

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA

v.

LINDA E. DUFFY

No.

Violations:

Mail Fraud
(18 U.S.C. § 1341)

Money Laundering
(18 U.S.C. § 1956(a)(1)(B)(i))

Aggravated Identity Theft
(18 U.S.C. § 1028A)

Forfeiture
(18 U.S.C. §§ 981(a)(1)(C), 982(a)(1) &
28 U.S.C. § 2461(c))

INDICTMENT

The Grand Jury charges that:

Certain Relevant Persons & Entities

1. Linda E. Duffy ("Duffy") is an individual living in Saugus, Massachusetts, who, between in or about 1999 and July 2011, worked at the Saugus Public Library.
2. The Saugus Public Library (sometimes referred to as "library") is a public library maintained by the Town of Saugus and located at 295 Central Street, Saugus, Massachusetts.
3. Eastern Bank, a bank headquartered in Boston, Massachusetts, is a financial institution insured by the Federal Deposit Insurance Corporation ("FDIC"). The bank's activities are in and affect interstate commerce.

4. Comerica Bank, a bank headquartered in Dallas, Texas, is a financial institution insured by the FDIC. The bank's activities are in and affect interstate commerce.
5. GE Foundation, a not-for-profit corporation headquartered in Fairfield, Connecticut, is a charitable foundation funded solely by General Electric Company and its subsidiaries.
6. Cybergrants, Inc., a corporation headquartered in Andover, Massachusetts, is in the business of providing administrative software, database services and other services to charitable foundations.

The Scheme to Defraud

7. In or about 1999, Duffy began working at the Saugus Public Library on a part-time basis as an administrative assistant. Her duties included opening library mail, submitting purchase orders to the Town of Saugus for payment of library bills, and other miscellaneous tasks. Duffy became a permanent library employee in or about 2004.
8. Over the approximately 11 years that she worked at the library, and in part because of staff turnover, Duffy was entrusted with a progressively broader range of administrative tasks. Duffy actively sought to control certain aspects of the library's affairs, for example, handling incoming mail and processing donations by library patrons.
9. At all times material to this Indictment, books and other supplies needed by the Saugus Public Library were paid for out of Town of Saugus accounts. That is, the library did not itself pay outside merchants or vendors; if the library needed supplies it ordered them and, when the bill arrived, the library forwarded it to the Town of Saugus for payment from Town accounts. Administrative assistants at the library were not authorized to pay for library supplies using funds in accounts affiliated with the library.

A. Duffy's Diversion of Funds from the Decoy Account

10. In or about October 2004, an account bearing account number XXXXXXXX7289 was opened at Eastern Bank in the name of "Saugus Public Library" ("Decoy Account" hereafter). Duffy and another person were listed as authorized signers on the Decoy Account, which appears originally to have been intended for use by the Board of Trustees for the Saugus Public Library. In or about August 2006, Duffy submitted a form to Eastern Bank making her the only authorized signatory for the Decoy Account and changing that account's mailing address to "Saugus Public Library - Linda E Duffy." In this manner Duffy ensured that any mailings from the bank to the library about the Decoy Account would be brought to her attention.
11. Beginning in or about November 2004, Duffy deposited to the Decoy Account checks library patrons had written to pay library fines and fees and to make charitable donations. These checks bore memo lines such as, "library fees," and "damaged videos," or, in the case of donations, "Memory of [P.A.]," "Memory of [A.R.], and "Memory of [N.S.]." Some of these checks arrived by mail, while others were delivered to the library in person.
12. Beginning in or about November 2004, and continuing to in or about July 2011, Duffy wrote checks from the Decoy Account to her own name and deposited them into Eastern Bank account number XXXXX0601, which is an account in the name of Duffy and her husband, P.G.D. ("Duffy Account" hereafter). No one authorized Duffy to make these transfers. In an effort to create the appearance that these funds were being used for legitimate library purposes, Duffy included memo lines on the checks such as, "books,"

“books & supplies,” “book order - materials,” or “books -childrens room.” Duffy signed each check.

13. The funds transferred from Decoy Account to the Duffy Account were not used for any library purpose, but instead to finance Duffy’s personal expenditures. Once transferred to the Duffy Account, Duffy used the funds, for example, to pay for jewelry, flowers, dental bills, automotive repairs, home repairs, furniture, hotels, and Duffy’s home mortgage. A substantial portion of the funds was also sent to Eastern Bank account number XXXXX4900, an account in the name of Duffy’s daughter, C.M.D., from which the funds were used for the personal benefit of Duffy and/or C.M.D.
14. In an apparent effort to conceal her activities by avoiding what she believed to be Eastern Bank’s reporting requirements for financial transactions, of the hundreds of withdrawals Duffy made from the Decoy Account between November 2004 and July 2011, none were for more than \$10,000. Duffy made numerous withdrawals, however, for amounts just below \$10,000, for example, on or about February 27, 2009, for \$9,800; on or about June 2, 2009, for \$9,607.40; on or about June 2, 2010, for \$9,859.50; on or about June 4, 2010, for \$9,971; on or about September 2, 7, & 13, 2010, for \$9,869, \$9,140, and \$9,860, respectively; and on or about July 5, 2011, for \$9,980.

**B. Diversion of Charitable Donations Made to the Library by
Comerica Bank and General Electric Company**

15. A substantial portion of the funds deposited to the Decoy Account came from charitable donations. For example, between in or about January 2008 and January 2011, Comerica Bank, as trustee for a charitable trust holding an account at that bank, mailed donation

checks to the Saugus Public Library totaling about \$143,535. According to the trust documents, the trust account had been arranged and funded by a family estate wishing to encourage educational and municipal initiatives.

16. Unbeknownst to her superiors at the library and without authorization, Duffy took possession of the Comerica checks as they arrived in the mail and deposited them to the Decoy Account, after which she drew down the funds and used them for her personal expenses.
17. Comerica Bank also periodically mailed to the library statements for the trust account. The address on the statements was "Saugus Public Library, Attn.: Linda E. Duffy." In this manner Duffy ensured that any mailings from Comerica Bank to the library concerning this account would be brought to her attention, thus helping her conceal and further her fraud.
18. The Saugus Public Library also received donations from library patrons who were currently or formerly employed by the General Electric Company ("GE"). GE maintains a charitable foundation, the GE Foundation, which matches most charitable donations made by current or former GE employees, up to a maximum of \$50,000 per year.
19. Until in or about 2004 or 2005, a library patron who wanted GE to match a library donation executed a form and submitted it to the library with his or her donation check. The library then completed its own portion of the form and sent the paperwork to GE Foundation, which confirmed that the donor was an eligible current or former GE employee and, if so, mailed a matching check.
20. In or about 2004 or 2005, GE Foundation changed the approval process for matching

donations. Using the services of Cybergrants, Inc. ("CGI"), GE Foundation implemented a system in which, after making a library donation, the donor called a toll-free number administered by CGI or accessed a web site. If the donor proceeded via the toll-free number, he or she provided his name, a "single sign-on identification number" ("SSO") issued to all GE employees, the amount of the donation the caller made, and the identity of the organization that received it. If the caller did not know his SSO, and CGI could not find it based on the caller's name alone, the caller could provide, along with his name, an address and the last four digits of his social security number. Using that information, CGI found the caller's SSO and/or contacted GE Foundation to confirm that the person was in fact a current or former GE employee. If so, GE Foundation provided CGI with the caller's SSO, which CGI then gave to the caller for future use. If GE Foundation could not match the name and supporting information with a person in its database of employees, or if the information applied to more than one person in the database, GE Foundation asked CGI to seek additional personal identification information from the caller. If GE Foundation did not receive enough information to identify a specific individual as an eligible GE employee, the match was not approved.

21. Spouses of current or former GE employees were also allowed to use this system to seek matching donations in their spouses' names.
22. To receive matching funds from GE, donation recipients, such as the library, first accessed a website administered by CGI and confirmed that they had received a donation. After confirmation, the approval process was complete and GE disbursed matching funds, usually on a quarterly basis. The mailings were sent by CGI, using U.S. Mail, on GE

Foundation's behalf. Each mailing included a cover letter from GE Foundation, a check drawn on GE Foundation's account, and a summary of recent donations for which GE Foundation was including matching funds.

23. Between 2004 and 2011, the library received matching funds from GE Foundation in response to various legitimate library donations. Unbeknownst to her superiors at the library and without authorization, Duffy took possession of the GE Foundation checks as they arrived in the mail and deposited them into the Decoy Account. She then transferred the funds to the Duffy Account for her personal use.
24. In order to steal more money, Duffy also deceived GE Foundation into sending matching funds for library donations that never occurred.
25. At times material to this Indictment, W.G. and M.G., husband and wife, who are residents of Saugus, Massachusetts, made modest donations to the library. W.G. was a former GE employee. Duffy handled one or more of these donations, and she knew the couple personally.
26. On or about September 11, 2008, Duffy and/or an accomplice called GE Foundation's toll-free number and sought matching funds for a \$50,000 donation the caller represented that W.G. had made to the Saugus Public Library. Neither W.G., who died in 2007, nor M.G. had made such a donation, nor had W.G. or M.G. authorized Duffy to contact GE Foundation on their behalf. As noted above, \$50,000 is the maximum amount of matching funds GE Foundation will disburse, per GE employee, in a given year.
27. Despite the fact that no donation had occurred, on or about September 15, 2008, Duffy falsely confirmed on CGI's web site that the library had received it. Duffy used the

confirming email address, "duffy@noblenet.org." "Noblenet" is the library's email system. After receiving this false confirmation, GE Foundation approved matching funds and, on or about November 17, 2008, CGI mailed to the library, on GE Foundation's behalf, a check for \$59,500. That amount included \$50,000 to match the bogus W.G. donation.

28. Unbeknownst to her superiors at the library and without authorization, Duffy took possession of the \$59,500 check when it arrived in the mail and, on or about November 28, 2008, deposited it to the Decoy Account. She then steadily drew down those funds, transferring most of them to the Duffy Account.
29. In or about January 2009, June 2010, and February 2011, Duffy and/or an accomplice requested additional donation matches from GE Foundation, based on \$50,000 donations that she falsely represented had been made by W.G. and M.G. to the Saugus Public Library. In each instance, there was no initial \$50,000 donation but Duffy, using her library email address, nonetheless falsely confirmed that the library had received it. GE Foundation approved each request for matching funds and, through CGI, mailed quarterly checks to the library that included those amounts. Duffy took possession of these checks as they arrived and deposited them to the Decoy Account.
30. Duffy and/or an accomplice also sought GE funds to match multiple donations purportedly made by Duffy's mother-in-law, C.J.D. C.J.D., who is over 100 years old, is the widow of a former GE employee, and so was eligible to seek funds matching her own charitable donations. On about 15 occasions between in or about 2007 and 2010, Duffy and/or an accomplice telephoned GE Foundation's toll-free number requesting matching

funds for donations that were represented as having been made to the Saugus Public Library by C.J.D. For example, on or about February 8, 2010, Duffy and/or an accomplice called the toll-free number and sought matching funds for a \$50,000 donation that C.J.D. had purportedly made to the library. On or about the same day, Duffy falsely confirmed that the library had received the donation, using the email address, "duffy@noblenet.org." Similarly, on March 7, 2011, the GE Foundation received a request to match another bogus \$50,000 by C.J.D. Duffy falsely confirmed the library's receipt of that donation as well. GE Foundation disbursed funds to the library matching these fictional donations.

31. Between 2004 and 2011, GE Foundation sent the library over \$450,000 in matching funds, nearly all of which were sent in response to bogus library donations. All checks sent to the library on behalf of GE Foundation were addressed to "Friends of the Saugus Public Library, Attn.: Linda Duffy." As with the statements for the Decoy Account and Comerica Bank, the address information was designed to ensure that any mailings by or on behalf of GE Foundation would be brought to Duffy's attention, thereby helping further and conceal Duffy's fraud.
32. In June and July 2011, in the face of increasing scrutiny of her activities, Duffy withdrew all remaining funds from the Decoy Account. She resigned from the Saugus Public Library at the end of July 2011.
33. Between in or about November 2004 and July 2011, Duffy wrote over 200 checks from the Decoy Account to the order of payee "Linda Duffy," totaling about \$547,480. Nearly all of these checks were deposited to the Duffy Account. She withdrew an additional

amount, about \$229,643, using checks made out to "Cash," most of which were also deposited to the Duffy Account. Finally, Duffy withdrew a total of about \$30,325 from the Decoy Account using checks listing the payee as her daughter, C.M.D. An additional \$2,181 in checks appear to have been written by Duffy's husband, P.G.D.

34. Between in or about November 2004 and July 2011, Duffy withdrew from the Decoy Account, either by transfer to the Duffy Account, by transfer to her daughter's account, or otherwise, over \$800,000.

COUNTS ONE TO FOUR

(Mail Fraud – 18 U.S.C. § 1341)

35. The Grand Jury realleges and incorporates by reference paragraphs 1-34 of this Indictment, and further charges that:
36. On or about the dates listed below, at Saugus, Massachusetts, and elsewhere in the District of Massachusetts, the defendant,

LINDA E. DUFFY,

having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises concerning material facts and matters, and for the purpose of executing such scheme and artifice and attempting to do so, did knowingly cause to be delivered by the United States Postal Service, according to the directions thereon, matter and things, as follows:

Count	Date of Mailing	Contents of Mailing
1	November 17, 2008	Check # 540724, in amount of \$59,500, mailed to Saugus Public Library on behalf of GE Foundation
2	May 19, 2009	Check # 548419, in amount of \$75,200, mailed to Saugus Public Library on behalf of GE Foundation
3	August 23, 2010	Check # 575617, in amount of \$50,000, mailed to Saugus Public Library on behalf of GE Foundation
4	May 20, 2011	Check # 591109, in amount of \$105,300, mailed to Saugus Public Library on behalf of GE Foundation

All in violation of 18 U.S.C. § 1341.

COUNTS FIVE TO FOURTEEN**(Money Laundering – 18 U.S.C. § 1956(a)(1)(B)(i))**

37. The Grand Jury realleges and incorporates by reference paragraphs 1-34 of this Indictment, and further charges that:
38. On or about the dates listed below, at Saugus, Massachusetts, and elsewhere in the District of Massachusetts, the defendant,

LINDA E. DUFFY,

did knowingly conduct, and attempt to conduct, financial transactions affecting interstate commerce, as set forth below, knowing that the property involved in the transactions represented the proceeds of some form of unlawful activity, and which transactions in fact involved the proceeds of specified unlawful activity, specifically, mail fraud in violation of 18 U.S.C. § 1341, knowing that the transactions were designed, in whole and in part, to conceal and disguise the nature, location, source, ownership, and control of the proceeds of such specified unlawful activity, each such instance being a separate Count of this Indictment as set forth below:

Count	Date	Financial Transaction
5	November 28, 2007	Check # 887, written on Eastern Bank account # XXXXXXXX7289 in amount of \$9,500, deposited into Eastern Bank account # XXXXX0601
6	November 29, 2007	Check # 888, written on Eastern Bank account # XXXXXXXX7289 in amount of \$9,500, deposited into Eastern Bank account # XXXXX0601
7	August 29, 2008	Check # 960, written on Eastern Bank account # XXXXXXXX7289 in amount of \$9,500, deposited into Eastern Bank account # XXXXX0601

8	November 28, 2008	Check # 973, written on Eastern Bank account # XXXXXXXX7289 in amount of \$9,800, deposited into Eastern Bank account # XXXXX0601
9	February 27, 2009	Check # 998, written on Eastern Bank account # XXXXXXXX7289 in amount of \$9,800, deposited into Eastern Bank account # XXXXX0601
10	June 2, 2009	Check # 1022, written on Eastern Bank account # XXXXXXXX7289 in amount of \$9,607.40, deposited into Eastern Bank account # XXXXX0601
11	January 18, 2010	Check # 1144, written on Eastern Bank account # XXXXXXXX7289 in amount of \$9,680, deposited in part into Eastern Bank account # XXXXX0601
12	September 2, 2010	Check # 1080, written on Eastern Bank account # XXXXXXXX7289 in amount of \$9,869, deposited in part into Eastern Bank account # XXXXX0601
13	January 24, 2011	Check # 1117, written on Eastern Bank account # XXXXXXXX7289 in amount of \$3,058, deposited into Eastern Bank account # XXXXX0601
14	July 5, 2011	Check # 1229, written on Eastern Bank account # XXXXXXXX7289 in amount of \$9,980, deposited into Eastern Bank account # XXXXXXXX4900

All in violation of 18 U.S.C. § 1956(a)(1)(B)(i).

COUNT FIFTEEN

(Aggravated Identity Theft – 18 U.S.C. § 1028A)

39. The Grand Jury realleges and incorporates by reference paragraphs 1-34 of this Indictment, and further charges that:
40. On or about February 17, 2011, in the district of Massachusetts and elsewhere, the defendant,

LINDA E. DUFFY,

did knowingly transfer, possess and use, in a manner in or affecting interstate commerce and without lawful authority, a means of identification of another person, specifically, the name of M.G. in conjunction with other information sufficient to identify that specific individual, and did so during and in relation to the commission of mail fraud, in violation of 18 U.S.C. § 1341.

All in violation of 18 U.S.C. § 1028A and 18 U.S.C. § 2.

FORFEITURE ALLEGATIONS

(18 U.S.C. §§ 981(a)(1)(c) and 982(a)(1); 28 U.S.C. § 2461(c))

41. The Grand Jury further charges that:
42. Upon conviction of any one of the offenses in Counts One to Four of this Indictment, the defendant,

LINDA E. DUFFY,

shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to such offense, including but not limited to:

the real property located at 280 Central Street, Saugus, Massachusetts, including all buildings, improvements and appurtenances thereon, more particularly described in a deed recorded at Book 6814, Page 483 at the Essex South District Registry of Deeds.

43. Upon conviction of any one of the offenses alleged in Counts Five to Fourteen of this Indictment, the defendant,

LINDA E. DUFFY,

shall forfeit to the United States, pursuant 18 U.S.C. § 982(a)(1), any property, real or personal, involved in the offense, or any property traceable to such property, including but not limited to:

the real property located at 280 Central Street, Saugus, Massachusetts, including all buildings, improvements and appurtenances thereon, more particularly described in a deed recorded at Book 6814, Page 483 at the Essex South District Registry of Deeds.

44. If any of the property described in paragraphs 42 and 43 above, as a result of any act or omission of the defendant,

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of this Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

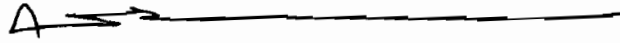
it is the intention of the United States, pursuant to 18 U.S.C. § 982(b)(1) and 28 U.S.C. § 2461(c), incorporating 21 U.S.C. § 853(p), to seek forfeiture of any other property of the defendant up to the value of the property described in subparagraphs (a) through (e) of this paragraph.

All pursuant to 18 U.S.C. §§ 981(a)(1)(C) & 982(a)(1), and 28 U.S.C. § 2461(c).

A TRUE BILL,

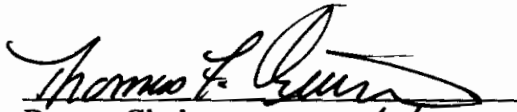


FOREPERSON OF THE GRAND JURY



ANDREW E. LELLING
Assistant U.S. Attorney

DISTRICT OF MASSACHUSETTS, December 1, 2011
Returned into the District Court by the Grand Jury Foreperson and filed.



Deputy Clerk
12/1/2011
C 2:35pm