

Department of Justice
U.S. Attorney's Office
District of Minnesota

FOR IMMEDIATE RELEASE

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Former CEO Of Community Action Of Minneapolis William Davis Indicted For Conspiracy, Fraud And Theft Of Public Funds

Jordan Davis indicted for conspiring to steal public funds through no-show job

United States Attorney Andrew M. Luger today announced the indictment of WILLIAM JAMES DAVIS, 64, and JORDAN JAMES DAVIS, 34, for conspiring to steal funds from Community Action of Minneapolis (CAM) for the use of WILLIAM and JORDAN DAVIS. At all times relevant, WILLIAM DAVIS was the CEO of CAM, a non-profit organization created to provide services to low-income residents of Minneapolis and focusing on the elimination of poverty. CAM provided services including weatherization of homes, energy assistance, nutrition assistance and services for children and families. JORDAN DAVIS is expected to make an initial appearance tomorrow in U.S. District Court in St. Paul, Minn.

“This indictment charges a former non-profit leader and a police officer with stealing funds intended to keep Minnesotans warm during the winter,” said U.S. Attorney Luger. “This office will prosecute aggressively those who abuse needed public resources for personal gain.”

“Allegations into the misuse of hard-earned taxpayer money for personal gain are taken very seriously by the FBI and our law enforcement partners,” said FBI Special Agent in Charge for the Minneapolis Division Richard T. Thornton. “We will continue to pursue and address these cases with the highest investigative priority.”

According to the indictment and documents filed in court, CAM’s primary funding sources consisted of federal grants administered by the Minnesota Department of Commerce and Minnesota Department of Human Services. CAM also received funding from CenterPoint Energy (CenterPoint) and Xcel Energy (Xcel) in exchange for providing certain conservation and weatherization services to qualifying homeowners.

According to the indictment and documents filed in court, WILLIAM DAVIS was issued a credit card as CEO of CAM, for which CAM paid the balance due each month. W. DAVIS was required to use his

corporate card “for agency authorized activities only.” As part of his scheme to defraud CAM, W. DAVIS concealed his diversion of CAM funds to his personal use by charging the majority of his CAM-paid personal expenses to a slush fund on CAM’s books. The slush fund was created using excess funds provided by CenterPoint and Xcel in exchange for CAM’s agreement to provide certain conservation and weatherization services to qualifying homeowners. If CAM could provide the services for less than the amounts provided by CenterPoint and Xcel, CAM was allowed to keep the difference for other CAM-related activities. CAM carried these funds on its books in a slush fund not subject to the same oversight as CAM’s state and federal grant proceeds. W. DAVIS could therefore instruct CAM’s fiscal staff to charge personal expenses to this slush fund with less risk of detection.

According to the indictment and documents filed in court, W. DAVIS used intimidation and retaliation to prevent CAM staff from informing anyone, including CAM’s Board of Directors, that he was using his position as CAM’s CEO to divert CAM funds to his personal use and that of his family and friends. For example, W. DAVIS issued written reprimands to employees, prohibited employees from communicating with state agencies and CAM’s financial auditors, threatened employees with suspension and termination, and ordered one CAM employee to look up the definitions of the words “insubordination” and “loyalty” after the employee contradicted W. DAVIS in front of other employees.

According to the indictment and documents filed in court, between March 2007 and October 2014, at least \$250,000 in CAM funds intended to be used to provide services to low-income residents of Minneapolis were instead diverted to W. DAVIS’ personal use and the use of his family and friends, including JORDAN DAVIS. As part of the scheme, W. DAVIS caused CAM funds to be used for personal expenses, including airline tickets, hotel stays, rental cars and a Caribbean cruise. In total, between January 2009 and October 2014, W. DAVIS caused \$77,000 of CAM funds to be used for personal travel expenses for himself and his friends and family members.

According to the indictment and documents filed in court, W. DAVIS used CAM funds to pay for his personal vehicle, a 2011 Chrysler 300. In May 2011, W. DAVIS traded in a 2005 Chrysler 300 owned by CAM. He then used the \$10,079.53 in proceeds from the trade-in of the CAM vehicle toward the purchase of the 2011 Chrysler 300 for himself. W. DAVIS used CAM funds to pay the remaining \$36,430 balance of the purchase price of the 2011 Chrysler 300. Nearly four months later, W. DAVIS emailed three members of the CAM Board of Directors to authorize a personal loan from CAM for the purchase of the vehicle. He did not disclose that he had already purchased the vehicle using CAM funds, nor did he disclose that he had applied the trade-in value of the CAM-owned 2005 Chrysler 300 toward the purchase of the new vehicle.

According to the indictment and documents filed in court, W. DAVIS also used CAM funds to pay JORDAN DAVIS for a no-show job at a Ben & Jerry’s ice cream shop operated by CAM. CAM

operated a Ben & Jerry's PartnerShop near the University of Minnesota campus in Minneapolis. Ben & Jerry's waived its standard franchise fees so that CAM could use the store to offer job and entrepreneurial training to underprivileged youth facing barriers to employment.

According to the indictment and documents filed in court, between 2002 and October 2006, WILLIAM DAVIS's son JORDAN DAVIS, worked as the manager of the Ben & Jerry's PartnerShop. In October 2006, J. DAVIS obtained employment with the Minneapolis Police Department, and thereafter stopped working at the Ben & Jerry's. CAM hired a new manager for the store a few months later.

According to the indictment and documents filed in court, W. DAVIS instructed CAM's fiscal staff to continue issuing J. DAVIS the full paycheck he had been receiving for managing the ice cream shop. W. DAVIS concealed this from CAM's Board of Directors. From at least March 2007 until January 2011, J. DAVIS continued to receive his full paycheck, \$1,320 biweekly, for his work at the Ben & Jerry's, even though he was doing no work for the ice cream shop. J. DAVIS endorsed and deposited the paychecks every two weeks. In total, J. DAVIS endorsed and deposited at least 105 paychecks for his no-show job.

According to the indictment and documents filed in court, during the nearly four years that J. DAVIS was being paid for his no-show job, CAM's fiscal staff repeatedly advised W. DAVIS to stop the payments, but W. DAVIS refused. On December 20, 2010, W. DAVIS sent an email to CAM's CFO in which W. DAVIS agreed that J. DAVIS's "last day on payroll for Ben & Jerry's is Dec. 31st." W. DAVIS instructed CAM's CFO to issue J. DAVIS his ordinary payroll check on December 31st, along with a "bonus check for \$6,000." As a result of W. DAVIS and J. DAVIS's fraud scheme, CAM paid J. DAVIS more than \$140,000 for a job he did not perform. In April 2011, CAM closed the Ben & Jerry's PartnerShop because CAM could no longer afford the rent for the store, and CAM terminated its youth job skills training program.

According to the indictment and documents filed in court, in October 2013, the Minnesota Department of Human Services (DHS) began an audit intended to determine whether CAM was using the federal and state grant funds that it received through DHS in accordance with the applicable contracts. DHS personnel sought documents and information about the purposes of various CAM expenditures. Throughout the first several months of 2014, W. DAVIS resisted DHS's requests for information.

According to the indictment and documents filed in court, in May 2014, DHS provided a draft audit report to W. DAVIS, as well as to CAM's CFO and the Chair of CAM's Board of Directors. The draft audit indicated unallowable travel expenses for W. DAVIS had been charged to the grants. W. DAVIS subsequently sent correspondence containing false material representations about his personal

travel. On June 3, 2014, W. DAVIS attended a meeting with DHS personnel to discuss the report's findings. Two days later, W. DAVIS flew to Phoenix, Ariz., to visit his girlfriend using an airline ticket he caused to be purchased with CAM funds. On October 13, 2014, W. DAVIS was suspended from his position as CEO without pay.

This case is the result of an investigation conducted by the Federal Bureau of Investigation, Internal Revenue Service – Criminal Investigation, United States Department of Health and Human Services Office of the Inspector General and the United States Department of Energy Office of the Inspector General.

This case is being prosecuted by Assistant United States Attorney Kimberly A. Svendsen.

Defendant Information:

WILLIAM JAMES DAVIS, 64

Brooklyn Park, Minn.

Charges:

- Conspiracy to commit theft concerning programs receiving federal funds, 1 count
- Mail fraud, 10 counts
- Wire fraud, 1 count
- Theft concerning programs receiving federal funds, 4 counts

JORDAN JAMES DAVIS, 34

Otsego, Minn.

Charges:

- Conspiracy to commit theft concerning programs receiving federal funds, 1 count
- Mail fraud, 5 counts