

Counts Eleven and Twelve
Bribery Concerning a Local Government Receiving Federal Benefits
and Aiding and Abetting
(Violations of 18 U.S.C. §§ 666(a)(1)(B) and 2)

1. The Grand Jury hereby adopts, realleges and incorporates herein all allegations set forth in the Introduction and Count Ten of this indictment as if fully set forth herein.

2. In each of the one-year periods set forth for each Count below, in the Dallas Division of the Northern District of Texas, and elsewhere, defendants, **Donald W. Hill**, also known as Don Hill, and **D'Angelo Lee**, aided and abetted by each other, being agents of a local government that received benefits in excess of \$10,000.00 under a federal program involving a grant and other forms of federal assistance, in a transaction and series of transactions, did corruptly solicit, demand, accept, and agree to accept, for their own benefit and the benefit of others, something of value of \$5,000.00 or more, from persons, namely, **Brian L. Potashnik** and **Cheryl L. Potashnik**, intending to be influenced and rewarded in connection with a business, transaction, and series of transactions of the City of Dallas.

Count	One-Year Period Beginning
11	October 1, 2003
12	October 1, 2004

3. Defendants, **Sheila D. Farrington**, also known as Sheila Hill, **Brian L. Potashnik**, **Cheryl L. Potashnik**, **Andrea L. Spencer**, also known as Toni Fisher and Toni Thomas, and **Ronald W. Slovacek**, also known as Ron Slovacek, did aid, abet, counsel, command, induce and procure the commission of said offenses, as set forth in each Count in paragraph two above.

Each Count in violation of 18 U.S.C. §§ 666(a)(1)(B) and 2.

Count Fifteen
Conspiracy to Commit Extortion
(Violation of 18 U.S.C. § 1951)

A. The Grand Jury hereby adopts, realleges and incorporates herein all allegations set forth in the Introduction of this indictment as if fully set forth herein.

The Conspiracy and Its Objects

B. Beginning, at least, in or about August 2004, the exact date being unknown to the Grand Jury, and continuing through on or about June 20, 2005, in the Dallas Division of the Northern District of Texas, and elsewhere, defendants, **Donald W. Hill**, also known as Don Hill, **D'Angelo Lee**, **Darren L. Reagan**, also known as Dr. Darren L. Reagan, **Allen J. McGill**, **Jibreel A. Rashad**, also known as Vernon Cooks, Jr., **Rickey E. Robertson**, also known as Rick Robertson, **Andrea L. Spencer**, also known as Toni Fisher and Toni Thomas, **Ronald W. Slovacek**, also known as Ron Slovacek, **Kevin J. Dean** and **John J. Lewis**, did knowingly combine, conspire, confederate and agree with each other, and with others known and unknown to the Grand Jury, to wrongfully obtain and attempt to wrongfully obtain property from another person with that person's consent, induced by wrongful use and threat of use of economic harm and under the color of official right, and, in doing so, affected interstate commerce, in violation of 18 U.S.C. § 1951.

C. The objects of the conspiracy included the following:

1. to provide for the unjust enrichment of **Hill** and **Lee** by corruptly demanding that an affordable housing developer known to the Grand Jury (“Developer”) provide things of value in exchange for **Hill’s** and **Lee’s** performance of official acts on the Dallas City Council (“City Council” or “Council”) and the Dallas City Plan and Zoning Commission (“CPC”), respectively;
2. to use the office of City Council Member **Hill** and the office of Plan Commissioner **Lee**, including staff members employed therein, to perform official acts in furtherance of the conspirators’ extortionate demands; and
3. to conceal the illegal nature of the extortionate demands for, and receipt of, various things of value through the preparation of sham written agreements, the use of nominee companies, and the omission of material facts concerning the financial benefits that were sought on behalf of, and received by, **Hill** and **Lee**, all to ensure the continued existence and success of the conspiracy.

Manner and Means of the Conspiracy

D. The conspirators used the following manner and means, among others, to carry out the objects of the conspiracy:

1. As a member of the City Council and certain of its committees, **Hill** would and did condition his official support of Developer, who sought City Council approval of resolutions for tax credit projects located in Districts 5 and 8, on Developer’s

compliance with the extortionate demands made by **Lee** and by **Hill** and **Lee's** associates.

2. As a plan commissioner of the CPC, **Lee** would and did condition his official support of Developer, who sought City Council approval of resolutions for tax credit projects and CPC approval of zoning change applications, located in Districts 5 and 8, on Developer's compliance with the extortionate demands made by **Lee** and by **Hill** and **Lee's** associates.

3. **Reagan** would and did use BSEAT and the BSEAT CDC (collectively, "BSEAT entities") to create the illusion of minority community opposition to Developer's affordable housing projects in South Dallas that were awaiting CPC and City Council approval.

4. **Reagan** would and did use this illusion of minority community opposition for his own benefit and the benefit of others, including **Hill** and **Lee**, by agreeing to withdraw such sham opposition in exchange for things of value.

5. **Hill's** and **Lee's** associates, including **Reagan**, **McGill**, **Rashad**, **Robertson**, **Spencer**, **Slovacek**, **Dean** and **Lewis**, would and did make extortionate demands for things of value from Developer, including cash payments, construction contracts, and equity participation in affordable housing projects, for their own benefit and the benefit of **Hill** and **Lee**.

6. **Hill** and **Lee** would and did direct their associates, including **Rashad**, **Robertson** and **Spencer**, to form nominee companies and enter into sham

business agreements for the purpose of concealing their expected or actual receipt of things of value from Developer. The nominee companies included RA-MILL and the LCG.

7. **Hill, Lee, Reagan and McGill** would and did require Developer to enter into sham consulting agreements with the BSEAT CDC for the purpose of concealing their expected or actual receipt of things of value from Developer.

8. **Hill, Dean and Lewis** would and did: (a) initially require Developer to enter into a construction agreement with KDAT; and (b) later, enter into a sham Attorney Consultation and Fee Agreement with Lewis & Associates, all for the purpose of concealing their expected or actual receipt of things of value from Developer.

9. While seeking things of value, **Hill and Lee** would and did require that agreements with the nominee companies, RA-MILL and the LCG, be reduced to writing to make them appear to be lawful agreements for professional and legitimate services when, in fact, the sham agreements were for giving things of value to **Hill and Lee** and their designees in return for official acts to be performed by **Hill and Lee**.

10. While seeking things of value, **Hill and Lee** would and did attempt to require Developer to agree to certain deed restrictions, such as increased levels of minority participation over QAP-mandated levels, use of the BSEAT CDC as a project manager, and admission of the BSEAT CDC into the ownership of Developer's tax credit projects, to ensure that they and their associates would benefit financially from the

projects.

11. **Hill and Lee** would and did postpone official votes on Developer's applications regarding affordable housing projects until Developer entered into agreements and made payments thereunder.

Acts in Furtherance of the Conspiracy

E. In furtherance of the conspiracy and to effect the objects thereof, **Hill, Lee, Reagan, McGill, Rashad, Robertson, Spencer, Slovacek, Dean and Lewis** committed, and caused to be committed, the following acts, among others, in the Dallas Division of the Northern District of Texas, and elsewhere:

Extortionate Demands Made through the BSEAT CDC and RA-MILL

1. On or about August 24, 2004, **Reagan**, using BSEAT CDC letterhead, drafted a sham opposition letter to the City in which he requested a moratorium on new construction of multifamily affordable housing projects in South Dallas.
2. On or about August 25, 2004, **Reagan** appeared before the City Council in opposition to new construction of all multifamily affordable housing projects in South Dallas during a hearing on Developer's zoning change application for Providence at Village Fair, an affordable housing development in District 4.
3. On or about August 25, 2004, **Hill** told a lobbyist known to the Grand Jury ("Lobbyist") that Developer and Lobbyist needed to meet with **Reagan**

regarding his purported opposition to new construction of all multifamily affordable housing projects in South Dallas.

4. On or about September 7, 2004, **Lee** caused a person known to the Grand Jury to request financial assistance from Developer.

5. On or about September 20, 2004, at 11:30 a.m., **Reagan and McGill** met with Developer and Lobbyist and proposed that Developer enter into consulting agreements with the BSEAT CDC in exchange for **Hill's** support of Developer's projects at the City Council.

6. On or about September 20, 2004, at 1:30 p.m., **Hill** scheduled a meeting with **Reagan, McGill** and a City Council member known to the Grand Jury.

7. On or about September 21, 2004, **McGill** sent an email to Developer that stated, in pertinent part, as follows:

Darren and I appreciate the candor you showed during our discussion of Monday, September 20, 2004. Frankly, the way the meeting evolved was surprising and productive, especially without having to raise everyone's blood pressure. I was particularly encouraged to hear your reaction to my proposal to broaden your company's involvement with Black State Employees Association of Texas and its recommended business partners.

8. On or about September 21, 2004, at 11:30 a.m., **McGill** proposed that Developer hire a person known to the Grand Jury as a consultant in exchange for **Hill's** support of Developer's projects at the City Council.

9. On or about September 22, 2004, at approximately 1:00 p.m., **Hill** moved the City Council to postpone Developer's zoning change application for Memorial

Park Townhomes to October 13, 2004.

10. On or about September 28, 2004, **Reagan** sent a reply letter on BSEAT CDC letterhead to Developer regarding a "partnership proposal" for Developer's Dallas West Village project.

11. On or about October 8, 2004, **Reagan** faxed to Developer a consulting contract between the BSEAT CDC and Developer's company for Dallas West Village, which required Developer to pay \$100,000.00 cash by February 2005, a \$15,000.00 non-refundable initial payment/retainer, \$85,000.00 at the time the bonds closed, \$1,500.00 per hour for services provided after February 2005, and five percent of the general partner's developer's fee, cash flow and residual value from the project.

12. On or about October 12, 2004, **Hill** met with Developer, Lobbyist and a person known to the Grand Jury ("Developer's Business Partner") and **Hill** expressed concerns for the first time regarding pending votes on Developer's projects.

13. On or about October 13, 2004, **Hill** moved the City Council to postpone Developer's zoning change application for Memorial Park Townhomes to October 27, 2004.

14. On or about October 14, 2004, **Reagan** sent Brian L. Potashnik a contractor proposal for Rosemont at Laureland and Rosemont at Scyene.

15. On or about October 22, 2004, **Hill** accepted a bribe from Brian L. Potashnik and Cheryl L. Potashnik and moved the City Council to approve resolutions

supporting TDHCA tax-exempt bonds and 4% tax credits for SWH's Rosemont at Laureland and Rosemont at Scyene.

16. Sometime on or about October 26, 2004, the exact date being unknown to the Grand Jury, **Hill** scheduled a meeting with **Reagan** for October 26, 2004, at 8:30 a.m.

17. On October 27, 2004, **Hill** moved the City Council to deny a resolution supporting TDHCA tax-exempt bonds and 4% tax credits for Memorial Park Townhomes.

18. On or about October 27, 2004, **Hill** moved the City Council to deny without prejudice Developer's zoning change application for Memorial Park Townhomes.

19. On October 27, 2004, **Hill** moved the City Council to deny a resolution supporting TDHCA tax-exempt bonds and 4% tax credits for Dallas West Village.

20. On October 27, 2004, **Hill** moved the City Council to approve a resolution supporting TDHCA tax-exempt bonds and 4% tax credits for Homes of Pecan Grove, but the vote was held over until November 10, 2004.

21. On or about November 2, 2004, **Lee** caused an email to be sent to Developer requesting that Developer sponsor **Hill's** birthday party in amounts ranging from \$2,500.00 to \$7,500.00.

22. On or about November 4, 2004, **Lee** called Developer and asked for a \$2,500.00 contribution for Hill's birthday party and added that "your deal is going to be held over two weeks."

23. On or about November 8, 2004, at approximately 8:15 a.m., **Lee** called Developer and asked for a contribution for Hill's birthday party.

24. On or about November 8, 2004, at approximately 8:16 a.m., **Lee** called Developer's Business Partner and asked for a contribution for Hill's birthday party.

25. On or about November 10, 2004, at approximately 11:30 a.m., **Reagan** called Developer and told him that Homes of Pecan Grove did not have the necessary support for approval and to meet him in the City Hall parking lot immediately.

26. On or about November 10, 2004, at approximately 12:00 p.m., **Reagan** caused a meeting with Developer in the City Hall parking lot where Developer signed a BSEAT CDC consulting contract for Homes of Pecan Grove.

27. On or about November 10, 2004, at approximately 1:00 p.m., **Reagan** and **McGill** appeared before the City Council and spoke in favor of the resolution supporting TDHCA tax-exempt bonds and 4% tax credits for Homes of Pecan Grove.

28. On or about November 10, 2004, at approximately 1:00 p.m., **Hill** moved the City Council to approve a resolution supporting TDHCA tax-exempt bonds and 4% tax credits for Homes of Pecan Grove.

29. On or about November 10, 2004, at 7:28 p.m., **Reagan** faxed to Developer a signed BSEAT CDC consulting contract for Homes of Pecan Grove, which contained the same payment provisions as the BSEAT CDC consulting contract for Dallas West Village, and he demanded a meeting with Developer for the next day.

30. On or about November 11, 2004, **Reagan** met with Developer and Lobbyist and received a \$10,000.00 check from Developer.

31. On or about November 11, 2004, **Reagan** endorsed and deposited Developer's business check number 1074 in the amount of \$10,000.00 into Wells Fargo account number xxxxxx2792 ("BSEAT CDC account").

32. On or about November 12, 2004, **Reagan** withdrew \$12,000.00 cash from the BSEAT CDC account.

33. On or about November 16, 2004, at 8:45 a.m., **Hill** scheduled a meeting with **Reagan**.

34. On or about November 16, 2004, at 6:30 p.m., **Hill, Lee, Reagan** and **McGill** met with Lobbyist to tell her that Developer needed to hire certain minority contractors and agree to specific deed restrictions to get the zoning change application for Dallas West Village approved by the City Council.

35. On or about November 17, 2004, **Reagan** faxed to Developer a cover letter stating, in pertinent part, as follows:

Please find attached the contract proposal for your signature (per Council Don Hill and Planning Commissioner De Angelo Lee); A copy of the SW Housing deed

restriction as an example of what ours show [sic] look like. Please call me when I can come out and pick up the check (\$12,500) this morning.

36. On or about November 17, 2004, **Reagan** faxed to Developer a revised consulting contract between the BSEAT CDC and Developer's company for Dallas West Village, which required Developer to pay a \$25,000.00 initial non-refundable payment/retainer, in the form of a \$12,500.00 payment immediately after the zoning application hearing at the CPC, a \$12,500.00 payment immediately after the approval of the zoning application by the City Council, a \$125,000.00 payment at the bond-closing, \$1,500.00 per hour for any services provided thereafter, and five percent of the general partner's developer's fee, cash flow and residual value from the project.

37. On or about November 18, 2004, **Reagan** endorsed and deposited Developer's business check number 1106 in the amount of \$7,000.00, which was for "Dallas West Village Consulting Fees Per Contract," into the BSEAT CDC account.

38. On or about November 18, 2004, **Lee** moved the CPC to hold over Developer's zoning change application for Dallas West Village to December 2, 2004.

39. On or about November 19, 2004, **Reagan** withdrew \$2,500.00 cash from the BSEAT CDC account.

40. On or about November 19, 2004, **Reagan** faxed to an attorney known to the Grand Jury ("Developer's Attorney") a cover letter stating, in pertinent part, as follows: "I plan to meet with Councilman Hill & DeAngelo on next Tues. morning & would like to have our restrictions in hand to discuss them at that time."

41. On or about November 19, 2004, **Reagan** faxed to Developer's Attorney certain deed restrictions, which included admitting the BSEAT CDC into the ownership of each project and using at least forty percent HUBs for construction ("sham deed restrictions").

42. On or about November 22, 2004, Reagan withdrew \$2,500.00 cash from the BSEAT CDC account.

43. On or about December 1, 2004, **Lee** told Developer: "I haven't got the deed restrictions back yet from Darren, Darren Reagan...."

44. On or about December 2, 2004, **Lee** moved the CPC to hold over Developer's zoning change application for Dallas West Village to December 16, 2004.

45. On or about December 2, 2004, **Rashad** and **Robertson** executed Articles of Organization for RA-MILL.

46. On or about December 6, 2004, **Lee** met with Developer and told him "it was a bad move" not to contribute to **Hill's** birthday party and it "really stung Don."

47. On or about December 11, 2004, **Rashad** and **Robertson** met with Developer at Developer's office and told him that **Rashad**, **Robertson**, **Lee**, and a person known to the Grand Jury were partners in RA-MILL, but that **Lee's** interest was hidden.

48. On or about December 15, 2004, **Reagan** left a voicemail message for Developer stating that Developer's Attorney told him she was going to file the deed

restrictions and that **Lee** assured him that "this deal is gonna pass on Thursday."

49. On or about December 16, 2004, **Reagan** received Developer's business check number 1180 in the amount of \$5,500.00, which was for "Dallas West Village."

50. On or about December 16, 2004, **Lee** moved the CPC to approve Developer's zoning change application for Dallas West Village.

51. On or about December 17, 2004, **Reagan** deposited \$5,500.00 cash and withdrew \$3,500.00 cash from the BSEAT CDC account.

52. On or about December 21, 2004, **Spencer** drafted RA-MILL Letters of Acceptance for subcontracts on Homes of Pecan Grove and Dallas West Village, which provided for an initial 10% contractor fee.

53. On or about December 22, 2004, **Spencer** drafted a Construction Management and Marketing Plan Agreement between the LCG and RA-MILL, which required RA-MILL to pay the LCG a \$2,500.00 monthly retainer fee.

54. On or about December 29, 2004, **Rashad**, using the name Vernon Cooks, and **Robertson** opened Chase Bank business checking account number xxxxxx7875-65 in the name of RA-MILL.

55. On or about December 29, 2004, **Lee** met with Developer to discuss using **Rashad** and **Robertson** as subcontractors and took Developer to a certain restaurant to meet with **Hill**.

56. On or about December 30, 2004, at approximately 11:45 p.m., **Spencer** emailed to Developer RA-MILL Letters of Acceptance for subcontracts on Homes of Pecan Grove and Dallas West Village.

57. On or about December 31, 2004, **Spencer** endorsed and deposited Millennium Investment Group check number 2900 in the amount of \$750.00 made payable to "LCG Dev Group" into Prosperity Bank account number xxx4971 ("LCG account").

58. On or about December 31, 2004, **Spencer** endorsed and deposited ASJ Remolding check number 1129 in the amount of \$750.00 made payable to "LCG" into the LCG account.

59. On or about January 3, 2005, **Rashad** met with Developer at Developer's office to discuss the subcontracts, valued at approximately \$8 million per project, for RA-MILL.

60. On or about January 3, 2005, **Robertson** told Developer that **Lee** was a RA-MILL partner.

61. On or about January 7, 2005, **Spencer** created the following email account: ramill_busmgr@yahoo.com.

62. On or about January 8, 2005, **Rashad** and **Robertson** met with Developer at Developer's office to discuss RA-MILL's Letters of Acceptance.

63. On or about January 8, 2005, **Rashad** introduced **Spencer** to Developer as “Toni Fisher,” and said that “Fisher” was RA-MILL’s project manager.

64. On or about January 9, 2005, **Spencer** emailed to Developer a revised RA-MILL Letter of Acceptance for the subcontract on Homes of Pecan Grove, which required an initial \$180,000.00 contractor fee upon execution of the contract (“Plan A”).

65. On or about January 9, 2005, **Spencer** emailed to Developer a letter from RA-MILL stating that RA-MILL would no longer pursue contracts on Homes of Pecan Grove in return for a “minimal surcharge” of three percent of the total construction cost (“Plan B”).

66. On or about January 14, 2005, **Lee** asked Developer what he needed from RA-MILL.

67. On or about January 15, 2005, **Rashad** faxed to Developer a sham business profile for RA-MILL.

68. On or about January 16, 2005, **Reagan** told Developer that he had met with **Lee**, and that **Lee** wanted Developer to give **Rashad** and **Robertson** a contract on the Homes of Pecan Grove project.

69. On or about January 18, 2005, **Rashad** told Developer that **Lee** was “not happy” that RA-MILL did not have a contract.

70. On to about January 18, 2005, **Rashad** told Developer that Plan B was acceptable to **Lee** as long as **Rashad** and **Robertson** could do anything on the project, like "hoe[ing] the mulch," just so that they could say they did "something."

71. On or about January 20, 2005, **Reagan** left a voicemail message for Developer asking him to give the project plans to **Rashad** so RA-MILL could make a bid on Homes of Pecan Grove.

72. On or about January 20, 2005, **Hill** and **Lee** met with **Reagan**.

73. On or about January 23, 2005, **Reagan** told Developer that **Hill** instructed **Lee** to work through **Reagan** with respect to their dealings with Developer.

74. On or about January 23, 2005, **Reagan** asked Developer for a check on the Homes of Pecan Grove contract.

75. On or about January 25, 2005, **Reagan** faxed to Developer a letter on BSEAT CDC letterhead demanding an \$85,000.00 payment on the Homes of Pecan Grove contract.

76. On or about January 28, 2005, **Reagan** met with Developer at Developer's office and told Developer that, per **Hill's** instructions, all construction contracts for **Lee's** associates were to go through **Reagan**.

77. On or about January 28, 2005, during a telephone conversation among **Reagan**, **Lee** and Developer, **Lee** confirmed that all of his construction contract "referrals" would come through **Reagan**.

78. On or about January 28, 2005, during a telephone conversation among **Reagan** and Developer, **Reagan** insisted that he would have a say in whether **Rashad** and **Robertson** would receive a subcontract.

79. On or about January 31, 2005, at 10:34 a.m., **Reagan** went to Developer's office to pick up Developer's business project check number 3 in the amount of \$85,000.00, made payable to the "BSEAT CDC 501c3," for "Pecan Grove."

80. On or about January 31, 2005, at 12:03 p.m., **Reagan** went to Chase Bank to convert business project check number 3 into Chase cashier's check number A 0830013632 in the amount of \$85,000.00, made payable to the "BSEAT CDC 501c3."

81. On or about January 31, 2005, **Reagan** endorsed and deposited Chase cashier's check number A 0830013632 in the amount of \$85,000.00 into the BSEAT CDC account.

82. On or about February 1, 2005, **Reagan** faxed to Developer's Business Partner a BSEAT invoice for \$4,000.00 for "monthly car allowance" and "monthly cellular phone allowance" for October 2004 through January 2005.

83. On or about February 2, 2005, **Slovacek** emailed to **Spencer** concrete bids for Homes of Pecan Grove.

84. On or about February 6, 2005, at the "Deputy Mayor Pro Tem Superbowl Event for Champions" at the Lofts, **Reagan**, **Lee** and **Spencer** created RA-MILL invoice number 05-1004 in the amount of \$180,000.00 for Pecan Grove.

85. On or about February 6, 2005, **Spencer** faxed to Developer RA-MILL invoice number 05-1004 in the amount of \$180,000.00 for Pecan Grove.

86. On or about February 7, 2005, **Reagan** sent to Developer's Business Partner via certified mail BSEAT CDC invoice number 01-05 in the amount of \$30,000.00 for Pecan Grove and RA-MILL invoice number 05-1004 in the amount of \$180,000.00 for Pecan Grove.

87. On or about February 8, 2005, at approximately 4:29 p.m., **Slovacek** emailed to **Lee** a spreadsheet of projections for Homes of Pecan Grove.

88. On or about February 8, 2005, at approximately 7:45 p.m., **Lee** told **Reagan** to collect the RA-MILL invoice from Developer.

89. On or about February 8, 2005, at approximately 9:18 p.m., **Reagan**, **Rashad** and **Robertson** discussed RA-MILL's invoice to Developer in lieu of contracts on Homes of Pecan Grove and Dallas West Village.

90. On or about February 8, 2005, at approximately 9:18 p.m., **Reagan** told **Rashad** and **Robertson** that Developer's zoning change application for Dallas West Village was "off" the agenda.

91. On or about February 9, 2005, **Hill**, **Lee**, **Reagan**, **Rashad** and **Robertson** caused the City Council's consideration of Developer's zoning change application for Dallas West Village to be postponed to February 23, 2005.

92. On or about February 10, 1005, **Reagan** told Developer to bring a \$4,000.00 check to their meeting the next day to pay for **Reagan's** gas and cell phone expenses.

93. On or about February 11, 2005, at approximately 10:44 a.m., **Reagan** and **McGill** discussed the Homes of Pecan Grove budget that Developer submitted to the TDHCA and how they could "squeeze" money out of Developer on that project.

94. On or about February 11, 2005, at approximately 11:20 a.m., **Reagan** met with Developer and told Developer that he needed to pay RA-MILL on Homes of Pecan Grove to get his zoning change application for Dallas West Village approved by the City Council on February 23, 2005, and that he was going to "report back" to **Hill**.

95. On or about February 11, 2005, **Reagan** endorsed and deposited Developer's business check number 19 in the amount of \$4,000.00, made payable to the "BSEAT CDC 501c3" into the BSEAT CDC account.

96. On or about February 11, 2005, **Lee** told **Reagan** to demand a \$75,000.00 payment from Developer on the RA-MILL invoice.

97. On or about February 11, 2005, at approximately 5:30 p.m., **Lee** told **Reagan** to give Developer a list of "preferred" subcontractors and that if Developer did not commit to using them, the City Council would deny Developer's zoning change

application for Dallas West Village.

98. On or about February 11, 2005, at approximately 6:06 p.m., **Reagan** told **McGill** that all subcontractors were “gonna have to contribute to the kitty.”

99. On or about February 16, 2005, **Reagan** faxed to Developer’s Business Partner amended contracts for Homes of Pecan Grove and Dallas West Village, which: (a) made the BSEAT CDC the co-developer, general contractor, and project manager; (b) required payment of fifty percent of the developer’s fee (approximately \$1.4 million) to the BSEAT CDC; and (c) required the issuance of “irrevocable letters of commitment” to certain “preferred” subcontractors designated therein.

100. On or about February 18, 2005, **Reagan** told **Hill** that Developer was “waffling” on the list of subcontractors he gave Developer and told **Hill** that “we just need to pull it.”

101. On or about February 18, 2005, **Hill** told **Reagan** he would pull Developer’s zoning application from the City Council’s February 23, 2005, agenda.

102. On or about February 21, 2005, **Reagan** confirmed with **Hill** that **Hill** was going to pull Developer’s zoning application from the City Council’s February 23, 2005 agenda.

103. On or about February 21, 2005, **Reagan** told Developer that Developer needed to sign the amended contracts for Homes of Pecan Grove and Dallas West Village immediately and that they needed to meet personally to discuss “payment

requirements.”

104. On or about February 21, 2005, **Reagan** informed Developer that he would be “visiting with public officials in the morning.”

105. On or about February 22, 2005, at approximately 9:12 a.m., **Reagan** told Developer to bring “the balance” to their meeting later that day.

106. On or about February 22, 2005, at approximately 10:45 a.m., **Reagan** met with Developer and picked up two checks, one in the amount of \$12,500.00 and the other in the amount of \$10,000.00.

107. On or about February 22, 2005, **Reagan** gave Developer a BSEAT invoice for \$50,000.00 on which **Reagan** marked that \$10,000.00 was paid.

108. On or about February 22, 2005, at approximately 11:17 a.m., **Reagan** called a certain Wells Fargo Bank branch and requested \$12,000.00 in cash for immediate pickup.

109. On or about February 22, 2005, at approximately 11:29 a.m., **Reagan** deposited Developer’s business check number 1512 in the amount of \$12,500.00, made payable to “BSEAT 501c3, Inc.,” for “Dallas West Village,” and Developer’s business check number 1513 in the amount of \$10,000.00, made payable to “BSEAT 501c3, Inc.,” for “Dallas West Village,” into the BSEAT CDC account.

110. On or about February 22, 2005, at approximately 11:29 a.m., **Reagan** withdrew \$12,000.00 cash from the BSEAT CDC account.

111. On or about February 22, 2005, at approximately 12:51 p.m., **Reagan** met **Hill** and **Lee** behind a church and gave **Hill** at least \$10,000.00 in cash.

112. On or about February 22, 2005, at approximately 2:15 p.m., **Farrington** deposited \$5,000.00 cash into the **Farrington & Associates** account.

113. On or about February 22, 2005, at approximately 2:15 p.m., **Farrington** wrote and signed **Farrington & Associates** check number 519 in the amount of \$2,500.00, made payable to **Farrington**.

114. On or about February 22, 2005, at approximately 2:15 p.m., **Farrington** cashed **Farrington & Associates** check number 519 in the amount of \$2,500.00.

115. On or about February 22, 2005, at approximately 4:24 p.m., **Farrington** told **Lee** that she had a payment for him.

116. On or about February 23, 2005, at approximately 8:54 a.m., **Hill** thanked **Reagan** for the payment.

117. On or about February 23, 2005, at approximately 8:54 a.m., **Reagan** told **Hill** that he gave **Developer** another week to sign the amended contracts and that he appreciated **Hill** postponing the City Council vote on **Developer's** zoning change application for **Dallas West Village**.

118. On or about February 23, 2005, at approximately 9:15 a.m., **Reagan** told **Developer** not to bother going to City Hall because his zoning change application for

Dallas West Village was going to be postponed for another two weeks.

119. On or about February 23, 2005, **Hill, Lee and Reagan** caused Developer's zoning change application for Dallas West Village to be postponed by the City Council until March 9, 2005.

120. On or about February 28, 2005, **Lee** told **Slovacek** that he would call **Reagan** about a concrete subcontract for **Slovacek** on Homes of Pecan Grove.

121. On or about March 1, 2005, **Reagan** faxed to **Hill** copies of the BSEAT letters he sent to Developer on February 23, February 24 and March 1, 2005, regarding BSEAT's demand for amended contracts and executed contracts with BSEAT's "preferred" contractors, and asked **Hill** to contact him at his earliest convenience that day.

122. On or about March 4, 2005, **Reagan** told a City employee known to the Grand Jury to give **Hill** the following message: "I don't have any contracts, signed contracts, ah, in hand, yet so my recommendation is just to table this, table that, ah, deal until we get signed contracts."

123. On or about March 4, 2005, **Reagan** told Developer to bring certified funds with him to their March 7, 2005 meeting.

124. On or about March 7, 2005, at approximately 2:00 p.m., **Reagan** met with Developer to pick up a \$40,000.00 cashier's check made payable to the BSEAT CDC.

125. On or about March 7, 2005, **Reagan** marked BSEAT CDC invoice number 01-05 in the amount of \$30,000.00 as paid.

126. On or about March 7, 2005, **Reagan** deducted \$10,000.00 from a BSEAT CDC invoice for February 2005 that had a \$40,000.00 balance.

127. On or about March 7, 2005, at approximately 3:16 p.m., **Reagan** told **McGill** that it was "brass knuckle" time with Developer.

128. On or about March 7, 2005, at approximately 4:17 p.m., **Reagan**, deposited Chase cashier's check number A 4840014822 in the amount of \$40,000.00, made payable to "BSEAT CDC 501c-3," into the BSEAT CDC account.

129. On or about March 7, 2005, at approximately 4:17 p.m., **Reagan** withdrew \$19,000.00 from the BSEAT CDC account in the form of \$18,054.50 cash and two cashier's checks totaling \$945.50.

130. On or about March 7, 2005, at approximately 5:04 p.m., **Reagan** went to Bank of America and made a \$3,000.00 cash payment to his Visa credit card account.

131. On or about March 7, 2005, at approximately 6:59 p.m., **Lee** called **Reagan** to schedule a meeting time and place.

132. On or about March 7, 2005, at approximately 7:27 p.m., **Lee** and **Reagan** met in a 7-11 parking lot.

133. On or about March 8, 2005, **Hill** deposited \$2,500.00 cash into Comerica bank account number xxxxxx4728 ("**Hill's** campaign account").

134. On or about March 8, 2005, at approximately 12:42 p.m., when discussing Developer, **Lee** told **Hill**: "[S]till he has not fulfilled any of his obligation with those vendors."

135. On or about March 8, 2005, at approximately 12:42 p.m., in response to **Lee's** statement that Developer had not fulfilled any of his obligations with the vendors, **Hill** told **Lee**: "[W]e gonna deal with it up here. We'll deal with it, we'll deal with it."

136. On or about March 8, 2005, **Hill** sent an email to a City employee known to the Grand Jury and, using a false set of facts, requested a legal opinion regarding a conflict of interest on a zoning matter set on the Council's March 9, 2005 agenda.

137. On or about March 9, 2005, at approximately 10:52 a.m., **Reagan** asked Developer why none of the "preferred" subcontractors had gotten contracts yet.

138. On or about March 9, 2005, at approximately 11:19 a.m., **Reagan** told a City employee known to the Grand Jury to remind **Hill** to pull "the Dallas West Village thing" from the City Council's agenda.

139. On or about March 9, 2005, at approximately 1:00 p.m., **Hill** moved the City Council to postpone consideration of Developer's zoning change application for

Dallas West Village until April 13, 2005.

140. On or about March 11, 2005, **Reagan** faxed a letter to Developer regarding Developer's withdrawal from "the proposed Dallas West Villages project," stating: "[S]hould you reconsider your withdrawal, please know that the terms and conditions as previously stated and outlined must be met and in place (amended contract, contracts with preferred subcontractors, etc.) in order to move forward."

Extortionate Demands Made through KDAT

141. On or about February 9, 2005, **Dean** submitted a State of Texas Application for Certification as a Historically Underutilized Business (HUB) for KDAT and represented that it was a new business.

142. On or about March 1, 2005, **Dean** emailed to a contractor known to the Grand Jury ("Contractor") a KDAT quote for concrete work on Homes of Pecan Grove.

143. On or about March 9, 2005, **Lewis** filed a Certificate of Organization and Articles of Organization for KDAT Developers, LLC with the Texas Secretary of State.

144. On or about March 29, 2005, **Dean** sent a letter of agreement to Developer stating that all fees necessary to secure the City Council's approval of Developer's zoning change application for Dallas West Village would be built into the KDAT concrete subcontract for Homes of Pecan Grove.

145. On or about March 31, 2005, **Dean** and Developer discussed how **Dean** would invoice the amount to be paid to **Hill** for the City Council's approval of Developer's zoning change application for Dallas West Village.

146. On or about April 5, 2005, **Dean** told Developer that **Dean's** attorney, **Lewis**, was going to help put the deal together with respect to obtaining the City Council's approval of Developer's zoning change application for Dallas West Village.

147. On or about April 11, 2005, **Dean** forwarded to **Lewis** a letter agreement between Developer and KDAT that referenced obtaining **Hill's** support for Developer's zoning change application for Dallas West Village.

148. On or about April 12, 2005, **Hill, Dean, Lewis** and a person known to the Grand Jury met at **Lewis's** office and discussed the approval of Developer's zoning change application for Dallas West Village.

149. On or about April 12, 2005, at approximately 6:42 p.m., **Dean** and **Lewis** told Developer that Developer needed to pay \$50,000.00 to **Hill** on five separate projects, for a total payment of \$250,000.00.

150. On or about April 12, 2005, at approximately 7:05 p.m., per **Hill's** request, **Dean** called **Reagan** and asked him if he had any deals pending with Developer on Dallas West Village.

151. On or about April 12, 2005, at approximately 10:45 p.m., **Dean** and **Lewis** told Developer that they had determined the method they would use to invoice

Developer for the amount that was going to be paid to **Hill**.

152. On or about April 12, 2005, at approximately 10:45 p.m., **Dean** and **Lewis** told Developer that they needed a signed agreement and initial payment of \$125,000.00 made by 10:00 a.m. the next day to obtain **Hill**'s support for Developer's zoning change application for Dallas West Village.

153. On or about April 12, 2005, at approximately 10:49 p.m., **Lewis** emailed to **Dean** a revised draft agreement between Developer and KDAT for Dallas West Village.

154. On or about April 12, 2005, at approximately 11:04 p.m., **Dean** forwarded to Developer the revised draft agreement he received from **Lewis**.

155. On or about April 13, 2005, at approximately 9:51 a.m., **Reagan** told a City employee known to the Grand Jury to tell **Hill** to delay the vote or deny Developer's zoning change application for Dallas West Village.

156. On or about April 13, 2005, at approximately 3:00 p.m., **Hill** moved the City Council to overrule the CPC's recommendation to approve Developer's zoning change application for Dallas West Village and re-advertise for a new hearing on the application for May 11, 2005.

157. On or about April 22, 2005, **Lewis** told Developer that, by passing the payments to **Hill** through Lewis & Associates, "there will never be a direct paper trail."

158. On or about April 30, 2005, **Hill** and **Lewis** discussed the status of project negotiations with Developer.

159. On or about May 5, 2005, **Dean** forwarded to **Lewis** a redlined draft agreement between Developer and KDAT on the Dallas West Village project that he had received from Developer.

160. On or about May 5, 2005, **Lewis** emailed to Developer (a) a revised agreement between KDAT and Developer and (b) an Attorney and Consultation Contract between Lewis & Associates and Developer, which provided: "The legal fees are allocated on a per project cost of \$50,000.00."

161. On or about May 9, 2005, **Dean** told Developer that he and **Lewis** had caused the vote on Developer's zoning change application for Dallas West Village to be postponed.

162. On or about May 9, 2005, **Lewis** sent the following text message to **Hill**: "We are ready to go: I need your support! Can I talk to you in the morning?"

163. On or about May 10, 2005, **Hill** told a City employee known to the Grand Jury to expect a call from **Lewis** regarding the Dallas West Village project.

164. On or about May 11, 2005, at approximately 10:25 a.m., **Dean** and **Lewis** met with Developer at Developer's office to sign the contracts and pick up the first \$50,000.00 payment from Developer.

165. On or about May 11, 2005, **Dean** signed a letter agreement between KDAT and Developer's company for Homes of Pecan Grove.

166. On or about May 11, 2005, **Lewis** signed an Attorney and Consultation Contract between Lewis & Associates and Developer's company for five projects with "attorney fees" totaling \$250,000.00.

167. On or about May 11, 2005, at approximately 11:15 a.m., **Lewis** sent a text message to **Hill**, stating: "Everything is signed! Approve the project!!!"

168. On or about May 11, 2005, at approximately 12:03 p.m., **Lewis** sent the following text message to **Hill**: "I have all of that: where can I meet you??"

169. On or about May 11, 2005, at approximately 12:08 p.m., **Lewis** converted Developer's business project check number 1019 in the amount of \$50,000.00, made payable to Lewis and Associates, into Chase cashier's check number 0880059378.

170. On or about May 11, 2005, at approximately 12:20 p.m., **Lewis** endorsed and deposited Chase cashier's check number 0880059378 in the amount of \$50,000.00, made payable to Lewis and Associates, into his law office client trust account, Bank One account number xxxxxx9445 ("L&A IOLTA account").

171. On or about May 11, 2005, at approximately 12:55 p.m., **Lewis** met with **Dean** and Contractor at a gas station in the 16100 block of Dallas Parkway.

172. On or about May 11, 2005, at approximately 1:00 p.m., **Hill** moved the City Council to move Developer's zoning change application for Dallas West Village

to the end of the Council's agenda.

173. On or about May 11, 2005, at approximately 1:21 p.m., **Lewis** entered Dallas City Hall.

174. On or about May 11, 2005, at approximately 4:16 p.m., **Hill** moved the City Council to accept the CPC's recommendation and approve Developer's zoning change application for the Dallas West Village project.

175. On or about May 11, 2005, at approximately 5:40 p.m., **Lewis** sent the following text message to **Hill**: "When can we meet? I'm downstairs."

176. On or about May 11, 2005, at approximately 5:43 p.m., **Lewis** sent a the following text message to **Hill**: "Thanks."

177. On or about May 12, 2005, **Lewis** withdrew \$2,500.00 cash from the L&A IOLTA account.

178. On or about May 12, 2005, **Lewis** wrote and signed L&A IOLTA check number 5331 in the amount of \$500.00, made payable to **Lewis**.

179. On or about May 12, 2005, **Lewis** cashed L&A IOLTA check number 5331 in the amount of \$500.00.

180. On or about May 16, 2005, **Lewis** endorsed and cashed L&A IOLTA check number 5335, in the amount of \$1,000.00, made payable to **Lewis**.

181. On or about May 17, 2005, **Lewis** wired \$15,000.00 from the L&A IOLTA account to **Dean's** KDAT account.

182. On or about May 18, 2005, **Lewis** endorsed and cashed L&A IOLTA check number 5336, in the amount of \$650.00, made payable to **Lewis**.

183. On or about May 18, 2005, **Lewis** endorsed and cashed L&A IOLTA check number 5337, in the amount of \$3,300.00, made payable to **Lewis**.

184. On or about May 24, 2005, **Lewis** wired \$10,000.00 from the L&A IOLTA account to **Dean's** KDAT account.

185. On or about June 10, 2005, **Lewis** endorsed and cashed L&A IOLTA check number 5360, in the amount of \$4,000.00, made payable to **Lewis**.

186. On or about June 10, 2005, **Lewis** endorsed and cashed L&A IOLTA check number 5354, in the amount of \$2,000.00, made payable to **Lewis**.

187. The Grand Jury hereby alleges and incorporates, by reference herein, all of the allegations set forth in Counts Sixteen and Seventeen of this indictment as acts in furtherance of this conspiracy.

All in violation of 18 U.S.C. § 1951.

Count Sixteen

Extortion by Public Officials and Aiding and Abetting
(Violations of 18 U.S.C. §§ 1951 and 2)

1. The Grand Jury hereby adopts, realleges and incorporates herein all allegations set forth in the Introduction and Count Fifteen of this indictment as if fully set forth herein.

2. On or about February 22, 2005, in the Dallas Division of the Northern District of Texas, and elsewhere, defendants, **Donald W. Hill**, also known as Don Hill, and **D'Angelo Lee**, being agents and public officials of the City of Dallas, aided and abetted by each other and others known and unknown to the Grand Jury, did knowingly, willfully, and unlawfully affect and attempt to affect interstate commerce and the movement of articles and commodities in interstate commerce by extortion, in that **Hill** and **Lee** unlawfully obtained and attempted to obtain property not due them or their offices, namely, \$22,500.00, from an affordable housing developer known to the Grand Jury ("Developer"), with Developer's consent, induced by wrongful use and threat of use of economic harm and under color of official right.

3. Defendants, **Sheila D. Farrington**, also known as Sheila Hill, **Darren L. Reagan**, also known as Dr. Darren L. Reagan, and **Allen J. McGill**, did aid, abet, counsel, command, induce and procure the commission of said offenses, as set forth in paragraph two above.

In violation of 18 U.S.C. §§ 1951 and 2.

Count Seventeen

Extortion by Public Officials and Aiding and Abetting
(Violations of 18 U.S.C. §§ 1951 and 2)

1. The Grand Jury hereby adopts, realleges and incorporates herein all allegations set forth in the Introduction and Count Fifteen of this indictment as if fully set forth herein.

2. On or about May 11, 2005, in the Dallas Division of the Northern District of Texas, and elsewhere, defendant, **Donald W. Hill**, also known as Don Hill, being an agent and public official of the City of Dallas, did knowingly, willfully, and unlawfully affect and attempt to affect interstate commerce and the movement of articles and commodities in interstate commerce by extortion, in that **Hill** unlawfully obtained and attempted to obtain property not due him or his office, namely, \$50,000.00, from an affordable housing developer known to the Grand Jury ("Developer"), with Developer's consent, induced by wrongful use and threat of use of economic harm and under color of official right.

3. Defendants, **Darren L. Reagan**, also known as Dr. Darren L. Reagan, **Kevin J. Dean** and **John J. Lewis**, did aid, abet, counsel, command, induce and procure the commission of said offenses, as set forth in paragraph two above.

In violation of 18 U.S.C. §§ 1951 and 2.

Count Eighteen

Conspiracy to Commit Deprivation of Honest Services by Wire Fraud
(Violation of 18 U.S.C. § 1349)

A. The Grand Jury hereby adopts, realleges and incorporates herein all allegations set forth in the Introduction of this indictment as if fully set forth herein.

The Conspiracy and its Objects

B. Beginning, at least, on or about November 5, 2004, and continuing through on or about June 20, 2005, in the Dallas Division of the Northern District of Texas, and elsewhere, defendants, **Donald W. Hill**, also known as Don Hill, **D'Angelo Lee**, **Sheila D. Farrington**, also known as Sheila Hill, **Andrea L. Spencer**, also known as Toni Fisher and Toni Thomas, and **Ronald W. Slovacek**, also known as Ron Slovacek, did knowingly combine, conspire, confederate and agree with each other, and with others known and unknown to the Grand Jury, to commit the following offense against the United States: deprivation of honest services by wire fraud, in violation of 18 U.S.C. §§ 1343 and 1346, that is, the defendants conspired to devise a scheme and artifice to deprive the residents of Dallas, the Dallas City Council and the Dallas City Plan and Zoning Commission ("CPC") of their right to the honest services of Council Member **Hill** and Plan Commissioner **Lee**, performed free from deceit, fraud, concealment, bias, conflict of interest, self-enrichment and self-dealing, by means of materially false and fraudulent pretenses, representations, promises and material omissions and, in furtherance thereof, used wire communications in interstate and foreign commerce.

C. The objects of the conspiracy included the following:

1. to unjustly enrich **Hill, Lee, Farrington, Spencer and Slovacek** by using **Hill's** and **Lee's** official positions and influence on the City Council and the CPC, respectively, to obtain personal benefits from local and federal government entities, local business associations, private individuals, and financial and investment institutions in connection with the purchase and development of real estate; and

2. to conceal **Hill's** and **Lee's** personal financial interests in the real estate projects that **Hill** and **Lee** supported through their official positions and influence on the City Council and the CPC, respectively, by not disclosing such interests and by funneling payments to **Hill** and **Lee** through nominee companies.

Manner and Means of the Conspiracy

D. The conspirators used the following manner and means, among others, to carry out the objects of the conspiracy:

1. **Lee, Spencer, and Slovacek** would and did create a for-profit entity, The LKC Dallas ("The LKC"), in which **Lee's** interest was selectively disclosed, to purchase and develop real estate with the official assistance of **Hill** and **Lee**.

2. **Lee, Spencer, and Slovacek** would and did create a for-profit entity, Kiest Blvd., LP ("Kiest Blvd."), in which **Lee's** interest was hidden, to purchase and develop real estate with the official assistance of **Hill** and **Lee**.

3. **Lee, Spencer, and Slovacek** would and did create Kiest General, LLC ("Kiest General") to be the general partner of Kiest Blvd.

4. As a member of the Dallas City Council, **Hill** would and did, by use of interstate email and telephone communications, use his official position to seek things of value for himself, **Lee, Spencer and Slovacek**, who sought public and private funding to purchase and develop real estate through The LKC and Kiest Blvd.

5. As a plan commissioner on the CPC, **Lee** would and did, by use of interstate email and telephone communications, use his official position to seek things of value for himself, **Hill, Spencer and Slovacek**, who sought public and private funding to purchase and develop real estate through The LKC and Kiest Blvd.

6. **Hill** would and did seek things of value for himself in return for providing official assistance to **Lee, Spencer and Slovacek**. The things of value included cash payments funneled through Farrington & Associates and kickbacks on sham consulting agreements.

7. **Lee, Spencer and Slovacek** would and did offer things of value to **Hill** to influence and reward him for his performance of official acts that advanced their financial interests. The things of value included cash payments funneled through Farrington & Associates, kickbacks on sham consulting agreements and personal gifts.

8. In return for things of value, **Hill** would and did, by use of interstate email and telephone communications, agree to use his official position and influence on

the City Council and on the DPFP System Board of Trustees to promote and advance the financial interests of **Lee**, **Spencer** and **Slovacek** by seeking the following things for The LKC and Kiest Blvd.:

- a. the authorization of a Residential Development Acquisition Loan Program loan involving federal funds from the City;
- b. the award of local bond funds from the City;
- c. the award of an earmark appropriation from the federal government;
- d. the award of private grant funds from a private foundation;
- e. the creation of a tax increment financing district;
- f. the approval of investment funding from a local pension fund; and
- g. the waiver of a locally-required development impact study.

9. As a plan commissioner of the CPC, **Lee** would and did agree to use his official position and influence on the CPC to promote and advance his own financial interests and the financial interests of **Spencer** and **Slovacek** by threatening a property owner with official action to coerce the sale of privately-held property to The LKC at a favorable price.

10. **Hill** and **Lee** would and did conceal their expected and actual receipt of things of value by not disclosing conflicts of interest, omitting sources of income on Financial Disclosure Reports, and receiving cash payments from nominee companies, in violation of state and local law, including the City Code of Ethics.

11. **Farrington** would and did conceal **Hill's** and **Lee's** receipt of things of value by funneling cash payments from The LKC to **Hill** and **Lee** through **Farrington & Associates**.

Overt Acts

E. In furtherance of the conspiracy and to effect the objects thereof, **Hill, Lee, Farrington, Spencer** and **Slovacek** committed, and caused to be committed, the following overt acts, among others, in the Dallas Division of the Northern District of Texas, and elsewhere:

1. On or about November 5, 2004, **Lee, Spencer** and **Slovacek** formed **Kiest General** and **Kiest Blvd.**
2. On or about November 17, 2004, **Hill**, as a member of the City's Comprehensive Plan Committee, requested a meeting with the director of the Veteran's Administration ("VA") North Texas Health Care System regarding "economic development opportunities near the VA Hospital" and invited said director to participate in a tour of the Lancaster Kiest Corridor.
3. On or about December 3, 2004, **Hill** requested a meeting with a member of the United States House of Representatives known to the Grand Jury ("U.S. Representative") regarding "economic development opportunities near the VA Hospital" and invited said U.S. Representative to participate in a tour of the Lancaster Kiest Corridor.

4. On or about December 8, 2004, **Hill** moved the City Council to authorize the following amendment to the City's review criteria for multi-family project applications seeking City approval of bond financing and/or housing tax credits: to make construction or substantial rehabilitation of "a mixed use development that includes a minimum 10,000 square feet of retail space" a higher priority than "new construction of housing for low and moderate income households."

5. On or about December 28, 2004, **Hill** sent an email to a City employee known to the Grand Jury, advocating against the re-issuance of a landfill permit for property located at Kiest Boulevard and Southerland Avenue.

6. On or about January 6, 2005, **Spencer** filed a Certificate of Ownership for Unincorporated Business or Profession for The LKC under the Dallas County Assumed Name Records.

7. On or about January 14, 2005, **Slovacek** filed a Form SS-4 Application for Employer Identification Number for Kiest Blvd. with the Internal Revenue Service.

8. On or about January 14, 2005, **Slovacek** opened Chase Bank account number xxxxxx3218 in the name of Kiest Blvd. ("Kiest Blvd. account").

9. On or about January 14, 2005, **Spencer** and **Slovacek** entered into an Apartment Lease Contract for Apartments 703 and 704 at the Lofts ("The LKC office"), which listed The LKC, **Spencer** and **Slovacek** as the only residents.

10. On or about January 27, 2005, **Spencer and Slovacek** caused a grant application, which requested \$100,000.00 for a market study of the Lancaster Kiest Corridor, to be submitted to The Real Estate Council Foundation ("TREC").

11. On or about February 1, 2005, **Farrington** drafted a land use consulting agreement between Farrington & Associates and an organization known to the Grand Jury ("Organization A"), which required Organization A to pay Farrington & Associates \$60,000.00 over a twelve-month period.

12. On or about February 4, 2005, **Lee, Spencer and Slovacek** met with two bankers known to the Grand Jury at The LKC office and discussed obtaining a loan for Kiest Blvd. for the development of a single-family affordable housing project known as Cedar Crest Square.

13. On or about February 17, 2005, **Lee, Spencer and Slovacek** met with a property owner known to the Grand Jury ("Property Owner A"), real estate investment advisors known to the Grand Jury who provided investment services to the DPF System ("Real Estate Investment Advisors"), and a representative from U.S. Representative's office known to the Grand Jury at The LKC office and discussed The LKC's potential purchase and development of the Lancaster Kiest Shopping Center ("LKSC").

14. On or about February 23, 2005, **Hill** voted to approve the consent agenda that approved a resolution authorizing the City to disburse \$883,250.00 in 2003

General Obligation Bond Funds to Kiest Blvd. for Cedar Crest Square.

15. On or about February 23, 2005, **Hill** voted to approve the consent agenda that approved a resolution authorizing the City to make a Residential Development Acquisition Loan Program loan in the amount of \$150,000.00 to Kiest Blvd. for the acquisition and development of affordable housing for Cedar Crest Square.

16. On or about February 24, 2005, **Slovacek** signed a binding letter of intent that gave Kiest General the exclusive right and option to purchase the LKSC from Property Owner A's business for \$5,500,000.00.

17. On or about February 25, 2005, **Lee, Spencer, and Slovacek** attended the Dallas Area Rapid Transit ("DART") Planning Committee Meeting and made a presentation regarding The LKC's proposed development of a transit-oriented, mixed-use development including 10,000 square feet of retail space in the Lancaster Kiest Corridor, known as the Dallas Lancaster Station.

18. On or about February 28, 2005, at approximately 1:33 p.m., **Lee and Slovacek** discussed the contract to purchase the LKSC for \$5,500,000.00.

19. On or about March 1, 2005, at approximately 5:58 p.m., when discussing obtaining "consulting fees" from Organization A and the VA in connection with the SRO proposal, **Lee told Spencer**: "I'm not going to do it for free, nor am I going to tax one agency more than another."

20. On or about March 2, 2005, **Hill** sent an email to **Lee** summarizing a conversation he had with the City Manager regarding a meeting with U.S. Representative, and suggesting that The LKC file a TIF application for the Lancaster Kiest Corridor.

21. On or about March 3, 2005, at approximately 3:31 p.m., **Lee** told a person known to the Grand Jury ("Project Representative") that he would provide a support letter to a developer known to the Grand Jury ("Developer") for one of Developer's proposed projects ("Dilworth Estates") and asked whether **Spencer** had delivered the contract to Project Representative.

22. On or about March 3, 2005, at approximately 5:52 p.m., **Spencer** emailed to a home builder known to the Grand Jury ("Home Builder") a Construction Management, Marketing and Professional Services Agreement between The LKC Consulting Group and Home Builder, which required Home Builder to pay The LKC Consulting Group a \$5,000.00 monthly retainer fee.

23. On or about March 4, 2005, **Hill** and **Lee** agreed to meet at **Hill's** City Hall office to discuss an LKC project.

24. On or about March 8, 2005, at approximately 9:43 a.m., when discussing a support letter for Developer, **Lee** asked Project Representative whether Developer had signed a contract with **Spencer** yet.

25. On or about March 8, 2005, at approximately 12:42 p.m., when discussing The LKC, **Hill** told **Lee**: "Bring me in wherever you need me to do, whatever I

need to go, but you're gonna have to keep your focus, man."

26. On or about March 8, 2005, at approximately 2:11 p.m., when discussing an LKC project with another property owner known to the Grand Jury ("Property Owner B"), **Lee** handed the telephone to **Hill**, who, referring to **Lee**, stated: "[L]et's see what we can do to kinda help him along the way, you know?"

27. On or about March 9, 2005, **Hill** moved the City Council to approve a resolution authorizing support of opportunities between the City of Dallas and DART.

28. On or about March 9, 2005, when telling Property Owner B that he owned The LKC, but was a hidden partner due to his official position on the CPC, **Lee** stated: "I cannot, legally, legally, my partners cannot do business in the City of Dallas if I'm legally a part of it. My name is on it. They cannot get funding from the City of Dallas to do any infrastructure or grants or whatever."

29. On or about March 10, 2005, **Hill** told **Farrington** that he was going to Washington D.C. to meet with a presidential cabinet member known to the Grand Jury ("Cabinet Member") and that "if the LKC ever gets there ... we'll get in there and try to get it done."

30. On or about March 14, 2005, at approximately 11:02 a.m., **Lee** told **Spencer** to inform everyone at the Dallas Partnership for SRO meeting that Organization A and the VA were The LKC's clients and that all communications with them should go through **Lee**.

31. On or about March 14, 2005, at approximately 11:30 a.m., **Lee** announced at the Dallas Partnership for SRO meeting that he was scheduled to meet with **Hill** on March 17, 2005, regarding the SRO.

32. On or about March 14, 2005, at approximately 2:43 p.m., **Hill**, using interstate telephone wires, instructed **Lee** to file a TIF application for the Lancaster Kiest Corridor.

33. On or about March 14, 2005, at approximately 3:39 p.m., **Hill**, using interstate wires, sent an email instructing a City employee known to the Grand Jury to prepare a memorandum to the mayor requesting that a resolution to approve and/or set for public hearing the creation of the Lancaster Kiest Corridor TIF be placed on the City Council's April 13, 2005 agenda.

34. On or about March 14, 2005, at approximately 3:53 p.m., **Hill**, using interstate telephone wires, left a voicemail message for **Lee**, stating: "Hey, D'Angelo, we, we're working on getting that TIF application on the agenda.... Now, the thing about it is,.... [y]ou're gonna have to have site control. You're gonna have to have site control, okay?"

35. On or about March 14, 2005, at approximately 10:52 p.m., **Lee** sent an email to Project Representative, informing Project Representative that, with respect to the support letter for Developer, **Spencer** was "working on it" and that **Lee** would deliver the letter that weekend.

36. On or about March 15, 2005, **Lee**, using **Hill's** official City of Dallas letterhead, signed a support letter for Dilworth Estates.

37. On or about March 15, 2005, at approximately 10:24 a.m., **Hill**, using interstate telephone wires, told **Lee** that he needed to submit a pro forma estimate to the City in support of the Lancaster Kiest Corridor TIF application.

38. On or about March 15, 2005, at approximately 3:43 p.m., **Hill** sent an email to the mayor supporting the Lancaster Kiest Corridor TIF, with a blind copy to **Lee**.

39. On or about March 16, 2005, at approximately 4:22 p.m., **Lee** caused the City of Dallas support letter for Dilworth Estates to be faxed to **Spencer**.

40. On or about March 16, 2005, at approximately 4:34 p.m., **Hill** told **Lee** that the DFPF System would not allow **Lee** to make \$1 million off of the LKSC purchase.

41. On or about March 16, 2005, at approximately 5:40 p.m., **Spencer** faxed the City of Dallas support letter for Dilworth Estates to Developer.

42. On or about March 17, 2005, at approximately 8:17 a.m., **Hill** told **Farrington** that The LKC was her business partner.

43. On or about March 17, 2005, when seeking funds for The LKC from a person known to the Grand Jury, **Lee** stated: "Now, I do have, commitments from the City, and from ahh, you know, Don, and so forth and so on."

44. On or about March 23, 2005, **Lee** told a person known to the Grand Jury that he was the owner of The LKC.

45. On or about March 29, 2005, at approximately 8:12 a.m., **Hill**, using interstate wires, sent an email to **Lee** in which he instructed **Lee** to set up a meeting with U.S. Representative and the Real Estate Investment Advisors.

46. On or about March 29, 2005, at approximately 2:50 p.m., **Lee** told a Dallas Independent School District trustee known to the Grand Jury that other developers were trying to "swoop" in on the SRO project, but that the deal had to go through **Lee**.

47. On or about March 30, 2005, **Lee** left a voicemail message for the president of Organization A ("President A"), telling President A that they needed to consummate their joint venture agreement quickly.

48. On or about March 31, 2005, **Spencer** opened Prosperity Bank account number xxxx031 in the name of The LKC Dallas ("The LKC account"), listing herself as its sole proprietor.

49. On or about March 31, 2005, **Lee** called a Housing Department employee known to the Grand Jury to confirm that a social services provider known to the Grand Jury ("Social Services Provider") had withdrawn its application for the Seniors Housing Development Project on Boulder Drive ("Boulder project") and to inform said employee that he wanted Organization A on the Boulder project.

50. On or about April 5, 2005, **Hill** assigned himself the task of sending a letter that **Lee** had drafted regarding The LKC to the Director of the City's Office of Economic Development.

51. On or about April 5, 2005, **Lee** told **Slovacek** that a Council member known the Grand Jury ("Council Member A") was going to give \$1,000,000.00 in City discretionary funds to The LKC to purchase the LKSC.

52. On or about April 5, 2005, **Hill** told **Lee** that he would give \$1,000,000.00 of his discretionary funds to The LKC to purchase the LKSC.

53. On or about April 5, 2005, **Hill** told **Lee** to meet with Council Member A and to obtain Council Member A's commitment to giving \$1,000,000.00 in discretionary funds to The LKC just prior to meeting with the Real Estate Investment Advisors.

54. On or about April 5, 2005, when discussing the meeting with Council Member A and the Real Estate Investments Advisors, **Hill** told **Lee**: "You get that set up with [Council Member A], so hopefully, [Council Member A] can be in there. Now, if [Council Member A's] gonna be in the meeting, then what we'll do is we'll, we'll re-cast the meeting, as not a meeting in my office, but, it'll be a meeting to bring them together with [Council Member A], and you'll try to schedule [Council Member A] a little before. You want a commitment on the two and you want [the Real Estate Investments Advisors] to see that...."

55. On or about April 6, 2005, **Spencer** faxed a letter to the City's Office of Economic Development, which proposed the creation of four new TIF districts, including one that encompassed the Lancaster Kiest Corridor and another that encompassed Cedar Crest Square.

56. On or about April 6, 2005, **Spencer** faxed to Project Representative a consulting agreement between The LKC and Home Builder which required said business to pay a \$5,000.00 retainer to The LKC.

57. On or about April 8, 2005, **Hill** instructed **Lee** to collect \$5,000.00-10,000.00 from The LKC members for a council member known to the Grand Jury ("Council Member B"), stating: "Go over there, in a envelope, take it to [Council Member B], and say, here is something for your campaign, we believe in you, we wanta work with you. We need some help on this deal, but we're here for you...."

58. On or about April 11, 2005, when discussing the difficulty of obtaining a letter of commitment from Property Owner A, **Lee** told **Slovacek**: "Just let him know, say, 'You wanna play games? You have enough code en-, code enforcement violations over there to make, eat up that 450,000 that you make a year.'"

59. On or about April 11, 2005, when speaking with **Slovacek** and a person known to the Grand Jury about Property Owner A, **Lee** stated:

I'll have Don, As a Commissioner, I can send, well, ... I'll send a, a letter to him, just acknowledging our meeting from the City of Dallas, and that I really appreciate, you know, taking the time out of committing to the sale, to the LKC, da da da, we're anticipating this, you know, eagerly look,

looking at redeveloping this property. You know this property has been a sore in the community for so long and, you know, this is a opportunity to address many of the code, ahh, issues facing that property, and really you know ahh, ahh, bringing the community back around.... I, can do that, and then, if that doesn't work, then I'll, then I'll get Don to send one.

60. On or about April 11, 2005, **Lee** asked a person known to the Grand Jury to collect and send five complaint letters to **Lee**, in his official capacity as a plan commissioner, regarding "the deplorable standards" at the LKSC, stating: "Because the problem is, today is, ahh, he's, I mean he's, he's finagling on the, the sale of it and, and I know that I could put code on him and just, you know, just have, I mean just have codes up the ying-yang."

61. On or about April 11, 2005, in reference to the DFPF System, **Hill** told **Lee** to meet with Property Owner A and get him to sign a letter of commitment because the "institutional investors" were going to make a decision on the LKSC on May 12, 2005.

62. On or about April 12, 2005, **Lee** and **Slovacek** talked about threatening Property Owner A with \$1,000,000.00 in City code violations to get said Owner to sign a letter of commitment.

63. On or about April 12, 2005, **Lee** told President A to cancel a meeting with Social Services Provider and the DHA, stating that Organization A should take the lead on the Boulder project.

64. On or about April 12, 2005, **Lee** asked President A how he should “structure” his invoice to Organization A.

65. On or about April 13, 2005, at approximately 2:42 p.m., **Lee** told President A that he would use code enforcement on a Dallas motel located in the Lancaster Kiest Corridor to coerce the sale of the motel at a favorable price.

66. On or about April 13, 2005, at approximately 6:35 p.m., **Lee**, **Spencer**, and **Slovacek** discussed making payments to Council Member B to address opposition to an LKC project in Council Member B’s district.

67. On or about April 15, 2005, **Spencer** emailed to President A the revised TREC Grant Application for \$100,000.00 for a market study of the Lancaster Kiest Corridor, which listed Organization A’s community development corporation as the applicant.

68. On or about April 18, 2005, when discussing DHA’s role in the Lancaster Kiest Corridor, **Lee** told a person known to the Grand Jury that the only way a deal would get done would be through **Lee**.

69. On or about April 19, 2005, **Lee** told **Spencer** and **Slovacek** that they needed to give money to Council Member B, explaining: “Because, at the end of the day [Council Member B’s] gonna give you, he, he’s gonna give you the money. He’s either gonna, you know, have them waive it, or he’s gonna give you the money. He’s not gonna see the deal die.”

70. On or about April 19, 2005, **Slovacek** signed Millennium Land Development check number 47 in the amount of \$1,000.00 made payable to **Spencer**.

71. On or about April 20, 2005, at approximately 8:48 a.m, when discussing the sale of the LKSC with Property Owner A, **Lee** threatened to “turn it over to the city.”

72. On or about April 20, 2005, at approximately 11:52 a.m., **Spencer** endorsed and deposited Millennium Land Development check number 47 in the amount of \$1,000.00 into The LKC account.

73. On or about April 20, 2005, at approximately 11:52 a.m., **Spencer** withdrew \$1,000.00 from The LKC account and purchased two Prosperity Bank cashier checks, each in the amount of \$500.00 and each made payable to Council Member B’s campaign fund.

74. On or about April 22, 2005, **Hill** and a person known to the Grand Jury used coded language to describe delivery of money to **Hill’s** campaign.

75. On or about April 25, 2005, **Hill** met with a person known to the Grand Jury and discussed the State of Texas’ interest in leasing 40,000 square feet at the LKSC.

76. On or about April 25, 2005, **Hill** instructed **Lee** to work through the Real Estate Investment Advisors to tell Property Owner A that the State of Texas was not going to lease space at the LKSC.

77. On or about May 2, 2005, at approximately 9:00 a.m., **Hill** met with the Real Estate Investment Advisors regarding the LKSC.

78. On or about May 2, 2005, at approximately 10:34 a.m., **Lee** told **Spencer** that, with respect to the TREC grant, The LKC would split with President A the difference between the \$100,000.00 received from TREC and the actual cost of the market study.

79. On or about May 2, 2005, at approximately 10:34 a.m., **Lee** and **Spencer** discussed charging Home Builder \$2,500.00 per month to get Home Builder's zoning change application approved at the CPC and City Council.

80. On or about May 9, 2005, when discussing the market study for the Lancaster Kiest Corridor, **Lee** told President A that he would help President A with the "actual study," stating: "We'll get together and I'll take you down and let you do it, 'cause you have to. I can't do it, ... I'll show you how to do it."

81. On or about May 10, 2005, **Lee** told **Slovacek** that he was going to recuse himself on The LKC's zoning change application for Cedar Crest Square "to cover our butt" but stated: "We'll get it done."

82. On or about May 12, 2005, at approximately 8:23 a.m., **Lee** told **Spencer** he was concerned about depositing The LKC checks into his account.

83. On or about May 12, 2005, at approximately 9:30 a.m., **Spencer** told **Lee** she would drop off **Lee's** money in a sealed envelope at City Hall.

84. On or about May 12, 2005, at approximately 12:59 p.m., **Lee** instructed **Spencer** to bring him cash and not cashier's checks.

85. On or about May 12, 2005, at approximately 1:14 p.m., **Spencer** withdrew \$8,000.00 cash from The LKC account.

86. On or about May 13, 2005, **Lee** instructed **Slovacek** and **Spencer** to contact a plan commissioner known to the Grand Jury and tell said commissioner that there was no need for a traffic study and that they had already talked to "the Councilman" about it.

87. On or about May 15, 2005, **Farrington** endorsed and deposited Organization A check number 2452 in the amount of \$3,500.00 into the **Farrington & Associates** account.

88. On or about May 16, 2005, at approximately 3:25 p.m., **Lee** instructed President A to tell TREC that Organization A was going to use a certain architectural firm in connection with the development of the Lancaster Kiest Corridor.

89. On or about May 21, 2005, at 12:45 p.m., **Hill, Lee, Spencer, Slovacek** and other persons known to the Grand Jury met with U.S. Representative to request federal funding for The LKC's development of the Dallas Lancaster Station project.

90. On or about May 23, 2005, **Hill** instructed **Farrington** to "have the conversation" with **Lee**.

91. On or about May 25, 2005, **Farrington** told **Hill** that she was meeting with **Lee** later that day to "have that conversation with him."

92. On or about May 26, 2005, at approximately 8:39 a.m., **Lee** instructed **Slovacek** to write a \$5,000.00 check to **Farrington & Associates**, stating: "We need to take care of, of Don via Sheila."

93. On or about May 26, 2005, at approximately 8:39 a.m., when discussing **Hill**, **Lee** told **Slovacek**: "I don't keep anything from him, from Don."

94. On or about May 26, 2005, at approximately 8:47 a.m., when discussing payments from The LKC partners to **Hill**, **Lee** instructed **Spencer** to write a \$5,000.00 check to **Farrington**, stating: "Ron's gonna do the same thing, and I'm gonna do the same thing. It's for ahh, I mean, just to show, ahh, Don that we appreciate him."

95. On or about May 26, 2005, at approximately 8:47 a.m., when discussing funneling payments through **Farrington** to **Hill**, **Lee** instructed **Spencer**: "You always go through Sheila, you don't go directly to him."

96. On or about May 26, 2005, at approximately 8:51 a.m., **Lee** instructed **Slovacek** to also buy a gift for **Hill**, such as flowers, a spa treatment, clothing, or a \$200 gift certificate to Macy's, to show **Hill** appreciation for everything **Hill** did for The LKC.

97. On or about May 26, 2005, at approximately 9:00 a.m., when discussing the amount of money that **Spencer** and **Slovacek** were going to give to **Hill**,

Lee told Hill: "It should be 10."

98. On or about May 26, 2005, at approximately 9:01 a.m., Hill told Farrington to call Lee about a check.

99. On or about May 26, 2005, at approximately 9:22 a.m., Lee instructed Slovacek to give one check from The LKC to Farrington and to buy some custom shirts for Hill.

100. On or about May 26, 2005, at approximately 9:34 a.m., when discussing the payments to Hill, Lee told Spencer: "[J]ust let him know that you appreciate him and you know. And uhm, you know, don't speak, you know, real clearly over the phone. Just kind of, you know, just want thank you for everything you do. Of course, you know, we 100 percent support you. We think you're a great Council person and just want to show our appreciation to you."

101. On or about May 26, 2005, Slovacek signed Millennium Land Development check number 18 in the amount of \$20,000.00, made payable to The LKC.

102. On or about May 26, 2005, at approximately 9:35 a.m., Lee told Farrington that the \$10,000.00 from Spencer and Slovacek, which was going to be made payable to Farrington & Associates, was for Hill.

103. On or about May 26, 2005, at approximately 9:35 a.m., Lee told Farrington that out of the \$5,000.00 that Lee was going to give to her for Hill, \$2,500.00 was for Farrington.

104. On or about May 26, 2005, at approximately 9:57 a.m., **Farrington** asked **Lee** when she was supposed to meet with **Slovacek**.

105. On or about May 26, 2005, at approximately 12:45 p.m., when discussing the check from The LKC partners, **Hill** told **Farrington** how to contact **Slovacek** or **Spencer** so that **Farrington** could "get it in the bank today."

106. On or about May 26, 2005, at approximately 12:52 p.m., **Hill** asked **Farrington** to give him \$1,000.00 from either the \$10,000.00 she was going to receive from **Slovacek** and **Spencer** or out of the **Farrington & Associates** account.

107. On or about May 26, 2005, at approximately 1:01 p.m., when discussing the check she was going to pick up from **Spencer** and **Slovacek**, **Farrington** told **Hill** that, at 4:00 p.m., she was going to "meet with them, ah, then I'll, I'll take it straight to the bank."

108. On or about May 26, 2005 at approximately 1:10 p.m., **Spencer** endorsed and deposited Millennium Land Development check number 18 in the amount of \$20,000.00 into The LKC account.

109. On or about May 26, 2005, **Spencer** wrote and signed The LKC check number 1018 in the amount of \$5,000.00, made payable to **Farrington & Associates**.

110. On or about May 26, 2005, **Spencer** signed LCG Development Group check number 1127 in the amount of \$500.00, made payable to **Farrington &**

Associates.

111. On or about May 26, 2005, **Spencer** gave **Farrington** The LKC check number 1018 in the amount of \$5,000.00, made payable to **Farrington & Associates**, and LCG Development Group check number 1127 in the amount of \$500.00, made payable to **Farrington & Associates**.

112. On or about May 26, 2005, **Farrington** endorsed and deposited The LKC check number 1018 in the amount of \$5,000.00 and LCG Development Group check number 1127 in the amount of \$500.00 into the **Farrington & Associates** account.

113. On or about May 26, 2005, at approximately 7:44 p.m., **Farrington** told **Hill** that **Spencer** gave her only \$5,500.00.

114. On or about May 27, 2005, **Spencer** wrote and signed The LKC check number 1019 in the amount of \$9,500.00, made payable to **Farrington and Associates**.

115. On or about May 31, 2005, at approximately 4:27 p.m., when discussing a deal involving The LKC that was located in District 5, **Hill** asked **Lee** what he could do to help and **Lee** responded that **Hill** could call a person known to the Grand Jury.

116. On or about May 31, 2005, at approximately 5:39 p.m., when discussing the checks from **Spencer** and **Slovacek**, **Lee** asked **Hill** whether he received "that package."

117. On or about May 31, 2005, at approximately 5:39 p.m., in response to Lee's question about the package, Hill responded: "Ahh, yeah, yeah, well, I think they ended up getting about 15 total. And I think some of that include, I don't know whether that included yours, I think it did, I don't know. I, I think the second day they did 95, or something."

118. On or about May 31, 2005, at approximately 5:39 p.m., when discussing the checks from Spencer and Slovacek, Lee told Hill that "10" was for Hill and "25" was for Farrington.

119. On or about June 1, 2005, at approximately 1:33 p.m., Farrington endorsed and deposited The LKC check number 1019 in the amount of \$9,500.00 into the Farrington & Associates account.

120. On or about June 1, 2005, at approximately 1:37 p.m., Farrington withdrew \$7,300.00 cash from the Farrington & Associates account.

121. On or about June 1, 2005, Lee filed his Annual Financial Disclosure Report with the City of Dallas and did not disclose that he did business under the name The LKC.

122. On or about June 1, 2005, Lee filed his Annual Financial Disclosure Report with the City of Dallas and did not disclose that he received more than \$250.00 in income from The LKC.

123. On or about June 3, 2005, when attempting to get a private investor known to the Grand Jury to invest in an LKC project, **Hill** told said investor: "I have bonds money that, that, bonds money that I basically control that I am going to commit for the infrastructure on this project.... [I]t would be several hundred thousand dollars.... Obviously, bond funds I, I can't use them for everything. But I can use them for infrastructure without any question at all."

124. On or about June 9, 2005, **Hill** told **Lee** to use a person known to the Grand Jury, instead of the Real Estate Investment Advisors, to attempt to get the DPFP System to invest money in the LKSC project.

All in violation of 18 U.S.C. § 1349.

Count Nineteen
Conspiracy to Commit Money Laundering
(Violation of 18 U.S.C. § 1956(h))

A. The Grand Jury hereby adopts, realleges and incorporates by reference herein all allegations set forth in the Introduction and in Counts Eleven through Fourteen of this indictment.

B. Beginning, at least, in or about August 2004, the exact date being unknown to the Grand Jury, and continuing through on or about June 20, 2005, in the Dallas Division of the Northern District of Texas, and elsewhere, defendants, **Donald W. Hill**, also known as Don Hill, **D'Angelo Lee**, **Sheila D. Farrington**, also known as Sheila Hill, **Rickey E. Robertson**, **Andrea L. Spencer**, also known as Toni Fisher and Toni Thomas, and **Ronald W. Slovacek**, also known as Ron Slovacek, did knowingly and unlawfully combine, conspire, confederate, and agree together and with each other to:

1. knowingly conduct and attempt to conduct a financial transaction, by and through financial institutions, affecting interstate commerce, which involved the proceeds of a specified unlawful activity concerning a local government receiving federal benefits, that is, 18 U.S.C. § 666, the substance of which is set forth in Counts Eleven through Fourteen of this indictment, with intent to promote the carrying on of said specified unlawful activity and that while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction, that is, monetary instruments, represented the proceeds of specified unlawful activity, in

violation of 18 U.S.C. § 1956(a)(1)(A)(i);

2. knowingly conduct and attempt to conduct a financial transaction, by and through financial institutions, affecting interstate commerce, which involved the proceeds of a specified unlawful activity concerning a local government receiving federal benefits, that is, 18 U.S.C. § 666, the substance of which is set forth in Counts Eleven through Fourteen of this indictment, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said specified unlawful activity and that while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction, that is, monetary instruments, represented the proceeds of some specified unlawful activity, in violation of 18 U.S.C. 1956(a)(1)(B)(i);

3. knowingly conduct and attempt to conduct a financial transaction, by and through financial institutions, affecting interstate commerce, which involved the proceeds of a specified unlawful activity concerning a local government receiving federal benefits, that is, 18 U.S.C. § 666, the substance of which is set forth in Counts Eleven through Fourteen of this indictment, knowing that the transaction was designed in whole and in part to avoid a transaction reporting requirement under federal law and that while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction, that is, monetary instruments, represented the proceeds of some specified unlawful activity, in violation of 18 U.S.C. §

1956(a)(1)(B)(ii); and

4. knowingly engage and attempt to engage in a monetary transaction by and through a financial institution affecting interstate commerce in criminally derived property of a value greater than \$10,000.00, such property having been derived from a specified unlawful activity concerning a local government receiving federal benefits, that is, 18 U.S.C. § 666, the substance of which is set forth in Counts Eleven through Fourteen of this indictment, in violation of 18 U.S.C. § 1957.

In violation of 18 U.S.C. § 1956(h).

Count Twenty
Conspiracy to Commit Money Laundering
(Violation of 18 U.S.C. § 1956(h))

A. The Grand Jury hereby adopts, realleges and incorporates by reference herein all allegations set forth in the Introduction and in Counts Sixteen and Seventeen of this indictment as if fully set forth herein.

B. Beginning, at least, in or about August 2004, and continuing through on or about June 20, 2005, in the Dallas Division of the Northern District of Texas, and elsewhere, defendants, **Donald W. Hill**, also known as Don Hill, **Darren L. Reagan**, also known as Dr. Darren L. Reagan, **Kevin J. Dean**, and **John J. Lewis**, did knowingly and unlawfully combine, conspire, confederate, and agree together and with each other to:

1. knowingly conduct and attempt to conduct a financial transaction, by and through financial institutions, affecting interstate commerce, which involved the proceeds of a specified unlawful activity concerning extortion by public officials, that is, 18 U.S.C. § 1951, the substance of which is set forth in Counts Sixteen and Seventeen of this indictment, with intent to promote the carrying on of said specified unlawful activity and that while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction, that is, monetary instruments, represented the proceeds of specified unlawful activity, in violation of 18 U.S.C. § 1956(a)(1)(A)(i);

2. knowingly conduct and attempt to conduct a financial transaction, by and through financial institutions, affecting interstate commerce, which involved the proceeds of a specified unlawful activity concerning extortion by public officials, that is, 18 U.S.C. § 1951, the substance of which is set forth in Counts Sixteen and Seventeen of this indictment, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said specified unlawful activity and that while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction, that is, monetary instruments, represented the proceeds of some specified unlawful activity, in violation of 18 U.S.C. § 1956(a)(1)(B)(i);

3. knowingly conduct and attempt to conduct a financial transaction, by and through financial institutions, affecting interstate commerce, which involved the proceeds of a specified unlawful activity concerning extortion by public officials, that is, 18 U.S.C. § 1951, the substance of which is set forth in Counts Sixteen and Seventeen of this indictment, knowing that the transaction was designed in whole and in part to avoid a transaction reporting requirement under federal law and that while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction, that is, monetary instruments, represented the proceeds of some specified unlawful activity, in violation of 18 U.S.C. § 1956(a)(1)(B)(ii); and

4. knowingly engage and attempt to engage in a monetary transaction by and through a financial institution affecting interstate commerce in criminally derived property of a value greater than \$10,000.00, such property having been derived from a specified unlawful activity concerning extortion by public officials, that is, 18 U.S.C. § 1951, the substance of which is set forth in Counts Sixteen and Seventeen of this indictment, in violation of 18 U.S.C. § 1957.

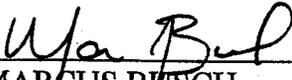
In violation of 18 U.S.C. § 1956(h).

A TRUE BILL

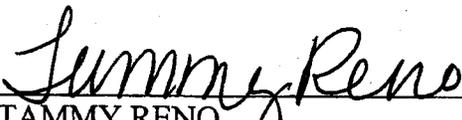
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