

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

UNITED STATES OF AMERICA	*	CRIMINAL DOCKET NO. 13-22
v.	*	SECTION: "B"
JAMES YOUNGBLOOD	*	VIOLATION: 18 U.S.C. § 371

* * *

FACTUAL BASIS

If this case had gone to trial, the Government would have proven the following beyond a reasonable doubt through competent evidence and tangible exhibits:

Representatives from the Housing Authority of New Orleans (hereinafter "HANO"), a political subdivision of the State of Louisiana, was a local government agency that received federal funding in excess of \$10,000 annually, for the years 2007 - 2009, and that the mission and purpose of HANO was to provide housing and housing services to qualified, underprivileged citizens living within the City of New Orleans.

A representative would also testify that in order to achieve its mission, HANO routinely contracted with private businesses to provide products to and perform services for the multitude of properties under its control in an effort to keep the properties adequately maintained, secure

and habitable. In order for HANO to contract with and pay funds to these private businesses, the business must have been an "approved" vendor. Because the funds being paid by HANO are government funds, preapproval of the vendor prior to contracting is necessary in order to insure that these public funds are being spent on quality products and/or services.

Records and testimony would prove that on or about April 21, 1980, JANICE STAVES was hired by HANO and worked there until her departure on June 1, 2009.

Records and testimony would also prove that from on or about January 16, 1992 and continuing through on or about June 1, 2009, JANICE STAVES served as the Purchasing Clerk for HANO and as a result, was an employee of a state or local government or department and agency thereof and, at all times material to the bill of information, was acting as an agent in her official capacity.

Records and testimony would prove that **JAMES YOUNGBLOOD** previously worked at HANO from 1972 through 2003, and that he owned and operated Youngblood and Youngblood Construction, LLC at all times material to the bill of information.

Witnesses would testify that neither **YOUNGBLOOD** nor Youngblood and Youngblood Construction, LLC provided any services to HANO during the periods material to the bill of information.

Witnesses would testify that JANICE STAVES and **JAMES YOUNGBLOOD** did knowingly and willfully conspire with each other to embezzle, steal, obtain by fraud, intentionally misapply and otherwise without authority knowingly convert to the use of any person other than the rightful owner, property valued at \$5,000 or more, that is, United States currency, that was owned by and under the care, custody and control of such government agency.

Evidence would prove that in 2007, JANICE STAVES and **JAMES YOUNGBLOOD** discussed, telephonically and in person, that JANICE STAVES could get **JAMES YOUNGBLOOD** paid with HANO funds, for doing no work, and in return, **JAMES YOUNGBLOOD** would kickback money to JANICE STAVES.

Witnesses and records would prove that on or about April 2, 2007 and continuing until on or about May 28, 2009, defendant JANICE STAVES caused approximately 135 (one hundred and thirty-five) HANO checks to be written and delivered to defendant, **JAMES YOUNGBLOOD**, knowing no work was performed, and that she would be corruptly offered money in return, with the intent to influence her official actions, as the purchasing director at HANO.

Bank records and a witness would prove that from on or about April 2, 2007, and continuing until on or about May 28, 2009, defendant, **JAMES YOUNGBLOOD**, received nearly 135 HANO checks, totaling nearly \$661,904.11, despite having performed no work. He

deposited nearly \$618,133.91 into his bank accounts, and withdrew approximately \$43,770.20 "less cash" at the time of the deposits.

Bank records and a witness would prove that during this same time frame, the defendant, JANICE STAVES, deposited approximately \$100,448.00 in cash, into accounts that she controlled. On different occasions, **JAMES YOUNGBLOOD** would deposit checks, withdraw cash, and then give money back to JANICE STAVES, wherein she would then deposit the cash into her accounts.

Witnesses would testify that during the 2007- 2009 time frame, normal transactions at HANO mandated that, requisition orders for jobs would come from a particular department, and would be routed to JANICE STAVES, who was then supposed to create a legitimate purchase order. The purchase order would then be routed to supervisors for proper approval, and a check would be issued from Accounts Payable after receiving the required supervisor signatures. However, these procedures were not followed. Also, the defendants, JANICE STAVES and **JAMES YOUNGBLOOD**, took advantage of the fact that some smaller vendors, were allowed to receive prepaid checks, so that they could be paid quicker, in order to pay workers, as they did not have sufficient cash flow to be able to wait to be paid. JANICE STAVES also did not ask for nor receive any requisition orders on jobs purportedly done by **JAMES YOUNGBLOOD**, as no work had been done.

Witnesses would testify that during this same time frame, in order to work around the above procedures set in place by HANO, JANICE STAVES would create fraudulent purchase

orders for **JAMES YOUNGBLOOD** and request a prepaid check. The purchase order was usually for debris removal and/or supplies, such as locks. The last step in the process would require supervisory signatures on the purchase orders. Obtaining these supervisory signatures that were needed to obtain the prepaid check, was troublesome as a supervisor would be looking for a matching requisition order.

Witnesses would testify and evidence would be introduced into evidence to prove that during this two-year period from 2007 - 2009, HANO's payment process also required that different colored carbon copies had to be routed to different departments after the signatures had been obtained. A blue carbon copy was what was needed to get the prepaid check from Accounts Payable. JANICE STAVES managed to also circumvent this process by slipping a blue purchase order for work purportedly done by **JAMES YOUNGBLOOD** into a legitimate vendor file. JANICE STAVES knew that there would then be two blue papers among the other colored papers and once the supervisor would sign off, the carbon copy would allow the signature to go onto all of the copies, including the fraudulent extra blue one for **JAMES YOUNGBLOOD**. After the legitimate vendor file came back, JANICE STAVES would then remove the extra blue paper and present this to Accounts Payable, and receive a prepaid check in the name of **JAMES YOUNGBLOOD**. JANICE STAVES also made sure that the checks were under the \$15,000 threshold, in order to avoid the other step in the process, that would require the need for a supervisory signature if the amount of the check was \$15,000 or greater. At first,

JANICE STAVES had the checks mailed to **JAMES YOUNGBLOOD**, but later she would call him and he would come into the HANO office to pick up his checks.

Witnesses would testify that from on or about April 2, 2007 and continuing through on or about May 28, 2009, **JAMES YOUNGBLOOD** would deposit his checks and then bring JANICE STAVES cash at the HANO office so that she would receive her portion. **JAMES YOUNGBLOOD** would bring the cash to her office in an envelope, they would meet in the parking lot, or in the parking lots of gas stations or restaurants close to the HANO office.

Witnesses and records would prove that at the end of 2007, JANICE STAVES had work performed on her rental properties. **JAMES YOUNGBLOOD** paid the subcontractors for the personal work out of the funds he received from JANICE STAVES and HANO.

Witnesses and records would prove that in 2009, **JAMES YOUNGBLOOD** formed a music production company called KP Youngblood Records, LLC. JANICE STAVES was listed as the president of the business. The conspiracy was exposed before **JAMES YOUNGBLOOD** could get the company officially started.

The above information comes from an investigation conducted by Special Agents of the Federal Bureau of Investigation and Housing and Urban Development, Office of the Inspector General, the review of numerous records, and interviews conducted during the investigation.

JAMES YOUNGBLOOD
Defendant

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Attorney for Defendant James Youngblood

New Orleans, Louisiana
March 12, 2013