



Department of Justice

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**FEDERAL GRAND JURY INDICTS FORMER
DALLAS INDEPENDENT SCHOOL DISTRICT (DISD) EXECUTIVES ON
CONSPIRACY, MONEY LAUNDERING, BRIBERY
AND OBSTRUCTION OF JUSTICE CHARGES**

Houston Businessman Also Charged in 16-Count Indictment

DALLAS — A 16-count federal grand jury indictment, returned last week and unsealed this morning, charges former Dallas Independent School District (DISD) executives, Ruben B. Bohuchot and William Frederick Coleman III, along with Houston, Texas, businessman Frankie Logyang Wong, with various offenses related to their operation of a bribery and money laundering scheme involving DISD technology contracts, announced U.S. Attorney Richard B. Roper of the Northern District of Texas and Special Agent in Charge Robert E. Casey, Jr. of the Dallas Division of the Federal Bureau of Investigation (FBI). Mr. Bohuchot and Mr. Wong surrendered to federal authorities this morning in Dallas and are scheduled to appear before U.S. Magistrate Judge Irma C. Ramirez at 2:30 p.m. today for their initial appearance. It is anticipated that Mr. Coleman will surrender to federal authorities today.

Ruben B. Bohuchot, 59, of Dallas, was the Chief Technology Officer at DISD from September 1999 through February 2006. William Frederick Coleman III, 52, formerly of Dallas, but currently residing in Detroit, Michigan, was Deputy Superintendent and Chief Operating Officer at DISD from August 30, 1999 through September 15, 2000. According to news articles in the Detroit Free Press, Mr. Coleman also recently served as the Detroit Public Schools Superintendent. Frankie Logyang Wong, 46, of Houston, Texas, co-owned and was the president of Micro Systems Engineering, Inc., (MSE), which was headquartered in Houston, with an office in Dallas. MSE was a computer reseller that provided computer products and services to large corporations, and school districts, mainly in the State of Texas. According to the indictment, the three ran an elaborate and very profitable bribery and money laundering scheme involving DISD technology contracts.

U.S. Attorney Roper said, "This indictment represents the culmination of many months of excellent investigative work by the FBI, Department of Education, IRS-Criminal Investigation and the Anti-Trust Division of the Department of Justice. Taxpayers deserve to know that stewards of their tax dollars are trustworthy. This office has a zero-tolerance policy for anyone who breaches that trust; in fact, anyone who breaches that trust will face the full force of a federal indictment."

Special Agent in Charge Casey stated, "Today's announcement is the culmination of an extensive investigation into abuses of power and privilege within the Dallas Independent School District. The indictment demonstrates the commitment of the FBI and our law enforcement partners to ensuring public monies are used for their intended purpose. The individuals charged have violated the public trust, and in doing so, have compromised the integrity of the public office which is mandated to provide for the best possible education of our community's youths."

"Criminal Investigations' expertise in conducting financial investigations has established our reputation as one of the leaders in the fight against fraud," said Erick Martinez, Special Agent In Charge, Internal Revenue Service, Criminal Investigation. "Investigations like the investigation relating to the Dallas ISD and their contractors require the utmost in accounting and legal acumen, along with the investigative abilities to pierce these complex financial crimes."

John P. Higgins, Jr., Inspector General for the U.S. Department of Education, said, "OIG Special Agents aggressively pursue those who seek to enrich themselves at the expense of our nation's students. We will continue to work with others in law enforcement to safeguard federal education dollars."

The indictment charges Bohuchot, Wong and Coleman each with one count of conspiracy to commit bribery concerning a program receiving federal funds and one count of conspiracy to launder monetary instruments. In addition, the indictment charges Bohuchot and Wong each with eight counts, and Coleman with two counts, of bribery concerning programs receiving federal funds. Bohuchot is also charged with one count of obstruction of justice and two counts of making false statements on tax returns. Coleman is also charged with two counts of obstruction of justice. The indictment includes a forfeiture allegation which would, upon conviction, require the defendants to forfeit to the United States the following: a 1996 Viking Motor Yacht, named *Rehab*, formerly known as *Sir Veza II*, \$39 million in U.S. currency which represents the proceeds of the conspiracy to commit bribery and \$2,452,300 in U.S. currency which represents the property involved in the conspiracy to launder monetary instruments. Last week, federal agents seized the yacht and presently it is in the custody of the U.S. Marshals Service, being held pending trial.

In his position as Chief Technology Officer at DISD, Bohuchot was in charge of procuring technology contracts for DISD. Coleman, who was a friend of Bohuchot, facilitated discussions between Wong and Bohuchot about a "Seat Management" computer contract at DISD. A "Seat Management" contract was a type of agreement in which the customer made per-seat payments for desktop computers, purchasing the right to use the vendor's computer and resources while the vendor continued to own and be responsible for the computers' upkeep.

On May 2, 2002, Bohuchot, Wong, and Coleman, along with their wives, traveled to Key West, Florida at MSE's expense. During that trip, Bohuchot, Wong and Coleman discussed an upcoming "Seat Management" contract at DISD, even before DISD had issued a public Request for Proposals (RFP). The receipt of information relating to the upcoming contract, before the information was provided to other vendors, assisted MSE in submitting a winning bid proposal to DISD. Less than a week later, on May 7, 2002, DISD published the RFP for the "Seat Management" contract. From January 27, 2003 through July 11, 2005, MSE received at least \$4 million as a result of its participation in the DISD "Seat Management" contract.

From December 2002 through January 2003, MSE and other companies formed a consortium in anticipation of submitting a bid proposal relating to the "E-Rate" program at DISD. This program was run by the Federal Communications Commission to provide affordable telecommunications and internet services to eligible schools and libraries. DISD published the RFP on December 17, 2002, and on January 20, 2003, the consortium submitted a bid proposal which DISD approved. Funds paid to the consortium for services performed on the "E-Rate" contract were received by MSE and then forwarded to Acclaim Professional Services, Inc., which Wong and others had formed in late November 2002 to use to distribute funds to other consortium members. MSE received at least \$35 million in aggregate revenue as a result of its participation in the DISD "E-Rate 6" contract

"The E-Rate program was designed to assist the children in our nation's neediest schools and the Antitrust Division is committed to prosecuting those who would corrupt this program for personal gain," said Duncan Currie, Chief of the Dallas Field Office of the U.S. Department of Justice's Antitrust Division.

To conceal the receipt and disbursement of funds obtained by MSE as a result of DISD contracts, in October 2002, Wong created and became president of Statewide Marketing, LLC, and in November 2002, Coleman created a company called Kenbridge Consulting Services, Inc.

As part of the conspiracy, the defendants caused funds obtained by MSE, as a result of DISD contracts, to be paid to Statewide and Kenbridge, using bogus invoices to create the appearance of legitimacy. In addition, they used MSE's credit card to pay for Bohuchot's entertainment expenses and disguised the true nature of payments (by calling them paychecks) to an individual, who happened to be Bohuchot's relative acting as a "conduit," to conceal the money Bohuchot received. They also used another "conduit," an employee of MSE, to conceal Wong's receipt of funds by MSE. They continued to promote the bribery by making ongoing payments to Bohuchot. In fact, the tax charges against Bohuchot result from his failure to report the income he received from this bribery scheme on his 2004 and 2005 federal income tax returns. The defendants concealed payments to themselves by diverting payments through others, and created bogus and backdated loan documents to mislead federal law enforcement agents, and a federal grand jury, about the true nature of the payments.

The defendants caused funds obtained by MSE as a result of the DISD "Seat Management" and "E-Rate" contracts to be paid to Statewide and to be used to entertain Bohuchot, his family, and his friends. In October 2002, Statewide purchased a 46' Post motor sport fishing yacht, later named the *Sir Veza*, for approximately \$305,000. Bohuchot and Wong had MSE hire a boat captain to manage and oversee the daily upkeep and operations of this yacht which was used to entertain Bohuchot. In fact, Bohuchot had the boat captain hire a company to change the lettering on the yacht to reflect the yacht's new name, *Sir Veza*. Wong informed the boat captain to keep Bohuchot happy, because he (Wong) had no use for the yacht if Bohuchot did not want to use it. On four separate occasions, from May 2002 to July 2005, Wong used MSE funds to entertain Bohuchot in Key West, Florida.

An indictment is an accusation by a federal grand jury and a defendant is entitled to the presumption of innocence unless proven guilty. However, if convicted, the conspiracy to commit bribery concerning a program that receives federal funds charge carries a maximum statutory sentence of five years in prison and a \$250,000 fine. Each of the bribery counts carries a maximum statutory sentence of 10 years in prison and a \$250,000 fine. The money laundering conspiracy count carries a maximum statutory sentence of 20 years in prison and a \$500,000 fine. Each of the obstruction of justice counts carries a maximum statutory sentence of 20 years in prison and a \$250,000 fine. Each tax charge carry a maximum statutory sentence of three years in prison and a \$250,000 fine, upon conviction.

U.S. Attorney Roper praised the investigative efforts of the Federal Bureau of Investigation, the Department of Education, the Internal Revenue Service - Criminal Investigation, and the Anti-Trust Division of the Department of Justice. Mr. Roper also thanked the U.S. Marshals Service for their efforts in seizing the yacht. The case is being prosecuted by Assistant U.S. Attorney Lynn Hastings and Special Assistant U.S. Attorneys Jennifer Bray and Paul Kohler.

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