

FILED
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AK

THOMAS G. BRUTON
CLERK, U.S. DISTRICT COURT

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

22CR110

UNITED STATES OF AMERICA

v.

TONY BELL and
BARBARA HARRIS

Judge Andrea R. Wood
No. **Magistrate Judge Jeffrey Cole**

Violations: Title 18, United
States Code, Sections 1343
and 1956(a)(1)(B)(i) and (h)

COUNT ONE

The SPECIAL NOVEMBER 2020 GRAND JURY charges:

1. At times material to this Indictment:

a. The 21st Century Community Learning Centers Program was a federally-funded program that awarded grants to support the creation of community learning centers providing academic enrichment opportunities during non-school hours for children, particularly students attending high-poverty and low-performing schools.

b. The United States Department of Education allotted 21st Century Community Learning Centers Program funds to state educational agencies, which were responsible for reviewing grant applications and awarding the grant funds to schools and community-based organizations. In Illinois, the Illinois State Board of Education administered 21st Century Community Learning Centers Program funds.

c. Defendant TONY BELL was the Executive Director of the Center for Community Academic Success Partnerships ("CCASP"), a not-for-profit entity

incorporated in Illinois that purported to provide, and at times did provide, afterschool programs to elementary and secondary schools in the Chicago area.

d. Defendant BARBARA HARRIS was employed as a Project Manager at CCASP.

e. Defendant BELL and associates of his controlled various bank accounts at Bank A in the name of CCASP, including an account ending in -6088 (collectively, "the Operating Accounts").

f. The Scouting Network Community Committee was a not-for-profit entity incorporated in Illinois and operated by defendant BELL.

g. Community Partners was the name of a purported entity controlled by defendant HARRIS and Individual A.

h. Subcontractors A through C were not-for-profit entities that, among other things, provided youth development programs for elementary and secondary schools in the Chicago area.

2. Beginning in or around January 2012 and continuing through in or around April 2017, in the Northern District of Illinois, Eastern Division, and elsewhere,

TONY BELL and
BARBARA HARRIS,

defendants herein, knowingly devised, intended to devise, and participated in a scheme to defraud and to obtain money from the 21st Century Community Learning Centers Program, through the Illinois State Board of Education, by means of

materially false and fraudulent pretenses, representations, and promises, as further described below.

3. It was part of the scheme that defendants BELL and HARRIS, and others, fraudulently induced the Illinois State Board of Education to disburse funds from the federally-funded 21st Century Community Learning Centers Program by submitting and causing to be submitted false and fraudulent grant applications, in which they falsely inflated CCASP's projected annual expenses and falsely claimed that CCASP would receive programmatic and administrative services from several subcontractors, including the Scouting Network Community Committee, Community Partners, and Subcontractors A, B, and C (collectively, the "Fictitious Subcontractors"), knowing that the Fictitious Subcontractors would not be providing those services.

4. It was further part of the scheme that defendants BELL and HARRIS, and others, prepared and submitted and caused to be prepared and submitted to the Illinois State Board of Education false and fraudulent periodic expenditure reports and reimbursement requests in which defendants falsely inflated CCASP's actual expenses and falsely represented that the Fictitious Subcontractors had performed program services on CCASP's behalf. As defendants knew, the Fictitious Subcontractors did not provide the represented services or programs on CCASP's behalf and CCASP's actual expenses were significantly less than defendants claimed.

5. It was further part of the scheme that defendants BELL and HARRIS, and others, prepared and caused to be prepared false and fraudulent "Check

Requests” and other supporting documents that CCASP was required to retain on file by the Illinois State Board of Education for the 21st Century Community Learning Centers Program in the event of a program audit or inspection. In some “Check Requests” and other supporting documents, defendants falsely represented that the Fictitious Subcontractors had performed program services on CCASP’s behalf.

6. It was further part of the scheme that defendant BELL and his associates opened two bank accounts at Bank A, each in the name of four of the five Fictitious Subcontractors, namely, the Scouting Network Community Committee doing business as Subcontractor A, Subcontractor B, and Subcontractor C (collectively, “the Bank A Subcontractor Accounts”). BELL had access to, and controlled all money deposited into, the Bank A Subcontractor Accounts. As BELL knew, Subcontractors A through C had not authorized defendants to use the entities’ names in connection with these bank accounts.

7. It was further part of the scheme that defendant BELL and his associates opened five bank accounts at Bank B, each in the names of two or more Fictitious Subcontractors, including variations of the names of the Scouting Network Community Committee, Subcontractor B, and Subcontractor C (collectively, “the Bank B Subcontractor Accounts”). BELL had access to, and controlled all money deposited into, the Bank B Subcontractor Accounts. As BELL knew, neither Subcontractor B nor C had authorized the defendants to use the entities’ names in connection with these bank accounts.

8. It was further part of the scheme that defendants BELL and HARRIS misappropriated 21st Century Community Learning Centers Program funds received in the Operating Accounts from the Illinois State Board of Education by converting those funds to their own benefit and using them for various purposes other than purposes relating to the 21st Century Community Learning Centers Program, such as:

- a. making payments on credit card accounts belonging to BELL;
- b. issuing checks to the Fictitious Subcontractors that were then deposited into the Bank A Subcontractor Accounts or the Bank B Subcontractor Accounts, after which the funds were: (1) used to make payments on credit card accounts belonging to BELL; (2) withdrawn as cash; or (3) used to write checks that were then negotiated at a currency exchange for cash or to purchase money orders;
- c. issuing checks to Community Partners that were then negotiated at a currency exchange for cash or to purchase money orders; and
- d. withdrawing funds as cash.

9. It was further part of the scheme that defendants BELL and HARRIS concealed, misrepresented, and hid, and caused to be concealed, misrepresented, and hidden, the existence, purpose, and acts done in furtherance of the scheme.

10. As a result of the scheme, defendants BELL and HARRIS caused a loss of at least approximately \$1,800,000 in 21st Century Community Learning Centers Program funds administered by the Illinois State Board of Education.

11. On or about March 6, 2017, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

TONY BELL and
BARBARA HARRIS,

defendants herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, a wire transmission of approximately \$8,120 from the Illinois State Board of Education to a Bank A account in the name of CCASP, which ended in -6088, through a payment processing service located in Arkansas;

In violation of Title 18, United States Code, Section 1343.

COUNT TWO

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 10 of Count One are realleged here.
2. On or about March 13, 2017, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

TONY BELL and
BARBARA HARRIS,

defendants herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, a wire transmission of approximately \$34,683 from the Illinois State Board of Education to a Bank A account in the name of CCASP, which ended in -6088, through a payment processing service located in Arkansas;

In violation of Title 18, United States Code, Section 1343.

COUNT THREE

1. The allegations in paragraph 1 of Count One are realleged here.

2. Beginning no later than in or around January 2012, and continuing until at least on or about March 1, 2017, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

TONY BELL and
BARBARA HARRIS,

defendants herein, did knowingly conspire with each other, and with others, to commit an offense in violation of Title 18, United States Code, Section 1956, namely, to knowingly conduct and attempt to conduct a financial transaction affecting interstate and foreign commerce, which transaction involved the proceeds of a specified unlawful activity, namely, wire fraud, in violation of Title 18, United States Code, Section 1343, knowing that the transaction was designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said specified unlawful activity, and that, while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

Overview of the Conspiracy

2. It was part of the conspiracy that, from no later than in or around January 2012 and continuing until at least on or about March 1, 2017, defendants BELL and HARRIS transported, transmitted, and transferred large amounts of United States currency derived from a scheme to obtain federally-funded grants from

the Illinois State Board of Education, under the 21st Century Community Learning Centers Program, by means of materially false and fraudulent pretenses, representations, and promises.

3. It was further part of the conspiracy that defendants BELL and HARRIS, and others, fraudulently obtained grant funds administered by the Illinois State Board of Education and funded by the 21st Century Community Learning Centers Program by submitting and causing to be submitted grant applications, in which defendants falsely and fraudulently represented CCASP's annual expenses and claimed that CCASP would receive programmatic and administrative services from several subcontractors, including the Scouting Network Community Committee, Community Partners, and Subcontractors A, B, and C (collectively, the "Fictitious Subcontractors"). As defendants knew, Subcontractors A through C did not authorize defendants to include them in CCASP's grant applications, the Fictitious Subcontractors did not provide any such services or programs on CCASP's behalf, and CCASP's actual expenses were significantly less than what they represented in the grant applications.

4. It was further part of the conspiracy that, after the Illinois State Board of Education approved CCASP's grant applications, defendants BELL and HARRIS, and others, caused the Illinois State Board of Education to wire transfer funds from the 21st Century Community Learning Centers Program ("fraud proceeds"), through a payment processing entity outside of Illinois, to the Operating Accounts, by submitting and causing to be submitted periodic expenditure reports and

reimbursement requests, in which defendants falsely and fraudulently overstated CCASP's actual expenses. As defendants knew, CCASP's actual expenses were significantly less than they had claimed.

5. It was further part of the conspiracy that, between in or around January 2012 and on or about March 1, 2017, defendants BELL and HARRIS, and their associates, fraudulently obtained at least approximately \$1,800,000 in 21st Century Community Learning Centers Program funds administered by the Illinois State Board of Education.

6. It was further part of the conspiracy that, after the Illinois State Board of Education deposited the fraudulently obtained grant proceeds into the Operating Accounts, defendants BELL and HARRIS, and others (a) transferred approximately \$1,305,931 of those fraud proceeds to other bank accounts controlled by BELL, HARRIS, and others; (b) used approximately \$436,536 of the fraud proceeds to pay credit card account balances owed by BELL; and (c) used approximately \$130,372 of the fraud proceeds to write numerous checks made payable to Community Partners, which defendants BELL and HARRIS subsequently negotiated for cash or used to purchase money orders at Currency Exchange A, located in Dolton, Illinois.

Checks Made Payable to the Fictitious Subcontractors

7. It was further part of the conspiracy that, after the Illinois State Board of Education transferred fraud proceeds into the Operating Accounts, defendants BELL and HARRIS, and others, wrote checks made payable to the Fictitious Subcontractors and deposited those checks into bank accounts that the defendants

and their associates controlled, to conceal and disguise the nature, location, source, ownership, and control of the fraud proceeds.

8. It was further part of the conspiracy that defendant BELL and his associates opened two bank accounts at Bank A, each in the name of four of the five Fictitious Subcontractors, namely, the Scouting Network Community Committee doing business as Subcontractor A, Subcontractor B, and Subcontractor C (collectively, "the Bank A Subcontractor Accounts"). BELL had access to, and controlled all money deposited into, the Bank A Subcontractor Accounts. As BELL knew, Subcontractors A through C had not authorized defendants to use the entities' names in connection with these bank accounts.

9. It was further part of the conspiracy that defendant BELL and his associates opened five bank accounts at Bank B, each in the names of two or more Fictitious Subcontractors, including variations of the names of the Scouting Network Community Committee, Subcontractor B, and Subcontractor C (collectively, "the Bank B Subcontractor Accounts"). BELL had access to, and controlled all money deposited into, the Bank B Subcontractor Accounts. As BELL knew, neither Subcontractor B nor C had authorized defendants to use the entities' names in connection with these bank accounts.

10. It was further part of the conspiracy that defendants BELL and HARRIS, and their associates, wrote checks from the Operating Accounts, in various amounts, made payable to the Fictitious Subcontractors, then deposited those checks into either the Bank A Subcontractor Accounts or the Bank B Subcontractor Accounts

(together, the "Fictitious Subcontractor Accounts"), which BELL and his associates controlled. In total, the defendants deposited approximately \$1,305,931 in fraud proceeds into the Fictitious Subcontractor Accounts, by way of checks made payable to either the Scouting Network, Subcontractor A, Subcontractor B, or Subcontractor C.

11. It was further part of the conspiracy that, after depositing fraud proceeds from the Operating Accounts into the Fictitious Subcontractor Accounts, defendants BELL and HARRIS, and their associates, wrote numerous checks from the Fictitious Subcontractor Accounts made payable to Community Partners, totaling approximately \$353,945 in fraud proceeds, which checks BELL and HARRIS subsequently negotiated for cash or used to purchase money orders at Currency Exchange A.

12. It was further part of the conspiracy that defendants BELL and HARRIS, and their associates, wrote numerous checks from the Operating Accounts made payable to Community Partners, totaling approximately \$130,372 in fraud proceeds, which checks BELL and HARRIS subsequently negotiated for cash or used to purchase money orders at Currency Exchange A.

13. It was further part of the conspiracy that defendant BELL deposited money orders acquired at Currency Exchange A by defendant HARRIS into various personal bank accounts BELL controlled, including a Bank C account, with a number ending in -7673, and a Bank D account, with a number ending in -4592.

14. It was further part of the conspiracy that, after depositing checks from the Operating Accounts into the Fictitious Subcontractor Accounts, defendants BELL and HARRIS, and their associates, withdrew fraud proceeds from the Fictitious Subcontractor Accounts in cash, which funds defendants used for purposes unrelated to the activities of the CCASP and for their personal use and benefit.

15. It was further part of the conspiracy that defendants BELL and HARRIS, and others, did conceal and hide and cause to be concealed and hidden, the purposes and the acts done in furtherance of the conspiracy, through the use of purported subcontractor names, multiple bank accounts, and other means to avoid detection and apprehension by law enforcement authorities;

In violation of Title 18, United States Code, Section 1956(h).

COUNT FOUR

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about March 1, 2017, at Dolton, in the Northern District of Illinois, Eastern Division, and elsewhere,

BARBARA HARRIS,

defendant herein, did knowingly conduct a financial transaction affecting interstate and foreign commerce, namely, the purchase of a money order bearing reference number 1773813, in the amount of \$2,692.50, from Currency Exchange A, which financial transaction involved the proceeds of a specified unlawful activity, namely, wire fraud, in violation of Title 18, United States Code, Section 1343, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said specified unlawful activity, and that while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity;

In violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

COUNT FIVE

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about March 1, 2017, at Dolton, in the Northern District of Illinois, Eastern Division, and elsewhere,

BARBARA HARRIS,

defendant herein, did knowingly conduct a financial transaction affecting interstate and foreign commerce, namely, the purchase of a money order bearing reference number 1773814, in the amount of \$2,692.50, from Currency Exchange A, which financial transaction involved the proceeds of a specified unlawful activity, namely, wire fraud, in violation of Title 18, United States Code, Section 1343, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said specified unlawful activity, and that while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity;

In violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

COUNT SIX

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about March 1, 2017, at Dolton, in the Northern District of Illinois, Eastern Division, and elsewhere,

BARBARA HARRIS,

defendant herein, did knowingly conduct a financial transaction affecting interstate commerce, namely, the purchase of a money order bearing reference number 1773815, in the amount of \$2,692.50, from Currency Exchange A, which financial transaction involved the proceeds of a specified unlawful activity, namely, wire fraud, in violation of Title 18, United States Code, Section 1343, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said specified unlawful activity, and that while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity;

In violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

COUNT SEVEN

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about March 1, 2017, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

TONY BELL,

defendant herein, did knowingly conduct a financial transaction affecting interstate and foreign commerce, namely, the deposit of a money order from Currency Exchange A, in the amount of \$2,692.50 and bearing reference number 1773813, into a Bank C account with a number ending in -7673, which financial transaction involved the proceeds of a specified unlawful activity, namely, wire fraud, in violation of Title 18, United States Code, Section 1343, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said specified unlawful activity, and that while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity;

In violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

COUNT EIGHT

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about March 1, 2017, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

TONY BELL,

defendant herein, did knowingly conduct a financial transaction affecting interstate and foreign commerce, namely, the deposit of a money order from Currency Exchange A, in the amount of \$2,692.50 and bearing reference number 1773814, into a Bank C account with a number ending in -7673, which financial transaction involved the proceeds of a specified unlawful activity, namely, wire fraud, in violation of Title 18, United States Code, Section 1343, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said specified unlawful activity, and that while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity;

In violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

COUNT NINE

The SPECIAL NOVEMBER 2020 GRAND JURY further charges:

On or about March 1, 2017, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

TONY BELL,

defendant herein, did knowingly conduct a financial transaction affecting interstate and foreign commerce, namely, the deposit of a money order from Currency Exchange A, in the amount of \$2,692.50 and bearing reference number 1773815, into a Bank D account with a number ending in -4592, which financial transaction involved the proceeds of a specified unlawful activity, namely, wire fraud, in violation of Title 18, United States Code, Section 1343, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said specified unlawful activity, and that while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity;

In violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

FORFEITURE ALLEGATION

The SPECIAL NOVEMBER 2020 GRAND JURY further alleges:

1. Upon conviction of an offense in violation of Title 18, United States Code, Section 1956, as set forth in this Indictment, defendants shall forfeit to the United States of America any property involved in such offense, and any property traceable to such property, as provided in Title 18, United States Code, Section 982(a)(1).

2. Upon conviction of an offense in violation of Title 18, United States Code, Section 1343, as set forth in this Indictment, defendants shall forfeit to the United States of America any property, real and personal, which constitutes and is derived from proceeds traceable to the violation, as provided in Title 18, United States Code, Section 981(a)(1)(C).

3. If any of the property described above, as a result of any act or omission by a defendant: cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty, the United States of America shall be entitled to forfeiture of substitute property, as provided in Title 21, United States Code, Section 853(p).

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY