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U.S. CHARGES 15 DEFENDANTS IN SEPARATE FEDERAL CASES ALLEGING FRAUD IN FEDERAL HOUSING PROGRAMS

CHICAGO – Fifteen Chicago and area defendants were charged in 14 separate federal criminal cases alleging, in total, that the defendants defrauded the United States Department of Housing and Urban Development (HUD) of hundreds of thousands of dollars in government rent subsidies, public housing benefits and other HUD programs, federal officials announced today. In a few cases, the defendants also allegedly defrauded the Social Security Administration (SSA) of additional benefits. Twelve of the defendants are current or former federal employees, 11 with the U.S. Postal Service and one with the Transportation Security Administration.

The charges include allegations of mail fraud, theft of government funds and engaging in ongoing schemes to defraud HUD and SSA, primarily by concealing their true income, which would have disqualified the defendants from the federal housing programs or greatly lowered the amount of benefit they received. The defendants will be ordered to appear for arraignment at various times in U.S. District Court.

“By cheating to obtain housing benefits, these defendants deprived honest, needy families of funds that would have been available to help them secure affordable housing. We will bring

criminal charges against people who violate the rules of this program,” said Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois.

Mr. Fitzgerald announced the charges, most of which were filed on Tuesday, with Barry McLaughlin, Special Agent-in-Charge of the Chicago Office of the HUD Office of Inspector General; Scott Caspall, Special Agent-in-Charge of the Chicago Office of the United States Postal Service Office of Inspector General; and William Cotter, Special Agent-in-Charge of the Chicago Office of the Social Security Administration Office of Inspector General.

HUD assists eligible low-income families, the elderly and the disabled in obtaining decent, safe and sanitary housing under the Housing Choice Voucher (HCV) program, formerly known as Section 8 Housing Assistance Payments program. In Chicago, the HCV program is administered by CHAC, Inc., a private company operating under a contract with the Chicago Housing Authority. Other public housing agencies, including the Housing Authority of Cook County (HACC) administer the HCV program in communities around Chicago. To qualify for benefits, individuals and families must submit an application, as well as annual certifications, to a public housing agency verifying that their income falls below the threshold established by HUD for the Chicago metropolitan area, among other requirements. Eligible participants receive a rent subsidy and pay between 30 to 40 percent of their income for rent and utilities, based on HUD formulas. HUD, through the Chicago Housing Authority, HACC and other agencies, also offers low cost public housing in the Chicago area to individuals of modest incomes.

If convicted, each count of making false statements carries a maximum penalty of five years in prison and a \$250,000 fine. Theft of government funds carries a maximum penalty of 10 years in prison and a maximum fine of \$250,000, or, if charged as a misdemeanor, carries a maximum

sentence of up to one year in prison and a \$100,000 fine. Mail fraud carries a maximum penalty of 20 years in prison and a maximum fine of \$250,000. Restitution is mandatory and the Court will determine the appropriate sentence to be imposed under the advisory United States Sentencing Guidelines.

In addition, the Government may, and often does, file civil lawsuits to collect additional financial penalties in an effort to deter such abuse. The federal False Claims Act imposes liability for up to three times the amount of actual damages and allows civil penalties of between \$5,500 and \$11,000 for each false claim.

The public is reminded that indictments contain only charges and are not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

Details of the separate cases against each defendant follow:

Natasha Acoff, 41, of Alsip, charged with defrauding HUD of approximately \$27,420 in HCV program funds between March 2003 and March 2006. (AUSA Yusef Dale)

Camille Sawyers, 28, of Chicago, charged with one misdemeanor count of theft of HCV program funds between 2004 and December 2006. (AUSA John Hauser)

Quinchitta Jackson, 36, of Chicago, charged with defrauding HUD of more than \$20,000 in HCV program funds between June 2003 and January 2006. (AUSA Samuel B. Cole)

Marsha Pate-Rollins, 39, of Lansing, charged with one misdemeanor count of theft of HCV program funds between May 2004 and March 2006. (AUSA Erik Hogstrom)

Arvay Smith, 61, of Chicago, charged with defrauding HUD of approximately \$48,017 in public housing program benefits between April 2000 and November 2006. (AUSA Anthony Garcia)

Nellie Howard, 39, of Hazel Crest, charged with defrauding HUD of approximately \$27,074 in HCV program funds between July 2004 and February 2007. (AUSA Megan Church)

Karen Isom, 39, of Sauk Village, charged with defrauding HUD of more than \$20,000 in HCV program funds between May 2003 and March 2006. (AUSA Stephen Lee)

Diane Reid, 40, of Riverdale, charged with defrauding HUD of over \$34,000 in HCV program funds between August 2003 and August 2006. (AUSA Stephen Baker)

Narissa McMillion, 34, of Aurora, charged with defrauding HUD of approximately \$28,495 in public housing program benefits between October 2003 and September 2006. (AUSA Maureen Merin)

Latesia Foster, 38, of Des Plaines, charged with one misdemeanor count of theft of HCV program funds between October 2004 and September 2006. (AUSA Bethany Biesenthal)

Doris Smith, 36, of Chicago, charged with one misdemeanor count of theft of public housing program funds between August 2003 and August 2008. (AUSA Jeffrey Perconte)

Myrtis Burkhart, 56, of Chicago, charged with theft of approximately \$96,250 in SSA funds between May 1992 and November 2007, and approximately \$22,588 in HCV program funds between March 1998 and March 2006. (AUSA Yusef Dale)

Sandra Pickett, 53, of Chicago, charged with theft of approximately \$71,265 in SSA funds between October 2003 and September 2007, and approximately \$28,362 in HCV program funds between October 2003 and November 2007. (AUSA Chris McFadden)

Also recently charged with mail fraud in a separate case were **Andre D. Johnson**, 46, of Dolton, and **Brian K. Lillie**, 51, of Tinley Park, for allegedly defrauding Wells Fargo Home Mortgage, Inc., by submitting false claims for over \$90,000 in unperformed rehabilitation work on a distressed property in the 5800 block of South Wells Street in Chicago. Wells Fargo had issued a HUD-insured mortgage and rehabilitation loan that would have converted the distressed property into a clean, safe and habitable residence. Both Johnson and Lillie have pleaded not guilty.

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