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CLERK U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO
CLEVELAND

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

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 v.)
)
 VINCENT J. FRUSTACI,)
)
 Defendant.)

INFORMATION
5:10CR268
JUDGE
CASE NO. JUDGE ADAMS
Title 18, United States Code, Sections
371, 666

At all times material to the Information:

General Allegations

1. The Stark County Treasurer's Office ("SCTO") 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 material herein, 2003 through 2009, under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance and other form of Federal assistance. SCTO maintained custody and/or control of funds allocated to numerous Stark County governmental agencies, and all funding for Stark County's governmental functions flowed through SCTO.

2. Defendant, VINCENT J. FRUSTACI ("FRUSTACI"), was the Chief Deputy

Treasurer of SCTO, and was responsible for, among other duties, maintaining financial records of SCTO, verifying daily vault cash balances and properly depositing and transferring funds to and from the SCTO vault. FRUSTACI also managed various SCTO bank accounts.

3. Unindicted Co-Conspirator, Public Official 1, now deceased, ("PO-1"), was employed as Head Cashier for SCTO with overall responsibility for daily cash balance calculations as well as assisting with maintenance of other financial records of SCTO.

4. Both FRUSTACI and PO-1 were agents of SCTO as defined in Title 18, Section 666(d)(1), United States Code, and FRUSTACI was employed in a high level decision making or sensitive position, with his administrative position and his training and education providing him direct authority to make decisions on behalf of, and having substantial influence over, the Stark County Treasurer and SCTO.

COUNT 1

(Conspiracy to Commit an Offense or Defraud the United States, in violation of 18 U.S.C. § 371)

The United States Attorney charges:

5. Paragraphs 1, 2, 3 and 4 of this Information are re-alleged and incorporated by reference as if fully set forth herein.

THE CONSPIRACY

6. From in or around January 2003 and continuing through on or about March 31, 2009, the exact dates being unknown to the United States Attorney, in the Northern District of Ohio, Eastern Division, Defendant VINCENT J. FRUSTACI and PO-1, known to the United States Attorney, did knowingly conspire to defraud the United States, or any agency thereof, by interfering with a governmental function in any manner and for any purpose, namely, to maintain

and conceal a scheme to defraud SCTO and to embezzle or convert SCTO funds to FRUSTACI'S own use, and FRUSTACI did act to effect the object of the conspiracy, namely knowingly obtaining by theft over \$5,000 of funds under the control of SCTO, in violation of Title 18, United States Code, Section 371.

OBJECT OF THE CONSPIRACY

7. It was the object of the conspiracy that FRUSTACI and PO-1 abused their official positions in SCTO and interfered with the functions of numerous governmental agencies by altering and falsifying both internal SCTO records and SCTO bank statements, and then supplying those records to both Stark County Auditors and Auditors for the State of Ohio, in order to conceal acts of theft of cash being committed by FRUSTACI. The effect of these acts artificially inflated the balance of Stark County's available cash and negatively impacted Stark County's ability to fund its expenditures and the programs of multiple governmental agencies.

MANNER AND MEANS

It was part of the conspiracy that:

8. In or about June of 1999, PO-1 became the Head Cashier for SCTO and held that same position until the time of PO-1's death in 2007. As Head Cashier, PO-1 was responsible for daily cash balance calculations for SCTO, which were reflected on records entitled daily cash balance sheets. At all times PO-1 worked closely with FRUSTACI.

9. In or about September of 2001, FRUSTACI was named Chief Deputy Treasurer for SCTO, a position he held until the time his employment was suspended on April 1, 2009. As Chief Deputy Treasurer, not only did FRUSTACI maintain authority over SCTO cashiers and Head Cashier, but he maintained daily unfettered access to the cash maintained in the SCTO

vault, and also controlled various SCTO bank accounts. From in or about 2005 through in or about 2008, FRUSTACI'S duties and his control over additional SCTO bank accounts continued to expand. FRUSTACI and PO-1 had unlimited access to the Head Cashier vault, as each maintained one of the two simultaneously required keys necessary to open the vault.

10. From in or about January 2003 to March 31, 2009, FRUSTACI used his high level position and his ready access to the SCTO vault cash to regularly remove varying amounts of U.S. currency from the individual cash deposits provided to him by SCTO cashiers for deposit into the vault. FRUSTACI personally recorded the deposit slips for each deposit; therefore, he was able to alter the amount of the deposit to reflect the balance after he converted a portion of the cash to his personal use. FRUSTACI kept portions of the stolen cash in his own vault drawer, and kept the remainder in another unassigned vault until the times he removed it from the building in various increments in his pockets and/or in bags. FRUSTACI continued to engage in this practice of removing U.S. currency from the vault on an escalating basis until the time of his suspension and eventual termination on April 1, 2009.

11. In or about 2005, 2006, and 2007, FRUSTACI and PO-1 together maintained daily balances of vault cash, which were well in excess of established SCTO policy levels, providing ample available cash for FRUSTACI to continue the scheme of embezzling funds directly from the vault cash. In order to conceal his theft, FRUSTACI and/or PO-1 manipulated the "daily cash balance sheets" with artificially inflated totals, and in some instances, FRUSTACI and/or PO-1 eliminated "daily cash balance sheets" altogether to conceal the thefts.

12. Prior to October 2007, on occasions when PO-1 was informed by cashiers of discrepancies between reported cash drawer balances recorded by FRUSTACI and actual cash

counts, PO-1 would consult with FRUSTACI, and PO-1 would then manipulate the recorded cash drawer totals to enable reconciliation of the cash drawer balances. After the death of PO-1 in 2007, and throughout 2008 to on or about March 31, 2009, this practice of manipulating internal SCTO records was continued by FRUSTACI and/or others, with FRUSTACI'S knowledge, in order to conceal his ongoing theft of SCTO funds.

13. In or about June of 2006, State of Ohio Auditors were attempting to complete an annual audit of SCTO for calendar year 2005. Due to previous concerns regarding SCTO's practice of permitting unnecessarily excessive amounts of cash to be kept on hand, State of Ohio Auditors requested verification of cash counts reported to have taken place on specific dates during 2005. In response to the State of Ohio Auditors requests for documentation, PO-1 helped create documents containing false cash count totals provided by FRUSTACI for three dates (June 13, 2005, November 22, 2005, and December 30, 2005). FRUSTACI and/or PO-1 then destroyed the "daily cash balance sheets" for those particular dates. The falsified documents were then supplied to the State of Ohio Auditors in an effort to conceal the vault cash shortages created by FRUSTACI'S theft, which prevented its discovery and allowed such acts of theft to continue.

14. From in or about December 2006 through on or about March 31, 2009, FRUSTACI additionally used his increasing authority over specific SCTO bank accounts to manipulate monthly bank statements in order further conceal the shortages of cash created by his theft. FRUSTACI forged bank statements for two separate accounts so that they appeared to reconcile with the artificially inflated internal SCTO records. It was part of the conspiracy that FRUSTACI embezzled and took by fraud a total of \$2,464,989 from SCTO, which funds

included proceeds from multiple federal grants and assistance received by various Stark County agencies and which were being maintained by SCTO. An effect of the conspiracy was that the SCTO had fewer resources with which to fund Stark County governmental operations.

OVERT ACTS

15. In furtherance of the conspiracy, and to effect the objects thereof, FRUSTACI committed the following overt acts in the Northern District of Ohio:

- A. From on or about January 2003 through on or about November 22, 2005, FRUSTACI removed an approximate cumulative total of \$333,047 in U.S. currency from the SCTO vault. In order to conceal his theft, in or about June of 2006, FRUSTACI helped create falsified vault cash balance documents which were to be provided to Auditors for the State of Ohio during their annual audit.
- B. On or about December 19, 2006, FRUSTACI gained control over J.P. Morgan Chase Bank Account # xxxxxxxxxxxx0010, a SCTO high yield savings account (hereafter referred to as "Chase Account"). By altering SCTO records pertaining to this bank account, FRUSTACI was able to offset the shortage in vault cash as a result of his theft.
- C. On or about December 27, 2006, FRUSTACI facilitated a legitimate wire transfer of \$1,200,000 from the "Chase Account" to a SCTO general operating account at First Merit Bank; however, with FRUSTACI'S knowledge, PO-1 fraudulently documented the transfer in SCTO records as instead having come from vault cash. FRUSTACI later forged the year end bank statement for the "Chase Account" to reflect a balance that was artificially inflated by \$1,200,000, so that the internal

SCTO records he had altered would reconcile.

- D. On or about December 29, 2006, with FRUSTACI'S knowledge, PO-1 fraudulently recorded a non-existent unclaimed wire transfer in order to reconcile the difference between the \$1,200,000 transfer noted on SCTO books at that time, and the cumulative total theft.
- E. In or around March 2007, FRUSTACI then provided these forged "Chase Account" bank statements to Auditors for the State of Ohio, who were again conducting an annual audit of SCTO.
- F. On additional occasions in or about 2007 and 2008, at times when additional audits were being conducted, FRUSTACI became aware that requests for account statements had been sent directly to the banks to provide independent confirmation of the records being maintained by "SCTO". In order to prevent both Stark County Auditors as well as State of Ohio Auditors from detecting his crimes, FRUSTACI monitored the outgoing mail in order to intercept the independent confirmation requests State of Ohio Auditors sent to the banks. FRUSTACI then created fictitious account balance information and returned forged bank documents to Auditors for the State of Ohio.
- G. It was part of the scheme that FRUSTACI continued to periodically alter the "Chase Account" bank statements to reflect balances which he continually inflated by the increasing total of cash he had stolen by each point.
- H. In or about November of 2008, FRUSTACI shifted the method of concealing his theft, after he began managing a trust account through First Merit Bank (hereafter

referred to as "First Merit Trust Account") on behalf of SCTO. Upon gaining control of this account, he created a fictitious bank statement for "First Merit Trust Account" in which he included a non-existent investment holding.

- I. In or about March 2009, FRUSTACI provided these forged bank statements relating to "First Merit Trust Account" to Stark County Auditors and Auditors for the State of Ohio.
- J. On March 25, 2009, while on vacation in Florida, FRUSTACI contacted SCTO by phone to check the status of the annual audit again being conducted by Auditors for the State of Ohio. FRUSTACI was notified that due to some discrepancies that had been discovered, independent confirmation was once again being requested from First Merit Bank. On March 26, 2009, FRUSTACI contacted a First Merit Bank employee directly by phone and instructed her to refrain from speaking to State Auditors and to refrain from providing them any further documentation, indicating that he would handle the matter upon his return on March 31, 2009.

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

COUNT 2

[Theft Concerning Agency Receiving Federal Funds, in violation of 18 U.S.C. § 666(a)(1)]

The United States Attorney further charges:

- 16. Paragraphs 1, 2, 3 and 4 of this Information are re-alleged and incorporated by reference as if fully set forth herein.

The Offense

17. Beginning after January 2003 and continuing through on or about March 31, 2009, the exact dates unknown to the United States Attorney, in the Northern District of Ohio, Eastern Division, FRUSTACI, being an agent of SCTO, did embezzle, steal or obtain by fraud or otherwise without authority knowingly convert to the use of himself, funds in excess of \$5,000, that is, \$2,464,989 in total SCTO funds, which were being maintained by and were under the care, custody and control of SCTO, from multiple county agencies, including those receiving federal assistance, in violation of Title 18, United States Code, Section 666(a)(1)(A).

18. From in or about January 2003 to on or about March 31, 2009, FRUSTACI used his authority and access to cash maintained in the vault at SCTO to remove a total of \$2,234,989 in U.S. currency in various increments and at various intervals of time.

19. On or about November 14, 2008, FRUSTACI signed a check for cash in the amount of \$105,000, drawn on SCTO First Merit Bank account #xxxxx0555, and cashed it at the First Merit Bank in the Stark County Office Building. FRUSTACI falsely indicated to bank employees and to other SCTO employees that the cash was necessary for the Stark Metropolitan Narcotics Unit's undercover drug operations. After successfully cashing the check (#9867), FRUSTACI left the bank with a cardboard box containing \$105,000 in U.S. currency.

20. On or about November 24, 2008, FRUSTACI signed a check for cash in the amount of \$125,000 drawn on the same "SCTO" account through First Merit Bank, and cashed it at the same branch of First Merit Bank in the Stark County Office Building. FRUSTACI again falsely indicated that the cash was necessary for the Stark Metropolitan Narcotics Unit's undercover drug operations. FRUSTACI successfully negotiated this check (#9872) and left the

bank with a cardboard box containing \$125,000 in U.S. currency. At all times FRUSTACI had signatory authority over the aforementioned bank account.

21. The following chart summarizes the total theft committed by FRUSTACI:

Year	Total Theft
2003 - 2005	\$333,047
2006	\$359,812
2007	\$665,000
2008	\$1,107,130
Total Agg. Theft	\$2,464,989

All in violation of Title 18, United States Code, Section 666(a)(1).

STEVEN M. DETTELBACH
UNITED STATES ATTORNEY

By:

Thomas E. Getz, Unit Chief
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