

11

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

D-1 BERTRAM JOHNSON, JR.,

Defendant.

Case: 2:17-cr-20233
Judge: Leitman, Matthew F.
MJ: Patti, Anthony P.
Filed: 04-11-2017 At 01:18 PM
INDI USA V. JOHNSON (DA)

VIOLATIONS:
18 U.S.C. § 371 (Conspiracy)
18 U.S.C. § 666 (Theft from a
Federally Funded Program)

INDICTMENT

THE GRAND JURY CHARGES:

GENERAL ALLEGATIONS

At all times relevant to this Indictment:

1. Defendant BERTRAM JOHNSON, JR. was a duly elected State Senator representing Michigan's Second Senate District.
2. Michigan's Second Senate District includes northeast Detroit, Highland Park, Hamtramck, Harper Woods, and all five Grosse Pointe communities, all located within the Eastern District of Michigan.

3. The legislative power of the State of Michigan is vested in the Senate and the House of Representatives.

4. The State of Michigan was a government agency that received in excess of \$10,000.00 under one or more federal programs involving grants, contracts, subsidies, loans, guarantees, insurance and other forms of federal assistance in each one-year period from 2013 through 2015.

5. As a State Senator, defendant JOHNSON was an agent of the government of the State of Michigan.

6. As a State Senator and agent of the State of Michigan, defendant JOHNSON had a duty to use personnel resources, property, and funds judiciously and in accordance with prescribed procedures and not for personal gain or benefit.

7. As a State Senator, defendant JOHNSON had the authority to select and hire employees for his senatorial staff.

8. As a State Senator, defendant JOHNSON was responsible for submitting, and causing to be submitted, as true and correct, timesheets for his paid senatorial staff, to reflect hours worked during bi-weekly pay periods.

9. Each time defendant JOHNSON submitted, and caused to be submitted, his staff members' timesheets, defendant JOHNSON caused his staff to be paid with funds under the care, custody, and control of the State of Michigan.

10. The term “ghost employee” as used in this Indictment means an employee, paid hourly by the State of Michigan, to perform work for the office of defendant, Senator BERTRAM JOHNSON, JR., who actually did no work and was not expected by defendant JOHNSON to do any work to earn the majority of the hourly wages the employee was paid.

11. Sometime in October 2013, defendant JOHNSON approached Cooperating Witness-1 (CW-1) and requested a personal cash loan of \$10,000.

12. On or about October 21, 2013, CW-1 gave defendant JOHNSON a \$10,000 cash loan.

13. Between October 21, 2013 and March 2014, CW-1 repeatedly sought repayment of her personal loan to defendant JOHNSON, but he failed to repay CW-1.

14. Sometime in March 2014, defendant JOHNSON told CW-1 that he could repay the \$10,000 loan by placing CW-1 on his State of Michigan senatorial staff payroll, and CW-1 agreed to this arrangement.

15. On or about March 27, 2014, defendant JOHNSON hired CW-1 onto his senatorial staff as a “Community Liaison,” effective March 28, 2014, by completing and signing a Michigan State Senate Personnel Action Form (“PAF”), and then submitting it to the Secretary of Senate Finance Office.

16. In the PAF, defendant JOHNSON indicated that CW-1 was to be paid for 30 hours per week at a rate of \$22.00 per hour.

17. From on or about March 28, 2014, until on or about January 2, 2015, CW-1 received bi-weekly payments totaling approximately \$23,133.89 from the State of Michigan as a member of defendant JOHNSON's senatorial staff when in fact CW-1 was a ghost employee.

18. On or about January 7, 2015, defendant JOHNSON signed and submitted a PAF to make official the termination of CW-1 as an employee of his senatorial staff, citing the reason as "voluntarily quit" as of January 2, 2015.

COUNT ONE

*(18 U.S.C. §§ 371, 666(a)(1)(A) –
Conspiracy to Commit Theft from a Federally Funded Program)*

19. Paragraphs 1 through 18 of the General Allegations are hereby incorporated in this Count.

20. From in and between March 28, 2014, and January 2, 2015, in the Eastern District of Michigan, defendant BERTRAM JOHNSON, JR., a Senator and agent of the State of Michigan, and CW-1, knowingly and willfully conspired and agreed with each other to steal and obtain by fraud, property valued at more than \$5,000, to-wit: approximately \$23,133.89 in State of Michigan payroll payments to CW-1 for work that was not actually performed, said payroll payments consisting of

funds which were under the care, custody, and control of the State of Michigan, a government that received benefits in excess of \$10,000 in calendar years 2014 and 2015 pursuant to a federal program involving grants, contracts, subsidies, loans, guarantees, insurance and other forms of federal assistance, in violation of Title 18, United States Code, Section 666(a)(1)(A).

Manner and Means of the Conspiracy

21. The conspiracy was carried out through the following manner and means:

22. CW-1 made personal loans of thousands of dollars in cash to defendant JOHNSON at defendant JOHNSON's request.

23. At defendant JOHNSON's direction, CW-1's loans to JOHNSON were always in cash, in order to conceal the transactions.

24. Defendant JOHNSON and CW-1 agreed that defendant JOHNSON would repay his personal loans from CW-1 by hiring CW-1 as a ghost employee for his senatorial office.

25. Defendant JOHNSON completed and submitted the required paperwork to the State of Michigan in order for CW-1 to become a paid member of his senatorial staff, knowing that CW-1 would not perform the work to justify the wages that the State of Michigan would pay CW-1.

26. Defendant JOHNSON knowingly and fraudulently submitted, and caused to be submitted, CW-1's bi-weekly timesheets as true and correct, when in fact they falsely stated that CW-1 had provided approximately 30 hours of work per week on behalf of defendant JOHNSON's senatorial office.

27. During the conspiracy, the State of Michigan unwittingly paid CW-1 approximately \$23,133.89 for work CW-1 never performed, as known to defendant JOHNSON and CW-1.

Overt Acts Which Furthered the Conspiracy

28. In order to further the unlawful conspiracy, one or more of the conspirators committed the following acts, among others:

29. On March 27, 2014, defendant JOHNSON hired CW-1 onto his senatorial staff as a "Community Liaison," effective March 28, 2014, by completing and signing a Michigan State Senate Personnel Action Form ("PAF"), and then submitting it to the Secretary of Senate Finance Office.

30. Defendant JOHNSON or his office never publicly posted or advertised, nor did defendant JOHNSON or his office solicit resumes or applications for the position of "Community Liaison."

31. On March 31, 2014, just days after hiring CW-1 and while CW-1 was being paid by the State of Michigan, defendant JOHNSON again approached CW-1 and requested a personal cash loan of \$4,000.

32. On March 31, 2014, CW-1, who owned a consulting company known as M.A.D.E., directed her employee, Cooperating Witness 2 (CW-2), to issue a M.A.D.E. check payable to CW-2's own company and then to cash said check and give defendant JOHNSON \$4,000 in cash.

33. On March 31, 2014, defendant JOHNSON visited the offices of M.A.D.E., located in Southfield, Michigan, and accepted \$4,000 in cash from CW-2, which was the personal loan he had requested from CW-1.

34. Sometime between August and October 2014, while CW-1 was still receiving bi-weekly payroll payments from the State of Michigan as a member of defendant JOHNSON's senatorial staff, defendant JOHNSON asked CW-1 for a personal loan of \$3,000.

35. Sometime between August and October 2014, CW-1 loaned defendant JOHNSON \$3,000 in cash.

36. Sometime between August and October 2014, defendant JOHNSON personally repaid CW-1 for the \$3,000 loan.

37. In order to repay CW-1 for the \$10,000 and \$4,000 personal loans described in Paragraphs 12 and 33 of this Indictment, from approximately March 31, 2014, through January 2, 2015, defendant JOHNSON, on the following dates, knowingly submitted, or caused to be submitted, bi-weekly timesheets which were fraudulent in that the timesheets falsely stated that CW-1 provided hours of work for defendant JOHNSON's senatorial staff:

	Date/Hours Submitted	Pay Period
a.	March 31, 2014/6 hours	March 16 - March 29, 2014
b.	April 14, 2014/60 hours	March 30 - April 12, 2014
c.	April 25, 2014/60 hours	April 13 - April 26, 2014
d.	May 9, 2014/60 hours	April 27 - May 10, 2014
e.	May 22, 2014/60 hours	May 11 - May 24, 2014
f.	June 6, 2014/60 hours	May 25 - June 7, 2014
g.	June 23, 2014/60 hours	June 8 - June 21, 2014
h.	June 30, 2014/60 hours	June 22 - July 5, 2014
i.	July 18, 2014/60 hours	July 6 - July 19, 2014
j.	July 31, 2014/60 hours	July 20 - August 2, 2014
k.	August 15, 2014/60 hours	August 3 - August 16, 2014
l.	August 28, 2014/60 hours	August 17 - August 30, 2014
m.	September 11, 2014/60 hours	August 31 - September 13, 2014
n.	September 26, 2014/60 hours	September 14 - September 27, 2014
o.	October 8, 2014/60 hours	September 28 - October 11, 2014
p.	October 23, 2014/60 hours	October 12 - October 25, 2014
q.	November 6, 2014/60 hours	October 26 - November 8, 2014
r.	November 21, 2014/58 hours	November 9 - November 22, 2014
s.	December 4, 2014/58 hours	November 23 - December 6, 2014
t.	December 18, 2014/58 hours	December 7 - December 20, 2014
u.	December 19, 2014/58 hours	December 21, 2014 - January 3, 2015

38. From on or about March 28, 2014, through on or about January 2, 2015, CW-1 received payroll payments totaling approximately \$23,133.89 from the State of Michigan for work purportedly performed as a member of defendant JOHNSON's senatorial staff.

All in violation of Title 18, United States Code, Sections 371 and 666.

COUNT TWO

*(18 U.S.C. § 666(a)(1)(A) –
Theft from a Federally Funded Program)*

39. Paragraphs 1-18 and 22-38 of this Indictment are hereby incorporated in this Count.

40. In and between March 28, 2014, and January 2, 2015, in the Eastern District of Michigan and elsewhere, defendant BERTRAM JOHNSON, JR., a Senator and agent of the State of Michigan, stole and obtained by fraud property valued at more than \$5,000, to-wit: approximately \$23,133.89 in State of Michigan payroll deposits to CW-1 for work that was not actually performed, said payroll deposits consisting of funds which were under the care, custody, and control of the State of Michigan, a government that received benefits in excess of \$10,000 in calendar years 2014 and 2015 pursuant to a federal program involving grants, contracts, subsidies, loans, guarantees, insurance and other forms of federal assistance, in violation of Title

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

THIS IS A TRUE BILL.

s/Grand Jury Foreperson

DANIEL L. LEMISCH
Acting United States Attorney

s/J. Michael Buckley
J. MICHAEL BUCKLEY
Assistant United States Attorney
Deputy Chief, Public Corruption Unit

s/Frances Lee Carlson
FRANCES LEE CARLSON
Assistant United States Attorney
Public Corruption Unit

Dated: April 11, 2017

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United States District Court Eastern District of Michigan	Criminal Case Cover
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NOTE: It is the responsibility of the Assistant U.S. Attorney signing this form to complete it accurately in all respects.

Companion Case Information	Companion Case Number:
This may be a companion case based upon LCrR 57.10 (b)(4) ¹ :	Judge Assigned:
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	AUSA's Initials: <i>PLC</i>

Case Title: USA v. D-1 BERTRAM JOHNSON, JR.

County where offense occurred : Wayne and elsewhere

Check One: Felony Misdemeanor Petty

Indictment/ ___ Information --- no prior complaint.
 Indictment/ ___ Information --- based upon prior complaint [Case number: _____]
 Indictment/ ___ Information --- based upon LCrR 57.10 (d) [Complete Superseding section below].

Superseding Case Information


Superseding to Case No: _____ Judge: _____

- Corrects errors; no additional charges or defendants.
- Involves, for plea purposes, different charges or adds counts.
- Embraces same subject matter but adds the additional defendants or charges below:

<u>Defendant name</u>	<u>Charges</u>	<u>Prior Complaint (if applicable)</u>
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Please take notice that the below listed Assistant United States Attorney is the attorney of record for the above captioned case.

April 11, 2017
Date



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¹ Companion cases are matters in which it appears that (1) substantially similar evidence will be offered at trial, or (2) the same or related parties are present, and the cases arise out of the same transaction or occurrence. Cases may be companion cases even though one of them may have already been terminated.