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U.S. CHARGES 16 DEFENDANTS IN SEPARATE FEDERAL CASES ALLEGING FRAUD IN HOUSING ASSISTANCE PROGRAM

CHICAGO – Sixteen Chicago and area defendants were charged in separate federal criminal and/or civil cases with lying about their employment, income or other eligibility criteria to fraudulently obtain rent and utilities subsidies totaling hundreds of thousands of dollars from the U.S. Department of Housing and Urban Development, federal authorities announced today. Civil lawsuits were filed against seven of the defendants to enable the government in each case to recoup damages up to three times the actual fraud loss in addition to any criminal penalties, which include mandatory restitution. The charges and lawsuits were announced today by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Barry McLaughlin, Special Agent-in-Charge of the Chicago Office of the HUD 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. One of the defendants, **Giovanna Mendez**, was a CHAC employee who allegedly embezzled nearly \$50,000 from the program by creating fictitious landlord / tenant accounts. To qualify for benefits,

individuals and families must submit an application, as well as annual certifications, to CHAC showing 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.

The criminal and civil cases were all filed last week in U.S. District Court in Chicago. Most of the criminal defendants were indicted by a federal grand jury, most of them on one or more felony counts of mail fraud or making false statements on their HCV applications and/or annual income certifications. The civil lawsuits, filed against seven of the defendants, allege violation of the federal False Claims Act, payment by mistake and unjust enrichment. The defendants will be ordered to appear for arraignment and to answer the lawsuits at later dates.

“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,” Mr. Fitzgerald said. “We will bring criminal charges against people who violate the rules of this program, and we will also sue them civilly to extract additional financial penalties in an effort to deter such abuse.”

Details of the separate cases against each defendant follow. In most cases, each count of mail fraud and making false statements carries a maximum penalty of five years in prison and a \$250,000 fine, if convicted. Theft of government funds carries a maximum penalty of 10 years in prison and a maximum fine of \$250,000. Restitution is mandatory and the Court would determine the appropriate penalty to be imposed. 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.

In the civil cases, the defendants may be liable under the False Claims Act for up to three times the amount of actual damages and subject to civil penalties of between \$5,500 and \$11,000 for each false claim. The defendants are also entitled to a fair trial at which the government has the burden of proof by a preponderance of the evidence.

Arinola Ajidele-Parlor, 53, of Hoffman Estates; indicted on four counts of making false statements for allegedly understating her income and assets for calendar years 2001-2005. (Criminal AUSA Clay West; Civil AUSA Sam Cole.)

Aserine Blevins, 66, of Markham; indicted on two counts of making false statements, and her daughter, **Terry Ann Littlepage**, 47, of 16001 LeClaire Ave., Apt. 2B, Oak Forest, indicted on one count of making false statements for allegedly lying that Blevins was the tenant and Littlepage was the landlord at the Markham address, which, in fact, was owned by Blevins, and causing Littlepage to fraudulently receive \$36,800 in housing assistance payments between 1998 and 2002. (AUSA Leonard Gail.)

Dwayne D. Bounds, 35, of Chicago; indicted on two counts of making false statements for allegedly claiming no income in 2001 and 2002 when, in fact, he was gainfully employed. (AUSA Patrick King; Civil AUSA Donald Lorenzen.)

Consuela Colvin, 31, of Round Lake Beach; indicted on one count of making false statements for allegedly understating her income during 2002. (Criminal AUSA Michael Donovan; Civil AUSA Daniel Tardiff.)

Ruby Gethers, 52, of Lansing, and her nephew, **Gregory Pope**, 43, of Oak Forest; each indicted on one count of theft of government funds for allegedly lying that Gethers was the tenant and Pope was the landlord at 16149 Paulina, Markham, which, in fact, was owned by Gethers and causing Pope to fraudulently receive \$14,375 in housing assistance payments between 2001 and 2003. (AUSA Gail.)

Julie Harris, 36, of Chicago; indicted on four counts of making false statements for allegedly claiming between 2001 and 2004 that no member of her household was employed when, in fact, she was employed as a construction worker. (Criminal AUSA George Jackson; Civil AUSA Cole.)

Onnie Johnson, also known as Annie Mae Johnson, 65, of Chicago, and her daughter, **Apphia Harris**, 30, of Chicago; each indicted on three counts of mail fraud for allegedly defrauding the HCV program of a total of \$31,952 between 2002 and 2004. Johnson, using her alias, purported to rent housing to Harris at 12538 S.

Princeton, Chicago, knowing that she did not own the premises and was also prohibited from receiving housing assistance payments for renting to her daughter. (AUSA Rick Young.)

Earnestine Lewis, 51, of Chicago; indicted on six counts of mail fraud for allegedly defrauding the HCV program of more than \$25,000 between 2002 and 2005. Lewis falsely claimed that she and her family occupied several different eligible housing units while actually living in the residence she owned on South Prairie, and she also had leased a CHA public housing unit, which also made her ineligible for housing assistance payments, the indictment alleges. (AUSA Young; AUSA Lorenzen.)

Yolanda Matthews, 30, of Chicago; indicted on four counts of making false statements for allegedly understating her income and concealing her ownership of residential property. (Criminal AUSA Tyler Murray; AUSA Lorenzen.)

Giovanna Mendez, 35, of Chicago; an employee in CHAC's client services department from 2000 to 2004 with authority to issue checks for HVC rental assistance to qualified participants. She was indicted on one count of mail fraud, two counts of theft of government funds and three counts of forgery for allegedly creating fictitious landlord records, causing CHAC to issue 22 checks totaling \$49,732 to the landlord for housing assistance payments and obtaining the proceeds of the checks for her own benefit. (AUSA Pravin Rao.)

Lilia Pabon, 51, of Chicago; indicted on four counts of making false statements for allegedly understating her income between calendar years 2001 and 2004. (AUSA Tinos Diamantatos.)

Nikisha Perry, 30, of Minooka; sued civilly for allegedly submitting false claims for housing assistance between 1998 and 2005. As a result of providing false income information, she allegedly defrauded the HCV program of \$25,912. Perry is also facing a misdemeanor criminal charge for allegedly defrauding the Social Security Administration of Supplemental Security Income benefits. (Civil AUSA Tardiff; Criminal AUSA Margaret Hickey.)

Darnell Rice, 44, of Chicago; charged with one count of making false statements for allegedly concealing his ownership interests in real estate in a listing of assets. (He was also charged with one count of mail fraud for allegedly defrauding the Social Security Administration of more than \$17,500 in Supplemental Security Income program benefits that he was not entitled to receive. (Criminal AUSA Christopher Veatch; AUSA Lorenzen.)

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