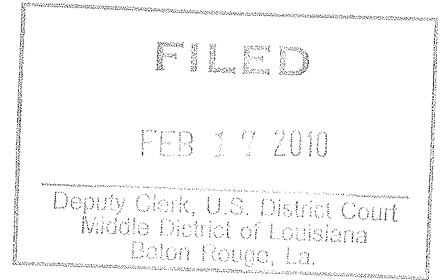


UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF LOUISIANA



INDICTMENT FOR MAIL FRAUD

UNITED STATES OF AMERICA :
 : CRIMINAL NO. 10-20-RET-CN
versus :
 : 18 U.S.C. § 1341
GAIL RAY DIGNAM : 18 U.S.C. § 2

THE GRAND JURY CHARGES:

AT ALL TIMES RELEVANT TO THIS INDICTMENT:

1. The Governor’s Program on Abstinence (“GPA”) is a program within the State of Louisiana that facilitates abstinence education in schools and among school-age children. The GPA is operated through the Governor’s Office and received funding through the Louisiana Department of Health and Hospitals, which itself had received an abstinence program-related block grant from the United States Department of Health and Human Services.

2. To perform its mission, the GPA relied on contractors to provide abstinence education services in Louisiana. The GPA hired contractors to design, create and distribute educational materials, conduct training sessions and workshops for teachers, and conduct abstinence-related programs for school-age children, among other things. To receive payment from the GPA, contractors were required to submit monthly invoices, time-sheets, and other documentation. Once the documents were reviewed and approved by the GPA, the GPA caused the contractors’ invoices to be paid by the Louisiana Department of the Treasury.

3. Between 2002 and in or about April of 2004, **GAIL RAY DIGNAM (DIGNAM)**, the defendant herein, worked for an organization called “Friends 4 Teens” (“F4T”), which promoted abstinence education in Louisiana. **DIGNAM** founded F4T and served as the organization’s president.

4. In or about April of 2004, **DIGNAM** was appointed Director of the GPA by then-Governor Kathleen Blanco. As Director, **DIGNAM’S** duties included approving contracts between the GPA and prospective contractors, interacting with contractors, and reviewing and approving invoices submitted to the GPA by its contractors. As Director of the GPA, **DIGNAM** enjoyed significant discretion in how she performed her day-to-day work.

COUNTS ONE AND TWO: MAIL FRAUD

OBJECT OF THE SCHEME:

5. From in or about July of 2004 through in or about June of 2005, within the Middle District of Louisiana and elsewhere, **DIGNAM** devised and intended to devise a scheme and artifice to defraud the State of Louisiana and to obtain money from the GPA by means of materially false and fraudulent pretenses, representations, and promises. **DIGNAM** directed a substantial amount of the money obtained from the GPA to D.C., her son.

MANNER AND MEANS:

6. It was part of the scheme, among other acts, for the defendant to do the following:

- (a) cause D.P., a resident of Utah, to become President of F4T;
- (b) create a contract between the GPA and D.P., sign her own name to the contract on behalf of the GPA, and sign D.P.'s name without his knowledge or authority;
- (c) create, complete, and submit fraudulent invoices and documents on behalf of D.P., such as "GPA Invoices," "Official GPA Monthly Reporting Forms," and GPA time-sheets, during the course of her employment as the GPA's Director;
- (d) approve the invoices on behalf of the GPA and cause such invoices to be submitted for payment, and thereby cause the GPA to pay for work that had not been performed;
- (e) cause a bank account to be opened in the name of "D.P. DBA FRIENDS 4 TEENS" (hereinafter the "F4T account"); and
- (f) control the flow of funds into and out of the F4T account.

7. It was part of the scheme for **DIGNAM**, for example, to prepare and execute a contract between the GPA and D.P. The contract, which was to be effective July 1, 2004 through June 30, 2005, was to pay D.P. up to \$18,000 for his work preparing abstinence-related educational materials for the GPA. **DIGNAM** signed D.P.'s name on the contract

without his knowledge or authority and signed her own name to the contract on behalf of the GPA.

8. It was part of the scheme for **DIGNAM**, on a monthly basis beginning in or about July of 2004 and continuing through in or about February of 2005, to prepare and complete fraudulent documents, such as “GPA Invoices,” “Official GPA Monthly Reporting Forms,” and GPA timesheets. The fraudulent invoices, along with other related documents prepared and completed by **DIGNAM**, purportedly showed that D.P. was performing work pursuant to the contract. In fact, as the defendant well knew, D.P. had not performed the work described in the fraudulent invoices and other documents. It was part of the scheme for **DIGNAM** to submit the invoices and other documents to the GPA.

9. In or about December of 2004, it was further part of the scheme for **DIGNAM** to solicit D.P. to become President of F4T. **DIGNAM** explained to D.P. that she needed someone to step in and serve as F4T’s President. At the time he was approached by **DIGNAM** to serve as President of F4T, D.P. was working part-time as a cook and living in a home leased by **DIGNAM** and her husband.

10. In or about December of 2004 or January of 2005, it was further part of the scheme for **DIGNAM** to instruct D.H. to open a bank account in the name of “D.P. DBA FRIENDS 4 TEENS” at a bank in the Shreveport, Louisiana area. **DIGNAM** instructed D.H. to make D.P. and D.H. the only individuals with signatory authority for the account; **DIGNAM** told D.H. that her name could not be reflected on any of the account’s documents because of her position with the GPA.

11. It was further part of the scheme for **DIGNAM**, beginning in January of 2005 and continuing through at least in or about June of 2005, to direct the disbursement of funds out of the F4T account that D.H. had opened in Shreveport at the defendant's direction. Once the account was open, **DIGNAM** instructed D.H., among other things, that she should always pay invoices submitted by the defendant's son, D.C.

12. D.C. soon began submitting invoices to D.H. for work that he, D.C., purportedly performed for F4T. D.C.'s invoices were never submitted to D.P., F4T's President, for his review and approval, nor were they submitted to the GPA. D.H., at **DIGNAM'S** direction, caused the invoices to be paid. For example, the first deposit into the newly-created F4T account was recorded on or about January 11, 2005. The deposit amount was \$5,100. That same date, the defendant directed D.H. to issue a check to D.C. in the amount of \$1,200, while D.P. was paid only \$190. Less than three weeks later, on or about January 31, 2005, the defendant directed D.H. to issue a second check to D.C., this time in the amount of \$1,400, while D.P. was paid \$225. Throughout the course of the scheme, neither D.P. nor the GPA (excluding **DIGNAM**) was aware that funds being paid by the GPA were being directed to the defendant's son.

13. During the course of the scheme, **DIGNAM** was asked by one of her supervisors at the GPA whether she was related to anyone receiving money through the GPA program. It was part of the scheme for **DIGNAM** to falsely represent that she was not related to anyone receiving money through the program, when in fact, as **DIGNAM** knew, she controlled the F4T account and used such control to direct funds from the GPA program to her son.

14. It was part of the scheme for **DIGNAM** to cause at least 6 checks to be issued to D.P., between in or about December of 2004 and in or about June of 2005, based on the fraudulent invoices the defendant had submitted for work allegedly performed by D.P. between July 2004 and December 2004. These checks totaled approximately \$9,000.

THE MAILINGS:

15. On or about the following dates, in the Middle District of Louisiana and elsewhere, the defendant, **GAIL RAY DIGNAM**, having devised a scheme and artifice to defraud the State of Louisiana and to obtain money from the GPA by means of materially false and fraudulent pretenses, representations, and promises, for the purpose of executing the scheme, and attempting to do so, did knowingly cause the items described below to be placed in an authorized depository for mail matter, to be sent from and moved through the Middle District of Louisiana by the United States Postal Service, with each mailing constituting a separate count:

COUNT	DATE	ADDRESSEE	DOLLAR AMOUNT
1	2/18/2005	D.P., XXXX East Texas Street, Bossier City, Louisiana	\$1,500
2	6/17/2005	D.P., XXXX East Texas Street, Bossier City, Louisiana	\$3,000

Each of the above is a violation of Title 18, United States Code, Sections 1341 and 2.

UNITED STATES OF AMERICA, by

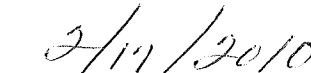
A TRUE BILL



DAVID R. DUGAS
UNITED STATES ATTORNEY
MIDDLE DISTRICT OF LOUISIANA


GRAND JURY FOREPERSON

RENÉ I. SALOMON
ASSISTANT U.S. ATTORNEY


DATE

ALAN A. STEVENS
ASSISTANT U.S. ATTORNEY

Place of Offense:

Matter to be sealed: No Yes

City Baton Rouge

Related Case Information:

County/Parish East Baton Rouge

Superseding Indictment _____ Docket Number _____

Same Defendant _____ New Defendant

Investigating Agency:

Magistrate Case Number _____

Agent:

Search Warrant Case No. _____

R 20/ R 40 from District of _____

Any Other Related Cases: _____

Defendant Information:

Defendant Name: Gail Ray Dignam

Alias:

Address:

Birthdate: _____ SS # _____ Sex: _____ Race: _____ Nationality _____

U.S. Attorney Information:

AUSA: Alan A. Stevens

Bar # _____

Interpreter: No Yes

List language and/or dialect: _____

Location Status:

Arrest Date _____

_____ Already in Federal Custody as of _____

_____ Already in State Custody

_____ On Pretrial Release

U.S.C. Citations

Total # of Counts: 2

Petty

Misdemeanor

Felony

	<u>Index Key/Code</u>	<u>Description of Offense Charged</u>	<u>Count(s)</u>
set 1	<u>18 U.S.C. § 1341 & 2</u>	<u>Mail Fraud</u>	<u>1</u>
set 2	<u>18 U.S.C. § 1341 & 2</u>	<u>Mail Fraud</u>	<u>2</u> <u>AMS</u>
set 3	_____	_____	_____
set 4	_____	_____	_____

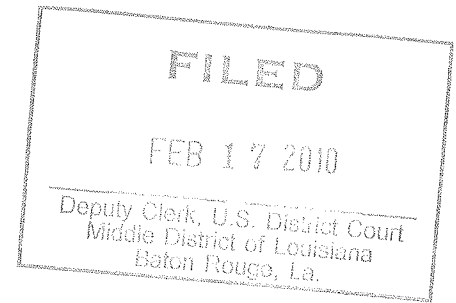
(May be continued on second sheet)

Date: 2/17/10

Signature of AUSA: [Handwritten Signature]

District Court Case Number (To be filled in by deputy clerk):

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF LOUISIANA



GRAND JURY RETURN

Date: FEBRUARY 17, 2010

UNITED STATES OF AMERICA

VERSUS

GAIL RAY DIGNAM

CRIMINAL

NO. 10-20-RET-CN

PRESENT: Alan Stevens, Esq.
Counsel for U.S.A.

Indictment filed.

* * * * *