

9

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

ORIGINAL

UNITED STATES OF AMERICA,

Plaintiff,

vs.

D-1 CLARA SMITH,

Defendant.

Case:2:16-cr-20220
Judge: Cox, Sean F.
MJ: Stafford, Elizabeth A.
Filed: 03-29-2016 At 10:12 AM
INFO USA V CLARA SMITH (LG)

VIOLATIONS:
18 U.S.C. § 371 (Conspiracy)
18 U.S.C. § 666 (Bribery)

INFORMATION

THE UNITED STATES ATTORNEY CHARGES:

GENERAL ALLEGATIONS

At all times relevant to this Information:

1. Detroit Public Schools (“DPS”) was a government agency operating within Wayne County, Michigan, in the Eastern District of Michigan.
2. DPS was a government agency that received in excess of \$10,000.00 under one or more federal programs involving grants, contracts, subsidies, loans, guarantees, insurance and other forms of federal assistance in each one-year period for fiscal years 2009 through 2015.
3. Defendant CLARA SMITH was an employee and agent of DPS, a government agency, when she was employed as Principal of Thirkell Elementary-

Middle School (“Thirkell”) from at least 2008 through the present.

4. As Principal, SMITH had the primary authority for ordering school supplies for Thirkell. SMITH also had the primary authority for selecting vendors from whom she would order supplies for Thirkell.

5. As Principal, SMITH was responsible for certifying that Thirkell received the goods listed on a vendor’s invoice, and then submitting, or causing to be submitted, the invoice to DPS for payment to the vendor.

6. Sometime prior to February 2009, SMITH chose Norman Shy, doing business as Allstate Sales (“Shy”), as a vendor of school supplies for Thirkell Elementary.

COUNT ONE

(18 U.S.C. §§ 371, 666(a)(1)(B) –
Conspiracy to Commit Federal Program Bribery)

7. Paragraphs 1 through 6 of the General Allegations are hereby incorporated in this Count.

8. From at least February 2009 through January 2015, in the Eastern District of Michigan, defendant CLARA SMITH and Shy, did knowingly and willfully conspire and agree with each other for SMITH, an agent of DPS, to corruptly accept things of value, to wit: kickback payments, intending to be influenced and rewarded in connection with a series of payments from DPS to

Shy's business, which payments were valued at more than \$5,000, in violation of Title 18, United States Code, Section 666(a)(1)(B).

Manner and Means of the Conspiracy

9. The conspiracy was carried out through the following manner and means:

10. SMITH promised to and did take official action, including ordering school supplies from Shy, and certifying and submitting, and causing to be certified and submitted, fraudulent invoices to DPS for payment to Shy for goods that were not delivered, in exchange for kickback payments to SMITH from Shy.

11. At times, Shy did not deliver any of the goods to Thirkell that were listed on the fraudulent invoices that SMITH certified and submitted, and caused to be certified and submitted, to DPS for payment.

12. At other times, Shy delivered only a portion of the goods specified on an invoice for the purpose of making the transaction appear legitimate.

13. Shy maintained a ledger to keep track of how much money Shy owed SMITH in kickback payments as a result of the fraudulently submitted invoices.

14. SMITH also maintained a ledger to keep track of how much money Shy owed SMITH in kickback payments as a result of the fraudulently submitted invoices.

15. SMITH regularly communicated and met with Shy to discuss how

much money Shy owed her, and to request and receive kickback payments in connection with the fraudulent invoices she submitted, and caused to be submitted, to DPS.

16. SMITH corruptly received things of value, i.e., money, from Shy, which represented a portion of the payments Shy received from DPS as a result of the fraudulent invoices SMITH submitted and caused to be submitted.

17. At Shy's direction, SMITH faxed Shy written requests for kickback payments in various forms, including but not limited to: Sam's Club gift cards, cash, checks payable to SMITH's family members and friends, payments to SMITH's personal credit cards, and payments for personal bills.

18. To disguise kickback payments to SMITH, Shy gave SMITH Sam's Club gift cards, cash, checks payable to SMITH's family members and friends, payments to SMITH's personal credit cards, and payments for personal bills.

Overt Acts Which Furthered the Conspiracy

19. In order to further the unlawful conspiracy, one or more of the conspirators committed the following acts, among others:

20. Sometime prior to February 2009, SMITH selected Shy as a vendor to provide school supplies to Thirkell.

21. Sometime prior to February 2009, Shy described to SMITH how they could fraudulently "encumber" DPS funds by certifying and submitting, and

causing to be certified and submitted, to DPS invoices from Shy for goods that were not delivered.

22. Beginning in at least February 2009, in exchange for kickback payments from Shy, SMITH agreed to submit and cause to be submitted to DPS fraudulent invoices from Shy for goods that were not delivered to Thirkell.

23. From at least February 16, 2009 through in and around June 2014, SMITH certified and submitted, and caused to be certified and submitted, fraudulent invoices from Shy on behalf of Thirkell which caused DPS to issue payments to Shy for goods that were never delivered.

24. On the following approximate dates, among others, SMITH requested and accepted kickback payments from Shy as further described below:

	Date	Amount of Kickback	Manner of Kickback
a.	August 30, 2009	\$1,500	Sam's Club gift cards
b.	November 17, 2009	\$1,500	Sam's Club gift cards
c.	March 10, 2010	\$5,000	Personal credit card payment
d.	April 10, 2010	\$1,500	Sam's Club gift cards
e.	June 28, 2010	\$7,015	Personal credit card and bill payments, Sam's Club gift cards, checks to family members/friends
f.	June 2, 2011	\$5,000	Personal credit card payment, checks to family members/friends
g.	August 26, 2011	\$18,000	Personal credit card and bill payments, checks to family members/friends

h.	December 1, 2011	\$4,500	Personal bill payments, checks to family members/friends
i.	December 16, 2011	\$4,000	Sam's Club gift cards
j.	April 3, 2012	\$3,000	Personal bill payments, Sam's Club gift cards, checks to family members/friends
k.	July 12, 2012	\$2,000	Personal bill payments
l.	August 22, 2012	\$7,000	Personal credit card payments
m.	December 12, 2012	\$4,000	Walmart gift cards
n.	August 26, 2013	\$2,600	Sam's Club gift cards

25. From at least February 12, 2009 through June 12, 2014, SMITH requested and accepted from Shy forty-five (45) separate kickback payments totaling approximately \$38,330, in the form of checks made payable to her husband.

26. From at least February 9, 2009 through November 21, 2011, SMITH requested and accepted from Shy seventeen (17) separate kickback payments totaling approximately \$8,549.50, in the form of checks made payable to her daughter.

27. From 2009 through 2015, SMITH accepted kickback payments from Shy totaling approximately \$194,000.

All in violation of Title 18, United States Code, Sections 371 and 666.

BARBARA L. McQUADE
United States Attorney



J. MICHAEL BUCKLEY
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Deputy Chief, Public Corruption Unit



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Dated: March 29, 2016

United States District Court
Eastern District of Michigan

Criminal Case C

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NOTE: It is the responsibility of the Assistant U.S. Attorney signing this form to c

Reassignment/Recusal Information This matter was opened in the USAO prior to August 15, 2008 []

Companion Case Information	Companion Case Number: See attached
This may be a companion case based upon LCrR 57.10 (b)(4) ¹ :	Judge Assigned: See attached
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	AUSA's Initials: <i>JMS</i>

Case Title: USA v. D-1 CLARA SMITH

County where offense occurred : Wayne

Check One: Felony Misdemeanor Petty

_____ Indictment/ Information --- no prior complaint.
 _____ Indictment/ _____ Information --- based upon prior complaint [Case number: _____]
 _____ Indictment/ _____ Information --- based upon LCrR 57.10 (d) [Complete Superseding section below]

Superseding Case Information

Superseding to Case No: _____ Judge: _____

- Original case was terminated; no additional charges or defendants.
- Corrects errors; no additional charges or defendants.
- Involves, for plea purposes, different charges or adds counts.
- Embraces same subject matter but adds the additional defendants or charges below:

<u>Defendant name</u>	<u>Charges</u>	<u>Prior Complaint (if applicable)</u>
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Please take notice that the below listed Assistant United States Attorney is the attorney of record for the above captioned case.

March 29, 2016
Date

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¹ Companion cases are matters in which it appears that (1) substantially similar evidence will be offered at trial, (2) the same or related parties are present, and the cases arise out of the same transaction or occurrence. Cases may be companion cases even though one of them may have already been terminated. 04/13

Companion Case Information

Companion Case Number and Judge Unknown; all cases filed simultaneously on March 29, 2016:

U.S. v. Ronald Alexander

U.S. v. Tanya Bowman

U.S. v. Josette Buendia

U.S. v. Beverly Campbell

U.S. v. Nina Graves-Hicks

U.S. v. James Hearn

U.S. v. Gerlma Johnson

U.S. v. Stanley Johnson

U.S. v. Tia'Von Moore-Patton

U.S. v. Willye Pearsall

U.S. v. Norman Shy and Clara Flowers

U.S. v. Ronnie Sims