

For Immediate Release
December 16, 2011

**EL PASO BUSINESSMEN CHARGED WITH CONSPIRING TO DEFRAUD
AND EMBEZZLE FEDERAL PROGRAM FUNDS IN TEXAS**

ALBUQUERQUE – U.S. Attorney Kenneth J. Gonzales announced the arrests of **Ruben “Sonny” Garcia, Jr.**, 62, and **Cirilo “Chilo” Lara Madrid**, 66, both residents of El Paso, Tex., on conspiracy, embezzlement and fraud charges in an 11-count indictment that was unsealed earlier today by the U.S. District Court for the Western District of Texas (El Paso Division). Garcia and Madrid are scheduled to make their initial appearances before United States Magistrate Judge Norbert Garney this afternoon at 2:30 p.m.

The indictment, which was filed under seal by a federal grand jury on December 14, 2011, generally alleges that Garcia and Madrid, through LKG Enterprises, Inc., a business owned by Garcia, fraudulently obtained \$550,000 in federal funds from a program that provided services to severely mentally handicapped and emotionally disturbed children in the El Paso area. LKG Enterprises, Inc., is also named as a defendant.

The indictment alleges the following offenses: Count One, conspiracy to defraud the United States and theft or embezzlement of federal program funds; Count Two, theft or embezzlement of federal program funds; Count Three, conspiracy to commit mail fraud and the deprivation of honest services; Counts Four through Seven, mail fraud and the deprivation of honest services; and Counts Eight through Eleven, mail fraud. The indictment also seeks forfeiture of assets in the amount of \$550,000, the alleged proceeds of the unlawful activities charged.

Upon conviction, Garcia and Madrid each face statutory maximum sentences of up to five years imprisonment on Count One; up to ten years imprisonment on Count Two; and up to

20 years imprisonment on each offense charged in Counts Three through Eleven.

According to the indictment, between June 2005 and March 2007, the defendants allegedly conspired to defraud the Border Children's Mental Health Collaborative (BCMHC) of \$550,000 in federal program funds. At times relevant to the indictment, BCMHC provided services to severely mentally handicapped and emotionally disturbed children in El Paso County and was funded, in part, by federal grants from the Substance Abuse and Mental Health Services Administration (SAMHSA), an agency of the U.S. Department of Health and Human Services. The SAMHSA grant included an evaluation component requiring that data related to the services provided by BCMHC be reported to SAMHSA. BCMHC allegedly complied with the grant's evaluation component by retaining a contractor to collect the necessary data. The indictment alleges that, in fall 2005, the defendants secured the contract to fulfill the evaluation component of the grant by subterfuge, and subsequently were paid \$550,000 in \$50,000 monthly increments, but failed to provide the services required under the contract.

The indictment further alleges that, between August and December 2005, Garcia and Madrid agreed to pay an El Paso County Judge, identified as DB, \$2,000 a month if she supported the award of the contract for the evaluation component of the SAMHSA grant to LKG Enterprises, Inc. At the time, DB allegedly was serving as the principal investigator for the SAMHSA grant. According to the indictment, in October 2005, the El Paso County Commissioners Court, including DB, awarded the contract for the evaluation component of the SAMHSA grant to LKG Enterprises, Inc. Thereafter, Garcia and Madrid made 12 monthly payments of \$3,000 to an intermediary, who forwarded \$2000 a month to DB pursuant to her agreement with Garcia and Madrid.

Mark Morgan, Special Agent in Charge of the El Paso Division of the Federal Bureau of

Investigation, said, “These indictments and arrests represent the FBI’s commitment to the citizens of El Paso that we will vigorously continue to investigate allegations of public corruption regarding elected or appointed public officials. The hard work and dedication of the El Paso FBI agents, professional staff, and US Attorney’s Office is prevalent in today’s charges. The citizens of this community deserve to have a sense of confidence that their tax dollars are being spent honestly.”

The investigation was conducted by the Federal Bureau of Investigation, and the case is being prosecuted by Steven C. Yarbrough, First Assistant U.S. Attorney in the District of New Mexico, and Assistant U.S. Attorneys William F. Lewis, Jr., and Juanita Fielden in the Western District of Texas.

Charges in indictments are only accusations. All criminal defendants are presumed innocent unless proven guilty beyond a reasonable doubt.

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