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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

ORIGINAL

UNITED STATES OF AMERICA,

Plaintiff,

vs.

D-1 GERLMA JOHNSON,

Defendant.

Case:2:16-cr-20214
Judge: Murphy, Stephen J.
MJ: Patti, Anthony P.
Filed: 03-29-2016 At 09:23 AM
INFO USA V GERLMA JOHNSON (BG)

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 2014.

3. Defendant GERLMA JOHNSON was an employee and agent of DPS, a government agency, when she was employed as Principal of Charles R. Drew Academy (“Drew”) from at least 2009 through 2011, and Principal of Earhart Elementary-Middle School (“Earhart”) from 2011 through 2015.

4. As Principal, JOHNSON had the primary authority for ordering school supplies for Drew and Earhart. JOHNSON also had the primary authority for selecting vendors from whom she would order supplies for Drew and Earhart.

5. As Principal, JOHNSON was responsible for certifying that Drew and Earhart 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 March 2009 JOHNSON chose Norman Shy, doing business as Allstate Sales (“Shy”), as a vendor of school supplies for Drew. Beginning in 2011, JOHNSON chose Shy as a vendor of school supplies for Earhart.

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 March 2009 through June 2014, in the Eastern District of Michigan, defendant GERLMA JOHNSON and Shy, did knowingly and willfully conspire and agree with each other for JOHNSON, 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. JOHNSON promised and took 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 JOHNSON from Shy.

11. At times, Shy did not deliver any of the goods to Drew and Earhart that were listed on the fraudulent invoices that JOHNSON 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 that kept track of how much money Shy owed JOHNSON in kickback payments as a result of the fraudulently submitted invoices.

14. JOHNSON 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.

15. JOHNSON corruptly received things of value, i.e. prepaid gift cards, from Shy, which represented a portion of the payments Shy received from DPS as a result of the fraudulent invoices JOHNSON submitted and caused to be submitted.

16. At Shy's direction, JOHNSON provided Shy with written requests for gift cards on school letterhead, which falsely stated that the gift cards were for school purposes, for the purpose of making the illicit payments appear legitimate.

Overt Acts Which Furthered the Conspiracy

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

18. Sometime prior to March 2009, Shy described to JOHNSON how they could fraudulently "encumber" DPS funds by certifying and submitting to DPS invoices from Shy for goods that were not delivered.

19. Sometime prior to March 2009, Shy further described that he could provide JOHNSON kickback payments in the form of prepaid gift cards which would represent her portion of the encumbered funds which Shy fraudulently received from DPS for the undelivered goods.

20. Sometime prior to March 2009, JOHNSON selected Shy as a vendor to provide school supplies to Drew.

21. Beginning in at least March 2009, in exchange for kickback payments from Shy, JOHNSON agreed to submit and cause to be submitted to DPS fraudulent invoices from Shy for goods that were not delivered to Drew.

22. In approximately 2011, in order to continue receiving kickback payments, JOHNSON selected Shy as a vendor to provide school supplies to Earhart.

23. From March 2009 through June 2014, JOHNSON certified and submitted or caused to be submitted fraudulent invoices from Shy on behalf of Drew and Earhart which caused DPS to issue payments to Shy for goods that were never delivered.

24. On the following approximate dates, at Shy's direction, JOHNSON provided Shy with a letter on school letterhead requesting a gift card from Shy in order to make the kickback payment from Shy appear legitimate:

- a. March 2, 2009 (Drew)
- b. April 19, 2009 (Drew)
- c. November 16, 2011 (Earhart)
- d. December 7, 2011 (Earhart)
- e. October 16, 2013 (Earhart)
- f. November 4, 2013 (Earhart)

25. On approximately February 4, 2014, JOHNSON and Shy met in order to discuss kickback payments Shy owed JOHNSON.

26. On approximately March 7, 2014, JOHNSON and Shy met in order to discuss kickback payments Shy owed JOHNSON.

27. On the following approximate dates, JOHNSON accepted kickback payments in the form of prepaid gift cards from Shy:

| | Approximate Date | Amount of Kickback |
|----|-------------------------|---------------------------|
| a. | March 2, 2009 | \$3,000 |
| b. | April 19, 2009 | \$4,000 |
| c. | November 16, 2011 | \$1,000 |
| d. | December 7, 2011 | \$1,000 |
| e. | October 16, 2013 | \$1,500 |
| f. | November 4, 2013 | \$1,500 |
| g. | February 6, 2014 | \$1,500 |
| h. | May 6, 2014 | \$1,500 |

28. From at least March 2009 through June 2014, JOHNSON accepted kickback payments from Shy totaling approximately \$22,884.

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

BARBARA L. McQUADE
United States Attorney



J. MICHAEL BUCKLEY
Assistant United States Attorney
Deputy Chief, Public Corruption Unit



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Dated: March 29, 2016

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| United States District Court Eastern District of Michigan | Criminal Case Cove |
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NOTE: It is the responsibility of the Assistant U.S. Attorney signing this form to complete it accurately in all respects.

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

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| 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>JMB</i> |

Case Title: USA v. D-1 GERLMA JOHNSON

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> |
|-----------------------|----------------|--|

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. 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

U.S. v. Clara Smith