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👉 Details: Follow-up: Letter Report (November 2004), Opportunities Industrialization Center of Greater Milwaukee

(FORM UPDATED: 08/11/2010)

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* Contents organized for archiving by: Stefanie Rose (LRB) (September 2012)

Original URL: <http://www.jsonline.com/news/metro/jan05/291935.asp>

OIC is missing \$369,000 in public funds, chief says

Money was given to weatherize poor families' homes

By STEVE SCHULTZE
sschultze@journalsentinel.com

Posted: Jan. 10, 2005

Almost \$370,000 in public money that the state advanced to Opportunities Industrialization Center of Greater Milwaukee last year for weatherizing poor families' homes is missing, interim President Tyrone Dumas said Monday.

"I have no clue as to why the program is short money," said Dumas, who was hired Oct. 25 after the former head of the social service agency, Carl Gee, was convicted of conspiracy in a kickback scheme.

State officials have agreed to conduct a detailed audit of work that the troubled agency did under the weatherization program over the last 18 months to try to trace the discrepancy. State and federal prosecutors will "absolutely" be notified if that audit turns up any hint of criminal conduct, said Dan Schooff, administrator of the state Division of Energy.

The agency has been paid nearly \$62 million under the state weatherization program since 1990 for installing insulation, furnaces and water heaters and making other home energy upgrades for low-income families. The state announced last month that it was not renewing its exclusive deal with the agency and selected two groups to do the work.

The program is funded mostly from surcharges on heating bills that utility companies collect and forward to the state, as well as some federal money.

In closing out its final 18 months of work for the state, the agency discovered last week that its subcontractors were still owed \$867,526 for work done in 2004, Dumas said. But the agency had spent a \$1 million advance the state paid July 1 for its last six months of work, and the state still owes only \$456,665, according to Dumas and state records.

That leaves a gap of around \$411,000: \$369,000 in missing funds, plus about \$42,000 the state is deducting from what it owes the agency for earlier improper expenditures.

The state is assessing the \$42,000 penalty from the agency's weatherization contract to cover a portion of kickbacks paid through the agency to former state Sen. Gary R. George.

Dumas said he will meet soon with the 11 subcontractors that are owed money by the agency to work out a partial payment plan.

Schooff said the agency would likely prorate its payments based on the smaller pot of money coming from the state. That would work out to about 53 cents on the dollar - something that displeases Ed Johnson, whose firm, Pro-Tech Mechanical, is owed \$452,000 for furnace installations.

"This will still ultimately put most of the contractors out of business," he said in an e-mail.

OIC Troubles

What's Next

- State officials are to conduct an audit to try to trace the missing funds.
- Interim President Tyrone Dumas plans to meet with 11 subcontractors doing weatherization work that are owed money from the agency to work out a partial payment plan.
- He is recommending a series of belt-tightening moves, one of which would cut administrators' salaries deeply.

Quotable

“ I don't know if we'll ever have the money. ”

- Tyrone Dumas,
 interim president of
 the Opportunities
 Industrialization
 Center of Greater
 Milwaukee

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- **Dumas:** Struggle to fix agency consumes interim president
- **OIC:** Missing \$369,000 in public funds, chief says

Johnson and others are asking the state to provide additional money so contractors can be paid in full.

Schooff said the state won't step in and make up the difference as long as the agency remains in business.

Schooff didn't say what the state might do if the agency declared bankruptcy or went out of business.

Dumas said, "I don't know if we'll ever have the money."

Contractors doing the weatherization work have complained for months about the agency's failure to pay fully, and some have threatened to place liens on the upgraded properties.

Dumas apologized to families that have received such letters. He said he's assuring them that they do not have to pay the weatherization bills, and he pledged to work out a solution.

Dumas said he hoped contractors would agree to remove liens or threats to file liens after a meeting this week.

Dumas said the roughly \$1 million the state advanced to the agency on July 1 under its last contract extension for the weatherization program should have been used to pay for supplies and subcontractors.

"That advance should have been around here, or the subcontractors should have been paid," Dumas said.

Dumas said he's recommending severe belt-tightening moves, among them cutting administrators' salaries deeply; for example, he's recommending a cut of \$45,000 from his \$165,000 salary. The agency board was slated to review those recommendations Monday night.


Gee, the agency's former president and chief executive officer, was convicted in connection with a criminal kickback scheme involving George, who is serving a prison term.

Those kickbacks involved use of some \$300,000 in state Wisconsin Works welfare reform money. The agency was forced to pay back a portion of that and other improper expenditures under the W-2 program, and the state diverted \$23 million from the agency's 2005 W-2 contract to two other agencies.

Federal prosecutors also charged two agency affiliates last month with felonies that could result in large fines against the agency.

In addition, the agency is under federal investigation over \$45,000 used to purchase cellular phones intended for shipment to Nigeria.

Previous Coverage

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Original URL: <http://www.jsonline.com/news/metro/jan05/291937.asp>

Struggle to fix agency consumes Dumas

New problems make it hard for him to keep pledge to clean up mess

By **LEONARD SYKES JR.**
lsykes@journalsentinel.com

Posted: Jan. 10, 2005

Tyrone Dumas is like a man trying to fix a leaky dike with his finger.

After more than 60 days as head of the Opportunities Industrialization Center of Greater Milwaukee, neither the interim leader nor his board has been able to convince legislators that things are turning around at the troubled agency.

Nor have they been able to stop the flow of money out of OIC.

The effort has taken a physical and emotional toll on Dumas, who promised to set the agency on a straight and narrow path within six months when he took over in late October.

But things don't appear to be getting any better.

Legislators are demanding that Dumas revamp his board or risk losing OIC's remaining contract with Wisconsin Works, the state's welfare reform program. They've denied OIC and two other organizations any additional funds until they are convinced that tighter controls are in place.

Dumas says some things at OIC are beyond his control, like past mistakes and the current board of directors.

"People have said, 'Change your board.' Well, no one wants to be on the board," said Dumas, 52, who became interim chief at OIC after the conviction last year of Carl Gee, the agency's longtime president and CEO. Gee is scheduled to be sentenced Jan. 25 for helping to illegally funnel nearly \$500,000 to former Sen. Gary George and to a foreign television station controlled by George's family.

Neither the board chairman, the Rev. Fred Crouther, nor any of its seven other members would comment on the Legislators' concerns.

Dumas says the task of moving OIC into a new era will mean full accountability with the public and legislators, and most importantly with the people OIC serves - the jobless and needy. Dumas says he's moving day to day to change the culture of the agency; he remains convinced that he can do it.

But others aren't so sure.

State Sen. Alberta Darling (R-River Hills) said she would like the state to terminate its remaining W2 contract with OIC and increase oversight of other W2 agencies to prevent future abuses. Dumas hasn't moved swiftly enough, Darling said.

OIC Troubles



Photo/Jack Orton

Tyrone Dumas, interim president of Opportunities Industrialization Center, one of the city's premier social service agencies, works in his office at 3353 N. Martin Luther King Drive in Milwaukee. Dumas is doing whatever it takes to save OIC, including taking a pay cut.



Photo/Elizabeth Flores

Nicky Cooper, 18, creates a "Values Banner" on sexual abstinence at Shalom High School on Monday at a program sponsored by the Opportunities Industrialization Center.

Tyrone Dumas

OIC laid off 130 employees - more than a third of its work force - in late December after losing \$23 million of its \$39 million contract to operate the state's welfare reform program in Milwaukee County this year.

The agency also lost its state contract for weatherizing homes for this year, a pact worth nearly \$11 million in 2004.

Nearly \$370,000 in taxpayer money the state advanced to OIC last year for weatherizing poor families' homes is missing, Dumas said Monday.

Last week, Journal Sentinel columnists Cary Spivak and Dan Bice reported that the agency was under federal investigation for the recent purchase by a top OIC official of about \$45,000 worth of cell phones, using OIC resources, for apparent shipment to Nigeria.

OIC's breach of trust warrants additional action, Darling said. She compared it to a corporation.

"Do you think the stockholders would say that's OK? No. So why should poor people think this is OK? And what's worse, it's a public program. I'm very concerned about it and I'm not going to be patient about waiting another year."

January will be critical for OIC. Dumas said his board will consider a proposal to slash executive salaries, including his own, which would shrink from \$165,000 to \$120,000. The agency board was scheduled to review those recommendations Monday night.

He also said the agency is preparing for another round of possible lawsuits stemming from the layoffs as well as another state audit later this month.

Dumas said he feels like he's under attack from all sides. He said he's talked with Darling about her concerns about the board, but that he can only put proposals before them.

"Some days I feel more knives in my back," he said. "I can deal with the bullets coming from the front, but the stuff behind my back, I have to pray continuously - secret meetings and all kinds of stuff."

Revamping the board, however, may be too little, too late, some observers say. Had it been done early on, it would have helped re-establish credibility for OIC.

"They've let their own hubris get in the way of serving the poor," said Walter C. Farrell Jr., a former professor at the University of Wisconsin-Milwaukee, who was influential in establishing a chair at UWM for the late Professor Ernest Spaights, which later became the Spaights-Sullivan chair for the OIC of America founder Leon H. Sullivan.

Farrell, who knows many of the key players at OIC, said the organization should have made drastic changes sooner to regain the public confidence it lost with Gee's conviction.

"They had to clean up all appearances of impropriety so the agency can heal. You don't leave bacteria around when you're trying to heal the infection."

Said Dumas: "What I'm saying is that I need a new team of people that I think are competent to take me through to turn this thing around. If we're failing in (2005), believe me, we'll all know it. And I'll be held responsible for that."



Photo/Elizabeth Flores

“ People have said, 'Change your board.' Well, no one wants to be on the board. ”

**- Tyrone Dumas,
OIC interim
president**

Quotable


“ Do you think the stockholders would say that's OK? No. So why should poor people think this is OK? And what's worse, it's a public program. ”

**- State Sen. Alberta
Darling (R-River
Hills)**

“ They had to clean up all appearances of impropriety so the agency can heal. You don't leave bacteria around when you're trying to heal the infection. ”

**- Walter C. Farrell
Jr.,
a former professor
at the University of
Wisconsin-
Milwaukee**

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Original URL: <http://www.jsonline.com/news/metro/jan05/292203.asp>

Charges expected in OIC phone case

Ex-officer allegedly used agency funds

By **STEVE SCHULTZE** and **GINA BARTON**
sschultze@journalsentinel.com

Posted: Jan. 11, 2005

Federal charges are expected soon against a former executive of Opportunities Industrialization Center of Greater Milwaukee, Inc. in connection with a scheme to use agency money to buy nearly \$46,000 worth of cell phones and ship them to Africa.

Cordelia I. Ekwueme, who served as OIC's chief financial officer for seven years, bought at least 545 cell phones for shipment to Nigeria with the agency's funds shortly before leaving OIC at the end of last year, according to court records.

Martin Kohler, Ekwueme's attorney, said Tuesday that he expects U.S. Attorney Steven Biskupic to file unspecified charges against Ekwueme. Biskupic declined to comment, except to say the investigation continues.

Ekwueme, 47, would become the second top OIC official to be indicted. Carl Gee, the former executive director, was convicted of conspiracy last August in connection with a kickback scheme involving former state Sen. Gary R. George and some \$500,000 in taxpayer money from the Wisconsin Works welfare reform program and other programs. Gee's sentencing is set for Jan. 25.

Also Tuesday, two OIC affiliates agreed to plead guilty to felonies linked to illegal kickbacks paid to George, and to dissolve. The Garfield Foundation and Opportunities Investment Associates handled property and side investments for OIC.

The investment arm funneled some \$200,000 in taxpayer money from Wisconsin Works to a Virgin Islands television station controlled by George. That firm agreed to plead guilty to intentional misapplication of public funds. Garfield agreed to plead guilty to presenting a falsified document to a federal grand jury probing the OIC-George kickback scheme.

The firms face up to \$500,000 in fines on each conviction. OIC attorney David Cannon and Biskupic declined to comment on the plea agreement.

OIC officials could not be reached for comment Tuesday on the plea agreement or what it would mean to more than \$4 million worth of OIC property held in Garfield's name. The investment arm has a partial ownership interest in two development firms, as well as a corn-roasting business. It also once owned a cell phone service company and a pallet company.

A naturalized American citizen, Ekwueme was born in Nigeria but came to the U.S. about 20 years ago, according to her testimony at Gee's trial. She was hired by OIC in 1997 after having worked as administrator of the unclaimed property program of Washington, D.C., she said.

Her salary at OIC was \$151,278, according to information OIC provided to state auditors in September, making her one of its highest-paid employees.



OIC Troubles




Photo/File

Cordelia I. Ekwueme

Related Coverage

-  [Ekwueme: Charges expected in OIC phone case](#)
-  [Editorial: Drastic steps at OIC](#)

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In an interview with an FBI agent last Wednesday, Ekwueme admitted purchasing the cell phones with agency money for non-OIC purposes and said she planned to reimburse the agency, according to an affidavit filed in federal court. The Redeemed Christian Church of God, which was founded in Nigeria in 1952, was going to distribute the phones, according to her statement.

Ekwueme could not be reached for comment Tuesday.

Federal authorities were tipped to the cell phone deal Dec. 22, when Immigration and Customs officials at a Connecticut airport "intercepted three large packages destined for Nigeria," according to an affidavit filed in support of a search warrant.

Inside one they found between 80 and 100 Motorola Cingular Wireless cell phones, according to the affidavit. Further investigation showed the box was part of a larger order by OIC.

Federal agents served a search warrant at Ekwueme's New Berlin home late last week. They seized 108 boxed cell phones and various documents related to them, court records show.

Cingular officials said the total order was for 545 cell phones, which would cost \$45,780 and were to be funded by a federal grant. Cingular officials would not have sold the phones at that price if they had known they were bound for Africa, according to the affidavit.

Tyrone Dumas, the interim executive director of OIC, told an FBI agent on Jan. 5 that the purchase of the phones had not been authorized. He also said Ekwueme tendered her resignation around the end of October, effective Dec. 31. She was not in the office for much of December because she was using vacation time, according to the affidavit.

Meanwhile, the OIC board of directors has approved a major slimming of the agency, including more than \$690,000 in cuts to executive salaries, Dumas said Tuesday on radio station WMCS-AM (1290).

He said he was negotiating a new, reduced-salary contract for himself. He was hired two months ago at an annual rate of \$165,000 and has said he would take a \$45,000 cut.

During a hearing at the Capitol last month, state lawmakers ordered OIC to report by mid-January on progress toward reforming the agency and restructuring its affiliates and board of directors. OIC submitted a draft report to the Department of Workforce Development on Tuesday, but a department spokeswoman refused to release it.

OIC Board Chairman the Rev. Fred Crouther couldn't be reached Tuesday. An aide said Dumas was sick and left work early Tuesday.

Leonard Sykes Jr. of the Journal Sentinel staff contributed to this report.

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Entire OIC board resigns under pressure

By **STEVE SCHULTZE**
sschultze@journalsentinel.com

Posted: Jan. 14, 2005

All nine members of the board that oversees the troubled Opportunities Industrialization Center of Greater Milwaukee have resigned, the agency announced today.

The board members offered their resignations Thursday, to become effective today. The resignations came under pressure from the state, according to a statement from OIC.

Following conversations with state Department of Workforce Development officials, it became "clear that the desire for the resignation of the OIC-GM board of directors is necessary to enhance the opportunity for OIC-GM to" keep the remaining piece of its Wisconsin Works welfare reform contract.

The state last month trimmed OIC's W-2 contract for next year by about two-thirds, or \$23 million, after a criminal kickback scandal resulted in the conviction of former OIC President Carl Gee and further findings of improper spending of taxpayer money. The agency has also lost its state contract for weatherizing low-income families' homes, which was worth nearly \$11 million last year.


State lawmakers warned OIC officials during a hearing last month that senior management and board members with any links to the scandals should be purged from the organization.

The board members resigning are: the Rev. Fred Crouther, Jim Copeland, Carole Culbreath, the Rev. Clarence Robinson, James Elliott, the Rev. Michael Cousin, Carrie Banty, Linda Stewart and Douglas Brodzik. All except Stewart, a former state official, have sat on the OIC Board for many years.

Mae Bolden, an OIC senior vice president, declined to comment today and said Crouther would have no comment.

OIC Troubles

Previous Coverage

 [Archive](#): Previous coverage of troubles at the Opportunities Industrialization Center of Greater Milwaukee

Original URL: <http://www.jsonline.com/news/metro/jan05/293364.asp>

OIC's Dumas has no regrets, but you have to feel the guy's pain

Posted: Jan. 15, 2005



Eugene Kane
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When Tyrone Dumas was named interim head at the troubled Opportunities Industrialization Center, some people in town congratulated him on the appointment.

Others offered condolences. I remember sending both.

While I knew Dumas always wanted the chance to run his own show, I also suspected that trying to manage OIC would end up being more trouble than it was worth.

He announced his new position in October during a meeting at City Hall, where he and I were working on the Bill Cosby appearance in Milwaukee along with members of Mayor Barrett's staff.

Dumas worked as an administrator for Milwaukee Public Schools and belonged to one of the sponsoring groups for the Cosby visit, the Metropolitan Milwaukee Alliance of Black School Educators.

It's just one of numerous groups to which Dumas has contributed hard work and effort for many years. When he announced he was going to head up OIC, it was a surprise but not really shocking.

Within the African-American community, Dumas has a reputation as one of those tireless souls always willing to step up for needy causes, particularly for educating black children.

For 12 years running, Dumas has sponsored a class trip for high-achieving students at Martin Luther King Elementary School as a reward for their dedication to education.

Most years, whenever the group traveled to places like Disney World or other vacation spots, he paid out of his own pocket.

Move carried risk

That's one reason some people in town wondered why he would risk his good name by getting involved in the deteriorating situation surrounding OIC, an anti-poverty agency that seems to have done a better job helping former staff and associates escape poverty than any of the poor people under the group's charge.

Seeing how each week seems to bring another sad chapter for OIC - the latest being the wholesale resignation of the OIC board last week - there's concern that Dumas may have bet on the wrong horse.

But Dumas has no regrets.

"It was my decision," he told me last week, still in the midst of putting out fires at OIC. "I don't regret it for one minute."

Dumas said that he has been acquiring valuable management experience at OIC. He has been forced to acquire skills and knowledge he never had to use in previous positions at MPS and in Milwaukee County government.

"I'm learning a lot about working with all kinds of people, working with the board of directors, things like that," he said.

He's also lost 12 pounds in the last 12 weeks, which might be attributed to a new exercise program but also might be tied to

the stress of his position.

A diabetic with high blood pressure, Dumas, 52, is like many African-American men in that he needs to keep a close eye on his health. Some of his friends worry that OIC might not be the best situation for him to do that.

But Dumas insists he's still having a positive experience.

"I'm excited. This is a chance for me to take something in trouble and make it better. I want to try to help get OIC back to the core of (founder Leon) Sullivan's legacy."

Making a difference

Dumas' appointment at OIC seemed to come out of the blue, but I think a big reason why he jumped at the job was something that happened in 2002.

Dumas made a strong showing in the primary race to replace outgoing County Executive Tom Ament, after the pension scandal cleaned the house of misbehaving public servants and signaled a new intolerance for corruption in Milwaukee.

Finishing fourth in the field was a jolt of energy for the neophyte politician. I remember Dumas seemed energized by the realization that he could make a difference.

He gained more respect with that failed race than many winners ever achieve; his campaign shook up many misperceptions about the black vote at the time. In many ways, it may have laid the groundwork for a black political movement in Milwaukee that fueled Marvin Pratt's run for mayor and sent Gwen Moore to Congress.

"Yes, I think it did define some things for me," said Dumas. "It showed me that I didn't have to be anybody else, that I could just be me and still get support.

"It taught me a lot. The support from the community and volunteers - it showed me that people will respect you if you just be honest and tell the truth."

Dumas is a man - again, like many black professional men here - who has always craved validation and respect, particularly from the corporate world that never seems to tap local black talent for promotion.

He said he always thought he'd end up running a company here but understood, this being Milwaukee, maybe it wasn't meant to be. So, when OIC opened up, he jumped at the chance.

Right into the frying pan, inches from the fire, some might say. Others will say that it's too bad something like this happened to such a nice guy, but Dumas isn't looking for sympathy.

"This is a journey," he insisted, evoking spiritual language.

And, there are always the kids to think about. This year, same as usual, Dumas will take a busload of Martin Luther King kids on their regular class trip.

Sometimes, congratulations can turn to condolences in the blink of an eye. When it happens to a genuinely nice guy like Dumas, that makes it all the more a shame.

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Eugene Kane Archive

 [OIC's Dumas has no regrets, but you have to feel the guy's pain \(1/15/05\)](#)

Original URL: <http://www.jsonline.com/news/metro/jan05/296226.asp>

OIC may lose more government funds

\$1.4 million in federal grants threatened

By STEVE SCHULTZE
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Posted: Jan. 25, 2005

The struggling Opportunities Industrialization Center of Greater Milwaukee faces the loss of still more government funding, this time \$1.4 million in federal social program grants.

The Department of Health and Human Services will decide in about a week whether to terminate four federal grants to OIC, including a \$798,000 pact for sexual abstinence education for teenagers, said Wade Horn, the assistant HHS secretary for children and families.

The government is investigating whether OIC still has the ability to provide the services under the grants and whether it has improperly spent any of the \$80,000 it has already received, Horn said. The agency also received another \$798,000 earlier under the abstinence program.

In addition to the abstinence education funding, grants also at risk are \$500,000 for mentoring children of prison inmates, \$100,000 for child support enforcement and a \$50,000 "compassionate capital" grant Horn said was aimed at boosting OIC's capacity to deliver services.

The latter grant was through President Bush's "Compassion Capital Fund" launched three years ago to aid faith-based and other community organizations.

"What we are trying to figure out: Does OIC still have the capacity to utilize these grants and to deliver quality services," Horn said. In addition, the federal government wants assurance that OIC has the financial competence to handle the money properly.

Interim OIC President Tyrone Dumas said the agency has offered to give up the two smaller of the four grants. But he said he hoped that HHS would not terminate the larger grants.

Wade's department has been monitoring OIC for more than a year, when allegations of improprieties involving OIC surfaced, Horn said. The agency has spiraled downward since accusations that former center President Carl Gee had a role in a kickback scheme involving former state Sen. Gary R. George. Gee was sentenced Tuesday to two years in prison for his conviction on a felony conspiracy charge.

Big cuts to agency

In recent months, the state has drastically cut OIC's contract for running the Wisconsin Works welfare reform program in Milwaukee County, trimming funding by \$13 million for this year. The state also took away all of OIC's longstanding contract for weatherizing low-income families' homes, which was worth about \$11 million last year.

Horn said federal investigators are trying to determine whether improper expenditures by OIC using W-2 money may also have involved some money from the four federal grants.




OIC Troubles




Photo/Rick Wood

Carl Gee leaves the federal courthouse in Milwaukee on Tuesday after being sentenced to two years in federal prison.

Related Coverage

-  Carl Gee: Former director receives 2-year prison term
-  OIC: Agency may lose more government funds
-  Cell phones: Former OIC executive charged with fraud

Previous Coverage

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State auditors have found several hundred thousand dollars in improper spending by OIC, including \$500,000 in kickbacks to George, legal fees paid to the former OIC board chairman and payments to talk-radio host and former Milwaukee Ald. Mike McGee.

In an effort to rehabilitate itself, OIC is asking Gov. Jim Doyle, Milwaukee Mayor Tom Barrett and Milwaukee County Executive Scott Walker to each name someone to the OIC board.

"We need to reform a culture that unfortunately has been corrupted by the actions of a few," Dumas said in a letter to Doyle.

Doyle spokeswoman Melanie Fonder said the governor would carefully consider the request but has not decided whether to name someone to the OIC board. Barrett spokeswoman Carlene Orig said Barrett had not yet received the OIC letter. Walker couldn't be reached for comment.

The move is aimed at helping fill vacancies created by the resignation of all nine OIC board members earlier this month with representatives of "all the major stakeholders in the community," Dumas said.

"I'm not looking for a rubber-stamp board," he said.

From the Jan. 26, 2005, editions of the Milwaukee Journal Sentinel
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Original URL: <http://www.jsonline.com/news/metro/jan05/296051.asp>

Gee receives 2-year prison term for role in OIC kickback scheme

Former director knew of illegal payments to George, U.S. said

By GINA BARTON
gbarton@journalsentinel.com

Posted: Jan. 25, 2005

Carl Gee, who expanded the Opportunities Industrialization Center of Greater Milwaukee Inc. from a small social services program into a multimillion-dollar organization, was sentenced Tuesday to two years in federal prison for his role in a scheme that has jeopardized the agency's future.

Gee, the former executive director of OIC, was convicted of participating in a kickback scheme involving former state Sen. Gary R. George and some \$500,000 in taxpayer money for social service programs, among them the welfare reform plan known as Wisconsin Works, or W-2. The once massive non-profit social services agency has lost major state contracts since the scandal, and its entire board of directors resigned this month.

Gee also was ordered to serve three years of supervised release and to pay \$473,415 in restitution to the state and federal governments. Gee shares the restitution obligation with George, as will two of OIC's affiliates, Opportunities Investment Associates and the Garfield Foundation. The two affiliates, which handled property and side investments for OIC, have pleaded guilty to felonies in connection with the kickback scheme. As part of the agreement, they plan to dissolve. The details of the dissolutions will be presented to the court at a sentencing hearing in May.

U.S. District Judge Rudolph T. Randa allowed Gee to voluntarily surrender to begin his prison term Feb. 24, at a facility yet to be determined.

During Gee's trial in August, federal prosecutors said he and George negotiated a retainer agreement with former OIC attorney Mark Sostarich, who later gave 80% of his retainer and 50% of fees for other legal work to the former state senator.

When Gee approved payments to Sostarich, he knew part of the money would be illegally routed to George, according to prosecutors.

Gee, 63, also was convicted of recommending to the agency board that Opportunities Investment Associates buy \$200,000 worth of stock in the Atlantic Broadcasting Association, a Virgin Islands television station owned by George's family members. Gee gave George the money, but the association never received the stock. Gee personally received \$50,000 from George later as repayment of a prior investment in the television station, according to testimony at the trial.

At his sentencing hearing Tuesday in federal court in Milwaukee, Gee maintained that he did not know about the arrangement between George and Sostarich, and said he had been "too trusting" of them. Gee also said he was not vigilant enough in investigating suspicious activity at the agency. However, he also pointed out that Sostarich was paid for legitimate legal work.

"Client money was never misused. No client has ever suffered," Gee told the judge.

OIC Troubles



Photo/Rick Wood

Carl Gee leaves the federal courthouse in Milwaukee on Tuesday after being sentenced to two years in federal prison.

Quotable

“ I've never been to jail or broken the law before. I've had one traffic ticket, I've regularly voted, paid my taxes, and my child support is current. ”

- Carl Gee

Gee's sentencing hearing had been delayed several times as the U.S. Supreme Court weighed the constitutionality of the federal sentencing guidelines. The Supreme Court's decision this month said the guidelines were no longer mandatory. If they had been, Gee's term would have been far closer to the five-year maximum penalty allowed by law.

Gee's attorney, Dennis Coffey, and U.S. Attorney Steven M. Biskupic agreed that Gee bore less responsibility for wrongdoing than George. "Carl Gee was nowhere close to Gary George," Biskupic said. "On any given day, Gary George was coming up with a scheme to make himself money."

In light of that comparison, Biskupic recommended a 27-month prison term for Gee. George, who pleaded guilty to conspiracy last year, is serving four years.

Coffey argued that prison in Gee's case would serve no purpose.

"Mr. Gee's biggest punishment in this matter is the loss of self-respect and his perception that he's lost his place, his reputation and his ability in the community to serve the people he's served for many years," Coffey said.

Coffey and Gee both emphasized that Gee did not personally profit from the conspiracy, and that his life has been spent in service to the black community. They recounted Gee's 36 years at OIC, which under his leadership grew from a small agency with a budget in the hundreds of thousands of dollars to a thriving business with an annual budget near \$50 million.

"I've never been to jail or broken the law before," Gee said. "I've had one traffic ticket, I've regularly voted, paid my taxes, and my child support is current."

As the leader of OIC, which provided job training and other services to unemployed and poor parents involved in W-2, Gee earned about \$1.75 million in salary, bonuses and benefits from 1997 through 2003, according to a state report.

Today, OIC struggles to survive under the leadership of interim director Tyrone Dumas. The agency has lost millions of dollars in state and federal contracts and has laid off more than 100 people. Earlier this month, its entire board resigned under pressure from the state.





Sostarich was not charged in connection with the OIC conspiracy. He maintains that he and George both did legal work for OIC and shared the fees accordingly. Sostarich pleaded guilty to a different federal conspiracy charge involving George and the Police Athletic League. He is scheduled to be sentenced March 11.




Photo/Rick Wood

After being sentenced to two years in prison for being involved in a kickback scheme, Former OIC executive director Carl Gee (right) leaves the federal courthouse in Milwaukee on Tuesday after being sentenced to two years in prison for his role in a kickback scheme involving former state Sen. Gary R. George. Gee tries to avoid the media Tuesday outside the federal courthouse in Milwaukee.

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Former OIC executive charged with fraud in cell phone case

CFO accused of using \$46,000 in agency funds

By GINA BARTON
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Posted: Jan. 25, 2005

The former chief financial officer of the Opportunities Industrialization Center of Greater Milwaukee Inc. was charged Tuesday with illegally transporting goods taken by fraud. A federal indictment accuses Cordelia I. Ekwueme, 47, of using \$46,000 worth of agency money to buy cell phones for shipment to Africa.

Ekwueme's indictment came on the same day her onetime boss, former OIC executive director Carl Gee, was sentenced to two years in prison on a conspiracy charge. If convicted, Ekwueme could be sent to prison for up to 10 years and fined a maximum of \$250,000.

Shortly after the indictment was handed down by a federal grand jury in Milwaukee, Ekwueme's attorney, Martin Kohler, said his client was simply taking advantage of an offer made to her by Cingular and never intended to do anything illegal.

"Her sole motive was to help her church. She always intended to pay back OIC," Kohler said.

According to court records, Ekwueme told an FBI agent that the phones would be distributed by the Redeemed Christian Church of God. The church was founded in Nigeria in 1952.

Ekwueme was born in Nigeria but came to the United States about 20 years ago, according to her testimony at Gee's trial. She served as OIC's chief financial officer for seven years.

Shortly before leaving OIC at the end of last year, Ekwueme bought at least 545 cell phones with the agency's funds, according to court records. Some of the phones already had been shipped to Nigeria by the time authorities became aware of the situation. Federal agents seized 108 more from the garage of Ekwueme's New Berlin home earlier this month.

The cell phone investigation began Dec. 22, when immigration and customs officials at a Connecticut airport "intercepted three large packages destined for Nigeria," according to an affidavit filed in support of the search warrant for Ekwueme's home.

Inside one box, authorities found between 80 and 100 Motorola Cingular Wireless cell phones, according to the affidavit. Further investigation showed the box was part of a larger order by OIC.

According to the affidavit, Cingular officials said the total order was for 545 cell phones, which would cost \$45,780 and were to be funded by a federal grant. Cingular officials would not have sold the phones at that price if they had known they were bound for Africa, according to the affidavit. Further, had the phones been used there, roaming charges would have been \$1,000 per month per phone, the affidavit said.

In an interview with an FBI agent, Ekwueme admitted purchasing the cell phones with agency money for non-OIC purposes and said she planned to reimburse the agency, according to the affidavit. She said Cingular was aware the phones would be




OIC Troubles




Photo/Rick Wood

Carl Gee leaves the federal courthouse in Milwaukee on Tuesday after being sentenced to two years in federal prison.

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shipped to Africa.

Chris Comes, a Chicago-based public relations director for Cingular, said the company had no comment on the matter.

Tyrone Dumas, the interim executive director of OIC, told an FBI agent on Jan. 5 that the purchase of the phones had not been authorized. He also said Ekwueme tendered her resignation around the end of October, effective Dec. 31. She was not in the office for much of December because she was using vacation time, according to the affidavit.

Ekwueme was hired by OIC in 1997 after having worked as administrator of the unclaimed property program of Washington, D.C..

Her salary at OIC was \$151,278, according to information OIC provided to the state in September, making her one of its highest-paid employees.

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OIC draws more fire

Agency should lose W-2 deal, Republicans say

By STEVE SCHULTZE
sschultze@journalsentinel.com

Posted: Jan. 28, 2005

Scandal-plagued Opportunities Industrialization Center of Greater Milwaukee has failed to reform itself fast enough and should promptly lose its already reduced welfare reform contract, some Republican lawmakers are charging.

And, in a sign that the agency could become a political football, Republican critics said the defense by Democratic Gov. Jim Doyle's administration of the slow pace of OIC change ultimately could hurt Doyle.

"At some point, the problems of that agency become (Doyle's) problems," state Sen. Robert Cowles (R-Green Bay) said. "The clock is ticking."

OIC grew exponentially under Republican Govs. Scott McCallum and Tommy Thompson, Cowles said, but Doyle has had two years to fix it.

Thompson chose the agency for a pilot welfare reform program in the late 1980s, and the firm was picked as one of the original Wisconsin Works contractors in Milwaukee County in 1997. Under McCallum, the agency's W-2 pact was substantially fattened.

Unless OIC bares the rest of its dirty laundry in a long-overdue financial audit due next week, the state should yank the rest of its contract to run the W-2 program in Milwaukee County, Cowles said in an interview.

Sen. Alberta Darling (R-River Hills) has even less patience: She said the contract should be ended immediately. Although the state lopped some \$23 million from its W-2 contract for 2005, OIC is still on line to get about \$16 million.

"It's time to pull the plug," Darling said in a separate interview.

Darling said she was frustrated with the administration's unwillingness to take her advice and the Legislature's inability to sidestep Doyle and fire OIC immediately.

State official praises agency


"With one thing after another, I just don't think this agency is going to be turned around," Darling said.

The low-income clients of the agency, who have been buffeted by the agency's upheaval, deserve better, she said – before more problems emerge.

Plenty of dirt already has been unearthed.

OIC's former president, Carl Gee, was sentenced to two years in prison this week on a federal conspiracy conviction over his role in kickbacks to former state Sen. Gary R. George. Two agency subsidiaries have pleaded guilty to felonies in connection with passing money to George and falsifying a document given to a federal grand jury.

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The former chief financial officer of OIC has been indicted on accusations of fraud in a cellular phone scheme involving \$45,000 in agency money. Its weatherization program has come up short nearly \$370,000, and the state lopped off that contract, which was worth \$11 million last year. In addition, the agency has had to pay back more than \$440,000 for improper spending of W-2 money.

Roberta Gassman, secretary of the Department of Workforce Development, praised OIC for changes it has made in response to orders from the state.

"We think the strong staff changes, the staff cuts, the changing of the (OIC) board – these are good signs," Gassman said. The agency deserves a chance to prove it has reformed itself, she said.

OIC laid off about 130 staffers after state contracts were reduced, the entire board of directors resigned this month, and several top managers have left. The agency remains under the oversight of state monitors.

Dumas defends himself

Cowles said he wasn't aware that two of OIC's highest-paid administrators, Mae Bolden and Georgia Cameron, had left. But he said he still felt the changes have been too little, too late.

Gassman praised the efforts of interim OIC President Tyrone Dumas, who was hired in late October.

If the agency fails to serve its poor clients properly, "we will take additional steps," Gassman said, without specifying whether that could mean terminating OIC.

In an interview Friday, Dumas heatedly defended his efforts and took umbrage with lawmakers' calls for firing the agency outright.

"We are doing everything humanly possible," Dumas said. "Where is the fairness, where is the equity?"

Darling suggested a replacement agency if the state fired OIC: Multicultural Community Services Inc. of Milwaukee. She pitched the firm, a former OIC subcontractor, in a meeting with Gassman this week.

Told of Darling's move, Dumas said, "We take our orders through DWD," referring to the department, which is the state's W-2 overseer.

Dumas said OIC had to trim its subcontract with Multicultural Community Services and numerous others when financial problems hit OIC last year.

Now the agency and its bankers are getting ready to put OIC's properties up for sale, in an effort to erase a deficit of some \$3 million. The properties, including several office buildings, were valued at \$4.2 million last year.

The agency's overall budget for this year is expected to be about \$18 million, provided it retains its W-2 pact. That's down from more than \$60 million last year.

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Ex-clients kept getting OIC payments, audit finds

State orders accounting fixes

By STEVE SCHULTZE
sschultze@journalsentinel.com

Posted: Feb. 1, 2005

The troubled Opportunities Industrialization Center of Greater Milwaukee takes further hits in a new audit for shoddy financial practices, which allowed improper payment of cash benefits to Wisconsin Works clients who had already left the program.

If OIC fails to adopt the accounting reforms urged by the audit by the end of February, the state will terminate its W-2 contract, Workforce Development Secretary Roberta Gassman said in a letter to OIC Tuesday. Though OIC's W-2 funding already has been drastically cut this year, it is still the agency's largest source of income.

OIC is being ordered to consolidate its 30 checking accounts into three, institute monthly reconciliation of its accounts and develop immediate short-term cash-flow projections, as part of a financial overhaul.

The agency is expected to try to comply with the latest order.

An OIC employee who isn't named in the audit "was able to access the system and generate payments to individuals whose W-2 files were closed," the report said. The worker is described only as someone who worked in OIC's quality assurance department.

The audit doesn't say how much money was improperly paid out or who got the cash. The state referred such a case to the Milwaukee County district attorney last April for possible prosecution, said Rose Lynch, a spokeswoman for the Department of Workforce Development. She said the amount improperly paid was at least \$10,000.

Assistant District Attorney David Feiss couldn't be reached for comment. The OIC employee was fired after the scam was uncovered, said Tyrone Dumas, OIC's interim president.

Repayments necessary

The audit paints a picture of an agency whose books were a mess. So bad, in fact, that additional sums OIC has been paid through several government grants may have to be repaid, the report said.


The firm already has repaid some \$440,000 to W-2, for illegal kickbacks and other spending not allowed under W-2, and \$42,000 to the state Department of Administration to reimburse it for a portion of weatherization funds that went to kickbacks to former state Sen. Gary R. George.

Former OIC President Carl Gee was sentenced to two years in prison last week for his role in the kickback scheme. George was sent to prison last year.


The new audit said OIC must repay at least \$852,000 for improper spending of state and federal taxpayer money, but doesn't

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say whether that includes the sums already repaid. Dumas said he believed it did.

The remaining \$370,000 would represent the sum OIC may yet have to return for 2003, he said. If additional improper spending from 2004 is identified, the agency may have to pay back even more.

"We are analyzing '04 ourselves, as we get a handle on our finances," Dumas said, stressing that the "new OIC" is moving as fast as possible to correct past mistakes. In addition to Gee, who left OIC last summer after he was indicted, most top OIC managers have left and the entire OIC board of directors resigned.

The agency had more than 350 employees when Dumas took over three months ago but now has about 150.

The audit faulted OIC for having multiple cash accounts from which a variety of employees could make expenditures and for tardy monthly financial reports. Also, payroll records didn't reflect how some employees split their time among various OIC programs during a given pay period, the audit said - something that could have resulted in state overpayments.

OIC's books were tinkered with so much after the end of 2003 that financial reports staffers gave to OIC's board of directors were inaccurate, the audit said.

Criticisms come too late

Dumas questioned why those criticisms weren't raised earlier by other auditors or the state officials who approved OIC's spending.

"Somebody has to decide what oversight anybody had" in the past, he said. The spending now being challenged "was approved by someone over a period of time. Did they ask OIC to change their practices, change their systems?"

JoAnna Richard, a top workforce development official, said state officials don't do detailed reviews of reimbursement requests by W-2 agencies.

"That's not the way the system works. We'd have to have a staff of 50,000 to look at every bill," Richard said. It's the job of auditors hired by the W-2 agencies to scrutinize claims for state money, she said.

The report also found: OIC charged costs after the fact to its 2003 budget; inflated costs for management fees and facilities resulted in state overpayments; and an OIC deal with a subsidiary opened the door to claiming excess W-2 money for rent.

OIC's "landlord" has been the Garfield Foundation, which has been controlled by the same officials who until recently led OIC.

The agency finished 2003 about \$3.2 million in the red, the report said.

The report said OIC took in a total of \$39 million in 2003. OIC's budget rose substantially in 2004, when it hit about \$84 million.

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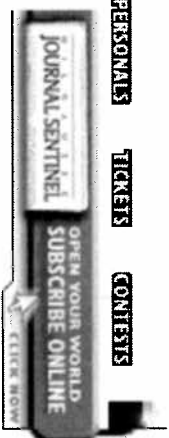
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Doyle proposes breaking up W-2 contracts Funds would go to many agencies instead of just a few

By STEVE SCHULTZE
sschultze@journal sentinel.com

Posted: Feb. 9, 2005

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In what would be a major reconfiguration of the Wisconsin Works welfare reform program, Gov. Jim Doyle is calling up giant contracts for a few favored firms and spreading the work - and money - among many agencies.

Doyle said Wednesday he'll likely go that route in the wake of problems that have cropped up with current vendors.

"I think that's more efficient when you contract for much more specific services," Doyle said during a meeting with Journal Sentinel reporters and editors.



From the Archives

Under the system that began in 1997 when W-2 was launched, a handful of private companies have held exclusive contracts worth tens of millions of dollars for servicing W-2 clients in parts of Milwaukee County. They, in turn, subcontracted with dozens of other agencies for assessments, training, job placement and other W-2 side benefits.

Though Doyle didn't mention it by name, Opportunities Industrialization Center of Greater Milwaukee has become the prime example of what's gone wrong with W-2. Formerly the state's largest W-2 vendor, OIC was stripped of much of its remaining contract in December following a criminal kickback scandal, improper spending of hundreds of thousands of taxpayer dollars and subpar performance in finding jobs for poor clients.

OIC has held contracts worth more than \$231 million since the program began. Its contract for this year was trimmed by \$23 million, and the agency has been warned it will lose its remaining \$16 million for 2005 if it fails to upgrade its financial practices.

Doyle said he hadn't completed a review on overhauling W-2 and declined to comment on how the state would oversee multiple agencies with narrowly defined tasks.

The change won't happen until 2006, when new contracts kick in. But state officials want to develop the new model by April, when the state starts accepting proposals for '06 W-2 contracts.

Roberta Gassman, who heads the state department that oversees W-2, said part of the motive for remodeling the program has been disappointing progress by some agencies in finding jobs for low-income clients.

Last fall, none of the agencies serving Milwaukee County was meeting minimum placement goals. But officials from those agencies said they were hamstrung by tight budgets and many clients with drug or alcohol problems, health issues and spotty job histories.

Nonetheless, Gassman said, "There have been too many situations where there have been people



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with work histories who have the skill and ability to work, who have not been getting connected to (jobs) by the W-2 agencies."

The shift in running W-2 comes as Doyle also is proposing cutting money for the program through large caseload reductions. The uptick in the economy has made more entry level jobs available and should make it possible to achieve the 25% caseload trim his budget is counting on, Doyle said.

Low-income families receiving cash benefits in the program would drop from about 10,000 to 7,500, under the governor's plan. Milwaukee County accounts for about 80% of those cases.

Doyle's budget also calls for a cut of nearly \$55 million to W-2 for the 2006-'07 budget, bringing the total to \$231.6 million.

Amy Stear, an advocate for W-2 clients with 9to5 National Association of Working Women, said splitting W-2 contracts into small pieces made sense. But she was leery of the continued pressure to cut cases, saying that provides a motive for agencies to prematurely shove clients from the program.

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At OIC, who to blame is all that remains

Politicians, insiders are all under scrutiny

By STEVE SCHULTZE
sschultze@journalsentinel.com

Posted: Feb. 13, 2005

As Opportunities Industrialization Center of Greater Milwaukee gasps its final breaths, its backers and critics have begun a round of recriminations and finger-pointing about who is to blame for the financial mess that brought down the city's top African-American social agency.

Why no one discovered the financial misdeeds sooner also is stirring partisan debate, with some Republican lawmakers blaming Democratic Gov. Jim Doyle and others saying the blame stretches back further to Doyle's Republican predecessors, Scott McCallum and Tommy G. Thompson.

At issue is the use - and misuse - of the millions of tax dollars directed to OIC, most notably the \$231 million it won in contracts for operating the Wisconsin Works welfare reform program.

The agency was saddled with at least \$2.3 million in debt, a criminal kickback conspiracy that ensnared ex-state Sen. Gary George and former OIC President Carl Gee, and a trail of misspent taxpayer funds. Those are among the host of likely suspects in a still-murky picture of what exactly undermined the agency's ability to survive.

George is often mentioned as triggering OIC's downfall, but the estimated \$270,000 prosecutors say he took in kickbacks through OIC represents only a tiny fraction of OIC's W-2 money.

Full blame for OIC's woes shouldn't be placed on George, said state Sen. Lena Taylor (D-Milwaukee).

"Gary George was a very smart guy, but I don't believe we can give all this to him," she said. "There were things going on before Gary George."

Criminal indictments said George obtained illegal payments from OIC, through an intermediary, from 1997 through 2002.

The George and Gee convictions triggered closer state scrutiny last year that resulted in W-2 funding cutbacks. When that happened, the financial problems began to emerge. George is serving a four-year prison term, and Gee has been sentenced to a two-year term.

"When businesses start to fail, when money becomes tight, it reveals problems that might not otherwise surface," said U.S. Attorney Steven Biskupic, who prosecuted George and Gee. His focus initially wasn't OIC, Biskupic said, though he also later filed criminal charges against two OIC affiliates, actions that further hastened OIC's day of reckoning.

The company last week announced that it would shut down by the end of the month, but state officials immediately terminated the company's W-2 contract.

OIC Troubles

By The Numbers


\$334,300

Amount OIC, with a budget of \$40.5 million, paid to the Milwaukee accounting firm of Coleman & Williams for accounting and other work in 2002.

\$347,000

Amount Milwaukee County, with a budget of \$1.1 billion, paid for the county's 2004 audit.

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Deep-seated problems

Center of Greater
Milwaukee

State Sen. Alberta Darling (R-River Hills) said that though misdeeds by some at OIC were the root of the problem, she also laid some blame on Doyle's Department of Workforce Development for failing to identify it sooner.

The department "has to take responsibility for the depth and breadth and fraud of public dollars" that happened at OIC, she said. The agency should have monitored more closely OIC's spending regularly rather than waiting for state audits and criminal charges to expose problems, Darling said.

She called for creation of broader auditing authority for the Legislature, with additional funding, so the state can keep a better handle on the \$286 million in W-2 contracts for the current two-year budget period and other big privatized deals.

Roberta Gassman, who heads the department that oversees W-2, said intense scrutiny of W-2 spending isn't the role of her agency.

The department writes the rules governing W-2 spending and reviews monthly invoices submitted by W-2 agencies, but that's limited to basically checking the math, said Workforce Development spokeswoman Rose Lynch.

The state mostly relies on annual "single audits" to point out problems that might signal improper spending of public money, she said.

Those audits are paid for by the agencies but done by independent firms.

State Sen. Robert Cowles (R-Green Bay) said the experience with OIC shows a need for tighter state oversight of W-2 contracts. He said it was unclear to him who was to blame for inaccurate audits.

"If you are lied to, it's pretty hard for the auditors to discern what's a lie and what isn't," Cowles said.

He said OIC's downfall should serve as a warning to state contractors tempted to cheat.

"Hopefully, this is a signal to anybody else who is even thinking about this stuff," Cowles said. "You may do jail time, and you may lose your job."

In OIC's case, the audit work went to the Milwaukee accounting firm of Coleman & Williams, which the agency paid \$1.4 million from 1997 through 2002, according to OIC tax returns.

OIC's tax returns show that Coleman & Williams was paid \$334,300 by OIC in 2002 for accounting and other unspecified work, the most of any year during the 1997-'02 period. Figures for 2003 and 2004 weren't available.

By comparison, Milwaukee County spent almost the same amount - \$347,000 - for the county's 2004 single audit, to review the county's \$1.1 billion operation. In 2002, OIC's budget was \$40.5 million.

Firm criticized

Coleman & Williams has come under criticism since OIC's financial problems surfaced, with the state last year ordering OIC to dump it and to hire a different company. Gassman said Coleman & Williams had provided "extremely inaccurate information" about the sorry state of OIC's books.

If OIC had gotten better auditing from the firm through the years, OIC "would have had information that would have enabled them to correct and address problems," Gassman said. A clearer picture emerged just this month when an audit of OIC for 2003 found sloppy bookkeeping, unwise accounting practices and a deficit of more than \$2 million, she said.

Tyrone Dumas, the interim OIC president who presided over the agency for the last four months, said Coleman & Williams and OIC's former financial officers bore responsibility for the financial woes.

"Something was done, we don't know what," Dumas said. "Somebody will figure it out. Hopefully, if something wrong was done, (those responsible) will be brought to justice."

Dumas also said he was unaware of the depth of the money problems until the new audit came out this month.

William Coleman, founder of the accounting firm, did not return phone calls.

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State called lax with OIC

Lawmakers seek \$2.4 million in taxpayer money

By STEVE SCHULTZE
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Posted: March 2, 2005

Madison - Legislators put a top aide to Gov. Jim Doyle on the defensive Wednesday over the failure of the largest welfare reform contractor, accusing the state of lax oversight and calling for tough action to recover an estimated \$2.4 million in taxpayer money.

Opportunities Industrialization Center of Greater Milwaukee had won \$231.5 million in Wisconsin Works contracts since 1997. But the agency shut down Monday after a criminal kickback scandal that sent OIC's former president and a former state senator to prison and left the agency in financial disarray.

"Who was guarding the chicken coop here?" said state Rep. Dean Kaufert (R-Neenah), during a hearing on OIC before the Legislature's Joint Audit Committee.

"Why did it take an audit to figure out all this?" he said, referring to a November state audit that found hundreds of thousands of dollars in W-2 taxpayer money had been spent improperly, including \$270,000 in kickbacks that went to former state Sen. Gary R. George.

George and ex-OIC President Carl Gee are serving prison terms on federal conspiracy convictions related to OIC payments George received through an intermediary.

OIC was placed under heavy monitoring after kickback charges were filed against George in 2003, but the state went ahead with a large expansion of OIC's contract at about the same time, said Roberta Gassman, who heads the Department of Workforce Development.

She called the George indictment "an enormous red flag," but noted that George wasn't convicted until after OIC's new contract was formally awarded. An OIC official at the time denied any agency wrongdoing in connection with the George case, she noted.

Gassman said the state had relied on annual independent audits done by a Milwaukee firm that regularly gave OIC a clean bill of financial health.

Coleman & Williams was paid more than \$1 million by OIC for auditing and accounting work from 1997 through 2002, including more than \$300,000 in 2001 and also in '02. Gassman said her department discovered that in addition to the annual audits of OIC, Coleman & Williams also did regular accounting work for the agency.

She suggested that the dual role might have been a conflict.

Liability considered

State Sen. Carol Roessler (R-Oshkosh), co-chairwoman of the audit committee, said she thought Coleman & Williams had some liability for the agency's financial mess because it hadn't flagged the serious financial problems at OIC that were later uncovered. She urged Gassman to determine whether the state could recover its lost W-2 money through a claim against the accounting firm's insurance.

Roessler also sought advice on referring the firm's work with OIC to the state Department of Regulation and Licensing, which licenses accountants. State Auditor Jan Mueller told Roessler that the audit committee could make such a referral.


OIC's Troubles

Quotable

“ Why did it take an audit to figure out all this? ”

- Rep. Dean Kaufert, on OIC's failings

Archive Coverage

 [Archive:](#) Previous coverage of troubles at the Opportunities Industrialization Center of Greater Milwaukee

The firm's founder, William Coleman, was unavailable for comment Wednesday. A partner, Tom Wanat, didn't return phone calls.

Gassman said her department was working with state, local and federal prosecutors on unspecified financial and possible criminal matters regarding OIC.

The state will take aggressive steps to try to recoup its \$2.4 million, Gassman said. That's how much OIC kept from a nearly \$6 million advance payment in January 2004 under its last contract, she said.

The department seized nearly \$1.3 million in W-2 funds OIC had deposited at M&I bank last month when the state terminated OIC's welfare reform contract. Other legal action is possible, Gassman said.

Whether the state is able to recover anything is an open question.

Heavy debts

Papers filed in Milwaukee County Circuit Court Wednesday indicate that the beleaguered OIC is about to go into receivership, owing more than \$4 million to creditors but having assets of less than \$1 million.

The move is intended to wind down OIC's business while selling off what remains of the agency's assets, which include about 18 properties. If the receivership is granted by Circuit Judge Jeffrey Kremers, John F. Goodnow of Hartland would take control of the company, sell its assets and parcel out any proceeds to cover OIC's debts.

The agency went under owing several hundred thousand dollars to subcontractors in its low-income home weatherization program and large sums to three local banks. Wednesday's court filing did not provide a detailed list of OIC's debts or assets.

Kaufert, the lawmaker, was skeptical of the state's ability to collect money from the remains of OIC. Banks owed money will likely get repaid first, he said.

Gassman said the state had removed financial files from OIC's offices before shutting down the agency on Monday in case they are needed as evidence in court.

Lawmakers said they wanted tougher monitoring in future state contracts to avoid problems like the ones with OIC. Gassman agreed.

Roessler, the Oshkosh lawmaker, said she was stunned to learn that OIC's W-2 contract didn't require it to have written bylaws or an ethics policy or to maintain minutes of its board of directors meetings.

"That is just so elementary," Roessler said. "I just can't imagine contracting with someone, a corporation, that doesn't have bylaws."

Gassman said her department was compiling a detailed set of such requirements to be included with future contracts.

Derrick Nunnally of the Journal Sentinel staff contributed to this report from Milwaukee.

From the March 3, 2005, editions of the Milwaukee Journal Sentinel
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Original URL: <http://www.jsonline.com/news/metro/mar05/308868.asp>

Sostarich won't face prison time

He gets probation for role in George scheme

By STEVE SCHULTZE
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Posted: March 11, 2005

It dawned on attorney Mark Sostarich only after prosecutors laid out a compelling trail of evidence at a courthouse meeting 16 months ago:

"My God, it looks like I'm laundering money for Senator George," Sostarich said at his sentencing Friday in federal court, describing the moment he said he first realized his "fee-splitting" arrangement with former state Sen. Gary R. George could be criminal.

Sostarich attributed his involvement in a kickback scheme with George to stupidity and a powerful sway George - once one of the state's most powerful politicians - held over him. Sostarich, 51, is a lawyer and former Milwaukee County Democratic Party chairman.

For that mistake, U.S. District Judge Rudolph Randa sentenced Sostarich to three years' probation - a lighter sentence than the two-month prison term that Sostarich's own lawyer and U.S. Attorney Steven Biskupic had jointly recommended.

Randa also required Sostarich to be confined to his South Milwaukee home and wear an electronic monitoring bracelet for 150 days. But the judge said Sostarich could leave for work, doctor appointments or church. He also must start paying \$200 a month toward restitution of \$42,649 he and George jointly owe to the Milwaukee Police Athletic League.

The league filed for Chapter 11 protection in U.S. Bankruptcy Court in Milwaukee on March 1. A creditors hearing, the first meeting of its creditors, is set to take place in bankruptcy court at 10 a.m. April 7.

Randa said he was "hard-pressed to come up with a nefarious motive" by Sostarich in the scheme and said he was personally aware of the charitable legal work Sostarich had done in the past. He also noted that Sostarich suffered from rheumatoid arthritis, depression and other ailments and that medications he took compromised his immune system.

The communal living environment of prison would likely expose Sostarich to numerous communicable diseases he couldn't fight off, said Steve Glynn, Sostarich's lawyer.

Sostarich and several family members embraced tearfully after Randa handed down the lighter-than-expected penalty.

"I will spend the rest of my life trying to restore my reputation," Sostarich said after the sentencing. His law license was suspended 10 months ago as a result of the kickback charges. A hearing before the state Office of Lawyer Regulation on whether his license should be reinstated is scheduled for mid April.

Sostarich was initially charged with funneling several hundred thousand dollars in kickbacks to George involving funds from both the Police Athletic League and Opportunities Industrialization Center of Greater Milwaukee, once the city's largest private social service agency. But the OIC charge was dropped as part of a plea deal in which Sostarich admitted a role in the athletic league kickbacks and promised to help in the prosecution of George.

Milwaukee



Photo/[Karen Sherlock](#)

Mark Sostarich

Sostarich gave George up to 80% of legal fees he got from the league and OIC, something he said he did hoping it would help his law firm gain a foothold in the African-American community. OIC, before it closed last month, had a largely African-American staff and clientele.

Glynn, in an interview, said Sostarich's fee deal with George was fairly common among attorneys, especially young lawyers seeking to establish a practice. In Sostarich's case, he had moved from a larger firm to a smaller one and was trying to build a reputation in the black community, Glynn said.

George, though not present at Friday's hearing, was prominently mentioned. Glynn described George as "a compelling personality," and "a glamorous and powerful" politician. Randa, who sentenced George to a four-year term in August, said there was "no doubt that Mr. George is a very magnetic personality."

George referred the OIC and athletic league legal jobs to Sostarich, Glynn said. Sostarich said that during a six- or seven-year friendship with George, they jointly represented about 30 different clients.

Sostarich's conviction specifically was for violating federal mail fraud law and failing to tell the athletic league of his fee-splitting arrangement. George headed the league's building committee and later was its board chairman during the time he was getting payments through Sostarich.

Sostarich called his failure to disclose his fee deal with George "very foolish and stupid."

Glynn said Sostarich actually did the legal work for which the league paid him, a fact Biskupic, the prosecutor, said was not in dispute.

The OIC kickback charge that was dismissed accused Sostarich of turning over 80% of a \$5,834 monthly retainer to George. That came from state money intended for OIC's Wisconsin Works clients.

Sostarich was the third person to be sentenced in the George kickback scandal. George is serving his four-year term in Duluth, Minn., and Carl Gee, the former president and chief executive of Opportunities Industrialization Center of Greater Milwaukee, is serving two years at the federal prison in Oxford.

Biskupic said Sostarich played an important role in building the case against George, whose conviction was the prosecutors' primary goal.

Biskupic said Sostarich deserved some prison time, primarily as a deterrent to others. The judge, however, said he didn't think imprisonment for Sostarich was necessary. Sostarich has already suffered financial losses and humiliation, Glynn said.

Leonard Sykes Jr. of the Journal Sentinel staff contributed to this report

From the March 12, 2005, editions of the Milwaukee Journal Sentinel
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FOR IMMEDIATE RELEASE

From: Coleman & Williams, Ltd.

For further information, please contact Patrick J. Knight at 414/271-1440

**COLEMAN & WILLIAMS, LTD., SUES DWD AND SECRETARY GASSMAN FOR
COMMENTS MADE TO LEGISLATURE AND MEDIA**

Milwaukee, Wisconsin - March 17, 2005

Today, Coleman & Williams, Ltd. filed a lawsuit against the Department of Workforce Development (DWD) and its Secretary, Roberta Gassman (Gassman). The DWD and Secretary Gassman have published false and defamatory statements concerning the auditing work done for the Opportunities Industrialization Center of Greater Milwaukee (OIC-GM) by the widely respected accounting firm of Coleman & Williams, Ltd. These defamatory statements are without factual basis and are the product of unlawful and racially discriminatory conduct by the DWD and Secretary Gassman.

In recent weeks, Coleman & Williams, Ltd., has been the target of false, disparaging statements issued by Secretary Gassman. Those statements were knowingly false when made and were recklessly published to members of the news media, who widely disseminated the statements. Coleman & Williams, Ltd. is rightfully dismayed and outraged that Secretary Gassman and her agency have chosen to falsely attack Coleman & Williams, Ltd., in an attempt to deflect criticism of their own management and oversight responsibilities with regard to OIC-GM.

Coleman & Williams, Ltd., served as the independent auditors of OIC-GM from 1993 through 2003. The auditing practices and procedures employed by Coleman & Williams, Ltd., were always consistent with professional standards and accurately depicted the status of the audited entities.

With the onset of the W-2 program in 1997, the DWD significantly increased the funding of OIC-GM and its multiple subsidiary entities. DWD hired Coleman & Williams, Ltd. to perform oversight on the 100 percent continuous time reporting and other audit activities at several W-2 agencies throughout the state. Due to the quality of the audit work provided, Coleman & Williams, Ltd., was specifically commended by the DWD. Additionally, the Wisconsin Department of Administration and the Department of Health & Family Services both have conducted in-office reviews of the audit work of Coleman & Williams, Ltd., and fully accepted the accuracy of the provided financial information.

In 2003, an investigation into the financial activities of former State Senator Gary George revealed that the executive director at OIC-GM had misused funds acquired from W-2 by paying unlawful kickbacks to George through his designee. Legal counsel for the DWD

determined and has previously advised that this misuse of OIC-GM funds was unrelated to practices subject to Coleman & Williams, Ltd.'s audit review. Despite this, DWD elected to engage another audit firm to conduct and prepare the 2003 audit of OIC-GM. Recently, upon completion and release of that audit, the DWD decided to terminate W-2 funding of OIC-GM and its subsidiary entities and, after receiving criticism for lack of agency oversight, issued false and defamatory statements regarding prior audits by Coleman & Williams, Ltd.

DWD representatives have acknowledged that prior audits of OIC-GM by Coleman & Williams, Ltd., were not reviewed or analyzed by the DWD prior to the publication of these statements. Had the DWD reviewed the 2002 audit report prepared by Coleman & Williams, Ltd., the DWD would have learned that Coleman & Williams, Ltd., reported that OIC-GM lost over \$3 million in 2002. Disclosed in those reports were the occurrence of significant losses for three of the programs audited, management's intention to cease certain operations along with the proposed elimination of many positions, the suspension or reduction of obligations and the de-obligation of performance bonuses by the DWD. All of these facts were disclosed in the 2002 report. That report, along with interim financial statements prepared by management during 2003, was provided to the OIC-GM Board of Directors and was available to any DWD representative choosing to exercise their oversight responsibilities.

The 2002 audit report, which depicted the truly perilous financial condition of OIC-GM, was provided to the DWD prior to that agency's decision to award a \$79.4 million two-year contract to OIC-GM. As of today's date, the DWD has never asked to review the audit work papers relating to OIC-GM that document the accuracy of the audits prepared by Coleman & Williams. Ltd.

The demise of OIC-GM due to poor management and oversight was indeed tragic. Equally tragic, however, is the blatant attempt by the DWD to run away from its own defalcation in failing to oversee OIC-GM by shifting the blame to the very firm that disclosed the perilous financial condition the DWD chose to ignore. The dire financial straits of OIC-GM have been reported for years. The fact that those in the DWD charged with management and oversight chose not to read or understand those reports is not a basis upon which to escape responsibility. That the DWD chose to deflect criticism by falsely attacking a well respected, minority-owned accounting firm demonstrates a willingness to wield the race-brush in a discriminatory, unlawful fashion. Coleman & Williams, Ltd., will not allow such attacks to go unchallenged.

FOR IMMEDIATE RELEASE

From: Coleman & Williams, Ltd.

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DUMAS APOLOGIZES FOR REPORTS CRITICAL OF ACCOUNTING FIRM Statements Regarding Coleman & Williams, Ltd., Were Inaccurately Reported, Says Former OIC-GM President

Milwaukee, Wisconsin – March 24, 2005

Tyrone Dumas, the former president of the Opportunities Industrialization Center of Greater Milwaukee (OIC-GM), today issued an apology to the accounting firm Coleman & Williams, Ltd., and explicitly refuted published media accounts of statements attributed to him earlier this year regarding the closing of OIC-GM. Articles regarding the closing in the *Milwaukee Journal Sentinel* reported paraphrased statements attributed to Dumas that were critical of the work performed by Coleman & Williams, Ltd., as auditors for OIC-GM.

Dumas specifically denied that Coleman & Williams, Ltd.'s prior audit reports ever misled him or had any effect on his decision to close OIC-GM. According to Dumas, any published accounts to the contrary are inaccurate and he sincerely regrets and apologizes for any negative impression the public may have drawn from the incorrect reporting of his remarks. Dumas further stated that he has "no reason to believe that the prior audits by Coleman & Williams did not accurately portray the financial status of OIC-GM at the time they were prepared."

Last week Coleman & Williams, Ltd., filed a lawsuit against the Wisconsin Department of Workforce Development and its secretary, Roberta Gassman, for racially discriminatory conduct stemming from the publication of false statements that attempted to place culpability on Coleman and Williams, Ltd., for the demise of OIC-GM. Prior audit reports by Coleman & Williams, Ltd., which disclosed annual multi-million dollar deficits at OIC-GM, were received by the DWD prior to its 2003 award of \$79.4 million dollars in funding to the agency, an award that substantially increased previous years' funding.

Dumas' statement is attached.

STATEMENT OF TYRONE DUMAS

From October 2004 through February 2005, I, Tyrone Dumas, served as Interim President of Opportunities Industrialization Center of Greater Milwaukee. (OIC-GM). Prior to October 2004, I had no involvement with the financial management of OIC-GM nor did I participate in any financial reporting or decision making during that time. During the period I served as interim president, I did not review any prior year audits nor did I request any historical financial information from OIC-GM's prior auditors, Coleman & Williams Ltd.

At the time of OIC-GM's closing, I responded to media questions regarding the financial status of OIC-GM. Published accounts of that event attributed to me statements that the prior audits prepared by Coleman & Williams were "misleading" and that as auditors, Coleman & Williams bore responsibility for OIC-GM's financial woes. The reporting of my responses was not accurate as I was never misled by Coleman & Williams audits nor have I ever assessed blame to them for OIC-GM's problems. I sincerely regret and apologize for any inaccurate implication that may have occurred as a result of misinterpretation of statements I made to the media.

These published statements were apparently the product of a misunderstanding of comments made to the press. At no time did the audit work performed by Coleman & Williams mislead me in my assessment of or service to OIC-GM. Similarly, I have no knowledge or reason to believe that the prior audits by Coleman & Williams did not accurately portray the financial status of OIC-GM at the time they were prepared.

The Business Journal of Milwaukee - April 4, 2005

<http://milwaukee.bizjournals.com/milwaukee/stories/2005/04/04/editorial4.html>

THE Business Journal

SERVING GREATER MILWAUKEE

OPINION

From the April 1, 2005 print edition

Guest Comment

The rise and fall of OIC in Milwaukee

Walter Farrell Jr.

In the early winter of 1988, a group of black elected officials and community and business leaders met with Milwaukee's business and political elite in the offices of the Metropolitan Milwaukee Association of Commerce. The meeting was called to advocate for an African-American community organization other than the Social Development Commission to administer a larger share of the human service monies generated from the social and economic misery of Milwaukee's black citizens. Data had been compiled to show that approximately 80 percent of this money was funding services for blacks through white-controlled agencies. It was proposed that the Opportunities Industrialization Center of Greater Milwaukee (OIC-GM) become that agency.

Attending from the black community were the late Milwaukee County Supervisor Terrence Pitts; Don Sykes, then head of SDC; former Ald. Michael McGee; Jerrel Jones, owner of Courier Communications; Carl Gee, then chief executive officer of OIC, and I. The local leaders present included the late Milwaukee County Executive William O'Donnell; representatives from the offices of then Gov. Tommy Thompson and then-Mayor Henry Maier; the late Hal Kuehl, chairman and chief executive officer of Firststar Corp.; the late John Duncan, then president of the Metropolitan Milwaukee Association of Commerce; the CEOs of Wisconsin Electric Power Co., Universal Foods, Northwestern Mutual and Johnson Controls; and the president of the Greater Milwaukee Committee.

A consensus was reached that the combined group would support OIC to become the lead agency in receiving state human service funds aimed at addressing black community needs.

From 1988 to 1996, OIC was awarded a significant proportion of the Temporary Assistance to Needy Families welfare funding allocated to Milwaukee for job training and placement. After some initial bumps in the road, the program and financial management glitches were ironed out. In addition, then state Sen. Gary George expanded the scope of OIC funding from the state Departments of Transportation, Administration and Corrections.

In 1996, after the passage of the federal welfare reform legislation, OIC's budget doubled, making it the largest welfare contractor and the largest minority-controlled human service organization in Wisconsin.

Losing its way

It was at that point that OIC-GM lost its way. Departing from its core mission of job training and placement and weatherization for the poor, it moved into areas where it had no specific expertise (alcohol and drug abuse, corrections, teen pregnancy, etc.). OIC also began to create for-profit businesses (in which it also lacked the necessary background) and to engage in politics and patronage in an effort to become an empire unto itself.

OIC lost all sense of its role and mission for the black community and the very citizens -- the black poor -- it was created to help.

OIC had an opportunity to forge a productive, long-term relationship with Milwaukee's business leaders and to provide effective services for the poor. The fact that it failed so miserably on both counts, and that leaders have been involved in criminal cases, has long-term negative consequences for both communities.

Walter Farrell Jr. is a professor of management in the School of Social Work, and associate director of the Urban Investment Strategies Center in the Kenan Institute of Private Enterprise in the Kenan-Flagler Business School at the University of North Carolina, Chapel Hill.

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Original URL: <http://www.jsonline.com/news/metro/apr05/318182.asp>

OIC attorney accused of filing false tax return

By GINA BARTON
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Posted: April 13, 2005

A Milwaukee attorney who did more than \$250,000 worth of work for the now defunct Opportunities Industrialization Center of Greater Milwaukee Inc. has been criminally charged with filing a false tax return.

The tax evasion charge against Hazel J. Washington wasn't her first appearance on the wrong side of the law.

According to the federal indictment handed down Tuesday, Washington, 58, underreported her 1998 income by about \$100,000. That year, she and her husband had a total income of more than \$140,000, yet she reported just \$40,136, the indictment charges. Likewise, their taxable income was more than \$120,000, but their return indicated an amount of just \$21,816, according to the indictment.

Federal prosecutors and the Internal Revenue Service allege Washington and her husband owe more than \$30,000 in back taxes for that year.

Neither Washington nor her attorney, Dennis Coffey, returned telephone calls Wednesday. Washington's first court appearance has not yet been scheduled. Her husband, Ronald Franklin, was not charged.

If convicted, Washington faces a maximum of three years in prison and fines of up to \$250,000. She also could face sanctions from the state Office of Lawyer Regulation.

The charge is not directly tied to the U.S. attorney's investigation of OIC, which resulted in the agency's demise and in the criminal conviction of its former president, Carl Gee. However, records indicate that OIC paid Washington \$194,000 in 2002 and at least \$70,000 in 2003.

Before she became a lawyer, Washington ran an agency similar to OIC, Family Outreach Social Service Agency, Inc. In 1977, she was charged with 24 theft and fraud counts in Milwaukee County Circuit Court in connection with defrauding the federal Medicaid program out of some \$329,000.


In 1978, Washington pleaded guilty to one count of theft by fraud and one count of altering corporate records in connection with the case. The corporation also was convicted of 11 counts of theft by fraud. Washington was sentenced to five years in prison and served 18 months.

In 1988, then-Gov. Tommy Thompson pardoned Washington so she could become a lawyer, according to media reports at the time.

Washington, a graduate of the University of Wisconsin Law School, was admitted to the bar after she received the pardon. She started her own firm, Washington Law Offices, Inc., and has handled several high-profile cases.

OIC

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Original URL: <http://www.jsonline.com/news/metro/may05/326582.asp>

OIC official planned to pay, lawyer says

Fraud trial under way in \$46,000 purchase of 545 phones

By STEVE SCHULTZE
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Posted: May 16, 2005

The former chief financial officer for the now-defunct Opportunities Industrialization Center of Greater Milwaukee never intended to stick her employer with a \$46,000 bill for cell phones she bought through OIC, her attorney told a federal judge Monday.

U.S. Attorney Steven Biskupic said, however, that Cordelia I. Ekwueme used OIC to get a discount on the 545 phones and start a new business reselling them in Nigeria. She cut a special deal for the Cingular V400 phones Nov. 22 - the same day she turned in her resignation at OIC, Biskupic said.

Documents outlining a business plan for the Nigerian phone scheme seized from Ekwueme's New Berlin home included income projections and blank sales receipts, according to search warrant records.

Ekwueme, 47, planned to distribute the phones through a church in her native Nigeria, Robin Shellow, Ekwueme's attorney, said during opening statements in Ekwueme's fraud trial before U.S. District Judge Lynn Adelman.

Ekwueme also planned to give away some of the phones to friends and relatives in Africa, Shellow said, and Ekwueme intended eventually to pay for the phones.

"These transactions had nothing to do with OIC," Shellow said in the non-jury trial. "Cordelia didn't misrepresent anything."

In testimony Monday, former OIC President Tyrone Dumas said Ekwueme submitted a letter in October saying she planned to resign in March. But under pressure from Dumas and as OIC's financial problems worsened, she submitted a second letter of resignation in November that moved up her quitting date to Dec. 31, said Dumas, a prosecution witness.

Once the state's largest Wisconsin Works provider, the agency went out of business millions of dollars in the red in late February. That followed allegations of improper spending of welfare-reform money and the felony convictions of former OIC President Carl Gee and former state Sen. Gary R. George in a criminal kickback conspiracy.


Dumas said that Ekwueme had told him that OIC's deficit was about \$2 million. An independent firm later placed the shortfall at more than \$4 million.


Asked by Biskupic whether he and Ekwueme got along, Dumas described a "heated meeting" with her about an overdue OIC audit. Ekwueme and some on her staff "felt insulted that I would check their accounting procedures," Dumas said.


Ekwueme unsuccessfully sought the interim president job that Dumas got, Shellow noted. But Dumas denied that there was bad blood between him and Ekwueme.

OIC Troubles


Recent Coverage

 [1/26/05: Former OIC executive charged with fraud in cell phone case](#)

 [1/12/05: Charges expected in OIC phone case](#)

 [1/7/05: Surprise, surprise: A new OIC scandal](#)

Archived Coverage

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She was indicted on a fraud charge after U.S. immigration officials seized a cell phone shipment from Ekwueme to Nigeria in December.

Dumas said he didn't discover Ekwueme's cell phone purchase until early January, a few days after she had left OIC. He didn't authorize the purchase, he said.

"By using our line of credit and credit-worthiness, it destroyed our credibility even more," Dumas said.

Ruth Ingram, a Cingular sales manager, said she believed the sale of the phones was to OIC, not to Ekwueme personally.

Testimony in the trial was expected to continue through most of the week. If convicted, Ekwueme would face a maximum penalty of 10 years in prison and a \$250,000 fine.

From the May 17, 2005, editions of the Milwaukee Journal Sentinel
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Original URL: <http://www.jsonline.com/news/metro/may05/327143.asp>

Former OIC official acquitted of fraud

Deception denied in cut-rate phone buy

By GINA BARTON
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Posted: May 18, 2005

The former chief financial officer of the Opportunities Industrialization Center of Greater Milwaukee Inc. was acquitted Wednesday of federal fraud charges.

Cordelia Ekwueme's supporters cried, applauded and raised their arms in prayers of thanksgiving after U.S. District Judge Lynn Adelman handed down the not guilty verdict Wednesday. The verdict came after a three-day trial in federal court in Milwaukee. Ekwueme had chosen to have the judge decide her fate rather than a jury.

Ekwueme, 47, had been charged with one count of illegally transporting goods taken by fraud, a felony. Federal authorities alleged that Ekwueme ordered \$46,000 worth of cell phones through OIC, intending to resell them in Africa.

During the trial, federal prosecutors tried to prove that Ekwueme ordered some 500 cell phones at a government rate from Cingular Wireless, intending to resell them for a profit in her native Nigeria. Prosecutors said Ekwueme got the discounted rate only because she led officials at the phone company to believe the phones were for business use at OIC. Prosecutors also alleged that Ekwueme planned to stick OIC with the bill. Such a fraud would be a federal crime because before its collapse earlier this year, OIC was a large contractor with the Wisconsin Works welfare reform program and was funded largely with federal grant money.

"The defendant deceived OIC, deceived Cingular and deceived the government," assistant U.S. Attorney Gregory J. Haanstad said during his closing argument.

But defense attorney Robin Shellow contended that a Cingular sales representative offered Ekwueme and other OIC employees a discount on phones for personal use. During the defense case, several former OIC employees testified that they, too, bought discounted phones to give to their relatives and friends in Africa.

The defense contended that the Cingular salesman made special deals on the phones - and even showed the OIC workers how to evade international charges by manipulating the phones' hardware - because he wanted to meet his sales goals. "It's a complete red herring that she sold the phones. That's not a violation of this statute," Shellow said during her closing argument. "The fact Cingular feels it's inappropriate . . . is a big 'Who cares?' "


Ekwueme never denied selling about 200 of the phones to Nigerian companies.


Testifying in her own defense Tuesday, she said she fully intended to pay for the phones, but never got a bill. In explaining his ruling, Adelman said Ekwueme was guilty of poor judgment, but he had doubts about whether she had obtained the phones by fraud.


"She should have been more skeptical about purchasing phones in such an unorthodox way," he said.


OIC Troubles

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
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Shellow said her client was delighted with the verdict, but not so happy with Cingular.

"We tried this case on the facts, and the facts were that she didn't intend to defraud OIC, and quite frankly, Cingular pulled a fast one," Shellow said. "My client is not the only one who has ever asserted that a wireless company was unclear about their billing procedures."

Chris Comes, a Chicago-based spokesman for Cingular, could not be reached Wednesday.

U.S. Attorney Steven M. Biskupic tried the case with Haanstad.

"We thought we threw a strike. The judge called it a ball. He's the umpire. That's the way the system works," Biskupic said after the verdict.

Ekwueme is the first of several defendants charged in a federal probe of OIC to be acquitted.

At a jury trial in August, former OIC Executive Director Carl Gee was convicted of conspiracy for participating in a kickback scheme with former State Sen. Gary George.

Gee was later sentenced to two years in prison.

Two former OIC affiliates, Opportunities Investments Associates and the Garfield Foundation, were dissolved as part of a plea agreement after Biskupic filed felony charges against them for OIC's payments to George and for falsifying a document submitted to a federal grand jury.

From the May 19, 2005, editions of the Milwaukee Journal Sentinel
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W-2 and the future

Column

By Roberta Gassman

The Department of Workforce Development oversees W-2, "Wisconsin Works," one of Wisconsin's top programs for low-income families. Connecting those in poverty to jobs and economic self-sufficiency is critical for our state's children, communities and economy.

W-2 replaced Aid to Families with Dependent Children in 1997, requiring parents to work and establishing five-year limits for benefits. Looking ahead to the New Year, I want to focus attention on some of the key issues before us in relation to W-2.

WISCONSIN'S ECONOMY IS RECOVERING, PROVIDING NEW OPPORTUNITIES FOR PLACING PEOPLE IN JOBS After years of job losses, Wisconsin leads the Upper Midwest in job growth. Thanks to Gov. Jim Doyle's "Grow Wisconsin" job creation plan, we see lower unemployment and more hiring. Given the intent of W-2 and Wisconsin's fiscal pressures, we asked W-2 agencies to redouble their efforts to place people in jobs.

Over the last three months, more than 2,000 of Wisconsin's 12,000-plus W-2 participants found jobs, and these numbers will grow as our recovery continues. Some have become bookkeepers, secretaries and managers, now earning \$11, \$12, and even \$15.50 an hour. Most have gone into entry-level jobs, at about \$8.50 an hour. Working, with subsequent eligibility for the Earned Income Tax Credit, offers W-2 participants greater opportunity than the monthly \$673 W-2 benefit.

W-2 IS COMPLEX AND ALL NEW PROGRAMS REQUIRE REFINEMENTS

Jason DeParle's brilliant new book, "American Dream," documented the challenges of implementing W-2 by following the lives of three women in Milwaukee. He detailed the impact of W-2's helpful supports, such as child care, medical care and Food Stamps, but he also identified many needs, such as transportation, training, career ladders, quality childcare and services for fathers.

Taking Doyle's priorities and commitment to children into account, DWD's new budget requested additional W-2 funds for transportation; workforce attachment job access loans; a tiered rating system to promote quality child care; expansion of Children First to help noncustodial, low-income parents access work experience and training; and a "trial jobs plus" demonstration placing W-2 participants in real jobs with real wages and EITC eligibility.

As we begin work on the next two-year W-2 contracts, we are considering options for additional program refinements.

W-2 IS A STEP ON THE CAREER LADDER TO HIGHER WAGE WORK

If W-2 participants are to support their families, a lower-wage job must be only a step to higher-wage work. Having workers leave W-2, remaining in low-wage work and poverty, requires ongoing taxpayer subsidies, not to mention the harmful effects on children and school performance. As today's children are tomorrow's workers, it is in our best interest to break this cycle of poverty. From W-2 jobs, participants can establish a work record, gain experience and training, and advance.

DWD is working to improve our broader workforce development system, which includes job centers, the Job Service, workforce development boards and technical colleges, so that lower-wage workers,

including those leaving W-2, can access short-term training, career ladders and higher-paying wages. We must use our resources more strategically to train the skilled workers employers need for emerging occupations. As Doyle's new Council on Workforce Investment advised, Wisconsin needs "qualified workers for quality jobs."

There are promising models around the state where low-wage service and health care workers, without benefits, get short-term training and move into construction and higher-level service and health care jobs, increasing salaries by 40 percent and adding benefits. With Wisconsin facing labor shortages, these strategies can produce a win/win/win - helping employees, employers and taxpayers.

The commitment of Doyle and DWD to raising Wisconsin's minimum wage remains a top goal. Workers should not be stopping at food pantries to feed their children.

SOME WISCONSIN COMMUNITIES FACE TOUGHER CHALLENGES

Some communities, given recent plant closings or chronic economic challenges, face higher unemployment and wage compression. Whether in Ashland, Racine, Milwaukee or Manitowoc, we must direct special assistance to such areas, helping them turn their economies and workforce opportunities around.

In the excellent series by John Schmid in the Milwaukee Journal Sentinel recently on Milwaukee's challenged African-American community, we saw the devastating effects of a late migration north followed by huge losses of entry-level but good-paying manufacturing jobs.

Under the governor's leadership, Wisconsin is supporting the Initiative for a Competitive Milwaukee and increased training to help low-wage workers, including those on W-2, to prepare for construction and other higher-wage Milwaukee jobs.

SOME W-2 PARTICIPANTS HAVE SIGNIFICANT BARRIERS

Some on W-2 face multiple challenges including domestic violence and mental health or substance abuse problems. Some are involved in multiple systems - W-2, child welfare and Corrections. The governor has directed his Cabinet to better integrate services to improve outcomes for Wisconsin's most vulnerable children. With support from the National Governors Association and various foundations, we are launching eight demonstrations around Wisconsin to identify best practices for system reform.

For those unable to work due to barriers, we require W-2 agencies to aggressively refer them for federal Social Security Income, thereby helping these individuals and stretching limited state funds.

W-2 REQUIRES RIGOROUS MONITORING

Aggressive W-2 monitoring is a priority for our administration. Participants must be served and public funds protected. We've streamlined the management of W-2. As we uncovered financial improprieties at OIC-GM, Wisconsin's largest W-2 provider, we disallowed payments, required greater oversight and reduced responsibility areas. This interim effort will allow us to re-evaluate OIC-GM's future capacity.

As we look to the future of W-2 and our workforce development system, our goal is to provide career ladders to success. This is a challenge which DWD and the Doyle administration are committed to achieving.

Gassman is secretary of the state Department of Workforce Development