

U.S. Settles With Lessie Bates Davis Neighborhood House Over Its Americorps Program

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FAIRVIEW HEIGHTS – The non-profit Lessie Bates Davis Neighborhood House (“LBDNH”) has agreed to pay the United States \$100,000 and enter into a compliance agreement to resolve a civil False Claims Act investigation relating to the operation of its AmeriCorps program, U.S. Attorney Steven D. Weinhoeft announced today.

AmeriCorps is a federally funded network of national service programs addressing critical community needs including increasing academic achievement, mentoring youth, fighting poverty, sustaining national parks, preparing for disasters, and more. AmeriCorps volunteers (called members) commit to service for a period of three months to a year in exchange for a living allowance, education awards, and other benefits. From 2015 to 2018, LBDNH received over \$1.9 million in federal AmeriCorps funding.

The settlement stems from investigations conducted by the Southern Illinois Public Corruption Task Force and the AmeriCorps Office of Inspector General (“OIG”). The Task Force investigation resulted in Christopher Coleman pleading guilty to embezzling more than \$250,000 from LBDNH by generating false invoices and receiving cash kickbacks. Coleman was the Executive Director of LBDNH from July 2016 to February 2018.

Leonard Johnson, of St. Louis, and Jeremy Turner, of Dallas, Texas, were convicted in federal court for aiding and abetting Coleman’s embezzlement. Tiffany Taylor, of Maryville, Illinois, was charged with making false statements to federal agents during the investigation. She successfully completed a pre-trial diversion program.

AmeriCorps OIG opened a civil investigation looking for violations of the False Claims Act. As a result of the OIG investigation, the United States alleges that from 2015 through 2019 LBDNH, through Coleman and others, failed to implement internal controls sufficient to prevent embezzlement of federal grant funds and misrepresented its AmeriCorps expenses on periodic expense reports submitted to the AmeriCorps prime grantee.

In addition, grant recipients like LBDNH are required to verify and certify the number of service hours each individual volunteer completes. Each volunteer must complete a specified number of service hours, along with other requirements, to receive an AmeriCorps education award. The United States also alleges, from 2015 through 2019, LBDNH falsely certified to AmeriCorps that some of its members had performed the service hours necessary to qualify for an education award, when they, in reality, had not.

“The Lessie Bates Davis Neighborhood House was a mess, and we used our criminal and civil authority to clean it up,” said U.S. Attorney Steven D. Weinhoeft. “Four criminal indictments and a civil settlement have resulted in federal criminal convictions, prison time, restitution orders, civil payments, and a compliance agreement to ensure that this never happens again. Our decisive action is a clear message that programs administering taxpayer funds must do so responsibly.”

“The Lessie Bates Davis Neighborhood House was easy prey to fraud because it had none of the internal controls needed to protect the organization from unscrupulous actors,” said AmeriCorps Inspector General Deborah Jeffrey. “Every director of a nonprofit should ask executives and independent auditors what their organization does to prevent and detect fraud, and what more it could do to ensure that all of its funds are being used to support community needs.”

The claims resolved by the settlement are allegations only; no lawsuit was filed in court, and there has been no determination of civil liability. The individuals responsible for the fraud at LBDNH are no longer employed there. LBDNH cooperated with the OIG investigation and voluntarily outsourced its accounting and finance functions to a third-party firm. As part of the settlement, LBDNH entered into a five-year compliance agreement with AmeriCorps. Included among the terms of the compliance agreement are that LBDNH must implement fraud detection and prevention policies and training. The agreement also mandates certain bi-annual reporting requirements to AmeriCorps. LBDNH has represented it intends to maintain its outsourced accounting arrangement through the compliance agreement period.

The investigation was conducted by the AmeriCorps Office of Inspector General. Assistant United States Attorney Ray M. Syrcle handled the settlement for the United States.