

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES AMERICA

v.

LEROY HOLMES

Defendant.

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CRIMINAL No.:

18 U.S.C. § 1956(h)

(Conspiracy to Launder Proceeds
of an Unlawful Activity)

RECEIVED

INFORMATION

JAN 27 2003

The United States Attorney charges that:

NANCY MAYER WHITTINGTON, CLERK
U.S. DISTRICT COURT

COUNT ONE

(Conspiracy to Launder Proceeds of an Unlawful Activity)

At all times material to the Information:

1. The Washington Teachers' Union ("WTU" or "the union") was a labor organization representing, among other persons, teachers in the District of Columbia Public School system, and was the Washington, D.C. local affiliate of the American Federation of Teachers ("AFT"). WTU received most of its funds from dues collected from the paychecks of its schoolteacher members.

2. WTU was a labor organization under the oversight of the United States Department of Labor ("DOL") and was required annually to submit reports of its financial condition ("Forms LM-2") to DOL. Forms LM-2 required disclosure of, among other things, disbursements to officers and employees, including, but not limited to, payments of salary and other remuneration, as well as payments to officers and employees for business expenditures. DOL maintained these Forms LM-2 for inspection by union members, who were entitled to rely on the accuracy of the information disclosed.

3. WTU's operations were overseen, or should have been overseen, by an executive board consisting of, among other persons, the persons occupying the offices of WTU President, WTU General Vice-President, and WTU Treasurer. For all periods relevant to the Information, the persons occupying these offices did not change.

4. WTU President was a full-time, salaried official of WTU. WTU Treasurer was at various times a full-time, salaried official of WTU.

5. WTU President was assisted in his/her job by WTU Executive Assistant.

6. WTU checks were required to be signed by two of the three persons occupying the positions of WTU President, WTU General Vice-President, and WTU Treasurer. WTU President also delegated to WTU Executive Assistant authority to affix a stamp of his/her signature to WTU checks. WTU Executive Assistant did, in fact, write many WTU checks, affix WTU President's signature stamp, and obtain WTU Treasurer's actual signature.

7. WTU President and WTU Treasurer signed the Forms LM-2 submitted to DOL, certifying "that all of the information submitted in this report (including the information contained in any accompanying documents) has been examined by the signatory and is, to the best of the undersigned's knowledge and belief, true, correct, and complete."

8. WTU President retained defendant LEROY HOLMES to be his/her driver and general handyman, who performed both business and personal services, which were paid for by WTU.

THE CONSPIRACY

9. From in or about December 1997, the exact date being unknown, through in or about September 2002, within the District of Columbia and elsewhere, defendant LEROY HOLMES did unlawfully, willfully, and knowingly conspire, confederate, and agree, together with others known

and unknown to commit offenses defined in Title 18, United States Code, Sections 1956 and 1957, as follows:

- a. knowing that the property involved in a financial transaction affecting interstate commerce represented the proceeds of some form of unlawful activity, to conduct and attempt to conduct such a financial transaction which in fact involved the proceeds of specified unlawful activity, to wit, mail fraud, in violation of Title 18, United States Code, Section 1341, knowing that the transaction was designed in whole and in part --

- i) to conceal and disguise the nature, the location, the source, the ownership, and the control of the proceeds of specified unlawful activity,

in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i);

and

- b. knowingly to engage and attempt to engage in a monetary transaction in criminally derived property from specified unlawful activity, to wit, mail fraud, in violation of Title 18, United States Code, Section 1341, of a value greater than \$10,000,

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

THE GOAL OF THE CONSPIRACY

10. It was the goal of the conspiracy for defendant LEROY HOLMES and his co-conspirators to enrich themselves by stealing millions of dollars from WTU members and to secrete

their unlawful conduct by engaging in financial transactions designed to conceal and hide the unlawful derivation of these funds.

MANNER AND MEANS OF THE CONSPIRACY

11. It was a part of the conspiracy that WTU President, WTU Treasurer, and WTU Executive Assistant would and did write WTU checks for several thousand dollars at a time, ultimately totaling more than \$1 million, to defendant, LEROY HOLMES.

12. It was further a part of the conspiracy that defendant LEROY HOLMES would and did cash these WTU checks made payable to him and keep approximately \$1,875 for himself, resulting in an annual salary for serving as driver for WTU President of over \$90,000.

13. It was further a part of the conspiracy that defendant LEROY HOLMES would and did cash WTU checks and give some or all of the proceeds directly to WTU Executive Assistant, WTU President, and one or more WTU employees who were compensated in cash.

14. It was further a part of the conspiracy that defendant LEROY HOLMES would and did cash WTU checks and deposit the proceeds directly into the personal bank account of WTU President.

15. It was further a part of the conspiracy that WTU President and WTU Treasurer concealed the payment of funds to defendant LEROY HOLMES by failing to report disbursements to him, and by failing to identify him at all, on any Form LM-2 signed by them and filed with DOL during the period of the conspiracy.

16. It was further a part of the conspiracy that WTU President, WTU Treasurer, and WTU Executive Assistant made more than \$1 million in personal, unauthorized, and un-reimbursed expenditures using WTU credit cards to acquire luxury clothing, electronic equipment, season tickets

for professional sports events, meals and other entertainment, home furnishings, art, gasoline and repairs for their personal vehicles, and other items.

17. It was further a part of the conspiracy that certain of the conspirators would and did use and cause the use of the interstate mails and wires to defraud WTU by, among other things, sending payments from their personal bank accounts, using proceeds of WTU funds converted into cash by defendant LEROY HOLMES, to WTU's credit card companies, for personal purchases and expenditures.

18. It was further a part of the conspiracy that the conspirators caused WTU to transfer funds totaling more than \$400,000 into the bank account of "Expressions Unlimited," which account was used or controlled by WTU Executive Assistant's son-in-law, daughter, and a "business partner," and funds from which were then paid to WTU President and WTU Executive Assistant.

19. It was further a part of the conspiracy that defendant LEROY HOLMES, while being compensated by WTU, would and did transport WTU President and others to engage in spending sprees using WTU funds and credit cards, and would and did make pick-ups and deliveries of clothing, art, and other items obtained unlawfully using union funds.

20. It was further a part of the conspiracy that the conspirators caused WTU to pay, over and above his salary, over \$7,000 towards the purchase of a new Cadillac automobile for defendant LEROY HOLMES, to pay a portion of the monthly payment for this vehicle, and to pay for repairs, maintenance, and insurance for vehicles owned personally by defendant LEROY HOLMES.

21. It was further a part of the conspiracy that WTU President, WTU Treasurer, and WTU Executive Assistant would and did write union checks to WTU Treasurer for services not in fact provided.

22. It was further a part of the conspiracy that WTU Treasurer would and did sign blank WTU checks.

23. It was further a part of the conspiracy that the conspirators would and did create and plan to create false and misleading "financial statements," which concealed and sought to conceal the conspirators' conversion of union funds by categorizing hundreds of thousands of dollars of personal expenditures on WTU credit cards, payments on a personal credit card balance of WTU President and his/her sister, and payments to defendant LEROY HOLMES as, among other things, "Membership Services."

24. It was further a part of the conspiracy that WTU President, WTU Treasurer, and WTU Executive Assistant, along with others known and unknown, would and did retain the services of Tax Preparer -- who also prepared the personal tax returns of defendant LEROY HOLMES, WTU President, and WTU Executive Assistant's daughter and son-in-law -- to assist them in the preparation of Forms LM-2 and "financial statements" that were false and misleading.

PARTIAL LIST OF FINANCIAL TRANSACTIONS UNDERTAKEN
IN FURTHERANCE OF THE CONSPIRACY

25. In furtherance of the goal and objects of the conspiracy, defendant LEROY HOLMES and his co-conspirators, known and unknown, within the District of Columbia, conducted the following financial transactions, among many others:

	<u>On or about Date</u>	<u>Amount</u>	<u>Description</u>
a.	12/16/97	\$2,750	Cashing of WTU check
b.	4/17/98	\$4,500	Cashing of WTU check
c.	7/8/98	\$5,500	Cashing of WTU check


d.	8/17/00	\$10,000	Deposit of cash proceeds from WTU account into WTU President's personal account
e.	9/15/00	\$20,000	Deposit of cash proceeds from WTU account into WTU President's personal account
f.	12/18/00	\$15,000	Deposit of cash proceeds from WTU account into WTU President's personal account
g.	2/12/01	\$8,500	Cashing of WTU check
h.	6/6/01	\$8,500	Cashing of WTU check
i.	8/14/01	\$9,685	Cashing of WTU check
j.	8/16/01	\$9,750.26	Cashing of WTU check
k.	1/17/02	\$5,805	Cashing of WTU check
l.	4/22/02	\$10,900	Cashing of WTU check
m.	6/14/02	\$5,848.99	Cashing of WTU check
n.	8/20/02	\$5,975	Cashing of WTU check
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o.	8/22/02	\$5,875	Cashing of WTU check
p.	8/29/02	\$2,500	Cashing of WTU check

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ROSCOE C. HOWARD, JR.
ATTORNEY FOR THE UNITED STATES IN
AND FOR THE DISTRICT OF COLUMBIA

By:



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ASSISTANT UNITED STATES ATTORNEYS