that money wired into my accounts also."
58. On or about April 1, 2002, and on or about April 11, 2002, a total of \$86,461.30 was wired from Degem's account at Bank of Leumi in New York to CORAL's account at Key Bank in Cleveland, Ohio.

BENIT'S ASSOCIATION WITH CORAL

59. On or about January 7, 1999, DOUGLAS A. BENIT identified himself as Treasurer of CORAL.
60. On or about February 12, 2000, BENIT identified himself as the vice-president of marketing for CORAL.
61. On or about September 24, 2001, DOUGLAS A. BENIT identified himself as Chairman and Chief Executive Officer of CORAL.
62. On or about April 9, 2002, DOUGLAS A. BENIT identified himself as the CEO of CORAL.
63. On or about August 1, 2002, DOUGLAS BENIT identified himself as the "Chief Executive Office" [sic] of CORAL.
64. On or about January 24, 2003, DOUGLAS BENIT identified himself as CEO of CORAL.
65. On or about April 17, 2003, DOUGLAS BENIT identified himself as the owner of

CORAL.

CONCEALMENT OF BENIT'S RELATIONSHIP TO CORAL

66. On or about October 21, 1999, BENIT, using the name "JD Howen", sent a quote on behalf of CORAL to a school official in Detroit, Michigan.
67. On or about January 2, 2000, CORAL transmitted via facsimile to GE Contracting a bid for cabling work at EPS. CORAL's fax was sent under the name "D.J. Howen".
68. On or about November 29, 2000, BENIT, using the name "J.D. Howen, CFO", gave notice to a CORAL employee that the employee will be laid off.
69. In or around the Summer of 2001, BENIT caused to be issued a payment to a former employee of CORAL known to the grand jury, in exchange for that employee's agreement not to notify authorities of BENIT's relationship to both CORAL and EPS and of contracts awarded to CORAL at EPS.
70. In the course of the lawsuit filed in the United States District Court for the Eastern District of Michigan by CORAL against GE Contracting, CORAL identified BENIT as an EPS employee, but never revealed through Court filings that BENIT was also serving as CEO of CORAL or otherwise had any relationship to CORAL.
71. During Benit's tenure at EPS, he did not advise the Superintendent or the School Board of his relationship to CORAL.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

(18 U.S.C. § 666(a)(1)(A)–Federal Program Fraud)

D-1 DOUGLAS A. BENIT

THE GRAND JURY FURTHER CHARGES THAT:

72. Paragraphs 1-8, 14, 17-23, 36, 62-63 & 71 are hereby incorporated in this Count.
73. During the period November 1, 2001 through October 31, 2002, EPS received benefits of over \$10,000 under a Federal program involving a grant, contract, subsidy, loan, and other form of federal assistance.
74. From on or about November 29, 2001 through on or about April 26, 2002, in the Eastern District of Michigan and elsewhere, the Defendant, DOUGLAS A. BENIT, an employee or agent of Ecorse Public Schools (EPS), did embezzle, steal, obtain by fraud or otherwise without authority knowingly convert to the use of any person other than the rightful owner or intentionally misapply property valued at \$5,000 or more owned by or under the custody, care and control of EPS, an organization or agency of a state or local government which received benefits of over \$10,000 in a one-year period under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance and other form of Federal assistance, to wit, BENIT caused EPS to pay \$155,507, in two installments, for a CIM 2000 Lab, AT/EB Lab, and A/C & Ref. Lab.

All in violation of Title 18, United States Code, Section 666(a)(1)(A).

COUNT THREE

(18 U.S.C. § 666(a)(1)(A)–Federal Program Fraud)

D-1 DOUGLAS A. BENIT

THE GRAND JURY FURTHER CHARGES THAT:

75. Paragraphs 1, 4-10, 17-23, 40, 49, & 71 are hereby incorporated in this Count.
76. During the period June 1, 2003 through May 31, 2004, EPS received benefits of over \$10,000 under a Federal program involving a grant, contract, subsidy, loan, and other form of federal assistance.
77. From on or about June 4, 2003 through on or about October 7, 2003, in the Eastern District of Michigan and elsewhere, the Defendant, DOUGLAS A. BENIT, an employee or agent of Ecorse Public Schools (EPS), did embezzle, steal, obtain by fraud or otherwise without authority knowingly convert to the use of any person other than the rightful owner or intentionally misapply property valued at \$5,000 or more owned by or under the custody, care and control of EPS, an organization or agency of a state or local government which received benefits of over \$10,000 in a one-year period under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance and other form of Federal assistance, to wit, BENIT caused EPS to pay \$164,600 in five installments for matching payments on the E-Rate cabling contract.

All in violation of Title 18, United States Code, Section 666(a)(1)(A).

COUNT FOUR

(18 U.S.C. §§1341, 1346 & 2–Mail Fraud)

- D-1 DOUGLAS A. BENIT
- D-2 MARY ANN ELAM
- D-3 CORAL TECHNOLOGY, INC.

THE GRAND JURY FURTHER CHARGES THAT:

- 78. Paragraphs 1, 4-8, 17-24, 29-31, 33, 40-42, 44-48, 50-58, 60-65, 67, & 69-71 are fully incorporated herein.
- 79. Beginning on or about March 1, 1999, up to and including July 29, 2003, in the Eastern District of Michigan and elsewhere, the Defendants and others known and unknown to the Grand Jury, devised and intended to devise a scheme and artifice to defraud EPS and USAC as to a material matter and to obtain money and property, by means of materially false and fraudulent pretenses, representations, and promises, and, to deprive EPS and USAC of the right to DOUGLAS A. BENIT's honest services in the affairs of EPS and USAC.
- 80. On or about January 17, 2002, in the Eastern District of Michigan, the Defendants, for the purpose of executing the scheme, knowingly caused to be sent through the United States Postal Service or by a commercial interstate carrier, according to the directions thereon, documents relating to CORAL's application for E-Rate funding, sent via U.S. Postal Express Mail from Douglas A. Benit, Ecorse Public Schools, 27385 W. Outer Drive, Ecorse, MI 48229 to SLD-Form 471, C/O Ms. Smith, 3833 Greenway Drive, Lawrence, KS 66046.

All in violation of Title 18, United States Code, Sections 1341, 1346, and 2.

COUNTS FIVE & SIX
(18 U.S.C. §§ 1343, 1346 & 2–Wire Fraud)

D-1 DOUGLAS A. BENIT
D-2 CORAL TECHNOLOGY, INC.

THE GRAND JURY FURTHER CHARGES THAT:

81. Paragraphs 1, 4-10, 14, 17-23, 25, 29-31, 33, 40-48, 50-58, 60-65, 67, 69-71 are fully incorporated herein.
82. Beginning on or about March 1, 1999, up to and including July 29, 2003, in the Eastern District of Michigan and elsewhere, the Defendants and others known and unknown to the Grand Jury, having devised and intended to devise a scheme and artifice to defraud EPS and USAC as to a material matter and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and, to deprive EPS and USAC of the right to DOUGLAS A. BENIT's honest services in the affairs of EPS and USAC, and for the purpose of executing the scheme, knowingly transmitted and caused to be transmitted by means of wire communication in interstate commerce, the signals and sounds described below for each Count, each transmission constituting a separate Count:

COUNT	DATE	DEFENDANT	DESCRIPTION
6 5	June 18, 2001	Douglas A. Benit Coral Technology, Inc.	E-mail transmitted from Benit's EPS email account in Ecorse, Michigan to an EPS vendor in Texas. The subject reads "Forms for In-kind P.O."
7 6	January 10, 2002	Douglas A. Benit Coral Technology, Inc.	Statement of account history for GE Contracting for monies owed to Coral Technology, Inc. transmitted via facsimile from Ohio to the Eastern District of Michigan.

All in violation of Title 18, United States Code, Sections 1343, 1346 & 2.

COUNT SEVEN

(18 U.S.C. §§ 1344, 2 – Bank Fraud)

D-1 DOUGLAS A. BENIT

D-2 MARY ANN ELAM

83. From on or about December 10, 2002 up to and including April 16, 2003, in the Eastern District of Michigan and elsewhere, the Defendants, DOUGLAS A. BENIT and MARY ANN ELAM, devised and intended to devise a scheme and artifice to defraud TCF National Bank, an insured depository institution, as to a material matter, and to obtain money, funds, credits, assets, securities, or other property owned by or under the custody or control of TCF National Bank, namely, a loan, by means of materially false or fraudulent pretenses, representations, or promises.

SCHEME TO DEFRAUD

84. It was part of the scheme to defraud that BENIT would apply for a loan from TCF National Bank, an insured depository institution.
85. It was a further part of the scheme to defraud that BENIT and ELAM would falsely represent BENIT's assets to TCF National Bank by making false statements to the bank officer and by submitting fraudulent and false supporting documentation.

EXECUTION OF THE SCHEME

86. On or about April 16, 2003, in the Eastern District of Michigan, the Defendants, DOUGLAS A. BENIT and MARY ANN ELAM, knowingly executed the scheme and artifice to defraud as set forth above, by causing TCF National Bank to issue DOUGLAS A. BENIT a line of credit in the amount of \$200,000.

All in violation of Title 18, United States Code, Sections 1344 & 2.

COUNT EIGHT

(18 U.S.C. § 1341–Mail Fraud)

D-1 DOUGLAS A. BENIT

THE GRAND JURY FURTHER CHARGES THAT:

87. Beginning on or about September 16, 2005 up to and including November 1, 2005, in the Eastern District of Michigan and elsewhere, the Defendant, DOUGLAS A. BENIT, devised and intended to devise a scheme and artifice to defraud First One Lending Corporation and New Century Mortgage Company as to a material matter and to obtain

money or property, namely, a loan in the amount of \$893,750, by means of materially false and fraudulent pretenses, representations, and promises.

MATTER AND MEANS

88. It was part of the scheme that the Defendant would apply for a mortgage on his residence at 3140 Andora Drive, Superior Township, Michigan 48198.
89. It was a further part of the scheme to defraud that the Defendant would submit and cause to be submitted on his behalf a loan application and supporting documentation.
90. It was a further part of the scheme to defraud that the Defendant would falsely represent the amount of his assets and income during the application process.

THE USE OF THE MAILS

91. On or about September 21, 2005, in the Eastern District of Michigan, the Defendant, having devised and intended to devise a scheme and artifice to defraud as to a material matter and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing the scheme, knowingly caused to be delivered through a commercial interstate carrier, according to the directions thereon, a package sent via Federal Express from First One Lending Corporation, 32122 Camino Capistrano, San Juan Capistrano, California, 92675 to Douglas Benit, 3140 Andora Drive, Ypsilanti, Michigan, 48198.

All in violation of Title 18, United States Code, Section 1341.

FORFEITURE NOTICE

92. The allegations contained in Counts One through Eight of this Indictment are realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to the provisions of Title 28, United States Code, Section 2461(c).
93. Pursuant to Title 28, United States Code, Section 2461(c), each Defendant who is convicted of conspiracy to commit federal program fraud, mail fraud, and wire fraud as set forth in Count One; federal program fraud as set forth in Counts Two and Three; mail fraud as set forth in Counts Four and Eight; wire fraud as set forth in Counts Five and Six; and bank fraud as set forth in Count Seven of this Indictment shall forfeit to the United States all right, title, and interest in any and all property constituting or derived from proceeds obtained directly or indirectly as a result of the aforesaid violations.
94. The interests of Defendants BENIT, ELAM, and CORAL subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 982(a)(1), include, but are not necessarily limited to, at least \$2,293,535.54.
95. The property subject to forfeiture includes, but is not necessarily limited to, real property, commonly known as 3140 Andora Drive, Superior Township, Michigan, 48198.
96. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), each Defendant shall forfeit substitute property, up to the value described in Paragraphs 93-95 above, if by any act or omission of a Defendant, the property described in Paragraphs 93-95 above, or any portion thereof,

- (1) Cannot be located upon the exercise of due diligence;
- (2) Has been transferred or sold to, or disposed with, a third party;
- (3) Has been placed beyond the jurisdiction of the court;
- (4) Has been substantially diminished in value; or
- (5) Has been commingled with other property which cannot be divided without difficulty.

All pursuant to Title 28, United States Code, Section 2461(c), and Rule 32.2(a) of the Federal Rules of Criminal Procedure.

COUNT NINE

(18 U.S.C. §1956(h) – Conspiracy to Launder Monetary Instruments)

- D-1 DOUGLAS A. BENIT
- D-2 MARY ANN ELAM
- D-3 CORAL TECHNOLOGY, INC.
- D-4 SCHOOL MANAGEMENT SERVICES, INC.

97. Paragraphs 1-11 are hereby incorporated in this Count.
98. Beginning on or about August 12, 1999, and continuing through on or about October 1, 2003, the exact dates being unknown to the Grand Jury, within the Eastern District of Michigan and elsewhere, the Defendants, DOUGLAS A. BENIT, MARY ANN ELAM, CORAL TECHNOLOGY, INC. and SCHOOL MANAGEMENT SERVICES, INC., together with others known and unknown to the grand jury, did unlawfully, willfully and knowingly combine, conspire, confederate and agree together and with each other, and with others known and unknown to the Grand Jury, to commit certain offenses under Title 18, United States Code, Sections 1956 and 1957, as follows:

- (a) to conduct and attempt to conduct a financial transaction affecting interstate commerce, which transaction involved the proceeds of specified unlawful activity, that is Federal Program Fraud, in violation of Title 18, United States Code, § 666(a)(1)(A), Mail Fraud, in violation of Title 18, United States Code § 1341 and Wire Fraud, in violation of Title 18, United States Code § 1343, (1) with the intent to promote the carrying on of such specified unlawful activity and (2) knowing that the transaction was designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said specified unlawful activity, and that while conducting and attempting to conduct such financial transaction knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity, in violation of 18 U.S.C. § 1956(a)(1); and
- (b) knowingly to engage, attempt to engage and cause and aid and abet others in engaging in monetary transactions in criminally derived property that was of a value greater than \$10,000, and was derived from a specified unlawful activity, in violation of 18 U.S.C. § 1957.

MANNER AND MEANS

99. It was part of the conspiracy that multiple financial accounts would be created and maintained to receive and distribute the proceeds from the specified unlawful activity, including financial accounts of BENIT, ELAM, CORAL and SMS.

100. It was further part of the conspiracy that BENIT and ELAM would control these financial accounts.
101. It was further part of the conspiracy that BENIT, ELAM and others known and unknown to the Grand Jury would conduct financial transactions to transfer the proceeds of the specified unlawful activity among and between these accounts, and to third parties for the benefit of ELAM and BENIT.
102. It was part of the conspiracy that the proceeds would be used for the purchase and improvement of 3140 Andora Drive, Superior Township, Michigan 48198.
- All in violation of Title 18, United States Code, Section 1956(h).

FORFEITURE NOTICE

103. The allegations contained in Count Nine of this Indictment are hereby repeated, realleged, and incorporated by reference herein as though fully set forth at length for the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section 982(a)(1). Pursuant to Rule 32.2, Fed. R. Crim. P., notice is hereby given to Defendants DOUGLAS A. BENIT, MARY ANN ELAM, CORAL TECHNOLOGY, INC., and SCHOOL MANAGEMENT SERVICES, INC. that the United States will seek forfeiture as part of any sentence in accordance with Title 18, United States Code, Section 1956(h) in the event defendant BENIT, ELAM, CORAL and SMS are convicted under Count Nine of this Indictment.
104. That as a result of the foregoing violation of 18 U.S.C. § 1956(h), upon conviction of Count Nine, Defendants BENIT, ELAM, CORAL and SMS shall forfeit to the United States any property, real or personal, involved in such offense, or any property traceable

to such property, pursuant to 18 U.S.C. § 982(a)(1).

105. The interests of Defendants BENIT, ELAM, CORAL, and SMS subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 982(a)(1), include, but are not necessarily limited to, at least \$2,293,535.54.
106. The property subject to forfeiture includes, but is not necessarily limited to, real property, commonly known as 3140 Andora Drive, Superior Township, Michigan 48198.
107. If any of the property described in Paragraphs 104-106 above as a result of any act or omission of Defendants BENIT, ELAM, CORAL and SMS:
 - (1) Cannot be located upon the exercise of due diligence;
 - (2) Has been transferred or sold to, or deposited with, a third party;
 - (3) Has been placed beyond the jurisdiction of the court;
 - (4) Has been substantially diminished in value; or
 - (5) Has been commingled with other property which cannot be divided without difficulty;

the Court shall order the forfeiture of any other property of Defendants BENIT, ELAM, CORAL and SMS, up to the value to any property set forth in Paragraphs 104-106 above.

108. Defendants BENIT, ELAM, CORAL and SMS, and each of them, are jointly and severally liable for the forfeiture obligations as alleged above.

All pursuant to Title 18, United States Code, Section 982(a)(1) and Rule 32.2(a) of the Federal Rules of Criminal Procedure.

THIS IS A TRUE BILL

S/Grand Jury Foreperson
FOREPERSON

/S/ Stephen J. Murphy, III
STEPHEN J. MURPHY, III
United States Attorney
Eastern District of Michigan

/S/ Scott M. Watson
SCOTT M. WATSON
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Dated: May 23, 2006