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**FORMER NORTH CHICAGO SCHOOL BOARD MEMBER AND TRANSPORTATION DIRECTOR AMONG FIVE DEFENDANTS INDICTED FOR ALLEGED ROLES IN \$800,000 KICKBACK SCHEME INVOLVING STUDENT BUSING CONTRACTS**

CHICAGO — A former North Chicago school board member and the district's former transportation director were indicted on federal fraud charges for allegedly receiving kickbacks totaling at least \$800,000 from three co-defendants who controlled several different companies that received at least \$21 million in student bus contracts over nearly a decade. All five defendants were charged in a 26-count indictment alleging that, between 2001 and August 2010, they schemed to defraud and deprive the citizens of North Chicago, located in Lake County, and the approximately 4,000-student North Chicago Community Unit School District 187 (NCSD) of the honest services of former school board member **Gloria Harper** and former transportation director **Alice Sherrod**. The indictment was returned by a federal grand jury late yesterday and announced today by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; and Alvin Patton, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago. The North Chicago School District cooperated with the investigation.

Harper, 59, of North Chicago, who was a member of the NCSD board from 1999 to May 2009, and Sherrod, 59, of Gurnee, who was District 187's transportation director from 2001 to July 2010, allegedly used their positions to enrich themselves secretly by soliciting and accepting gifts and cash from their three co-defendants in exchange for favorable official action regarding student transportation contracts. Initially, Harper and Sherrod allegedly received kickbacks of approximately \$4,000 to \$5,000 a month but, by 2003, they were collecting approximately \$20,000 a month, the indictment alleges.

Also indicted were: **Derrick Eubanks**, 47, of Lake Villa; **Tommie Boddie**, 66, of Wadsworth; and **Barrett White**, 52, of Matteson. All five defendants were each charged with six counts of wire fraud and various counts of soliciting or paying bribes. All but White were also charged with multiple counts of filing false federal income tax returns. All five defendants will be arraigned on dates still to be determined in U.S. District Court.

The indictment seeks forfeiture of more than \$9.67 million, as well as 48 buses and vans and seven personal automobiles.

According to the indictment, from the late 1990s until mid-2003, the NCSD contracted with various companies to provide student transportation, including T&M Transportation, which was owned at least in part and controlled by Boddie, and Eubanks Transportation, which was owned at least in part and controlled by Eubanks. In approximately 2001, Harper and Sherrod met with Boddie and told him they would arrange for the NCSD to increase the number of students that T&M transported if Boddie agreed to pay them in return, and Boddie agreed. At Harper's request, White began acting as an intermediary, or "bagman," receiving cash from Boddie, keeping some for himself,

and providing the bulk to Harper, who, in turn, shared the money with Sherrod, the indictment alleges.

To facilitate his role as the scheme's bagman, White established D'Amoto Transportation, which he used to funnel money from Boddie's T&M company to Harper and Sherrod. Sometime in 2002 or 2003, White established BWT Transportation to replace D'Amoto. In approximately May 2003, Harper allegedly suggested to Boddie and Eubanks that they join together to form one company to bid on NCS D transportation contracts. Both Harper and Sherrod told Boddie and Eubanks that if they won the contract they would have to split the profits with the two school officials, and the two men agreed to do so, the charges allege. As a result, Boddie and Eubanks created Safety First Transportation, Inc., which won the NCS D's transportation contract in 2003. Once Safety First began to receive school district payments, White allegedly converted Safety First's funds into cash to pay Harper for her to share with Sherrod, while White kept a portion for himself. Neither White nor his company, BWT, did any work for Safety First and their sole role was to funnel cash to Harper and Sherrod, according to the indictment.

As a result of an IRS audit of Safety First in 2006-2007, Safety First began providing funds to White as an employee, as well as continuing to provide him with funds as a contractor, in late 2006, even though he continued to provide no service other than paying kickbacks as an intermediary. Also as a result of the audit, Harper allegedly agreed that White's portion of the proceeds should be increased to compensate him for the tax debt White owed the IRS. All five defendants agreed that an amount of Safety First's revenues from the NCS D would be excluded from the profits to be split with Harper and Sherrod and instead would be used to repay tax debts owed by Boddie, Eubanks and White, the charges allege.

The fraud scheme and individual tax counts allege that Boddie and Eubanks filed false federal tax returns for Safety First claiming that they paid White hundreds of thousands of dollars in consulting fees and wages for assisting them in obtaining the transportation contract with NCSD. In fact, the indictment alleges that money paid to White was intended solely to fund the kickbacks to Harper and Sherrod in exchange for helping them win and maintain the transportation contract.

In April 2008, the defendants allegedly agreed to set up a new company, Quality Trans, LLC, to replace Safety First and to assume its contracts with the school district. All five allegedly agreed to split among them Quality Trans's profits, and Boddie, Eubanks and White continued to make cash payments to Harper and Sherrod. In June 2009, Quality Trans won a five-year contract to provide NCSD with transportation services.

Various tax counts allege that Boddie and Eubanks took false deductions for the money that Safety First paid to White and which White then funneled as kickbacks to Harper and Sherrod. Other tax counts allege that Harper and Sherrod filed false individual tax returns failing to report the kickbacks they received as income.

The government is being represented by Assistant U.S. Attorneys Matthew Getter and Greg Deis.

Each count of wire fraud carries a maximum penalty of 20 years in prison, and each count of soliciting or paying bribes carries a maximum of 10 years in prison, as well as a \$250,000 fine. As an alternative, the Court may impose a maximum fine totaling twice the loss to any victim or twice the gain to any defendant, whichever is greater, and restitution is mandatory. Filing a false federal income tax return carries a maximum penalty of three years in prison and a \$250,000 fine. In addition, a defendant convicted of tax offenses faces mandatory costs of prosecution and remains

civilly liable to the Government for any and all back taxes, as well as a civil fraud penalty of 75 percent of the underpayment plus interest. If convicted, the Court must determine a reasonable sentence to impose under the advisory United States Sentencing Guidelines.

The public is reminded that an indictment contains only charges and is 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.

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