

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
TERRE HAUTE DIVISION

UNITED STATES OF AMERICA

V.

FRANKLIN V. FENNELL and
FRANK SHAHADEY

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Violations: Title 18, United States Code, Sections 666, 1001, and 1343

U.S. CLERK'S OFFICE
INDIANAPOLIS, INDIANA

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INDICTMENT

The Grand Jury charges:

1. At times material to this Indictment:

a. The Vigo County School Corporation (“VCSC”) comprises at least 28 school facilities serving approximately 16,000 elementary, middle, and high school students in Vigo County, Indiana. The VCSC is headquartered in Terre Haute, Indiana, which is within the Southern District of Indiana. Between 2014 and 2016, the VCSC received in excess of \$10,000 annually under a Federal program, namely, the United States Department of Education.

b. FRANKLIN V. FENNELL ("FENNELL") was the Facilities Director for the VCSC. As part of his duties as the Facilities Director for VCSC, FENNELL was responsible for the proper maintenance and servicing of all VCSC locations and facilities, including the schools. In carrying out his duties, FENNELL routinely submitted, or caused to be submitted, requisitions for work to the VCSC Business Office, which in turn, created purchase orders which were sent to selected vendors authorizing the vendors to complete work. After the work was complete, the Business Office used VCSC funds from its bank account at Terre Haute Savings Bank ("THSB") to pay the vendor for services rendered.

c. FRANK SHAHADEY ("SHAHADEY") was a sworn deputy with the Vigo County Sheriff's Department who was assigned to work at the VCSC and was listed on the VCSC website under School Security.

d. Business A, owned by Individual A, was a vendor for the VCSC. Business A performed numerous duties for the VCSC; to include tree trimming and tree and stump removal. Individual A maintained a bank account for Business A at First Financial Bank.

2. Beginning in or about April 2014, and continuing until on or about October 28, 2016, in the Southern District of Indiana, Terre Haute Division, and elsewhere,

FRANKLIN V. FENNELL and
FRANK SHAHADEY,

defendants herein, devised, intended to devise, and participated in a scheme to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and by concealment of material facts, which scheme is further described below.

3. It was part of the scheme that defendants FENNELL and SHAHADEY directed Individual A to submit false and fraudulent estimates and invoices for work performed by Business A for the VCSC. It was further part of the scheme that FENNELL and SHAHADEY directed Individual A to falsify Business A's estimates and invoices by either inflating the cost of the work performed by Business A, seeking payment for work that Business A never performed, or by falsely claiming that the work was performed by Business A, when in fact it was performed by a vendor who had not been approved by the VCSC.

4. It was further part of the scheme that FENNELL awarded the work contracts to Business A, caused the VCSC to authorize Business A to complete the work, and later submitted the false and fraudulent invoices to the VCSC Business Office for payment.

5. As a result of FENNELL and SHAHADEY's scheme to defraud, the VCSC Business Office mailed checks withdrawn from the VCSC bank account at THSB to Business A. The checks from the VCSC to Business A included payment for inflated invoices, and for work that Business A never performed.

6. It was further part of the scheme that Individual A then deposited those checks into Individual A's bank account at First Financial Bank, withdrew cash, and then provided cash kickback payments to FENNELL and SHAHADEY.

7. Between April 2014, and October 28, 2016, Business A performed approximately 58 jobs for the VCSC, for a total of approximately \$440,000. As a result of the above-described fraud scheme, between April 2014, and October 28, 2016, FENNELL and SHAHADEY embezzled, stole, obtained by fraud, or otherwise converted to the use of individuals other than the VCSC, at least \$80,500 in funds owned by, or in the care, custody, and control of the VCSC, a State or local government agency, that receives, in any one year period, benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, loan guarantee, insurance, or other form of Federal assistance.

8. It was further part of the scheme that defendants FENNELL and SHAHADEY did misrepresent, conceal, and hide, and caused to be misrepresented, concealed, and hidden, acts done in furtherance of the scheme and the purpose of those acts.

COUNTS ONE THROUGH NINE

9. Paragraphs 1 through 8 of the General Allegations in this Indictment are incorporated here as if set out in full.

10. On or about the date specified below, FRANKLIN V. FENNELL and FRANK

SHAHADEY, the defendants, for the purpose of executing the aforesaid scheme and artifice, and attempting to do so, did knowingly transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, certain writings, signs, and signals, as more particularly described below:

<u>Count</u>	<u>Approximate Date</u>	<u>Description of Wire Communication</u>
1	June 23, 2014	\$18,800 check from VCSC's bank account at THSB deposited into Ind. A's bank account at First Financial Bank.
2	February 23, 2015	\$7,300 check from VCSC's bank account at THSB deposited into Ind. A's bank account at First Financial Bank.
3	April 20, 2015	\$12,800 check from VCSC's bank account at THSB deposited into Ind. A's bank account at First Financial Bank.
4	June 22, 2015	\$26,400 check from VCSC's bank account at THSB deposited into Ind. A's bank account at First Financial Bank.
5	November 16, 2015	\$17,000 check from VCSC's bank account at THSB deposited into Ind. A's bank account at First Financial Bank.
6	December 14, 2015	\$44,500 check from VCSC's bank account at THSB deposited into Ind. A's bank account at First Financial Bank.
7	April 25, 2016	\$21,338 check from VCSC's bank account at THSB deposited into Ind. A's bank account at First Financial

		Bank.
8	June 17, 2016	\$33,700 check from VCSC's bank account at THSB deposited into Ind. A's bank account at First Financial Bank.
9	October 24, 2016	\$3,100 check from VCSC's bank account at THSB deposited into Ind. A's bank account at First Financial Bank.

Each Count in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT TEN

11. Paragraphs 1 through 8 of the General Allegations in this Indictment are incorporated here.

12. On or about the dates specified below, FRANKLIN V. FENNELL and FRANK SHAHADEY, the defendants, being agents of the Vigo County School Corporation, an agency which received federal benefits in excess of \$10,000 annually from April 2014, through October 28, 2016, embezzled, stole, obtained by fraud, and without authority knowingly converted to their use and intentionally misapplied, at least \$5,000, that was owned by, or was under the care, custody, and control of the Vigo County School Corporation;

In violation of Title 18, United States Code, Sections 666 and 2.

COUNTS ELEVEN AND TWELVE

13. Paragraphs 1 through 8 of the General Allegations in this Indictment are incorporated here as if set out in full.

14. During the course of the criminal investigation conducted by the Federal Bureau of Investigation and the Department of Justice, the following matter, among others, was material to

that investigation:

a. Whether FENNELL received anything of value, including cash, from a VCSC vendor during the course of his employment as Facilities Director for the VCSC.

15. On or about the dates specified below, FRANKLIN V. FENNELL, defendant herein, did knowingly and willfully make materially false, fictitious, and fraudulent statements and representations in a matter within the jurisdiction of the Executive branch of the United States, in that the defendant, in response to questions posed to him by agents of the Federal Bureau of Investigation, denied that he had ever accepted anything of value, including cash, from a VCSC vendor, including Business A, as more particularly described below;

<u>Count</u>	<u>Approximate Date</u>	<u>Description of Wire Communication</u>
11	June 8, 2016	Interview of FENNELL by FBI Agents at VCSC, Terre Haute, Indiana
12	July 12, 2016	Interview of FENNELL by FBI Agents and an Assistant United States Attorney at the United States Attorney's Office, Indianapolis, Indiana

Each in violation of Title 18, United States Code, Section 1001(a)(2).

FORFEITURE ALLEGATIONS

16. The allegations of Counts One through Twelve are incorporated here for the purpose of alleging forfeiture to the United States pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

17. As a result of the violations as alleged in Counts One through Twelve of the foregoing Indictment,

FRANKLIN V. FENNELL and
FRANK SHAHADEY,

defendants herein, shall forfeit to the United States any and all right, title, and interest they may have in any property, real and personal, which constitutes and is derived from proceeds traceable to the offenses charged in Counts One through Twelve.

18. The interests of defendants' subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) as incorporated by Title 28, United States Code, Section 2461(c), include but are not limited to, the cash kickback payments they received from Individual A, and items purchased using those cash payments totaling \$80,550.

19. If any of the forfeitable property described above, as a result of any act or omission by defendants:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

the United States of America shall be entitled to forfeiture of substitute property pursuant to the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c);

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

A TRUE BILL:

[REDACTED]
FOREPERSON

JOSH J. MINKLER
UNITED STATES ATTORNEY

By:


Tiffany J. McCormick
Assistant United States Attorney