



Department of Justice

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District of Columbia

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FORMER DISTRICT OF COLUMBIA COUNCIL MEMBER HARRY THOMAS JR.
SENTENCED TO 38 MONTHS IN PRISON
FOR THEFT, TAX CHARGES IN SCHEME INVOLVING GOVERNMENT FUNDS

Judge Calls Crimes a “Betrayal of the Public Trust”

Defendant Earlier Resigned From Office, Agreed to Pay Restitution

WASHINGTON – Harry L. Thomas Jr., a former member of the Council of the District of Columbia, was sentenced today to 38 months in prison on federal theft and tax charges stemming from a scheme in which he used more than \$350,000 in taxpayers’ money that was earmarked for the arts, youth recreation and summer programs for his own personal benefit, including to pay for vehicles, clothing and trips.

The sentence was announced by U.S. Attorney Ronald C. Machen Jr.; Assistant Attorney General Lanny A. Breuer of the Justice Department’s Criminal Division; Ronald T. Hosko, Special Agent in Charge of the FBI Washington Field Office’s Criminal Division; and Eric Hylton, Acting Special Agent in Charge of the Washington Field Office of the Internal Revenue Service-Criminal Investigation (IRS-CI).

Thomas, 51, pleaded guilty on Jan. 6, 2012, in the U.S. District Court for the District of Columbia to a criminal information charging him with one count of theft concerning programs receiving federal funds and one count of filing a false tax return. As part of the plea agreement, he agreed to submit his resignation from the District of Columbia Council. Thomas is the first sitting member of the D.C. Council to be charged with and convicted of a felony.

At sentencing, the Honorable John D. Bates said that Thomas’s crimes were a “betrayal of the public trust” and directly affected programs meant to help needy, underprivileged youths.

Thomas will be required to make restitution in an amount to be set later by Judge Bates. In addition, he must forfeit a 2008 Victory motorcycle and 2008 Chevrolet Tahoe truck, both of which are traceable to proceeds of his crimes. Thomas also must pay all outstanding taxes,

interest and penalties. Finally, upon completion of his prison term, Thomas will be placed on three years of supervised release.

According to a statement of offense signed by the government as well as the defendant, Thomas arranged to steer a total \$353,500 from a non-profit public-private partnership that received funding from the District government. Thomas directed the money to two entities that he controlled, and he then used it for his own purposes.

Among other things, money that was meant to benefit the district's residents was spent by Thomas to purchase a \$69,149 Audi luxury sport-utility vehicle, the \$23,245 Victory motorcycle, expensive clothing, restaurant meals and luxury vacations. Thomas also used the money to cover his expenses in helping to arrange entertainment for a 2009 inaugural ball.

The case remains under investigation. Two others also pleaded guilty to charges in January 2012 and are awaiting sentencing.

"Harry Thomas Jr. was driven by greed to steal from the very children he claimed to champion," said U.S. Attorney Machen. "He fostered a public persona as an advocate for underprivileged kids at the same time he was funneling tax dollars set aside for youth programs to his own bank accounts. This prison sentence is just punishment for his flagrant abuse of the trust placed in him by the people of the District of Columbia."

"Mr. Thomas used his position as a member of the D.C. Council to steer taxpayer funds to organizations he controlled and for his personal benefit," said Assistant Attorney General Breuer. "He pleaded guilty to this brazen abuse of trust earlier this year, and now, appropriately, he will serve time in prison. Holding public officials accountable for their conduct is one of the Justice Department's most important missions; and, as this ongoing investigation shows, when we see wrongdoing at any level of government, we will pursue it diligently."

"Money intended to improve the lives of district youth was instead illegally used by Mr. Thomas to improve his own life," said Special Agent in Charge Hosko. "Councilman Thomas's greed damaged the integrity of our government and disrespected the community that elected him. Today's sentencing serves as a reminder to government officials that corruption will not be overlooked or downplayed."

"Today's sentencing again emphasizes that in working with our investigative law enforcement partners, IRS Criminal Investigation has done what it does best – we follow the money," said Acting Special Agent in Charge Hylton. "Combining the investigative prowess of more than one federal law enforcement agency shows how seriously we take our commitment to ensure we hold public officials accountable for their actions. No matter what your station, it is unacceptable to help yourself to other people's money and violate their trust. If you commit a crime, status as a political leader will not protect you from federal prosecution."

Thomas was elected to the council in November 2006 and took office as the representative for Ward 5 in January 2007. According to the government's evidence, Thomas's scheme to steal taxpayer money was extensive and began almost immediately after he assumed

public office, continuing at least until February 2009. Thomas was both the mastermind and chief financial beneficiary of his crimes and recruited others to assist him in the embezzlement.

During his first four-year term in office, Thomas was chair of the council's Committee on Libraries, Parks, Recreation and Planning, which involved oversight responsibility for the D.C. Department of Parks and Recreation. In that role, he had dealings with a non-profit public-private partnership that provided resources and developed programs to benefit children and youth in the District of Columbia. The partnership was primarily funded by the D.C. government through funds designated by the mayor and council for particular youth-related purposes. The partnership provided grants to organizations for programs tailored for children and youth.

The statement of offense provides details about Thomas's role in seven grants awarded by the public-private partnership between July 2007 and August 2009. These grants were awarded to three organizations for initiatives that were supposed to include an arts-oriented youth program, youth baseball programs and a summer youth program. They were paid after the partnership received documents that falsely represented how the money would be spent; these forms, according to the statement of offense, were done at Thomas's direction.

After receiving the grant money, however, and also at Thomas's direction, the organizations issued checks to Thomas's own corporations. According to the statement of offense, Team Thomas, a purported non-profit, received \$108,000. HLT Development, a for-profit business, received \$238,000. The money was used primarily for Thomas's personal benefit.

In addition, the public-private partnership issued a \$110,000 check in February 2009 to one of the organizations that was purportedly to fund a youth-centered inaugural event. However, the statement of offense notes that the money was actually to fund the debts from an event known as the 51st State Inaugural Ball, organized by Thomas and others, in January 2009. This event was a political event, not a program directed at benefitting youth, and it was outside the scope of the public-private partnership's mission to serve the children of the District of Columbia.

Thomas had advanced \$7,500 of his own funds for entertainment for the event, and the organization repaid him through HLT Development.

As part of the plea, Thomas also admitted that he filed false tax returns that did not declare \$25,000 in income from tax year 2007; \$278,000 from 2008; and \$43,000 from 2009.

Last year, Thomas agreed to repay the District of Columbia \$300,000 to settle a civil lawsuit filed against him by the District of Columbia Office of the Attorney General. The civil lawsuit, filed in June 2011 in the Superior Court of the District of Columbia, dealt largely with Thomas's activities with one of the organizations. As part of that settlement, HLT Development also was required to donate sporting goods and equipment to a D.C. affiliate of Little League Baseball.

Under the plea agreement, the amount of restitution Thomas must pay in the criminal case will be offset by any payments he has made in the civil lawsuit.

The others who have pleaded guilty include James Garvin, 55, and Marshall D. Banks, 71, leaders of one of the non-profits used in the scheme. Both men, from the Langston in the 21st Century Foundation, pleaded guilty to misprision of a felony, a charge holding them accountable for failing to report and concealing the misappropriation of \$392,000 in government grants.

This case was investigated by the FBI's Washington Field Office and the Washington Field Office of IRS-CI.

In announcing the sentence, U.S. Attorney Machen, Assistant Attorney General Breuer, Special Agent in Charge Hosko and Acting Special Agent in Charge Hylton commended the work of those who investigated the case for the FBI and IRS-CI.

They also acknowledged the efforts of Assistant U.S. Attorneys Jonathan W. Haray, Courtney G. Saleski, Bridget M. Fitzpatrick, Ellen Chubin Epstein and Matthew Graves of the Fraud and Public Corruption Section in the U.S. Attorney's Office for the District of Columbia; Assistant U.S. Attorney Diane Lucas of the Asset Forfeiture and Money Laundering Section of the U.S. Attorney's Office; and Trial Attorney Peter Mason of the Public Integrity Section of the Department of Justice's Criminal Division, who prosecuted the case.

Finally, they expressed appreciation to Criminal Investigators Matthew Kutz, Mark Crawford and Melissa Matthews; Paralegal Specialists Tasha Harris, Diane Hayes, Sarah Reis, Shanna Hays, Lenisse Edloe and Monica Johnson; former Legal Assistant Jared Forney; Legal Assistant Krishawn Graham; and Litigation Technology Specialist Tracy Van Atta, all of the U.S. Attorney's Office.

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