

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA**

UNITED STATES OF AMERICA	*	CRIMINAL NO. 14-137
v.	*	SECTION "F"
MARCIA PETERSON	*	VIOLATIONS: 18 U.S.C. § 641
		18 U.S.C. § 1343
	* * *	

FACTUAL BASIS

The defendant **MARCIA PETERSON** has agreed to plead guilty as charged to the bill of information charging her with two counts of theft of government funds in violation of Title 18, United States Code, Section 641 and one count of wire fraud in violation of Title 18, United States Code, Section 1343. Should this matter have gone to trial, the government would have proven, through the introduction of competent testimony and admissible exhibits, the following facts beyond a reasonable doubt to support the bill of information's three charges:

A. At all times relevant herein:

MARCIA PETERSON ("**PETERSON**") was the executive director and accountant for CDC 58:12 ("**CDC**"), a non-profit corporation based in Orleans Parish in the Eastern District of Louisiana. CDC's stated mission was to transform communities by creating opportunities in housing, education, health, and economic development. **PETERSON** controlled CDC's bank account and finances. **PETERSON** obtained public grants to fund CDC. In connection with her position in CDC, and through the schemes described below, **PETERSON** stole from and defrauded the United States Department of Education ("**DOE**"), the United States Department of Housing and Urban Development ("**HUD**"), the Louisiana Department of Education ("**LDOE**"),

the Housing Authority of New Orleans (“HANO”), the City of New Orleans, and the Louisiana Workforce Commission (“LWC”).

DOE was a department of the United States. DOE tasked LDOE, a Louisiana state agency, with administering DOE funds under 21st Century Community Learning Centers (“21st Century”), a program to provide academic enrichment opportunities to high-poverty areas. DOE encouraged the use of non-profits to complete the program’s goals. DOE created rules and regulations governing disbursement of 21st Century funds and exercised supervision and control over the funds and their ultimate use, including after the funds were disbursed to non-profits.

HUD was a department of the United States. HUD permitted state and local agencies to administer HUD funds under programs including Community & Supportive Services (“CSS”), a program to encourage residents of severely distressed public housing to revitalize their communities, and Community Development Block Grant (“CDBG”), a wide-ranging program to provide services to communities’ most vulnerable members. In Orleans Parish, HUD tasked HANO with administering CSS funds and the City Of New Orleans with administering CDBG funds. HUD encouraged the use of non-profits to complete the programs’ goals. HUD created rules and regulations governing disbursement of CSS and CDBG funds and exercised supervision and control over the funds and their ultimate use, including after the funds were disbursed to non-profits.

LWC was a state agency that administered Louisiana’s unemployment insurance program to provide benefits to persons out of work through no fault of their own. To receive unemployment insurance benefits, an unemployed worker would file a claim with LWC, including information on her last employer and the reason for separation. Based on this and other information, LWC would determine if the claimant was eligible for benefits. In order to receive

payments, the claimant needed to contact LWC on a weekly basis and certify her continuing unemployment and other eligibility requirements. For an eligible claimant, LWC would wire a deposit authorization from Baton Rouge, Louisiana to JPMorgan Chase Bank (“Chase Bank”) in Tampa, Florida. Chase Bank would then deposit the payment in the claimant’s bank account.

B. Theft of DOE funds:

On or about February 6, 2009, **PETERSON** made an agreement with LDOE under the 21st Century program. **PETERSON** agreed to provide educational services through the creation and use of a community learning center in Orleans Parish. LDOE, in turn, agreed to provide 21st Century funds to Desire Street Ministries (a non-profit organization, which employed **PETERSON**) and ultimately CDC to finance the center and its services. Under the agreement, these funds would include reimbursements for certain expenditures made in compliance with DOE rules and regulations, which included retention of documentation for inspection by DOE.

Pursuant to the agreement, from in or about March 2010 through in or about September 2012, LDOE provided 21st Century funds to CDC through Desire Street Ministries. These 21st Century funds were the primary source of income to CDC’s bank account during this time. This money was designated for expenses that **PETERSON** reported to LDOE. **PETERSON** routinely submitted documentation to LDOE to justify expenditures of 21st Century funds and represented that all funds were properly spent.

From in or about August 2011 through in or about September 2012, **PETERSON** embezzled, stole, and knowingly converted to her own use approximately \$24,953.82 in 21st Century funds that were under DOE’s supervision and control. **PETERSON** did this by withdrawing the funds from the CDC bank account in the Eastern District of Louisiana and elsewhere for gambling and other personal purposes.

C. Theft of HUD funds:

On or about October 1, 2012, **PETERSON** made an agreement with HANO under the CSS program to provide a variety of supportive services for residents of the Estates, an Orleans Parish public housing development; HANO, in turn, agreed to provide CSS funds to CDC to finance the services. On or about April 9, 2013, **PETERSON** made an agreement with the City of New Orleans under the CDBG program to provide summer program services for local children; the City of New Orleans, in turn, agreed to provide CDBG funds to CDC to finance the services. Under both agreements, the funds were for specified expenditures made in compliance with HUD rules and regulations, which included retention of documentation for inspection by HUD.

Pursuant to the agreements, from in or about December 2012 through in or about September 2013, CDC received CSS funds from HANO and CDBG funds from the City of New Orleans. These HUD funds were the primary source of income to CDC's bank account during this time. This money was designated for expenses that **PETERSON** reported to HANO and the City of New Orleans. **PETERSON** routinely submitted documentation to justify expenditures of these HUD funds and represented that all funds were properly spent.

From in or about December 2012 through in or about December 2013, **PETERSON** continued withdrawing money from the CDC bank account in the Eastern District of Louisiana and elsewhere for gambling and other personal purposes. Through these withdrawals, **PETERSON** embezzled, stole, and knowingly converted to her own use approximately \$62,339.59 in CSS and CDBG funds that were under HUD's supervision and control.

D. Theft of LWC funds:

From in or about August 2012 through in or about December 2012, **PETERSON** devised and executed a scheme to defraud LWC. On or about August 17, 2012, in the Eastern District of Louisiana, **PETERSON** submitted to LWC an online application for unemployment benefits. With a conscious, knowing intent to deceive and cheat LWC, **PETERSON** falsely represented that she had been laid off from CDC and was not working. Between on or about August 20, 2012, and on or about December 17, 2012, in the Eastern District of Louisiana, **PETERSON** made weekly certifications to LWC. In each certification, **PETERSON** falsely represented that she was unemployed and was not working. During this time period, as **PETERSON** well knew, she was working at CDC and earning wages.

Based on **PETERSON'S** materially false representations, LWC accepted her application and issued her a payment of \$3,108 on or about December 3, 2012, to cover her purported unemployment from the date of her application. At **PETERSON'S** request the payment was made as a direct deposit to her bank account in the Eastern District of Louisiana. To authorize the deposit, on or about December 3, 2012, LWC wired writings, signs, and signals in interstate commerce from Baton Rouge, Louisiana to Chase Bank in Tampa, Florida. By submitting her application, **PETERSON** caused this wire communication, knowing or reasonably foreseeing that this use of wire communications facilities would follow in the ordinary course of business. From on or about December 5, 2012, through on or about December 19, 2012, LWC issued **PETERSON** weekly payments of approximately \$222 based on her continued weekly

