

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

FELONY

INDICTMENT FOR EMBEZZLEMENT OF FEDERAL
PROGRAM FUNDS AND FEDERAL PROGRAM FRAUD,
MAIL FRAUD, WIRE FRAUD,
AND ENGAGING IN MONETARY
TRANSACTIONS IN PROPERTY
DERIVED FROM UNLAWFUL ACTIVITY

UNITED STATES OF AMERICA	*	CRIMINAL DOCKET NO.	
	*		
v.	*	SECTION:	
	*		
ABIGAIL JOHN	*	VIOLATIONS:	18 USC §666
	*		18 USC §1341
	*		18 USC §1343
	*		18 USC §1957
	*		
	*		

The Grand Jury charges that:

COUNT 1

Embezzlement of Federal Program Funds
and Federal Program Fraud

A. AT ALL TIMES MATERIAL HEREIN:

1. Beginning sometime prior to June 29, 2002, and continuing until September, 2006, the defendant, ABIGAIL JOHN, was employed by the Louisiana Veterans Research and Education Corporation (LVREC), a Louisiana domestic non-profit corporation,

located in the Eastern District of Louisiana in New Orleans, Louisiana, in the position of bookkeeper and accountant and, as such, acted as an agent for LVREC. W-2 Wage and Tax Statements for defendant, **ABIGAIL JOHN**, prepared by an outside payroll company for years 2003 through 2006, report that her wages, tips, and other compensation received from LVREC never exceeded \$40,000 in any one of the years reported.

2. Beginning in or prior to 2002, LVREC obtained federal funds from the United States Department of Defense, United States Army, to conduct objective neuropsychological assessments on military troops before and after a major war-zone deployment, and in particular, to examine neuropsychological outcomes of Iraq War deployment in a large military group.

3. From 2003 until at least 2006, LVREC received over \$2,000,000 in federal program funds from the United States Department of Defense, United States Army, to conduct these studies. LVREC received over \$10,000 in federal program grant funds in or prior to April 2003; it received over \$10,000 in federal program grant funds in 2004 and 2005, the last deposit of which was no earlier than October 1, 2005.

4. The federal program funds which LVREC received were deposited in LVREC's checking accounts at Merrill Lynch, account numbers XXXXXXXX7632, XXXXXXXX6843, and XXXXXXXX1687. Of the individuals who had signature authority on these LVREC Merrill

Lynch checking accounts, two of the authorized individuals were required to sign as signatories to each transaction. Defendant **ABIGAIL JOHN** did not have signature authority on any LVREC checking account with Merrill Lynch at any time during her employment with LVREC.

5. Beginning on or about the dates listed, and continuing through at least June 2006, and later, the defendant, **ABIGAIL JOHN**, maintained the bank accounts indicated below at Capital One Bank, formerly Hibernia National Bank, a financial institution located in New Orleans, Louisiana, within the Eastern District of Louisiana, and elsewhere, and she was the sole owner of the listed accounts:

Account Number	Date Opened
XXXXXX1617	02/26/2002
XXXXXX6161	07/03/2006
XXXXXX3756	04/25/2006
XXXXXX4595	04/10/2003
XXXXXX2352	03/27/2003

B. Embezzlement of Federal Program Funds and Federal Program Fraud

Beginning from a time unknown to the grand jury, but in or near June, 2002, and continuing to in or near September, 2006, but as set forth below, in the Eastern District of Louisiana and elsewhere, the defendant **ABIGAIL JOHN**, being an agent of the

Louisiana Veterans Research and Education Corporation (LVREC), did intentionally misapply and knowingly embezzle, steal, obtain by fraud and otherwise without authority convert to her own personal use, property valued at \$5,000 or more, for a total of \$1,013,730.85, and owned by or under the care, custody and control of LVREC, an organization which received more than \$10,000 during a one year period from the United States government through the United States Department of Defense, United States Army, from LVREC's Merrill Lynch accounts, to-wit:

Date	Check No.	Amount	From LVREC Acct.	To Abigail John Acct.
07/21/2005	655	\$3,300.00	XXXXXXXX1687	XXXXXXXX4595
08/01/2005	659	\$3,200.00	XXXXXXXX1687	XXXXXXXX4595
08/22/2005	663	\$5,500.00	XXXXXXXX1687	XXXXXXXX1617
12/12/2005	871	\$5,310.14	XXXXXXXX1687	XXXXXXXX1617
01/11/2006	884	\$3,500.00	XXXXXXXX1687	XXXXXXXX1617
03/24/2006	908	\$4,975.25	XXXXXXXX1687	XXXXXXXX2352
04/03/2006	912	\$4,980.10	XXXXXXXX1687	XXXXXXXX2352
06/19/2006	951	\$4,500.00	XXXXXXXX1687	XXXXXXXX2352
06/28/2006	959	\$5,318.12	XXXXXXXX1687	XXXXXXXX4595
12/01/2005	302	\$5,226.45	XXXXXXXX6843	XXXXXXXX4595
12/01/2005	303	\$4,912.10	XXXXXXXX6843	XXXXXXXX2352
07/24/2006	325	\$4,970.12	XXXXXXXX6843	XXXXXXXX2352
08/21/2006	327	\$1,300.00	XXXXXXXX6843	XXXXXXXX1617

All in violation of Title 18, United States Code, Section 666(a)(1)(A).

COUNT 2

Mail Fraud

A. The allegations contained in Paragraph A of Count 1 are hereby re-alleged and incorporated as though set forth in full herein.

B. The Scheme and Artifice to Defraud

Beginning in or prior to June 2002, and continuing until at least April 21, 2010, in the Eastern District of Louisiana and elsewhere, the defendant **ABIGAIL JOHN** knowingly and willfully devised and intended to devise a scheme and artifice to defraud and to obtain \$1,013,730.85 in money and property by means of false and fraudulent pretenses from LVREC which had been obtained through Department of Defense grants.

As part of the scheme to defraud, the defendant **ABIGAIL JOHN**, as an employee and bookkeeper/accountant of LVREC, fraudulently and without authorization placed the signatures of two authorized signatories, without their permission, on LVREC Merrill Lynch checks, or had another do so at her direction, which account numbers are indicated in Part A of Count 1.

It was further part of the scheme and artifice to defraud that defendant **ABIGAIL JOHN** made 280 checks payable to payees without authorization and fraudulently and without authorization

endorsed the checks in the payees' names. It was further part of the scheme and artifice to defraud that defendant **ABIGAIL JOHN** deposited 279 of the checks which she wrote without authorization into her own personal accounts and that she cashed one of them after she fraudulently endorsed the check.

It was further part of the scheme and artifice to defraud that defendant **ABIGAIL JOHN** without authorization fraudulently wrote or had written the signatures of two authorized signatories on four LVREC Merrill Lynch checks and wrote the checks to Taylor, Bean, Whitaker, the company which held the mortgage on 7168 Parkside Drive, New Orleans, Louisiana, her personal home, solely for her own benefit.

It was further part of the scheme and artifice to defraud that defendant **ABIGAIL JOHN** routinely transferred the embezzled funds into and out of her personal accounts at Capital One Bank, formerly Hibernia National Bank, Massachusetts Mutual, and Vanguard, through depositing unauthorized checks from the LVREC Merrill Lynch accounts into one of her personal accounts.

It was further part of the scheme and artifice to defraud that the defendant **ABIGAIL JOHN** frequently deposited the fraudulent LVREC Merrill Lynch checks into her various Capital One Bank, formerly Hibernia National Bank, accounts by use of Automatic Teller Machine (ATM) deposits, and often made more than one ATM deposit of fraudulent LVREC checks at more than one ATM

location into her personal Capital One Bank, formerly Hibernia National Bank, accounts, on the same day and/or several times in one week.

It was further part of the scheme and artifice to defraud that in or about August 2006, when LVREC Board member "TH" requested a copy of a 2005 independent audit from defendant **ABIGAIL JOHN**, that defendant **ABIGAIL JOHN** informed LVREC Board Member "TH" that the audit firm had been temporarily closed after Hurricane Katrina and that the audit would be completed by the end of October 2006, when in truth and fact she knew that the audit firm was not in the process of conducting an audit for LVREC.

It was further part of the scheme and artifice to defraud that when, in or about September 2006, LVREC Board Member "TH" again contacted defendant **ABIGAIL JOHN** to inquire about the status of the 2005 audit, defendant **ABIGAIL JOHN** again informed "TH" that the audit would be completed by the end of October 2006, when in truth and fact she knew that the audit firm was not in the process of conducting an audit for LVREC.

It was further part of the scheme and artifice to defraud that defendant **ABIGAIL JOHN** provided LVREC Board Member "TH" with a 2003 audit purportedly completed by the audit firm, when in truth and in fact defendant **ABIGAIL JOHN** knew that the 2003 audit report had not in fact been prepared by that firm.

It was further part of the scheme and artifice to defraud

that defendant **ABIGAIL JOHN** fraudulently and without authorization wrote checks totaling \$54,682.68 to the audit firm from December 6, 2005, to June 28, 2006, and then fraudulently and without authorization endorsed these checks and deposited them into her personal accounts.

C. The Use of the Mail

On or about December 30, 2006, in the Eastern District of Louisiana, for the purpose of executing and attempting to execute the above-described scheme and artifice to defraud, defendant, **ABIGAIL JOHN** knowingly sent by certified United States mail, which mail was postmarked in New Orleans, Louisiana, and bore the return address of 7168 Parkside Court, New Orleans, Louisiana, and caused to be delivered by certified United States mail to The Vanguard Group, P. O. Box 13750, Philadelphia, Pennsylvania, a check dated October 10, 2006, in the amount of \$200,000.00, by C.M. Life, payable to defendant **ABIGAIL JOHN** and endorsed by her for deposit into her Vanguard account.

All in violation of Title 18, United States Code, Sections 1341 and 2.

COUNTS 3 THROUGH 7

Wire Fraud

A. The allegations contained in Paragraph A of Count 1 are hereby re-alleged and incorporated as though set forth in full herein.

B. The Scheme and Artifice to Defraud

The allegations contained in Paragraph B of Count 2 are hereby re-alleged and incorporated as though set forth in full herein.

C. The Use of the Wires

On or about the dates listed below, in the Eastern District of Louisiana, and elsewhere, defendant **ABIGAIL JOHN**, for the purpose of executing the scheme and artifice described in Count 2, Section B, and attempting to do so, did transmit and cause to be transmitted in interstate commerce, by means of wire communication, certain signs and signals, that is defendant **ABIGAIL JOHN** caused an interstate communication on each occasion below when defendant **ABIGAIL JOHN** made an electronic wire transfer of funds from her Capital One Bank, formerly Hibernia National Bank, account number XXXXXXXX1617, located in New Orleans, Louisiana, to her Vanguard Money Market Account No. XXXXXXXX2330 located in Pennsylvania.

Count	Date	Amount
3	09/26/2005	\$ 5,000.00
4	01/03/2006	\$ 5,000.00
5	03/30/2006	\$ 5,000.00
6	06/29/2006	\$ 5,000.00
7	07/11/2006	\$ 5,000.00

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS 8 THROUGH 11

Engaging in Money Transactions
in Funds Derived from Unlawful Activity

A. The allegations contained in Paragraph A of Count 1 are hereby re-alleged and incorporated as though set forth in full herein.

B. **The Money Transactions**

On or about the dates set forth below, in the Eastern District of Louisiana, and elsewhere, the defendant **ABIGAIL JOHN** did knowingly engage and attempt to engage in the following monetary transactions by, through, or to a financial institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is the deposit of funds, such property having been derived from a specified unlawful activity, that is, the theft of federal program funds, a violation of 18 U.S.C. § 666(a)(1)(A), by knowingly causing the funds listed below to be transferred from the Capital One Bank, formerly Hibernia National Bank, account indicated below, and deposited in her Vanguard Money Market Account No. XXXXXXXX2330, while knowing that the property transferred was criminally derived:

Count	Date	From Capital One Acct. No.	Amount
8	12/06/2005	XXXXXXXX1617	\$ 30,000.00
9	07/07/2006	XXXXXXXX1617	\$ 20,000.00
10	09/08/2006	XXXXXXXX1617	\$ 100,000.00
11	09/13/2006	XXXXXXXX2352	\$ 300,000.00

All in violation of Title 18, United States Code, Section 1957.

NOTICE OF FEDERAL PROGRAM FRAUD FORFEITURE

1. The allegations of Count 1 of this Indictment are realleged and incorporated by reference as though set forth fully herein for the purpose of alleging forfeiture to the United States of America pursuant to the provisions of Title 18, United States Code, Sections 666 and 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461(c).

2. As a result of the offenses alleged in Count 1, defendant, **ABIGAIL JOHN**, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461(c), any and all property, real or personal, which constitutes or is derived from proceeds traceable to a violation of Title 18, United States Code, Section 666, including but not limited to:

- a. Vanguard Prime Money Market Fund Account Number: XXXXXX2330 in the name of Abigail John in the approximate amount of \$300,024.21;
- b. Capital One Bank Account Number: XXXXXX1617 in the

name of Abigail John in the amount of \$4,734.34;

- c. Capital One Bank Account Number: XXXXXX6161 in the name of Abigail John in the amount of \$5,000;
- d. Capital One Bank Account Number: XXXXXX2352 in the name of Abigail John in the amount of \$16,000;
- e. Capital One Bank Account Number: XXXXXX4595 in the name of Abigail John in the amount of \$7,000;
- f. 2007 BMW X5, bearing Vehicle Identification Number: 5UXFE83567LZ43020;
- g. 2008 BMW 335, bearing Vehicle Identification Number: WBAWL73578PX51355;
- h. Property currently recorded in the name of Abigail A. John and described as follows: One certain lot of ground, together with all the buildings and improvements thereon, situated in the Third District of the City of New Orleans, State of Louisiana, in that part thereof known as Lake Forest Subdivision No. 3, Huntington Park, being a resubdivision of a portion of Lot 2, Section 22, of the LaKratt Tract (former New Orleans Lakeshore Land Company Subdivision), per Subdivision plan registered in COB 686, Folio 659, and in Square No. 4 thereof, which square is bounded by Parkside Court, Huntington Park Drive, Crowder Road Beechwood Court and Square No. 3 and Lot 2-A (side) and according to said plan as well as plan of Gilbert, Kelly and Couturie, Surveyors, dated May 7, 1971, print of which is annexed to an act passed before Mayer L. Dresner, Notary Public, dated May 26, 1971, said lot is designated as Lot No. 11 begins at a distance of 601.30 feet from the corner of Parkside Court and Huntington Park Drive and measures thence 42 feet front along the curve of Parkside Court, 144 feet in width in the rear, by a depth of 110.60 feet on the side line dividing said Lot No. 11 and Lot No. 10, and a first depth on its opposite sideline nearer Huntington Park Drive of 148.13 feet and a second depth, nearer Crowder Road (side) of 41.12 feet. Said lot is formed a portion of former Groves 7 and 9 of said Section 22. All as shown on a survey made by J.J. Krebs and Sons, Inc. Surveyors, dated November 26, 1975, a copy of

which is annexed to an act passed before Herve Racivitch, Notary Public, dated December 5, 1975, registered COB 729, Folio 672. The improvements thereon bear the Municipal Number 7168 Parkside Court, New Orleans, Louisiana.

- i. \$1,013,730.85 in United States Currency and all interest and proceeds traceable thereto.
- j. The government specifically provides notice of its intent to seek a personal money judgment against the defendant in the amount of the fraudulently-obtained proceeds.

3. If any of the property subject to forfeiture, as a result of any act or omission of the defendant(s):

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of said defendants up to the value of the above forfeitable property.

All in violation of Title 18, United States Code, Section 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461(c).

NOTICE OF MAIL FRAUD FORFEITURE

1. The allegations of Count 2 of this Indictment are realleged and incorporated by reference as though set forth fully herein for the purpose of alleging forfeiture to the United States of America pursuant to the provisions of Title 18, United States Code, Sections 1341 and 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461(c).

2. As a result of the offenses alleged in Count 2, defendant, **ABIGAIL JOHN**, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461(c), any and all property, real or personal, which constitutes or is derived from proceeds traceable to a violation of Title 18, United States Code, Section 1341, including but not limited to:

- a. \$1,013,730.85 in United States Currency and all interest and proceeds traceable thereto.
- b. The government specifically provides notice of its intent to seek a personal money judgment against the defendant in the amount of the fraudulently-obtained proceeds.

3. If any of the property subject to forfeiture, as a result of any act or omission of the defendant(s):

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;

- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of said defendants up to the value of the above forfeitable property.

All in violation of Title 18, United States Code, Section 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461(c).

NOTICE OF WIRE FRAUD FORFEITURE

1. The allegations of Counts 3 through 7 of this Indictment are realleged and incorporated by reference as though set forth fully herein for the purpose of alleging forfeiture to the United States of America pursuant to the provisions of Title 18, United States Code, Sections 1343 and 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461(c).

2. As a result of the offenses alleged in Counts 3 through 7, defendant, **ABIGAIL JOHN**, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461(c), any and all property, real or personal, which constitutes or is derived from proceeds traceable to a violation of Title 18, United States Code, Section 1343, including but not limited to:

- a. \$1,013,730.85 in United States Currency and all interest and proceeds traceable thereto.
- b. The government specifically provides notice of its intent to seek a personal money judgment against the defendant in the amount of the fraudulently-obtained proceeds.

3. If any of the property subject to forfeiture, as a result of any act or omission of the defendant(s):

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of said defendants up to the value of the above forfeitable property.

All in violation of Title 18, United States Code, Section 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461(c).

NOTICE OF MONEY LAUNDERING FORFEITURE

1. The allegations of Counts 8 through 11 of this Indictment are realleged and incorporated by reference as though set forth fully herein for the purpose of alleging forfeiture to

the United States of America pursuant to the provisions of Title 18, United States Code, Section 982.

2. As a result of the offenses, alleged in Counts 8 through 11, defendant, **ABIGAIL JOHN**, shall forfeit to the United States all property real or personal, involved in the aforesaid offenses and all property traceable to such property which was involved in the said violations of Title 18, United States Code, Sections 1957 and 982, including but not limited to the following property:

- a. \$450,000 in United States Currency and all interest and proceeds traceable thereto.
- b. The government specifically provides notice of its intent to seek a personal money judgment against the defendant in the amount of the fraudulently-obtained proceeds.

3. If any of the property described above as being subject to forfeiture, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty;

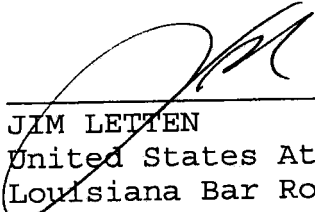
it is the intent of the United States, pursuant to Title 18,

United States Code, Section 982(b)(1) and Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property.

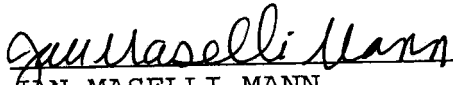
All in violation of Title 18, United States Code, Section 982.

A TRUE BILL:

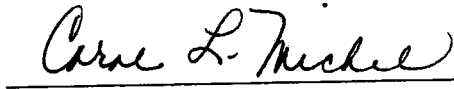
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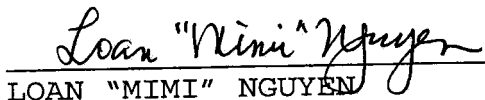
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New Orleans, Louisiana
June 18, 2010