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**CLERK U.S. DISTRICT COURT
SOUTHERN DISTRICT OF IOWA**

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF IOWA

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 v.)
)
 RAMONA CUNNINGHAM,)
 JANE BARTO, KAREN TESDELL,)
 JOSEPH ARCHIBALD BROOKS, JR.,)
 DAN ALBRITTON,)
)
 Defendants.)

Criminal No. 4:07-CR-008

FIRST SUPERSEDING INDICTMENT

T. 18 U.S.C. § 2
T. 18 U.S.C. § 371
T. 18 U.S.C. § 665
T. 18 U.S.C. § 666

THE GRAND JURY CHARGES:

INTRODUCTORY ALLEGATIONS

1. At all material times herein, Defendant RAMONA CUNNINGHAM was the Chief Executive Officer of an entity known as the Central Iowa Employment and Training Consortium (hereinafter referred to as "CIETC").

2. At all material times herein, JOHN BARGMAN III was the Chief Operating Officer of CIETC.

3. At all material times herein, Defendant KAREN TESDELL was the Chief Accountant of CIETC.

4. At all material times herein, Defendant JANE BARTO was the Deputy Director of a State of Iowa agency known as Iowa Workforce Development (hereinafter referred to as "IWD").

5. At all material times herein, Defendant JOSEPH ARCHIBALD BROOKS, JR., was a City Councilman for the City of Des Moines, Iowa, and the Chairman of the Board of the locally elected officials Board of Directors for CIETC.

6. At all material times herein, Defendant DAN ALBRITTON, was a paid consultant to CIETC, and a board member of the locally elected officials Board of Directors for CIETC.

7. CIETC was created in accordance with the provisions of Chapter 28E of the Code of Iowa and under said provisions is considered a governmental agency.

8. Member organizations of CIETC include the City of Des Moines, Iowa, and the following Iowa Counties: Boone, Dallas, Jasper, Madison, Marion, Polk, Story and Warren.

9. CIETC was established to provide services through job training, employment and educational programs, among other responsibilities.

10. CIETC was funded primarily through grants from federal, state and local governments. At all times pertinent herein, CIETC received at least \$200,000 of its annual funding from federal funds, including at least \$100,000 per year in funds provided through the U.S. Department of Labor Workforce Investment Act program and \$100,000 per year in funds provided through the U.S. Department of Health and Human Services Temporary Assistance for Needy Families program.

11. The Workforce Investment Act ("WIA") is administered by the U.S. Department of Labor and was established to consolidate, coordinate, and improve employment, training, literacy and vocational rehabilitation programs in the United States and for other purposes. WIA is to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, increase occupational skill attainment by participants and, as a result, improve the quality of the workforce, reduce welfare dependency and enhance the productivity and competitiveness of the nation.

12. The Promise Jobs program (“PJ”) is an employment and training program designed to increase the availability of employment and training opportunities to Family Investment Program (formerly known as the Aid to Families with Dependent Children program) recipients and is funded with Temporary Assistance to Needy Families (“TANF”) money from the U.S. Department of Health and Human Services.

13. IWD was created in May 1996 through legislation to administer the laws of the State of Iowa relating to unemployment compensation insurance, job placement and training, employment safety, labor standards, workers’ compensation and other laws.

14. IWD awards local service provider contracts and monitors their performance. At all times pertinent herein, IWD awarded CIETC grants, contracts and/or funds to provide services related to the Federal WIA and PJ programs and conducted monitoring of CIETC for compliance with various terms and conditions of grants, contracts and/or regulations governing said programs. WIA assistance included programs directed for job training and employment assistance to adults, dislocated workers and youth.

15. In addition to receiving grants, contracts and/or funds related to the Federal WIA and Promise Jobs programs, CIETC also received grants, contracts and/or funds from other sources/programs including, but not limited to, grants from the U.S. Department of Labor (identified below as H-1B Technical Assistance funds, Earmark funds or Demonstration funds), grants through the U.S. Department of Health and Human Services, grants from Polk County, Iowa (identified below as Polk County funds), and a grant from the City of Des Moines (identified below as City of Des Moines funds).

16. During all relevant times herein, CIETC received approximately ninety percent (90%) of its funding from or through Federal funding streams.

17. At all material times pertinent to this Indictment, defendants RAMONA CUNNINGHAM and KAREN TESDELL were employees of and received salaries, bonuses, supplemental payments, benefits and other forms of compensation from CIETC.

THE GRAND JURY FURTHER CHARGES:

COUNT 1

(Conspiracy)

18. The grand jury re-alleges and incorporates herein paragraphs 1-17 of the introductory allegations of the indictment, as though set forth in full herein.

19. Beginning on or before January 1, 2003, and continuing on and after April 12, 2006, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM, KAREN TESDELL, JANE BARTO, JOSEPH ARCHIBALD BROOKS, JR., and DAN ALBRITTON did knowingly and willfully combine, conspire, and agree with each other, and with others known and unknown to the grand jury, to commit offenses against the United States, to wit, fraud or misapplication concerning Federal funds under the Workforce Investment Act, in violation of Title 18, United States Code, Section 665, and fraud or misapplication concerning a program receiving Federal funds in violation of Title 18, United States Code, Section 666; and did further so combine, conspire and agree to defraud the United States by impeding, impairing, obstructing and defeating the lawful government functions of the U.S. Department of Labor and U.S. Department of Health and Human Services through deceit, trickery and dishonest means.

OBJECT OF THE CONSPIRACY

20. The object of the conspiracy was for the defendants, RAMONA CUNNINGHAM, KAREN TESDELL, JANE BARTO, JOSEPH ARCHIBALD BROOKS, JR., and DAN ALBRITTON, among others, to cause false, misleading and fraudulent pretenses and representations to be made to CIETC funding sources and entities with oversight responsibilities for CIETC to allow RAMONA CUNNINGHAM, JOHN BARGMAN III, and KAREN TESDELL to receive excessive and unreasonable compensation through dishonest and deceitful means by misapplication or obtaining by fraud of funds from various sources and to impair or impede an inquiry, investigation and audit by funding sources.

MANNER AND MEANS OF THE CONSPIRACY

21. It was part of the conspiracy that defendants RAMONA CUNNINGHAM, KAREN TESDELL and DAN ALBRITTON, among others, would make and cause others to make false, misleading and fraudulent pretenses and representations to the various funding sources and oversight entities of CIETC and to others regarding the use of funds, allocation of costs and internal controls governing the compensation of RAMONA CUNNINGHAM, JOHN BARGMAN III, and KAREN TESDELL, among other employees.

22. It was further part of the conspiracy that defendants RAMONA CUNNINGHAM and KAREN TESDELL, among others, would make and cause others to make false, misleading and fraudulent pretenses and representations to current or potential funding sources and others regarding the necessity for and intended use of funds.

23. It was further part of the conspiracy that defendants RAMONA CUNNINGHAM, JOSEPH ARCHIBALD BROOKS, JR., and JANE BARTO, among others, influenced and attempted

to influence entities with oversight responsibility for CIETC and others, by making and causing others to make false, misleading and fraudulent pretenses and representations to said entities and by causing and attempting to cause said oversight entities to discontinue inquiry and investigation into compensation paid to RAMONA CUNNINGHAM, KAREN TESDELL, and others, in order to impair, impede and obstruct an inquiry, investigation and Federal audit of CIETC.

24. It was further part of the conspiracy that defendant JOSEPH ARCHIBALD BROOKS, JR., during CIETC's fiscal year 2004 (FY2004), FY2005 and FY2006, participated in the conspiracy through actions which included, but are not limited to, authorizing, approving and facilitating the receipt of excessive compensation by defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, by approving salary increases, bonuses and supplemental income to RAMONA CUNNINGHAM, JOHN BARGMAN III, KAREN TESDELL and others on various occasions.

25. It was further part of the conspiracy that defendant DAN ALBRITTON made and caused others to make false, misleading and fraudulent pretenses and representations to various oversight entities of CIETC regarding changes to personnel policies, prior CIETC board actions and proposed CIETC board actions, including, but not limited to:

a. on or about August 19, 2004, causing changes to be made to certain CIETC personnel policies designed to promote and conceal the conspiracy, the manner and means of the conspiracy and the objects of the conspiracy;

b. on or about November 10, 2005, proposing CIETC board action at the direction of defendant RAMONA CUNNINGHAM and others designed to perpetuate and conceal the conspiracy, the manner and means of the conspiracy and the objects of the conspiracy.

26. It was further part of the conspiracy that defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, made and caused to be made false, misleading and fraudulent pretenses and representations to various funding sources and oversight entities of CIETC and others regarding misuse of CIETC resources through actions including, but not limited to:

a. causing CIETC employees to work on improvements to the residence of RAMONA CUNNINGHAM while being compensated by CIETC;

b. causing CIETC employees to work on personal gardening and landscaping projects for and at the direction of RAMONA CUNNINGHAM while being compensated by CIETC;

c. allowing CIETC employees to travel to gambling and gaming establishments in the Southern District of Iowa and elsewhere and participate in gambling activities while being compensated by CIETC;

d. allowing CIETC employees to attend private card games while being compensated by CIETC;

e. allowing CIETC employees extended absences from their duties while being compensated by CIETC.

OVERT ACTS

In furtherance of the conspiracy and to effect the objects of the conspiracy, the following overt acts, among others were committed in the Southern District of Iowa and elsewhere:

27. During CIETC's fiscal year 2004 (FY2004) from July 1, 2003 through June 30, 2004, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, received excessive and unreasonable compensation including, but not limited to, the following:

a. RAMONA CUNNINGHAM received salary increases during FY2004 in the amount of \$29,645 and bonuses and supplemental income during FY2004 in the amount of \$145,306.45;

b. JOHN BARGMAN III received salary increases during FY2004 in the amount of \$29,266 and bonuses and supplemental income during FY2004 in the amount of \$138,561.90;

c. KAREN TESDELL received bonuses and supplemental income during FY2004 in the amount of \$25,741.

28. During CIETC's fiscal year 2005 (FY2005) from July 1, 2004 through June 30, 2005, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, received excessive and unreasonable compensation including, but not limited to, the following:

a. RAMONA CUNNINGHAM received salary increases during FY2005 in the amount of \$50,575 and bonuses and supplemental income during FY2005 in the amount of \$212,425;

b. JOHN BARGMAN III received salary increases during FY2005 in the amount of \$53,206.40 and bonuses and supplemental income during FY2005 in the amount of \$207,088;

c. KAREN TESDELL received bonuses and supplemental income during FY2005 in the amount of \$36,243.60;

29. During CIETC's fiscal year 2006 (FY2006) from July 1, 2005 through June 30, 2006, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, received excessive and unreasonable compensation including, but not limited to, the following:

a. RAMONA CUNNINGHAM received salary increases during FY2006 in the amount of \$8,910 and bonuses and supplemental income during FY2006 in the amount of \$115,206;

b. JOHN BARGMAN III received salary increases during FY2006 in the amount of \$8,747 and bonuses and supplemental income during FY2006 in the amount of \$109,152;

c. KAREN TESDELL received bonuses and supplemental income during FY2006 in the amount of \$9,714.

30. During CIETC's FY2004, FY2005 and FY2006, defendant JOSEPH ARCHIBALD BROOKS, JR., participated in the conspiracy through actions which included, but are not limited to, authorizing, approving and facilitating the receipt of excessive and unreasonable compensation by defendants RAMONA CUNNINGHAM, KAREN TESDELL and others by approving salary increases, bonuses and supplemental income to said individuals during said fiscal years on multiple occasions.

31. During CIETC's FY2004, FY2005 and FY2006 defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, made and caused to be made false, misleading and fraudulent pretenses and representations through periodic reports and requests for funds to the U.S. Department of Labor, U.S. Department of Health and Human Services, and State of Iowa based on the allocation of CIETC employees' time which were not based on after-the-fact actual activities of the employees charged to the various programs, contracts, grants or awards of CIETC.

32. During CIETC's FY2004, FY2005 and FY2006 defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, made and caused to be made false, misleading and fraudulent pretenses and representations to various funding sources and oversight entities of CIETC and others regarding misuse of CIETC resources through actions including, but not limited to:

a. causing CIETC employees to work on improvements to the residence of RAMONA CUNNINGHAM while being compensated by CIETC;

b. causing CIETC employees to work on personal gardening and landscaping projects for and at the direction of RAMONA CUNNINGHAM while being compensated by CIETC;

c. allowing CIETC employees to travel to gambling and gaming establishments in the Southern District of Iowa and elsewhere and participate in gambling activities while being compensated by CIETC;

d. allowing CIETC employees to attend private card games while being compensated by CIETC;

e. allowing CIETC employees extended absences from their duties while being compensated by CIETC.

33. On or about June 30, 2005, defendant RAMONA CUNNINGHAM made and caused to be made false, misleading and fraudulent pretenses and representations to the State of Iowa, Iowa Workforce Development, regarding a request for \$200,000 additional Promise Jobs funds for CIETC and subsequent misapplication and distribution of said funds following receipt on or about June 30, 2005.

34. On or about April 8, 2003, defendant RAMONA CUNNINGHAM made and caused to be made false, misleading and fraudulent pretenses and representations to the Polk County Board of Supervisors, regarding a request for additional funds for CIETC and subsequent misapplication and distribution of the \$250,000 in funds awarded following receipt on or about April 8, 2003.

35. On or about July 29, 2004, defendant RAMONA CUNNINGHAM, made and caused to be made false, misleading and fraudulent pretenses and representations to the Polk County Board of Supervisors regarding a request for \$250,000 in additional funds for CIETC and subsequent

misapplication and distribution of the \$250,000 in funds awarded following receipt on or about December 14, 2004.

36. On or about December 7, 2005, defendant RAMONA CUNNINGHAM, made and caused to be made false, misleading and fraudulent pretenses and representations to the Polk County Board of Supervisors regarding a request for \$250,000 in additional funds for CIETC and subsequent misapplication and distribution of the \$250,000 in funds awarded following receipt on or about December 20, 2005.

37. On or about January 5, 2006, defendant JOSEPH ARCHIBALD BROOKS, JR., made and caused to be made misapplication and distribution of funds from the \$250,000 awarded to CIETC by the Polk County Board of Supervisors on or about December 20, 2005.

38. On or about November 2005, defendants RAMONA CUNNINGHAM, JANE BARTO, and others, undertook efforts to impair, impede and obstruct an inquiry, investigation and audit into the use, distribution and receipt of the June 2005 Promise Jobs funds received by CIETC by the following actions, including, but not limited to:

a. Communications between defendant RAMONA CUNNINGHAM and others, and an Iowa Workforce Development budget analyst during an on-site monitoring visit at CIETC on or about November 1-2, 2005 regarding inquiry into use, application and distribution of the June 2005 Promise Jobs funds;

b. Communications between defendants JANE BARTO, RAMONA CUNNINGHAM, and others, during an on-site monitoring visit at CIETC on or about November 1-2, 2005 regarding use, application and distribution of the June 2005 Promise Jobs funds;

c. Communications between defendant JANE BARTO and the same Iowa Workforce Development budget analyst during an on-site monitoring visit at CIETC on or about November 1-2, 2005 regarding directing the analyst to cease inquiry into the use, application and distribution of the June 2005 Promise Jobs funds issue;

d. Communications between defendant JANE BARTO and an Iowa Workforce Development budget analyst team leader on or about November 8, 2005 regarding directing the budget analyst and the team leader to cease inquiry into the use, application and distribution of the June 2005 Promise Jobs funds;

e. Communications between defendant JANE BARTO and a U.S. Department of Labor representative on or about November 8, 2005, regarding no appearance of any criminal activity and requesting Iowa Workforce Development be allowed to be in charge of further inquiry into the situation at CIETC.

39. On or about November 2005, defendants RAMONA CUNNINGHAM, JANE BARTO, JOSEPH ARCHIBALD BROOKS, JR., and others undertook efforts to impair, impede and obstruct an inquiry, investigation, and audit into the compensation of CIETC's executive staff by the following actions, including, but not limited to:

a. Communications between defendants RAMONA CUNNINGHAM and others and an Iowa Workforce Development budget analyst during an on-site monitoring visit at CIETC on or about November 1-2, 2005 regarding concerns about excessive and unreasonable compensation of CIETC executive staff;

b. Communications between defendants JANE BARTO, RAMONA CUNNINGHAM, and others during an Iowa Workforce Development budget analyst's on-site monitoring visit at CIETC

on or about November 1-2, 2005 regarding concerns about excessive and unreasonable compensation of CIETC executive staff;

c. Communications between defendant JANE BARTO and an Iowa Workforce Development budget analyst during an on-site monitoring visit at CIETC on or about November 1-2, 2005 directing said budget analyst to cease inquiry into excessive and unreasonable compensation of CIETC executive staff issue;

d. Communications between defendant JANE BARTO and an Iowa Workforce Development budget analyst team leader on or about November 8, 2005 directing the budget analyst and the budget analyst team leader to cease inquiry into excessive and unreasonable compensation of CIETC executive staff issue;

e. Communications between defendant JANE BARTO and a U.S. Department of Labor representative on or about November 8, 2005 regarding no appearance of criminal activity and requesting Iowa Workforce Development be allowed to be in charge of further inquiry into the situation at CIETC;

f. Communications made and caused to be made by defendant JANE BARTO to a U.S. Department of Labor representative on or about November 18, 2005 supporting an Iowa Workforce Development determination that no excessive and unreasonable compensation issue exists at CIETC;

g. Communications made or caused to be made by defendant JANE BARTO to a U.S. Department of Labor representative on or about November 23, 2005 supporting an Iowa Workforce Development determination that no excessive and unreasonable compensation issue exists at CIETC;

h. Communications to the CIETC board of directors made and caused to be made by defendants RAMONA CUNNINGHAM, JANE BARTO and JOSEPH ARCHIBALD BROOKS,

JR., on or about November 10, 2005, regarding re-authorizing CIETC board chairman, defendant JOSEPH ARCHIBALD BROOKS, JR., to have sole authority to determine supplemental wage payments to CIETC employees.

40. On or about August 19, 2004, defendant DAN ALBRITTON, in his role as a member of the CIETC board of directors, with others, caused changes to be made to certain CIETC personnel policies designed to promote and conceal the conspiracy, the manner and means of the conspiracy and the objects of the conspiracy, to-wit:

a. policies concerning authority and oversight of the chief executive officer to determine and grant salary increases;

b. policies concerning the authority and oversight of the chief executive officer to award supplemental wage and pay incentives;

c. elimination of policies concerning CIETC board approval of salaries;

d. policies concerning the approval of the employment of the chief executive officer and setting of the salary of the chief executive officer;

e. policies concerning oversight and authority of chief executive officer to enter into contracts on CIETC's behalf.

41. On or about November 10, 2005, defendant DAN ALBRITTON, in his role as a member of the CIETC board of directors, with others, caused changes, approval and re-authorization of certain CIETC personnel policies designed to promote and conceal the conspiracy, the manner and means of the conspiracy and the objects of the conspiracy, to-wit:

a. policies concerning the authority and oversight of the CIETC board chairperson to determine and make salary and supplemental wage decisions and oversight of those decisions.

42. Each of the allegations in Counts 2-10 of this Indictment are re-alleged herein as further overt acts.

This is in violation of Title 18, United States Code, Sections 371.

THE GRAND JURY FURTHER CHARGES:

COUNTS 2-10

(Fraud or Misapplication Concerning Federal Funds under Workforce Investment Act)

43. The grand jury re-alleges and incorporates by reference herein paragraphs 1-42 of the Indictment as though set forth in full herein.

44. From on or about July 1, 2003, and for each CIETC fiscal year from and including FY2004, FY2005 and FY2006, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM and KAREN TESDELL, were officers, agents and employees of an organization, that is CIETC.

45. From on or about July 1, 2003, and for each CIETC fiscal year from and including FY2004, FY2005 and FY2006, in the Southern District of Iowa, CIETC was an organization receiving, in the one-year periods beginning each July therein, benefits in excess of \$100,000 under a Federal program that constituted Federal assistance, that is Federal Funds granted to CIETC from Iowa Workforce Development under the Workforce Investment Act.

46. From on or about July 1, 2003, and for each CIETC fiscal year from and including FY2004, FY2005 and FY2006, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, embezzled, stole, obtained by fraud and willfully misapplied moneys, funds, assets, and property in excess of \$1,000 under the care, custody and control of CIETC, which were the subject of a financial assistance agreement and contract pursuant

to the Workforce Investment Act through obtaining, authorizing and facilitating the payment of excessive and unreasonable compensation to RAMONA CUNNINGHAM, JOHN BARGMAN III, KAREN TESDELL and others as set forth more specifically in Counts 2-10 below.

47. From on or about July 1, 2003, and for each CIETC fiscal year from and including FY2004, FY2005 and FY2006, in the Southern District of Iowa, defendant JOSEPH ARCHIBALD BROOKS, JR., knew that defendant RAMONA CUNNINGHAM was committing and going to commit fraud and misapplication concerning Federal funds under the Workforce Investment Act, and defendant JOSEPH ARCHIBALD BROOKS, JR., knowingly and willfully aided the commission of that offense by approving, authorizing and facilitating the payment of excessive and unreasonable compensation to said defendant and others as set forth more specifically in Counts 2-10 below.

COUNT 2 From on or about July 1, 2003, and continuing until on or about June 30, 2004, in the Southern District of Iowa, defendant RAMONA CUNNINGHAM received compensation from CIETC in the amount of approximately \$254,055, said amount being excessive and unreasonable.

COUNT 3 From on or about July 1, 2004, and continuing until on or about June 30, 2005, in the Southern District of Iowa, defendant RAMONA CUNNINGHAM received compensation from CIETC in the amount of approximately \$368,236, said amount being excessive and unreasonable.

COUNT 4 From on or about July 1, 2005, and continuing until on or about April 12, 2006, in the Southern District of Iowa, defendant RAMONA CUNNINGHAM received compensation from CIETC in the amount of approximately \$258,640, said amount being excessive and unreasonable.

COUNT 5 From on or about July 1, 2003, and continuing until on or about June 30, 2004, in the Southern District of Iowa, JOHN BARGMAN III received compensation from CIETC in the amount of approximately \$241,493, said amount being excessive and unreasonable.

COUNT 6 From on or about July 1, 2004, and continuing until on or about June 30, 2005, in the Southern District of Iowa, JOHN BARGMAN III received compensation from CIETC in the amount of approximately \$360,010, said amount being excessive and unreasonable.

COUNT 7 From on or about July 1, 2005, and continuing until on or about April 12, 2006, in the Southern District of Iowa, JOHN BARGMAN III received compensation from CIETC in the amount of approximately \$250,190, said amount being excessive and unreasonable.

COUNT 8 From on or about July 1, 2003, and continuing until on or about June 30, 2004, in the Southern District of Iowa, defendant KAREN TESDELL received compensation from CIETC in the amount of approximately \$114,878, said amount being excessive and unreasonable.

COUNT 9 From on or about July 1, 2004, and continuing until on or about June 30, 2005, in the Southern District of Iowa, defendant KAREN TESDELL received compensation from CIETC in the amount of approximately \$129,168, said amount being excessive and unreasonable.

COUNT 10 From on or about July 1, 2005, and continuing until on or about April 12, 2006, in the Southern District of Iowa, defendant KAREN TESDELL received compensation from CIETC in the amount of approximately \$82,192, said amount being excessive and unreasonable.

All in violation of Title 18, United States Code, Section 665(a), and Title 18, United States Code, Section 2.

THE GRAND JURY FURTHER CHARGES:

COUNTS 11-19

(Fraud or Misapplication Concerning a Program receiving Federal Funds)

48. The grand jury re-alleges and incorporates by reference herein paragraphs 1-42 of the Indictment as though set forth in full herein.

49. From on or about July 1, 2003, and for each CIETC fiscal year from and including FY2004, FY2005 and FY2006, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM and KAREN TESDELL, were officers, agents and employees of an organization, that is CIETC.

50. From on or about July 1, 2003, and for each CIETC fiscal year from and including FY2004, FY2005 and FY2006, in the Southern District of Iowa, CIETC was an organization receiving, in the one-year periods beginning each July therein, benefits in excess of \$10,000 under a Federal program that constituted Federal assistance, that is Federal funds granted to CIETC from Iowa Workforce Development under the Temporary Assistance to Needy Families Promise Jobs program.

51. From on or about July 1, 2003, and for each CIETC fiscal year from and including FY2004, FY2005 and FY2006, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, embezzled, stole, obtained by fraud, without authority knowingly converted to the use of a person not the rightful owner, and intentionally misapplied property worth at least \$5,000 under the care, custody and control of CIETC, which were

the subject of a financial assistance agreement and contract pursuant to the Temporary Assistance for Needy Families program through obtaining, authorizing and facilitating the payment of excessive and unreasonable compensation to RAMONA CUNNINGHAM, JOHN BARGMAN III, KAREN TESDELL and others, as set forth more specifically in Counts 11-19 below.

52. From on or about July 1, 2003, and for each CIETC fiscal year from and including FY2004, FY2005 and FY2006, in the Southern District of Iowa, defendant JOSEPH ARCHIBALD BROOKS, JR., knew that defendant RAMONA CUNNINGHAM was committing and going to commit fraud and misapplication concerning Federal funds under the Temporary Assistance for Needy Families program, and he knowingly and willfully aided the commission of that offense by approving, authorizing and facilitating the payment of excessive and unreasonable compensation to said defendant and others as set forth more specifically in Counts 11-19 below.

COUNT 11 From on or about July 1, 2003, and continuing until on or about June 30, 2004, in the Southern District of Iowa, defendant RAMONA CUNNINGHAM received compensation from CIETC in the amount of approximately \$254,055, said amount being excessive and unreasonable.

COUNT 12 From on or about July 1, 2004, and continuing until on or about June 30, 2005, in the Southern District of Iowa, defendant RAMONA CUNNINGHAM received compensation from CIETC in the amount of approximately \$368,236, said amount being excessive and unreasonable.

COUNT 13 From on or about July 1, 2005, and continuing until on or about April 12, 2006, in the Southern District of Iowa, defendant RAMONA CUNNINGHAM received compensation from CIETC in the amount of approximately \$258,640, said amount being excessive and unreasonable.

COUNT 14 From on or about July 1, 2003, and continuing until on or about June 30, 2004, in the Southern District of Iowa, JOHN BARGMAN III received compensation from CIETC in the amount of approximately \$241,493, said amount being excessive and unreasonable.

COUNT 15 From on or about July 1, 2004, and continuing until on or about June 30, 2005, in the Southern District of Iowa, JOHN BARGMAN III received compensation from CIETC in the amount of approximately \$360,010, said amount being excessive and unreasonable.

COUNT 16 From on or about July 1, 2005, and continuing until on or about April 12, 2006, in the Southern District of Iowa, JOHN BARGMAN III received compensation from CIETC in the amount of approximately \$250,190, said amount being excessive and unreasonable.

COUNT 17 From on or about July 1, 2003, and continuing until on or about June 30, 2004, in the Southern District of Iowa, defendant KAREN TESDELL received compensation from CIETC in the amount of approximately \$114,878, said amount being excessive and unreasonable.

COUNT 18 From on or about July 1, 2004, and continuing until on or about June 30, 2005, in the Southern District of Iowa, defendant KAREN TESDELL received compensation from CIETC in the amount of approximately \$129,168, said amount being excessive and unreasonable.

COUNT 19 From on or about July 1, 2005, and continuing until on or about April 12, 2006, in the Southern District of Iowa, defendant KAREN TESDELL received compensation from CIETC in the amount of approximately \$82,192, said amount being excessive and unreasonable.

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

THE GRAND JURY FURTHER CHARGES:

COUNT 20

(Fraud or Misapplication Concerning a Program receiving Federal Funds)

53. The grand jury re-alleges and incorporates by reference herein paragraphs 1-42 of the Indictment as though set forth in full herein.

54. On or about June 30, 2005, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, being agents of the organization, that is, CIETC, said organization receiving in the one-year period beginning January 1, 2005, benefits in excess of \$10,000 under a Federal program that constituted Federal assistance, that is, Federal funds granted to CIETC from Iowa Workforce Development under the Temporary Assistance to Needy Families Promise Jobs program, embezzled, stole, obtained by fraud, without authority knowingly converted to the use of a person not the rightful owner, and intentionally misapplied property worth at least \$5,000 under the care, custody and control of CIETC, that is, funds described above in that said defendants and others received and misapplied funds under said program to obtain excessive and unreasonable compensation.

This is in violation of Title 18, United States Code, Section 666(a)(1)(A) and Title 18, United States Code, Section 2.

THE GRAND JURY FURTHER CHARGES:

COUNTS 21-23

(Fraud or Misapplication Concerning a Program receiving Federal Funds)

55. The grand jury re-alleges and incorporates by reference herein paragraphs 1-42 of the Indictment as though set forth in full herein.

56. From on or about July 1, 2003, and for each CIETC fiscal year from and including FY2004, FY2005 and FY2006, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, were officers, agents and employees of an organization, that is CIETC.

57. From on or about July 1, 2003, and for each CIETC fiscal year from and including FY2004, FY2005 and FY2006, in the Southern District of Iowa, CIETC was an organization receiving, in the one-year periods beginning each July therein, benefits in excess of \$10,000 under a Federal program that constituted Federal assistance, that is Federal funds granted to CIETC from Iowa Workforce Development under the New Economic Opportunity Funds ("NEOF") program. Funds from these program years included funds to be used by an entity known as Creative Visions.

COUNT 21 From on or about July 1, 2003, through June 30, 2004, CIETC FY2004, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, embezzled, stole, obtained by fraud, without authority knowingly converted to the use of a person not the rightful owner, and intentionally misapplied property worth at least \$5,000 under the care, custody and control of CIETC, which were the subject of a financial assistance agreement and contract pursuant to the NEOF program, said funds to have been utilized by an entity known as Creative Visions in that said defendants made and caused to be made funds from said program to

be paid to individuals at CIETC not entitled to be paid from said program to the extent so compensated.

COUNT 22 From on or about July 1, 2004, through June 30, 2005, CIETC FY2005, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, embezzled, stole, obtained by fraud, without authority knowingly converted to the use of a person not the rightful owner, and intentionally misapplied property worth at least \$5,000 under the care, custody and control of CIETC, which were the subject of a financial assistance agreement and contract pursuant to the NEOF program, said funds to have been utilized by an entity known as Creative Visions in that said defendants made and caused to be made funds from said program to be paid to individuals at CIETC not entitled to be paid from said program to the extent so compensated.

COUNT 23 From on or about July 1, 2005, through June 30, 2006 CIETC FY2006, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, embezzled, stole, obtained by fraud, without authority knowingly converted to the use of a person not the rightful owner, and intentionally misapplied property worth at least \$5,000 under the care, custody and control of CIETC, which were the subject of a financial assistance agreement and contract pursuant to the NEOF program, said funds to have been utilized by an entity known as Creative Visions in that said defendants made and caused to be made from said program to be paid to individuals at CIETC not entitled to be paid from said program to the extent so compensated.

This is in violation of Title 18, United States Code, Section 666(a)(1)(A) and Title 18, United States Code, Section 2.

THE GRAND JURY FURTHER CHARGES:

COUNTS 24-26

(Fraud or Misapplication Concerning a Program receiving Federal Funds)

58. The grand jury re-alleges and incorporates by reference herein paragraphs 1-42 of the Indictment as though set forth in full herein.

59. From on or about April 2003, and for each CIETC fiscal year including FY2003, FY2005 and FY2006, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, were officers, agents and employees of an organization, that is CIETC.

60. From on or about July 1, 2002, and for each CIETC fiscal year including FY2003, FY2005 and FY 2006, in the Southern District of Iowa, CIETC was an organization receiving, in the one-year periods beginning each July therein, benefits in excess of \$10,000 under a Federal program that constituted Federal assistance, that is Federal funds granted to CIETC from Iowa Workforce Development under the U.S. Department of Labor (Workforce Investment Act) and U.S. Department of Health and Human Services (Promise Jobs) programs.

61. From on or about July 1, 2002, and for each CIETC fiscal year including FY2003, FY2005 and FY2006, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, embezzled, stole, obtained by fraud, without authority knowingly converted to the use of a person not the rightful owner, and intentionally misapplied property worth at least \$5,000 under the care, custody and control of CIETC, which were the subject of financial awards from the Polk County Board of Supervisors in the amount of \$250,000 on each occasion in that said defendants and others received and misapplied funds under said awards to obtain excessive and unreasonable compensation.

COUNT 24 From on or about July 1, 2002, through June 30, 2003, CIETC FY2003, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, embezzled, stole, obtained by fraud, without authority knowingly converted to the use of a person not the rightful owner, and intentionally misapplied property worth at least \$5,000 under the care, custody and control of CIETC, which were the subject of a financial award from the Polk County Board of Supervisors in the amount of \$250,000 in that said defendants and others received and misapplied funds under said award to obtain excessive and unreasonable compensation.

COUNT 25 From on or about July 1, 2004, through June 30, 2005, CIETC FY2005, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, embezzled, stole, obtained by fraud, without authority knowingly converted to the use of a person not the rightful owner, and intentionally misapplied property worth at least \$5,000 under the care, custody and control of CIETC, which were the subject of a financial award from the Polk County Board of Supervisors in the amount of \$250,000 in that said defendants and others received and misapplied funds under said award to obtain excessive and unreasonable compensation.

COUNT 26 From on or about July 1, 2005, through June 30, 2006, CIETC FY2006, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, embezzled, stole, obtained by fraud, without authority knowingly converted to the use of a person not the rightful owner, and intentionally misapplied property worth at least \$5,000 under the care, custody and control of CIETC, which were the subject of a financial award from the Polk County Board of Supervisors in the amount of \$250,000 in that said defendants and others received and misapplied funds under said award to obtain excessive and unreasonable compensation.

This is in violation of Title 18, United States Code, Section 666(a)(1)(A) and Title 18, United States Code, Section 2.

THE GRAND JURY FURTHER CHARGES:

COUNT 27

(Obstruction of an Investigation or an Inquiry)

62. The grand jury re-alleges and incorporates by reference herein paragraphs 1-42 of the Indictment as though set forth in full herein.

63. On or about November 2005, in the Southern District of Iowa, defendants JANE BARTO, RAMONA CUNNINGHAM, and others, willfully endeavored to obstruct and impede an investigation or inquiry pursuant to the Workforce Investment Act and regulations thereunder, by attempting to influence Iowa Workforce Development and U.S. Department of Labor officials to discontinue inquiry and investigation into compensation paid to defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, by CIETC, an organization receiving financial assistance under the Workforce Investment Act.

This is a violation of Title 18, United States Code, Section 665(c), and Title 18, United States Code, Section 2.

COUNTS 28-30

(Fraud or Misapplication Concerning Federal Funds under Workforce Investment Act)

64. The grand jury re-alleges and incorporates by reference herein paragraphs 1-42 of the Indictment as though set forth in full herein.

65. From on or about July 1, 2003, and for each CIETC fiscal year from and including FY2004, FY2005 and FY2006, in the Southern District of Iowa, defendants RAMONA

CUNNINGHAM, KAREN TESDELL and others, were officers, agents and employees of an organization, that is CIETC.

66. From on or about July 1, 2003, and for each CIETC fiscal year from and including FY2004, FY2005 and FY2006, in the Southern District of Iowa, CIETC was an organization receiving, in the one-year periods beginning each July therein, benefits in excess of \$100,000 under a Federal program that constituted Federal assistance, that is Federal funds granted to CIETC from Iowa Workforce Development under the Workforce Investment Act for youth ("WIA Youth") program. Funds from these program years included funds to be used by an entity known as Iowa Comprehensive Human Services ("ICHS").

COUNT 28 From on or about July 1, 2003, through June 30, 2004, CIETC FY2004, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, embezzled, stole, obtained by fraud, and willfully misapplied moneys, funds, assets, and property in excess of \$1,000 under the care, custody and control of CIETC, which were the subject of a financial assistance agreement and contract pursuant to the Workforce Investment Act through the WIA Youth program, said funds to have been utilized by an entity known as Iowa Comprehensive Human Services in that said defendants made and caused to be made funds from said program to be paid to individuals at CIETC not entitled to be paid from said program to the extent so compensated.

COUNT 29 From on or about July 1, 2004, through June 30, 2005, CIETC FY2005, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, embezzled, stole, obtained by fraud, and willfully misapplied moneys, funds, assets, and property in excess of \$1,000 under the care, custody and control of CIETC, which were the subject

of a financial assistance agreement and contract pursuant to the Workforce Investment Act through the WIA Youth program, said funds to have been utilized by an entity known as Iowa Comprehensive Human Services in that said defendants made and caused to be made funds from said program to be paid to individuals at CIETC not entitled to be paid from said program to the extent so compensated.

COUNT 30 From on or about July 1, 2005, through June 30, 2006, CIETC FY2006, in the Southern District of Iowa, defendants RAMONA CUNNINGHAM, KAREN TESDELL and others, embezzled, stole, obtained by fraud, and willfully misapplied moneys, funds, assets, and property in excess of \$1,000 under the care, custody and control of CIETC, which were the subject of a financial assistance agreement and contract pursuant to the Workforce Investment Act through the WIA Youth program, said funds to have been utilized by an entity known as Iowa Comprehensive Human Services in that said defendants made and caused to be made funds from said program to be paid to individuals at CIETC not entitled to be paid from said program to the extent so compensated.

This is in violation of Title 18, United States Code, Section 665(a) and Title 18, United States Code, Section 2.

A TRUE BILL.

/s/
FOREPERSON

Matthew G. Whitaker
United States Attorney

By: /s/ William C. Purdy
William C. Purdy
Assistant United States Attorney

By: /s/ John S. Courter
John S. Courter
Assistant United States Attorney