

Eastern District of Kentucky

FILED

MAY 24 2018

AT LONDON
ROBERT R. CARR
CLERK U.S. DISTRICT COURT

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF KENTUCKY
SOUTHERN DIVISION
LONDON**

UNITED STATES OF AMERICA

V.

INDICTMENT NO. 6:18-CR-27-CHB

BETH N. SALLEE

* * * * *

THE GRAND JURY CHARGES:

BACKGROUND

1. At all relevant times, Jackson County, Kentucky, was a political subdivision and local government of the Commonwealth of Kentucky.
2. At all relevant times, **BETH N. SALLEE** was employed as Treasurer of Jackson County, Kentucky.
3. During each calendar year listed in this Indictment, Jackson County, Kentucky received over \$10,000 of funds under federal programs, grants, and subsidies.
4. At all relevant times, **SALLEE** was responsible for receiving all money due to Jackson County and for disbursing such money in such manner and for such purpose as authorized by appropriate authority of the Jackson County Fiscal Court, the county's governing body.
5. At all relevant times, Jackson County used a number of Jackson County Bank accounts for official county business. These included a payroll account, used to issue paychecks to Jackson County employees, and a general fund account, which was used for a wide range of county expenses. In addition, Jackson County used a distinct bank account to receive Department of Emergency Services funds from a federal grant program.

6. At all relevant times, **SALLEE** was not authorized to issue checks without the approval of the Jackson County Fiscal Court.

7. At all relevant times, all checks drawing on bank accounts owned by the Jackson County Fiscal Court required a countersignature to confirm their validity.

COUNTS 1-4
18 U.S.C. § 1343

8. The allegations contained in Paragraphs 1-7 above are restated and incorporated herein by reference.

9. From a date in or about January 2012 through a date in or about June 2016, in Jackson County, in the Eastern District of Kentucky, and elsewhere,

BETH N. SALLEE

knowingly devised, and intended to devise, a scheme and artifice to defraud and to obtain money and property by means of material false and fraudulent pretenses, representations, and promises.

Purpose of the Scheme to Defraud

10. The purpose of the scheme to defraud was for **SALLEE** to enrich herself by misappropriating Jackson County funds for her own personal use and benefit.

Manner and Means of the Scheme to Defraud

11. **SALLEE** obtained checks drawing on various Jackson County Fiscal Court accounts, including the Department of Emergency Services grant account, the payroll account, and the general fund account, and wrote a series of checks payable to herself without authorization. **SALLEE** tendered the fraudulent checks at her bank for deposit to her personal checking account and for cash, totaling approximately \$161,808.23.

12. For the majority of these checks, **SALLEE** forged the required countersignatures of other Jackson County employees, including S.H. and S.G., without their knowledge or permission.

13. **SALLEE** hid the fact that she was making unauthorized payments to herself by removing and altering records of the fraudulent payments from the county's files.

14. In a further attempt to conceal her scheme, **SALLEE** deliberately did not seek authorization from the Jackson County Fiscal Court to write the aforementioned checks to herself, nor did **SALLEE** inform the Jackson County Fiscal Court that she had done so.

Acts in Furtherance of the Scheme to Defraud

15. Between on or about January 1, 2012, and on or about December 31, 2012, **SALLEE** repeatedly issued fraudulent checks totaling approximately \$7,037.99, written to herself and drawn on Jackson County accounts, knowing that she was not due the funds and knowing that the checks were not authorized by the Jackson County Fiscal Court. **SALLEE** presented these checks to Citizens Bank & Trust Co. for payment and fraudulently obtained the funds.

16. Between on or about January 1, 2013, and on or about December 31, 2013, **SALLEE** repeatedly issued fraudulent checks totaling approximately \$15,384.55, written to herself and drawn on Jackson County accounts, knowing that she was not due the funds and knowing that the checks were not authorized by the Jackson County Fiscal Court. **SALLEE** presented these checks to Citizens Bank & Trust Co. for payment and fraudulently obtained the funds.

17. Between on or about January 1, 2014, and on or about December 31, 2014, **SALLEE** repeatedly issued fraudulent checks totaling approximately \$45,704.84, written to

herself and drawn on Jackson County accounts, knowing that she was not due the funds and knowing that the checks were not authorized by the Jackson County Fiscal Court. **SALLEE** presented these checks to Citizens Bank & Trust Co. for payment and fraudulently obtained the funds.

18. Between on or about January 1, 2015, and on or about December 31, 2015, **SALLEE** repeatedly issued fraudulent checks totaling approximately \$54,523.94, written to herself and drawn on Jackson County accounts, knowing that she was not due the funds and knowing that the checks were not authorized by the Jackson County Fiscal Court. **SALLEE** presented these checks to Citizens Bank & Trust Co. for payment and fraudulently obtained the funds.

19. Between on or about January 1, 2016, and on or about July 1, 2016, **SALLEE** repeatedly issued fraudulent checks totaling approximately \$29,940.65, written to herself and drawn on Jackson County accounts, knowing that she was not due the funds and knowing that the checks were not authorized by the Jackson County Fiscal Court. **SALLEE** presented these checks to Citizens Bank & Trust Co. for payment and fraudulently obtained the funds.

20. In an effort to conceal her scheme, no later than July 15, 2016, **SALLEE** manipulated or destroyed Jackson County financial documents during a routine audit for the period beginning July 1, 2014, and ending June 30, 2016. Specifically, **SALLEE** removed pages of documents and obscured the page numbers of the remaining pages with white-out. In addition, **SALLEE** requested that Jackson County Bank remove the check images from certain statements to be produced to auditors.

Execution of the Scheme to Defraud

21. On or about the dates set forth below, in Jackson County, in the Eastern District of Kentucky, and elsewhere, **SALLEE**, having devised the above-described scheme and artifice to defraud and for obtaining money by means of false or fraudulent pretenses, representations, and promises, caused to be transmitted by means of wire communication in interstate commerce writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice. In particular, in execution of the above-described fraud scheme, **SALLEE** caused the following transmissions, each transmission constituting a separate count:

Count	Check Number	Source of Funds	Approximate Date of Deposit	Amount	Wire Communication
1	31387	Payroll	6/5/2013	\$2,294.31	Check drawn on Jackson County Bank in Kentucky requiring wire transmission to a Federal Reserve bank in Atlanta, Georgia
2	35517	Payroll	12/18/2014	\$3,652.90	Check drawn on Jackson County Bank in Kentucky requiring wire transmission to a Federal Reserve bank in Atlanta, Georgia
3	37985	Payroll	12/2/2015	\$3,600.67	Check drawn on Jackson County Bank in Kentucky requiring wire transmission to a Federal Reserve bank in Atlanta, Georgia
4	15865	General Fund	1/20/2016	\$2,612.15	Check drawn on Jackson County Bank in Kentucky requiring wire transmission to a Federal Reserve bank in Atlanta, Georgia

Each in violation of 18 U.S.C. § 1343.

COUNT 5
18 U.S.C. § 666(a)(1)(A)

22. The allegations contained in Paragraphs 1-14 above are restated and incorporated herein by reference.

23. From on or about May 30, 2013, through December 30, 2013 in Jackson County, in the Eastern District of Kentucky,

BETH N. SALLEE,

an agent of Jackson County, a local government receiving in the one-year period beginning January 1, 2013, benefits in excess of \$10,000 under a federal program involving a grant, contract, subsidy, loan, guarantee, insurance, or other form of federal assistance, knowingly embezzled, stole, obtained by fraud, otherwise without authority knowingly converted to the use of a person not the rightful owner, and intentionally misapplied property valued at \$5,000 or more and owned by and under the care, custody, and control of the local government of Jackson County, all in violation of 18 U.S.C. § 666(a)(1)(A).

COUNT 6
18 U.S.C. § 666(a)(1)(A)

24. The allegations contained in Paragraphs 1-14 above are restated and incorporated herein by reference.

25. From on or about January 14, 2014, through December 29, 2014, in Jackson County, in the Eastern District of Kentucky,

BETH N. SALLEE,

an agent of Jackson County, a local government receiving in the one-year period beginning January 1, 2014, benefits in excess of \$10,000 under a federal program involving a grant, contract, subsidy, loan, guarantee, insurance, or other form of federal assistance, knowingly embezzled, stole,

obtained by fraud, otherwise without authority knowingly converted to the use of a person not the rightful owner, and intentionally misapplied property valued at \$5,000 or more and owned by and under the care, custody, and control of the local government of Jackson County, all in violation of 18 U.S.C. § 666(a)(1)(A).

COUNT 7
18 U.S.C. § 666(a)(1)(A)

26. The allegations contained in Paragraphs 1-14 above are restated and incorporated herein by reference.

27. From on or about January 13, 2015, through December 30, 2015, in Jackson County, in the Eastern District of Kentucky,

BETH N. SALLEE,

an agent of Jackson County, a local government receiving in the one-year period beginning January 1, 2015, benefits in excess of \$10,000 under a federal program involving a grant, contract, subsidy, loan, guarantee, insurance, or other form of federal assistance, knowingly embezzled, stole, obtained by fraud, otherwise without authority knowingly converted to the use of a person not the rightful owner, and intentionally misapplied property valued at \$5,000 or more and owned by and under the care, custody, and control of the local government of Jackson County, all in violation of 18 U.S.C. § 666(a)(1)(A).

COUNT 8
18 U.S.C. § 666(a)(1)(A)

28. The allegations contained in Paragraphs 1-14 above are restated and incorporated herein by reference.

29. From on or about January 10, 2016, through June 17, 2016, in Jackson County, in the Eastern District of Kentucky,

BETH N. SALLEE,

an agent of Jackson County, a local government receiving in the one-year period beginning January 1, 2016, benefits in excess of \$10,000 under a federal program involving a grant, contract, subsidy, loan, guarantee, insurance, or other form of federal assistance, knowingly embezzled, stole, obtained by fraud, otherwise without authority knowingly converted to the use of a person not the rightful owner, and intentionally misapplied property valued at over \$5,000 and owned by and under the care, custody, and control of the local government of Jackson County, all in violation of 18 U.S.C. § 666(a)(1)(A).

COUNT 9
18 U.S.C. § 1028A(1)

30. The allegations contained in Paragraphs 1-14 above are restated and incorporated herein by reference.

31. On or about May 30, 2013, in Jackson County, in the Eastern District of Kentucky,

BETH N. SALLEE

did knowingly use, without lawful authority, a means of identification of another person, that is, the name and signature of S.H., during and in relation to a felony violation enumerated in 18 U.S.C. § 1028A(c), specifically, wire fraud, knowing that the means of identification belonged to another actual person, all in violation of 18 U.S.C. § 1028A(a)(1).

COUNT 10
18 U.S.C. § 1028A(1)

32. The allegations contained in Paragraphs 1-14 above are restated and incorporated herein by reference.

33. On or about December 2, 2015, in Jackson County, in the Eastern District of Kentucky,

BETH N. SALLEE

did knowingly use, without lawful authority, a means of identification of another person, that is, the name and signature of S.G., during and in relation to a felony violation enumerated in 18 U.S.C. § 1028A(c), specifically, wire fraud, knowing that the means of identification belonged to another actual person, all in violation of 18 U.S.C. § 1028A(a)(1).

FORFEITURE ALLEGATION

18 U.S.C. § 982(a)(2)(A)

18 U.S.C. § 981(a)(1)(C)

28 U.S.C. § 2461

The allegations contained in paragraphs 1 through 29 of this Indictment are realleged and incorporated by reference as though fully set forth herein for the purpose of alleging forfeitures pursuant to 18 U.S.C. §§ 982(a)(2)(A) and 981(a)(1)(C), and 28 U.S.C. § 2461(c).

Pursuant to Federal Rule of Criminal Procedure 32.2(a), the Defendant,

BETH N. SALLEE,

is notified that, upon conviction of the offenses alleged in Counts 1 through 8, she shall forfeit to the United States of America, pursuant to 18 U.S.C. §§ 982(a)(2)(A) and 981(a)(1)(C), any property, real or personal, involved in or traceable to the offense of wire fraud, and any property, real or personal, which represents or is traceable to the gross receipts obtained, directly or indirectly, from theft relating to federal program fraud. The property to be forfeited includes, but is not limited to, approximately \$161,808.23, in the form of a money judgment, representing the total amount of proceeds traceable, directly or indirectly, to the offenses in violation of 18 U.S.C. §§ 1343 and 666(a)(1)(A).

If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;

- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property that cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c).

All pursuant to 18 U.S.C. §§ 982(a)(2)(A), 981(a)(1)(C), and 28 U.S.C. § 2461(c).

A TRUE BILL


ROBERT M. DUNCAN, JR.
UNITED STATES ATTORNEY

PENALTIES

- COUNTS 1-4:** Imprisonment for not more than 20 years, fine of not more than \$250,000, and supervised release for not more than 3 years.
- COUNTS 5-8:** Imprisonment for not more than 10 years, fine of not more than \$250,000, and supervised release for not more than 3 years.
- COUNTS 9-10:** If convicted of one count: Mandatory term of imprisonment for 2 years to run consecutively to any term of imprisonment imposed on Counts 1 through 8.
- If convicted of two or more counts: 2 years imprisonment, which may run concurrently, in whole or in part, with any other term of imprisonment imposed for Count 9 or 10, but consecutively to any term of imprisonment imposed on Counts 1 through 8.
- Plus, not more than \$250,000 fine and 1 year supervised release on each count of conviction on Counts 5 through 13.
- PLUS:** Forfeiture of all listed property.
- PLUS:** Mandatory special assessment of \$100 per count.
- PLUS:** Restitution, if applicable.