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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,)
)
) Plaintiff,)
)
) v.)
)
) CHRISTOPHER D. KRAUSE)
) GIACINTO VACCARELLA)
) ROCKY LAURIE)
) TODD GEMMA)
) SHANNON RILEY)
) KENNETH KUSHMIDER)
) TODD OZANICH)
) RONALD MONROE)
) BRYAN CARLTON)
)
) Defendants.)

INFORMATION
JUDGE 1:10 CR 0235
CASE NO. JUDGE ADAMS

Title 18, United States Code, Sections 2, 4
371, 666, 1001, 1349 and 1519

The United States Attorney charges:

At all times material to this Information:

General Allegations

1. The Maple Heights City Schools ("MHCS") was a government agency, as that term is defined in Title 18, United States Code, Section 666(d)(2), that received benefits in excess of \$10,000, during each of the calendar years 2001 through 2009 under a Federal program

involving a grant, contract, subsidy, loan, guarantee, insurance and other form of Federal assistance.

2. Defendant CHRISTOPHER D. KRAUSE was the treasurer of the MHCS who was responsible, among other duties, for maintaining MHCS's financial records, transacting MHCS business through financial accounts, disbursing MHCS funds and paying MHCS bills properly.

3. Public Employee 16 ("PE16") was employed by the MHCS as a carpenter, and later as business manager.

4. Defendant GIACINTO VACCARELLA was the director of building and grounds for the MHCS.

5. Louis C. Damiani ("Damiani") was an attorney licensed to practice law in the State of Ohio until his death on or about September 4, 2006. Damiani served as an attorney for MHCS.

6. Santina Klimkowski was an elected member of the MHCS Board of Education ("School Board") from 1981 through 2005. In that capacity, she served as an agent of the school district and had the power to influence the expenditure of school district funds for contracts. Klimkowski was also employed at the Cuyahoga County Auditor's Office as a Department of Appraisal Specialist, responsible for overseeing the commercial real estate appraisal process.

7. Public Official 2 ("PO2") was an elected County official with overall responsibility for all County funds. He had the power to influence contracts and expenditures within the Cuyahoga County Auditor's Office.

8. Defendant ROCKY LAURIE was an employee of MHCS who had authority to procure food on behalf of the MHCS.
9. Klimkowski, KRAUSE, PE16 and VACCARELLA were agents of MHCS, as defined in Title 18, Section 666(d)(1), United States Code.
10. Business Executive or Employee 17 ("BE17") was the owner of Business 23, a contractor located in Cleveland, Ohio.
11. Defendants TODD GEMMA, RONALD MONROE and BRYAN CARLTON were principals of Gemini Development Group located in Solon, Ohio.
12. Defendant SHANNON RILEY was the owner of Riley Industrial Services located in Cleveland, Ohio
13. Defendant TODD OZANICH was the owner of Imperial Heating and Cooling, located in Solon, Ohio.
14. Business Executive or Employee 18 ("BE18") was the owner of Business 24, a contractor located in Independence, Ohio.
15. Defendant KENNETH KUSHMIDER was the sole owner of Landscape Design Associates located in the greater Cleveland, Ohio area.
16. Business owner or employee 19 ("BE19") was the owner of Business 25 located in Mantua, Ohio which obtained sub-contracts from KUSHMIDER and Landscape Design Associates.
17. Business Executive or Employee 13 ("BE13") was a consultant who served clients attempting to obtain public contracts.
18. Business Owner or Employee 20 ("BE20") was a painting contractor.

19. Business 26 operated a gasoline station near the MHCS.

20. Business Executive or Employee 21 ("BE21") was a principal of Business 27, an insurance broker.

The United States Attorney charges:

COUNT 1

(Conspiracy to Commit Theft Concerning Programs Receiving Federal Funds, 18 U.S.C. § 371)

21. Paragraphs 1, 2, 3, 4 and 9 of the General Allegations are incorporated by reference as if set forth herein.

THE CONSPIRACY

22. Beginning on or about April 1, 2008 and continuing until on or about April 15, 2008, the exact dates being unknown to the U.S. Attorney, in the Northern District of Ohio, Eastern Division and elsewhere, Defendants CHRISTOPHER D. KRAUSE and GIACINTO VACCARELLA and PE16, and others known and unknown to the United States Attorney, did knowingly and willfully conspire, confederate and agree with each other to commit theft concerning programs receiving federal funds, in that KRAUSE, VACCARELLA, and PE16, being agents of MHCS, embezzled, stole and obtained by fraud property valued at \$5,000 or more owned by and under the care, custody and control of the MHCS, in violation of Title 18, United States Code, Section 666(a)(1)(A).

MANNER AND MEANS

23. It was part of the conspiracy that KRAUSE, VACCARELLA and PE16 embezzled and took by fraud approximately \$7,200 from the MHCS, which funds were proceeds from the sale of a MHCS-owned 47-foot Bil-Jax boom lift.

OVERT ACTS

24. In furtherance of the conspiracy, and to effect the objects thereof, KRAUSE, VACCARELLA, PE16 and others committed the following overt acts in the Northern District of Ohio:

- A. On or about April 7, 2008, VACCARELLA, at KRAUSE'S direction, transported the Bil-Jax boom lift to an auction facility.
- B. On or about April 7, 2008, PE16 obtained a check in the amount of approximately \$7,200 payable to PE16 from the auction house.
- C. On or about April 7, 2008, PE16 deposited the check and gave approximately \$2,400 in cash to KRAUSE and approximately \$2,400 in cash to VACCARELLA. The MHCS did not receive any of the proceeds of selling the Bil-Jax boom lift.

All in violation of Title 18, United States Code, Section 371.

The United States Attorney further charges:

COUNT 2

(Conspiracy to Commit Mail Fraud, 18 U.S.C. § 1341, in violation of 18 U.S.C. § 1349)

Introduction

25. Paragraphs 2, 5, and 6 of the General Allegations are re-alleged and fully incorporated herein.

THE CONSPIRACY

26. From in or about 2001 and continuing through on or about July 28, 2008, the exact dates being unknown to the United States Attorney, in the Northern District of Ohio, Eastern Division, Defendant CHRISTOPHER D. KRAUSE and Santina Klimkowski, Louis C.

Damiani, not charged herein, and others known and unknown to the United States Attorney, did knowingly and willfully combine, conspire, confederate and agree with each other to commit offenses against the United States, namely, to devise and intend to devise a scheme and artifice to defraud the MHCS of money and property and to obtain money and property of the MHCS by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, to cause matters to be placed in any post office and authorized depository for mail matter to be sent and delivered by the United States Postal Service, in violation of Title 18, United States Code, Section 1341.

OBJECT OF THE CONSPIRACY

27. It was the object of the conspiracy that KRAUSE, Klimkowski, Damiani and others known and unknown to the United States Attorney, abused their positions and professional relationships with MHCS and caused others to abuse their positions with MHCS by diverting MHCS money and property for their personal use and for the personal use of others.

MANNER AND MEANS

It was part of the conspiracy that:

28. Damiani and Klimkowski asked KRAUSE and Rocky Laurie in KRAUSE's and Laurie's official capacities with the MHCS to procure items for their personal use and the personal use of others, with MHCS funds and MHCS credit cards. KRAUSE and Rocky Laurie each obtained the items requested by Klimkowski and Damiani from MHCS vendors, such as Sam's Club, GFS and others, and delivered the items requested to Klimkowski. Klimkowski delivered to Damiani the items he requested.

29. In addition, KRAUSE used MHCS funds and MHCS credit cards to purchase items for his own personal use.

30. KRAUSE falsely documented the purchases described above in MHCS records as legitimate MHCS expenses.

31. As a result of the scheme described above, KRAUSE obtained a sump pump, a power washer, a generator, a weed whacker, a backpack leaf blower, other miscellaneous tools, electronic items, and bottled water, valued at approximately \$4,300 in total, and obtained food of an undetermined value.

32. On a regular basis and on numerous occasions from in or about 2001 through in or about July 2008, Klimkowski and others executed and attempted to execute the scheme and artifice set forth above by causing the following matters and things to be mailed and delivered by the United States Postal Service according to the directions thereon within the Northern District of Ohio: bills to the MHCS for items purchased for Damiani, Klimkowski, KRAUSE and others during the course of the conspiracy and MHCS checks remitting payment on those invoices.

All in violation of Title 18, United States Code, Section 1349.

The United States Attorney further charges:

COUNT 3

(Misprision of a Felony, 18 U.S.C. § 4)

33. Paragraphs 2, 5, 6 and 8 of the General Allegations are re-alleged and fully incorporated herein.

34. Beginning in approximately 2004, ROCKY LAURIE understood that Christopher D. Krause, Santina Klimkowski and Louis C. Damiani, not charged herein, were not reimbursing the MHCS for the purchases they were instructing LAURIE to make with MHCS funds for the personal benefit of Krause, Klimkowski and others.

35. Beginning in approximately 2004 and continuing into 2009, the exact dates being unknown to the United States Attorney, in the Northern District of Ohio, Eastern Division, Defendant, ROCKY LAURIE, having knowledge of the actual commission of a felony cognizable by a court of the United States, to wit, conspiracy to commit mail fraud, in violation of Title 18, United States Code, Section 1349, as charged in Count 2 of this Information, did conceal the same by complying with the requests of Krause and Klimkowski to continue to purchase items for their personal benefit with MHCS funds, and did not as soon as possible make known the same to some judge or other person in civil authority under the United States.

All in violation of Title 18, United States Code, Section 4.

COUNT 4

(Making a Materially False Statement in a Matter within the Jurisdiction of the Government,
18 U.S.C. § 1001)

36. Paragraph 8 of the General Allegations of this Information is realleged and fully incorporated herein.

37. Beginning sometime prior to April 2009, and continuing until the date of the filing of this Information, the Federal Bureau of Investigation ("FBI"), part of the executive branch of Government of the United States, and acting within its jurisdiction, was investigating possible violations of federal law in connection with bribery schemes at the MHCS.

38. On or about October 23, 2009, Special Agents of the FBI conducted a proffer interview of ROCKY LAURIE in connection with the investigation.

39. On or about October 23, 2009, in the Northern District of Ohio, Eastern Division, Defendant ROCKY LAURIE knowingly and willfully made the following material false statement in a matter within the jurisdiction of the executive branch of the Government of

the United States: that in 2006, he had told Christopher D. Krause that he would no longer make purchases for the personal benefit of Santina Klimkowski, and that he had discontinued the purchases, when in truth and in fact, as he then well knew, he had continued to make such purchases with MHCS funds well after 2006.

All in violation of Title 18, United States Code, Section 1001.

COUNTS 5 through 21

(Bribery Concerning Programs Receiving Federal Funds, 18 U.S.C. § 666(a)(1)(B) and 666(a)(2))

40. Paragraphs 1 through 7 and 9 through 20 of the General Allegations of the General Allegations of this Information are re-alleged and incorporated by reference as if fully set forth herein.

41. On or about the dates listed below, the exact dates unknown to the United States Attorney, in the Northern District of Ohio, Eastern Division:

(1) Defendants CHRISTOPHER D. KRAUSE and GIACINTO VACCARELLA, and PE16, as agents of the MHSC, did corruptly solicit, demand and accept and agree to accept any thing of value from the Defendants, individuals and entities listed below, intending to be influenced and rewarded in connection with any business, transaction, and series of transactions of MHCS listed below involving any thing of value of \$5,000 or more in the calendar years listed below; and

(2) Defendants TODD GEMMA, RONALD MONROE, BRYAN CARLTON, KENNETH KUSHMIDER, SHANNON RILEY, and TODD OZANICH and BE19, and the other individuals and entities listed below did corruptly give, offer, and agree to give any thing of value to the Defendant agents of MHCS listed below with intent to influence and reward agents of the

MHSC in connection with any business, transaction or series of transactions of the MHSC involving any thing of value of \$5,000 or more.

All in violation of Title 18, United States Code, Sections 666(a)(1)(B), 666(a)(2) and 2.

Count 5:

Defendant: CHRISTOPHER D. KRAUSE

Date: Summer 2005

Calendar Year: 2005

Thing of Value: \$10,000 in cash

MHCS Agent: CHRISTOPHER D. KRAUSE

Payor: BE17 and Business 23

MHCS business, transaction or series of transactions: Business 23 contracts with the MHCS valued at approximately \$221,900.

Count 6:

Defendant: CHRISTOPHER D. KRAUSE

Date: June 2008

Calendar Year: 2008

Thing of Value: \$2,500 of an agreed \$10,000 in cash

MHCS Agent: CHRISTOPHER D. KRAUSE

Payor: BE17 and Business 23

MHCS business, transaction or series of transactions: Business 23 contracts with the MHCS valued at approximately \$73,200.

Count 7:

Defendant: CHRISTOPHER D. KRAUSE

Date: July 25, 2008

Calendar Year: 2008

Thing of Value: \$5,000 of the agreed \$10,000 in cash described in Count 6 above.

MHCS Agent: CHRISTOPHER D. KRAUSE

Payor: BE17 and Business 23 (via Klimkowski)

MHCS business, transaction or series of transactions: Business 23 contracts with the MHCS valued at approximately \$73,200.

Count 8:

Defendants: CHRISTOPHER D. KRAUSE, TODD GEMMA, RONALD MONROE,
and BRYAN CARLTON

Date: Fall 2006

Calendar Year: 2006

Thing of Value: \$5,000 in cash

MHCS Agent: CHRISTOPHER D. KRAUSE

Payor: Gemini Development and TODD GEMMA

MHCS business, transaction or series of transactions: Gemini contracts with the MHCS
valued at approximately \$87,200.

Count 9:

Defendant: CHRISTOPHER D. KRAUSE

Date: May or June 2007

Calendar Year: 2007

Thing of Value: John Deere tractor valued at approximately \$14,000

MHCS Agent: CHRISTOPHER D. KRAUSE

Payor: Gemini Development and Todd Gemma (not charged herein)

MHCS business, transaction or series of transactions: Gemini contracts with the MHCS
valued at approximately \$207,204.

Count 10:

Defendant: KENNETH KUSHMIDER

Date: July or August 2007

Calendar Year: 2007

Thing of Value: Approximately \$3,000 in cash

MHCS Agent: PE16

Payor: KENNETH KUSHMIDER with BE19 acting as an intermediary.

MHCS business, transaction or series of transactions: Landscape Design Associates contracts (with BE19 and Business 25 participating as a subcontractor, the subcontracts valued at approximately \$76,000) with the MHCS valued at approximately \$167,600.

Count 11:

Defendant: CHRISTOPHER D. KRAUSE

Date: Summer 2007

Calendar Year: 2007

Thing of Value: Landscaping for KRAUSE's residence valued at approximately \$21,000 for which KRAUSE only paid BE19 and Business 25 with a John Deere Gator valued at approximately \$2,000

MHCS Agent: CHRISTOPHER D. KRAUSE

Payor: BE19 and Business 25

MHCS business, transaction or series of transactions: Landscape Design Associates contracts (with BE19 participating as a subcontractor, the subcontracts valued at approximately \$76,000) with the MHCS valued at approximately \$167,600.

Count 12:

Defendants: CHRISTOPHER D. KRAUSE, GIACINTO VACARELLA and SHANNON RILEY

Date: Spring and Summer 2008

Calendar Year: 2008

Thing of Value: Kickbacks totaling approximately \$30,000

MHCS Agent: CHRISTOPHER D. KRAUSE

Payor: SHANNON RILEY and Riley Construction

MHCS business, transaction or series of transactions: Riley Construction contracts with the MHCS valued at approximately \$306,936.

Count 13:

Defendant: CHRISTOPHER D. KRAUSE

Date: 2007

Calendar Year: 2007

Thing of Value: Painting inside of KRAUSE'S garage at his personal residence, valued at approximately \$400

MHCS Agent: CHRISTOPHER D. KRAUSE

Payor: BE20

MHCS business, transaction or series of transactions: BE20 contracts with the MHCS valued at approximately \$70,000.

Count 14:

Defendants: CHRISTOPHER D. KRAUSE and TODD OZANICH

Date: 2005

Calendar Year: 2005

Thing of Value: furnace in KRAUSE'S garage at his personal residence valued at approximately \$1,200

MHCS Agent: CHRISTOPHER D. KRAUSE

Payor: TODD OZANICH and Imperial Heating and Cooling

MHCS business, transaction or series of transactions: Imperial Heating and Cooling contracts with the MHCS valued at approximately \$207,440.

Count 15:

Defendants: CHRISTOPHER D. KRAUSE and TODD OZANICH

Date: 2007

Calendar Year: 2007

Thing of Value: heating for KRAUSE's garage, valued at approximately \$1,200

MHCS Agent: CHRISTOPHER D. KRAUSE

Payor: TODD OZANICH and Imperial Heating and Cooling

MHCS business, transaction or series of transactions: Imperial Heating and Cooling contracts with the MHCS valued at approximately \$62,881.

Count 16:

Defendant: TODD OZANICH

Date: 2007

Calendar Year: 2007

Thing of Value: heating for PE16's garage and heating and air conditioning for PE16's residence valued at approximately \$2,450 in total

MHCS Agent: PE16

Payor: Imperial Heating and Cooling and TODD OZANICH

MHCS business, transaction or series of transactions: Imperial Heating and Cooling contracts with the MHCS valued at approximately \$62,881.

Count 17:

Defendant: CHRISTOPHER D. KRAUSE

Date: 2006 through 2008

Calendar Years: 2006, 2007 and 2008

Thing of Value: a series of cash payments totaling approximately \$8,000 shared by KRAUSE and Santina Klimkowski

MHCS Agents: CHRISTOPHER D. KRAUSE and Klimkowski

Payor: BE18 and Business 24, with PO2 serving as an intermediary between BE18 and Klimkowski

MHCS business, transaction or series of transactions: Business 24 contracts with the MHCS valued at approximately \$163,205 in 2006, \$117,004 in 2007 and \$103,344 in 2008.

Count 18:

Defendant: CHRISTOPHER D. KRAUSE

Date: Multiple dates in 2005

Calendar Year: 2005

Thing of Value: Gasoline gift cards valued at approximately \$1,250

MHCS Agent: CHRISTOPHER D. KRAUSE

Payor: Business 26

MHCS business, transaction or series of transactions: Agreement between Business 26 and MHCS under which MHCS drivers were instructed to use Business 26 gasoline in MHCS vehicles, for a total amount of approximately \$72,211.

Count 19:

Defendant: CHRISTOPHER D. KRAUSE

Date: Multiple dates in 2006

Calendar Year: 2006

Thing of Value: Gasoline gift cards valued at approximately \$1,250

MHCS Agent: CHRISTOPHER D. KRAUSE

Payor: Business 26

MHCS business, transaction or series of transactions: Agreement between Business 26 and

MHCS under which MHCS drivers were instructed to use Business 26 gasoline in MHCS vehicles, for a total amount of approximately \$33,577.

Count 20:

Defendant: CHRISTOPHER D. KRAUSE

Date: December 2007

Calendar Year: 2007

Thing of Value: television set valued at approximately \$1,450

MHCS Agent: CHRISTOPHER D. KRAUSE

Payor: BE13

MHCS business, transaction or series of transactions: Contracts for clients of BE13 and of undetermined value, and meetings with MHCS officials for BE13's clients seeking MHCS business, valued at over \$5,000 in calendar year 2007.

Count 21:

Defendant: CHRISTOPHER D. KRAUSE

Date: April 2007

Calendar Year: 2007

Thing of Value: Three three-day passes to Disney World, and three one-week passes to Universal Studios, and Cleveland Cavaliers tickets valued at approximately \$1,423 in total

MHCS Agent: CHRISTOPHER D. KRAUSE

Payor: BE21 and Business 27

MHCS business, transaction or series of transactions: contract with the MHCS as insurance broker valued at over \$5,000 in 2007.

All of Counts 5 through 21 in violation of Title 18, United States Code, Sections

666(a)(1)(B), 666(a)(2) and 2.

COUNT 22

(Destruction, Alteration, or Falsification of Records in Federal Investigations,
18 U.S.C. §§ 1519 & 2)

42. Paragraphs 2, 6 and 17 of the General Allegations of this Information are re-alleged and incorporated by reference as if fully set forth herein.

Introduction

43. In or around December 2007, BE13 gave two televisions to Santina Klimkowski, one for her and one for Klimkowski to give to CHRISTOPHER D. KRAUSE, in exchange for official acts that KRAUSE, with Klimkowski's assistance, performed for a client of BE13. Klimkowski placed one of the televisions in her house, where she used it until it was damaged by a power surge sometime before July 28, 2008. Klimkowski discarded the damaged television. Klimkowski gave the second television to KRAUSE.

44. On or about July 28, 2008, Klimkowski, BE13 and KRAUSE became aware that federal agents, as part of a wide-ranging criminal investigation of public corruption, had executed search warrants at the homes and offices of County officials, the office of BE13, and the offices of contractors who had done business or were doing business with the MHCS.

45. The investigation described above was a matter within the jurisdiction of a department or agency of the United States, to wit: the Federal Bureau of Investigation and the Internal Revenue Service, Criminal Investigation.

The Obstruction

46. From on or about August 3, 2008 to on or about August 5, 2008, in the Northern District of Ohio, Eastern Division, Santina Klimkowski, BE13 and Defendant CHRISTOPHER D. KRAUSE knowingly concealed a tangible object; that is, a television, with the intent to impede,

obstruct, and influence the investigation and proper administration of any matter within the jurisdiction of any department or agency of the United States, and in relation to and in contemplation of any such matter.

47. It was part of the obstruction that on or about August 3, 2008, BE13 told Klimkowski to "get rid of" the television BE13 had given her and to tell KRAUSE to "get rid of" the television BE13 had given KRAUSE.

48. It was a further part of the obstruction that on or about August 3, 2008, Klimkowski relayed BE13's message to KRAUSE, that KRAUSE should "get rid of" the television BE13 had given KRAUSE.

49. It was a further part of the obstruction that on or about August 3, 2008, KRAUSE packed the television he had received from BE13 and which he had been using in his house, and moved it to a warehouse used by the MHCS where it remained boxed until in or around September 2009.

All in violation of Title 18, United States Code, Sections 1519 and 2.

Eric H. Holder, Jr.
Attorney General of the United States

Barbara L. McQuade
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By: Sharon L. Long
Sharon L. Long
Deputy Criminal Chief