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**FORMER EXECUTIVE DIRECTOR OF CHARITY SENTENCED IN
MANHATTAN FEDERAL COURT TO 21 MONTHS FOR FRAUD SCHEME**

PREET BHARARA, United States Attorney for the Southern District of New York, announced today that THOMAS M. KELLY, the former Executive Director of Community for Education Foundation ("CEF"), a New York-based charity, was sentenced to 21 months in prison for scheming to defraud CEF of over \$57,000. The sentence was imposed by United States District Judge DENISE L. COTE in Manhattan federal court.

According to the Indictment filed in this case and statements made at a hearing on December 1, 2009, and at sentencing today:

CEF is a nonprofit corporation that was founded in 1992 whose purpose is to assist children ages five to 18 years with the development of life management skills.

KELLY was employed as CEF's Executive Director from 2005 until he was fired on March 31, 2008. As Executive Director, KELLY was responsible for CEF's day-to-day management, including supervision of its finances and the sales of its educational products and services to school districts nationwide. KELLY reported to CEF's founder and Chairperson of the Board and to CEF's Board of Directors.

KELLY's scheme involved the diversion of approximately \$53,100 that a public school district outside of New York State (the "School District") paid to CEF for certain educational materials. In October 2007, the School District placed an order for CEF's curriculum materials to use in schools within the School District. KELLY never reported the School District's order to CEF'S founder or its Board. Instead, KELLY provided the School District with instructions to wire payment into a bank account in the name of CEF/Downtown Jersey City Scholarship Fund (the "DJCSF Account") that he alone controlled, rather than to CEF's legitimate checking account. KELLY had opened the DJCSF Account using CEF's name and tax identification number without

the knowledge or authorization of CEF's founder or its Board. In January 2008, the School District wired approximately \$44,100 into the DJCSF Account. In addition, KELLY deposited a \$9,000 check sent by the School District into the DJCSF Account. KELLY withdrew approximately \$46,500 in checks made payable to himself from the DJCSF Account and diverted additional funds to an acquaintance.

KELLY also charged thousands of dollars of personal expenses to the CEF credit card account without CEF's founder's or the Board's knowledge or authorization. For example, KELLY used part of the money to stay at the Bellagio Hotel and to go on a helicopter ride in Las Vegas.

KELLY, age 52, of Jersey City, New Jersey, pleaded guilty to wire fraud on July 28, 2009. In addition to his prison term, KELLY was sentenced to three years of supervised release and ordered to pay restitution in the amount of \$94,767.

At the sentencing, Judge COTE said KELLY "abused the trust of the charity, stole money it needed to further its enterprise -- to help the less fortunate in our public school system" and "was sucking the life blood from the charity and destroying its ability to function for his personal benefit."

This case is being prosecuted by the Office's Complex Frauds Unit. Assistant United States Attorneys SARAH Y. LAI and JOSEPH P. FACCIPONTI are in charge of the prosecution.

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