

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

|                                 |          |   |
|---------------------------------|----------|---|
| <b>UNITED STATES OF AMERICA</b> | <b>:</b> | <b>CRIMINAL NO. 13-</b>   |
| <b>v.</b>                       | <b>:</b> | <b>DATE FILED:</b>  |
| <b>MASAI SKIEF</b>              | <b>:</b> | <b>VIOLATIONS:</b><br><b>18 U.S.C. § 1343 (wire fraud - 2 counts)</b> |

**INFORMATION**

**COUNTS ONE AND TWO**

**THE UNITED STATES ATTORNEY CHARGES THAT:**

At all times relevant to this Information, unless otherwise indicated:

**Harambee Institute Inc.**

1. According to its articles of incorporation filed with the Commonwealth of Pennsylvania, in or around January 1976, Harambee Institute, Inc. (“Harambee Institute”) was incorporated as a nonprofit corporation under the Nonprofit Corporation Law of the Commonwealth of Pennsylvania for the following purposes: “To provide educational services and vocational training to all peoples of all ages within the meaning of the charitable and educational purposes of section 501(c)(3) of the United States Internal Revenue Code of 1954, as amended.”

2. The articles of incorporation for Harambee Institute further provided that “[n]o part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, trustees, officers or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make

payments and distributions in furtherance of the purposes set forth” in paragraph one of this Information.

3. Under Section 501(c) of the Internal Revenue Code, Harambee Institute was required to annually file with the Internal Revenue Service (IRS) a Form 990 entitled “Return of Organization Exempt from Income Tax,” which is designed to set forth the revenue and expenses of a non-profit organization.

4. The original president and chief executive officer of Harambee Institute was John Skief, the father of defendant MASAI SKIEF.

#### **Harambee Charter School**

5. In or around June 1997, the Commonwealth of Pennsylvania enacted Act 22 of 1997, also known as the “Charter School Law.” The Charter School Law provided opportunities for individuals to establish and maintain schools that operate independently from the existing school district structure. The Charter School Law further provided that charter schools must be organized as public, nonprofit corporations, and that charters may not be granted to any for-profit entity.

6. In or around August 1997, John Skief incorporated as a nonprofit corporation the Harambee Institute of Science and Technology Charter School (“Harambee Charter School” or “the School”), which had a tax identification number and articles of incorporation distinct from those of Harambee Institute. Harambee Charter School educated children from kindergarten to eighth grade, promoting itself as Pennsylvania’s first African-centered charter school.

6. The Commonwealth of Pennsylvania, through the School District of Philadelphia, funded Harambee Charter School, along with Philadelphia's other charter schools. The United States government provided substantial funding to the Commonwealth of Pennsylvania to support its payments to the charter schools.

7. On or about December 1, 2007, John Skief passed away.

8. Within weeks of John Skief's death, Harambee Charter School established the John D. Skief Scholarship Fund (the "Scholarship Fund"), which according to documents used to solicit funds, was established to create financial awards for graduates of the School "who wish to pursue undergraduate studies at a historically black institution of higher education in the United States." On or about December 28, 2007, the School opened an account at Sovereign Bank for the money collected on behalf of the Scholarship Fund (account number ending in 5511).

#### **The School Building and the IRS Form 990**

9. In or about 2006, through a mortgage serviced by Sovereign Bank, Harambee Institute purchased a building at 636-648 North 66<sup>th</sup> Street in Philadelphia ("the School building"), the front of which displayed lettering reading "Harambee Institute," "School of Science & Technology Charter School," and "Est. 1976." Under the terms of its mortgage, Harambee Institute was required to provide Sovereign Bank with proof of its annual compliance with the requirement to file a Form 990 with the IRS.

10. From at least 2006 to 2012, Harambee Charter School operated out of the School building. On or about February 6, 2006, Harambee Institute and Harambee Charter School entered into a ten-year lease agreement which provided for the School to pay Harambee

Institute \$36,000 per month as rent for use of the School building. From at least 2010 through 2012, Harambee Institute was funded almost entirely by Harambee Charter School, and the functions of Harambee Institute were almost entirely limited to operating the School building.

11. For the years 2009 through 2011, Harambee Institute failed to properly file IRS Forms 990. After IRS and Sovereign Bank contacted Harambee Institute concerning its failure to submit Forms 990, Harambee Institute retained the services of an accountant known to the United States Attorney and identified here as D.S.

12. On or about November 15, 2011, the IRS revoked Harambee Institute's status as a non-profit organization under Section 501(c) of the Internal Revenue Code.

**The Defendant's Leadership of Harambee Institute and Harambee Charter School**

13. Prior to the death of his father, defendant MASAI SKIEF was employed by Harambee Charter School as a teacher, receiving an annual salary of approximately \$40,740 in 2007.

14. Shortly after the death of his father, defendant MASAI SKIEF assumed control over the operations of Harambee Charter School as its interim chief administrative officer. A short time later, defendant SKIEF became the president and chief executive officer of Harambee Charter School.

15. After the death of his father, defendant MASAI SKIEF also became the president and chief administrative officer of Harambee Institute.

16. On or about September 19, 2008, defendant MASAI SKIEF closed Harambee Charter School's Scholarship Fund account (account number ending in 5511)

and transferred the account balance to a new Sovereign Bank account (account number ending in 0740) (“the new Scholarship account”). Defendant SKIEF opened the new Scholarship account under the name and tax identification number of Harambee Institute rather than those of Harambee Charter School. Between on or about September 19, 2008 and on or about January 16, 2009 defendant SKIEF deposited into the new Scholarship account over 90 checks which donors had made payable to the Scholarship Fund.

17. Between 2008 and 2012, defendant MASAI SKIEF exercised sole control over multiple Sovereign Bank accounts in the name of Harambee Institute (account numbers ending in 7611, 7307, and 0740), which included the new Scholarship account and the accounts in which Harambee Charter School’s rent was deposited.

18. Between 2008 and 2012, Harambee Charter School gave defendant MASAI SKIEF several salary increases and at least one bonus. By August 2012, defendant SKIEF was receiving a base annual salary of approximately \$100,000.

19. By no later than April 29, 2011, defendant MASAI SKIEF had learned that a federal grand jury, sitting in this district (“the grand jury”), federal law enforcement agents, and the United States Attorney’s Office were investigating the finances of Harambee Institute and Harambee Charter School.

### **The Scheme**

20. From at least September 19, 2008 through February 5, 2013, in the Eastern District of Pennsylvania, and elsewhere, defendant

### **MASAI SKIEF**

devised and intended to devise a scheme to defraud the Scholarship Fund and Harambee Institute

to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

**Manner and Means**

It was part of the scheme that:

21. Defendant MASAI SKIEF abused his positions of authority and trust at Harambee Charter School and Harambee Institute to fraudulently obtain funds for his personal benefit.

**Scholarship Fund Money**

22. On or about June 9, 2009, defendant MASAI SKIEF used the Internet to execute two transfers of Scholarship Fund money, totaling \$9,000, from the new Scholarship account to defendant SKIEF's Sovereign Bank personal business account in the name "IDREAM, LLC" (account number ending in 6724) ("the IDREAM account").

23. On or about October 22, 2009, defendant MASAI SKIEF wrote a check on the IDREAM account payable to "Masai Skief," for \$10,000, which included \$9,000 of Scholarship Fund money. Defendant SKIEF deposited this check into his personal account at Wells Fargo Bank (account number ending in 9466) and then withdrew the money, along with other funds, in cash.

24. On or about November 6, 2009, defendant SKIEF used the \$9,000 of Scholarship Fund money that he had taken to purchase a personal residence in Philadelphia.

25. To conceal the fraudulent scheme, defendant MASAI SKIEF obstructed justice by attempting to convince federal law enforcement authorities and the grand jury that the money he had taken from the new Scholarship account was actually "loaned" to a School

employee known to the United States Attorney and identified here as J.A.D., when in fact, as defendant SKIEF well knew, defendant SKIEF had used the money for his own purposes, including the purchase of his home. Among other things,

- a. on October 10, 2012, defendant SKIEF caused J.A.D. to lie to federal agents about this fictitious loan; and
- b. on October 23, 2012, defendant SKIEF, caused J.A.D. to testify falsely to the grand jury about this fictitious loan.

**Harambee Institute Money**

26. Defendant MASAI SKIEF caused Harambee Charter School to pay more funds to Harambee Institute than were necessary to cover the cost of servicing the mortgage on the School building.

27. After assuming leadership positions at the two organizations, defendant MASAI SKIEF caused Harambee Charter School to pay Harambee Institute a total of \$63,584.68 in “prepaid rent” payments in addition to the \$36,000 monthly rent payments stipulated in the February 6, 2006 ten-year lease agreement, detailed as follows:

| <b>APPROXIMATE DATE</b> | <b>AMOUNT OF “PREPAID RENT” PAYMENT</b> |
|-------------------------|---|
| August 19, 2009         | \$34,584.68                             |
| December 1, 2009        | \$9,000                                 |
| January 7, 2010         | \$8,000                                 |
| April 20, 2010          | \$5,000                                 |
| May 24, 2010            | \$7,000                                 |

28. On or about June 1, 2011, under defendant MASAI SKIEF's leadership of both organizations, Harambee Charter School and Harambee Institute entered into a "First Amendment to the Lease Agreement" ("First Amendment") which required the School to pay an additional \$5,000 per month purportedly "to cover increased costs in connection with the Lessor's duties as landlord, including accounting and attorney's fees . . . ."

29. While Harambee Charter School was funding Harambee Institute, defendant MASAI SKIEF used his control of Harambee Institute's Sovereign Bank accounts to fraudulently obtain funds for his own purposes as follows:

- a. on or about September 29, 2009, in Philadelphia, Pennsylvania, defendant SKIEF caused a check on a Harambee Institute account to be issued for \$3,000 to a third party to pay personal expenses of a relative of defendant SKIEF; and
- b. on or about July 1, 2010 through on or about August 31, 2012, in Orlando, Florida, Hammonton, New Jersey, Philadelphia, Pennsylvania, and elsewhere, defendant SKIEF improperly converted approximately \$76,000 for his personal use by making dozens of cash withdrawals from Harambee Institute accounts.

30. To conceal this ongoing fraud from Harambee Institute and Sovereign Bank and to allow the fraud to continue, defendant MASAI SKIEF attempted to disguise a significant portion of his improper cash withdrawals from the accounts of Harambee Institute as labor costs for Harambee Institute. In or around early 2012, Defendant SKIEF directed Harambee Institute's accountant, D.S., to generate IRS Forms 990 and 1099 based on



information which defendant SKIEF knew to be false. Defendant SKIEF falsely advised D.S. that there was a legitimate basis for \$52,190.04 in “cash expenses” incurred by Harambee Institute from July 31, 2010 through June 30, 2011. Defendant SKIEF falsely told D.S. that those funds were provided to individuals known to the United States Attorney and identified here as S.B. and A.D., for labor services provided to Harambee Institute in 2010 and 2011. In fact, as defendant SKIEF well knew, S.B. and A.D. collectively received payments in 2010 and 2011 from Harambee Institute of only a few thousand dollars. Defendant SKIEF’s efforts to conceal the fraud and allow it to continue included the following:

- a. Defendant SKIEF attempted to cause D.S. to prepare IRS Forms 1099 for calendar year 2010 for S.B. and A.D. reflecting that Harambee Institute supposedly paid each individual \$15,708.45 for calendar year 2010, when defendant SKIEF knew full well that the true amount of payments was significantly lower.
- b. Relying on the false information that defendant SKIEF provided him, D.S. prepared IRS Forms 1099 for miscellaneous income that Harambee Institute supposedly paid to S.B. and A.D. Specifically, D.S. prepared false Forms 1099s for calendar year 2011 for S.B. and A.D. reflecting earnings of \$10,386.57 for each individual.
- c. Relying on the false information that defendant SKIEF provided him, D.S. prepared a false IRS Form 990 reflecting that Harambee Institute paid \$52,490 as labor costs, which were identified as “contracted 1099,” when in fact defendant SKIEF knew full well

that he had withdrawn that sum of money in cash from Harambee Institute bank accounts for his personal use and not for labor costs.

- d. Relying on the false Form 990 that defendant SKIEF caused to be created and submitted to Sovereign Bank, Sovereign Bank allowed Harambee Institute to maintain its mortgage, thus enabling Harambee Institute to continue receiving rent payments from Harambee Charter School.

31. To conceal his ongoing fraud from a federal criminal investigation and to allow the fraud to continue, defendant MASAI SKIEF also obstructed justice by attempting to convince federal law enforcement authorities and the grand jury that a significant portion of his improper cash withdrawals from the accounts of Harambee Institute were labor costs for Harambee Institute. Among other things:

- a. In or about early 2012, defendant SKIEF attempted to cause S.B. to adopt the false information contained in the false IRS Form 1099 that reflected \$10,386.57 in payments from Harambee Institute to S.B., when defendant SKIEF knew full well that the true amount of payments was significantly lower.
- b. In or about August 2012, expecting that federal agents would question A.D. about the false IRS Form 1099 that reflected \$10,386.57 in payments from Harambee Institute to A.D., defendant SKIEF offered to pay A.D. \$300 to adopt the false information contained in that false Form 1099, when defendant

SKIEF knew full well that the true amount of payments was significantly lower.

**The Wires**

32. On or about each of the dates set forth below, in the Eastern District of Pennsylvania, and elsewhere, defendant

**MASAI SKIEF,**

for the purpose of executing the scheme described above, caused to be transmitted by means of wire communication in interstate and foreign commerce the signals and sounds described below for each count, each transmission constituting a separate count:

| COUNT | APPROXIMATE DATE | DESCRIPTION   |
|-------|------------------|---|
| ONE   | 8/27/2012        | wire transmission from Sovereign Bank in Philadelphia, Pennsylvania to a processing center for Sovereign Bank in Mexico to verify authenticity of bank card and availability of funds for ATM cash withdrawal by defendant SKIEF of \$102.00. |
| TWO   | 8/28/2012        | wire transmission from Sovereign Bank in Philadelphia, Pennsylvania to processing center for Sovereign Bank in Mexico to verify authenticity of bank card and availability of funds for ATM cash withdrawal by defendant SKIEF of \$201.75.   |

All in violation of Title 18, United States Code, Section 1343.



**ZANE DAVID MEMEGER**  
United States Attorney

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

INFORMATION

13-400

DESIGNATION FORM to be used by counsel to indicate the category of the case for the purpose of assignment to appropriate calendar.

Address of Plaintiff: 615 Chestnut Street, Suite 1250, Philadelphia, PA 19106-4476

Post Office: Philadelphia County: Philadelphia

City and State of Defendant: Philadelphia, PA

County: Philadelphia Register number: N/A

Place of accident, incident, or transaction: Eastern District of Pennsylvania

Post Office: Philadelphia County: Philadelphia

RELATED CASE, IF ANY:

Criminal cases are deemed related when the answer to the following question is "yes".

Does this case involve a defendant or defendants alleged to have participated in the same action or transaction, or in the same series of acts or transactions, constituting an offense or offenses?

YES/NO: No

Case Number: N/A Judge:

CRIMINAL: (Criminal Category - FOR USE BY U.S. ATTORNEY ONLY)

- 1.  Antitrust
- 2.  Income Tax and other Tax Prosecutions
- 3.  Commercial Mail Fraud
- 4.  Controlled Substances
- 5.  Violations of 18 U.S.C. Chapters 95 and 96 (Sections 1951-55 and 1961-68) and Mail Fraud other than commercial
- 6.  General Criminal

(U.S. ATTORNEY WILL PLEASE DESIGNATE PARTICULAR CRIME AND STATUTE CHARGED TO BE VIOLATED AND STATE ANY PREVIOUS CRIMINAL NUMBER FOR SPEEDY TRIAL ACT TRACKING PURPOSES)

18 U.S.C. § 1343 (wire fraud - 2 counts)

DATE: August 6, 2013

  
Joseph J. Khan  
Assistant United States Attorney

File No. 2010R00345  
U.S. v. Masai Skief