

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon. _____
	:	
v.	:	Crim. No. _____
	:	
LEROY BROWN	:	18 U.S.C. §§ 371, 666 & 2
	:	26 U.S.C. § 7201
	:	

I N D I C T M E N T

The Grand Jury in and for the District of New Jersey,
sitting in Newark, charges:

COUNT 1
(Conspiracy)

Background

1. At all times relevant to this Indictment, unless
otherwise noted:

The Defendant and Others

a. Defendant LEROY BROWN, a resident of Montclair,
New Jersey, was employed as a Financial Manager at the Salvation
Army's offices at 45 Central Avenue in Newark, New Jersey.

b. The Salvation Army was a nationwide charitable
organization that provided, among other things, programs to meet
the basic needs of daily life for those without the resources to
do so themselves. As part of such social service programs, the
Salvation Army provided low-income persons with food, shelter,
clothing and financial assistance to pay for utilities and rent.

c. Co-conspirator No. 1 was a resident and employee of the City of Newark, New Jersey.

The Federal Programs

d. The United States Department of Housing and Urban Development ("HUD") was an agency of the United States. By a series of agreements that began in or about 1999, HUD provided grant money to the City of Newark pursuant to the Housing Opportunities for Persons with AIDS ("HOPWA") program established by the AIDS Housing Opportunity Act, Title 42, United States Code, Section 12901 et seq. and the HOPWA Program Rule at Title 24, Code of Federal Regulations, Part 574. The City of Newark, in turn, contracted with the Salvation Army to administer HOPWA funds by providing rental assistance to low-income persons with Acquired Immunodeficiency Syndrome ("AIDS"). The HOPWA funds provided to the Salvation Army were subject to the supervision and control of HUD.

e. The Federal Emergency Management Agency ("FEMA") was an agency of the United States. Through its Emergency Food & Shelter National Board Program, FEMA provided money to the Salvation Army that was intended, among other things, to provide rental assistance to persons with low income. The FEMA funds provided to the Salvation Army were subject to the supervision and control of FEMA.

The Salvation Army's Rental Assistance Program

f. Between in or about October 1995 and in or about July 2002, the Salvation Army received annual benefits in excess of \$10,000 under the HUD program, the FEMA program, or both, that were intended to provide, among other things, rental assistance to persons with low income.

g. It was the standard practice of the Salvation Army to require that potential recipients of rental assistance provide documentation to support the issuance of checks on their behalf. Such documents would include, for example, driver's licenses and other identification, lease agreements, Complaints for Eviction, and Warrants for Removal. Salvation Army caseworkers would maintain copies of these documents in a file for each client. If appropriate after reviewing the client file, caseworkers would seek approval from their supervisor to provide rental assistance for the client.

h. If approved by the supervisor, a Check Request Form and second set of client documents would be forwarded to defendant LEROY BROWN. In his capacity as Financial Manager for the Salvation Army, defendant LEROY BROWN had the responsibility to issue checks for intended recipients of rental assistance.

i. Before issuing such checks, defendant LEROY BROWN was required to obtain the approval of the Salvation Army's Area Coordinator. The checks that defendant LEROY BROWN generated

contained both a Power of Attorney signature line and a countersignature line. The Area Coordinator was authorized to sign at the Power of Attorney signature line and defendant LEROY BROWN was an authorized countersignatory.

j. It was the standard practice of the Salvation Army to mail rental assistance checks directly to its clients' landlords and make such checks payable to the landlords.

The Charge

2. From at least in or about October 1995 to in or about July 2002, in Newark, in the District of New Jersey and elsewhere, defendant

LEROY BROWN

being an agent of the Salvation Army, did knowingly and willfully conspire and agree with others to embezzle, steal, obtain by fraud, and otherwise without authority knowingly convert to the use of persons other than the rightful owner, property that was valued at approximately \$385,760.00 that was owned by and under the care, custody and control of the Salvation Army, which received, in each one-year period from in or about 1995 through in or about 2002, benefits in excess of \$10,000 under federal programs, including HUD's HOPWA program and FEMA's Emergency Food and Shelter National Board Program, contrary to Title 18, United States Code, Section 666(a)(1)(A).

The Object of the Conspiracy

3. The primary object of the conspiracy was to embezzle, steal and obtain by fraud money from the Salvation Army.

The Means and Methods of Executing the Conspiracy

4. It was a part of the conspiracy that, in his capacity as Financial Manager with the Salvation Army, defendant LEROY BROWN generated checks that were made out to, or on behalf of, fictitious individuals or individuals who were not otherwise entitled to receive funds from the Salvation Army (hereinafter the "fraudulent checks"). The fraudulent checks were drawn on Salvation Army accounts that contained either HOPWA or FEMA funds, or both.

5. It was further part of the conspiracy that defendant LEROY BROWN created false documentation to support the issuance of the fraudulent checks. For example, defendant LEROY BROWN created fake client files containing falsified Check Request Forms and fraudulent court documents such as Warrants for Removal and Complaints for Eviction. In some instances, defendant LEROY BROWN used the false client files to obtain the Area Coordinator's authorization to issue the fraudulent checks. In other instances, defendant LEROY BROWN forged the Area Coordinator's signature on certain of the fraudulent checks.

6. It was a further part of the conspiracy that

defendant LEROY BROWN would meet Co-Conspirator No. 1 outside of a check-cashing business located in Newark, New Jersey, and give Co-Conspirator No. 1 the fraudulent checks.

7. It was a further part of the conspiracy that, after receiving the checks, Co-Conspirator No. 1 would cash the checks at that check-cashing business. Co-Conspirator No. 1 was known to the check-cashing business by virtue of Co-Conspirator No. 1's employment with the City of Newark.

8. It was a further part of the conspiracy that Co-Conspirator No. 1 then gave defendant LEROY BROWN the proceeds from the cashed checks, less approximately \$125.00 that Co-Conspirator No. 1 took and received for each check that Co-Conspirator No. 1 cashed.

9. It was a further part of the conspiracy that defendant LEROY BROWN and Co-Conspirator No. 1 cashed more than 500 fraudulent checks in this manner from in or about October 1995 through in or about July 2002.

Overt Acts

10. In furtherance of the conspiracy and in order to effect the object thereof, defendant LEROY BROWN and Co-Conspirator No. 1 committed and caused to be committed the following overt acts in the District of New Jersey and elsewhere: on or about the dates indicated in the table below, the following checks generated and countersigned by defendant LEROY BROWN were

cashed by Co-Conspirator No. 1 at the check-cashing business in Newark, New Jersey.

Overt Act	Check Number	Date Cashed	Amount
A	007896	7/13/2001	\$665.00
B	007897	7/13/2001	\$675.00
C	007898	7/13/2001	\$675.00

In violation of Title 18, United States Code, Section 371.

COUNTS 2-3

(Theft from Organization Receiving Federal Benefits)

1. Paragraphs 1 and 3 through 10 of Count 1 of this Indictment are realleged and incorporated herein.

2. On or about the dates set forth below, at Newark, in the District of New Jersey and elsewhere, defendant

LEROY BROWN,

being an agent of the Salvation Army, did knowingly and willfully embezzle, steal, obtain by fraud, and otherwise without authority knowingly convert to the use of persons other than the rightful owner, and intentionally misapply, property that was valued at \$5,000 or more that was owned by and was under the care, custody and control of the Salvation Army, which received, in each one-year period from in or about 2001 through in or about 2002, benefits in excess of \$10,000 under federal programs, including HUD's HOPWA program and FEMA's Emergency Food and Shelter National Board Program.

COUNT	OFFENSE DATES	AMOUNT
2	From on or about April 7, 2001 to on or about December 31, 2001	\$55,710.00
3	From on or about January 1, 2002 to on or about July 17, 2002	\$47,720.00

In violation of Title 18, United States Code, Sections
666(a)(1)(A) and 2.

COUNT 4
(Income Tax Evasion-1999)

1. Paragraphs 1 and 3 through 10 of Count 1 of this Indictment are realleged and incorporated herein.

2. On or about April 17, 2000, defendant LEROY BROWN signed and caused to be filed with the Internal Revenue Service a 1999 U.S. Individual Income Tax Return Form 1040A. That return stated that his taxable income for the calendar year 1999 was \$11,920.00 and claimed entitlement to a refund in the amount of \$1,822.00.

3. Defendant LEROY BROWN'S 1999 tax return was false in that it did not include approximately \$42,940.00 in taxable income in the form of the proceeds of the fraudulent checks that defendant LEROY BROWN obtained from the Salvation Army in 1999. Upon this income, an additional tax of about \$7,980.00 was due and owing to the United States.

4. On or about April 17, 2000, in the District of New Jersey, defendant

LEROY BROWN

did knowingly and willfully attempt to evade and defeat part of the income tax due and owing to the United States in that he signed and caused to be filed with the Internal Revenue Service the 1999 U.S. Individual Income Tax Return, Form 1040A, described in Paragraph 2 of this Count, knowing it to be false and fraudulent as to a material matter, as described in Paragraph 3 of this Count.

In violation of Title 26, United States Code, Section 7201.

COUNT 5
(Income Tax Evasion-2000)

1. Paragraphs 1 and 3 through 10 of Count 1 of this Indictment are realleged and incorporated herein.

2. On or about April 16, 2001, defendant LEROY BROWN signed and caused to be filed with the Internal Revenue Service a 2000 U.S. Individual Income Tax Return Form 1040A. That return stated that his taxable income for the calendar year 2000 was \$12,178.00 and claimed entitlement to a refund in the amount of \$1,846.00.

3. Defendant LEROY BROWN'S 2000 tax return was false in that it did not include approximately \$31,179.00 in taxable income in the form of the proceeds of the fraudulent checks that defendant LEROY BROWN obtained from the Salvation Army in 2000. Upon this income, an additional tax of about \$4,680.00 was due and owing to the United States.

4. On or about April 16, 2001, in the District of New Jersey, defendant

LEROY BROWN

did knowingly and willfully attempt to evade and defeat part of the income tax due and owing to the United States in that he signed and caused to be filed with the Internal Revenue Service the 2000 U.S. Individual Income Tax Return, Form 1040A, described in Paragraph 2 of this Count, knowing it to be false and fraudulent as to a material matter, as described in Paragraph 3 of this Count.

In violation of Title 26, United States Code, Section 7201.

COUNT 6
(Income Tax Evasion-2001)

1. Paragraphs 1 and 3 through 10 of Count 1 of this Indictment are realleged and incorporated herein.

2. On or about April 15, 2002, defendant LEROY BROWN signed and caused to be filed with the Internal Revenue Service a 2001 U.S. Individual Income Tax Return Form 1040A. That return stated that his taxable income for the calendar year 2001 was \$13,077.00 and claimed entitlement to a refund in the amount of \$2,011.00.

3. Defendant LEROY BROWN'S 2001 tax return was false in that it did not include approximately \$59,120.00 in taxable income in the form of the proceeds of the fraudulent checks that defendant LEROY BROWN obtained from the Salvation Army in 2001. Upon this income, an additional tax of about \$12,237.00 was due and owing to the United States.

4. On or about April 15, 2002, in the District of New Jersey, defendant

LEROY BROWN

did knowingly and willfully attempt to evade and defeat part of the income tax due and owing to the United States in that he signed and caused to be filed with the Internal Revenue Service the 2001 U.S. Individual Income Tax Return, Form 1040A, described in Paragraph 2 of this Count, knowing it to be false and fraudulent as to a material matter, as described in Paragraph 3 of this Count.

In violation of Title 26, United States Code, Section 7201.

COUNT 7
(Income Tax Evasion-2002)

1. Paragraphs 1 and 3 through 10 of Count 1 of this Indictment are realleged and incorporated herein.

2. On or about April 15, 2003, defendant LEROY BROWN signed and caused to be filed with the Internal Revenue Service a 2002 U.S. Individual Income Tax Return Form 1040A. That return stated that his taxable income for the calendar year 2002 was \$39,076.00 and claimed entitlement to a refund in the amount of \$4,445.00.

3. Defendant LEROY BROWN'S 2002 tax return was false in that it did not include approximately \$37,891.00 in taxable income in the form of the proceeds of the fraudulent checks that defendant LEROY BROWN obtained from the Salvation Army in 2002. Upon this income, an additional tax of about \$9,318.00 was due and owing to the United States.

4. On or about April 15, 2003, in the District of New Jersey, defendant

LEROY BROWN

did knowingly and willfully attempt to evade and defeat part of the income tax due and owing to the United States in that he signed and caused to be filed with the Internal Revenue Service the 2002 U.S. Individual Income Tax Return, Form 1040A, described in Paragraph 2 of this Count, knowing it to be false and fraudulent as to a material matter, as described in Paragraph 3 of this Count.

In violation of Title 26, United States Code, Section 7201.

A TRUE BILL

FOREPERSON

CHRISTOPHER J. CHRISTIE
United States Attorney