

TERRY GODDARD
Attorney General
Firm Bar No. 14000

PAUL AHLER
State Bar No. 005379
Assistant Attorney General
1275 West Washington Street
Phoenix, Arizona 85007-2926
Telephone (602) 542-8801
fraudcrm@azag.gov

Attorneys for Plaintiff

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF APACHE

THE STATE OF ARIZONA,

Plaintiff,

v.

STEWART WAITE (001),

WILLIAM BEAN (002),

and,

SADIE TSO (003)

Defendants.

Case No:

60 SGJ 113

INDICTMENT

CHARGING VIOLATIONS OF:

**COUNT 1 (001 & 002): FRAUDULENT
SCHEMES AND ARTIFICES**, a Class 2
Felony, in violation of A.R.S. § 13-2310

COUNT 2 (001): THEFT, a Class 2
Felony, in violation of A.R.S. § 13-1802

COUNT 3 (001): THEFT, a Class 3
Felony, in violation of A.R.S. § 13-1802

COUNT 4 (002): THEFT, a Class 2
Felony, in violation of A.R.S. § 13-1802

COUNT 5 (001): FORGERY, a Class 4
Felony, in violation of A.R.S. § 13-2002
(A)(1)

**COUNTS 6 & 7 (001, 002 & 003):
FRAUDULENT SCHEMES AND
PRACTICES**, Class 5 Felonies, in violation
of A.R.S. § 13-2311

COUNTS 8 & 9 (001, 002 & 003):
THEFT, Class 2 Felonies, in violation of
A.R.S. § 13-1802

The Arizona State Grand Jury accuses **STEWART WAITE, WILLIAM BEAN,** and **SADIE TSO**, charging on this 19th day of April, 2007, that in or from Apache County, Arizona:

COUNT 1

(FRAUDULENT SCHEMES AND ARTIFICES)

Between August 19, 2005 and June 30, 2006, **STEWART WAITE** and **WILLIAM BEAN**, pursuant to a scheme or artifice to defraud, knowingly obtained a benefit from Red Mesa Unified School District, by means of fraudulent pretenses, representations, promises, or material omissions. The benefit obtained by **STEWART WAITE** involved property or services of an aggregated value of \$100,000 or more. Said conduct violated A.R.S. §§ 13-2310, 13-2301, 13-701, 13-702, 13-702.01, 13-702.02, 13-801, 13-1801 (B), 13-301, 13-302, 13-303 and 13-304.

This conduct occurred while **STEWART WAITE** worked for the Red Mesa Unified School District as the Business Manager and **WILLIAM BEAN** worked for the Red Mesa Unified School District as Superintendent. Both obtained district credit cards. Both used the credit cards for cash advancements and retail purchases of goods and services which were for their personal benefit and not for school district purposes.

Furthermore, after receiving the credit card bills from Wells Fargo, **STEWART WAITE** and **WILLIAM BEAN** either through false or fraudulent pretenses, representations, promises or material omissions pretended or represented that those bills were for authorized purchases. **STEWART WAITE** and **WILLIAM BEAN** were thereby able to fraudulently obtain the benefit of having the Red Mesa Unified School District pay for their personal purchases.

COUNT 2

(THEFT)

On or between August 19, 2005 and June 30th, 2006, **STEWART WAITE**, without lawful authority, knowingly controlled property of another with intent to deprive the other person of such property; or converted for an unauthorized term or use services or property of another entrusted to **STEWART WAITE** or placed in his possession for a limited, authorized term or use; or obtained services or property of another by means of any material misrepresentation. The aggregated value of the property or services was \$100,000 or more. Said conduct violated A.R.S. §§ 13-1802, 13-1801, 13-701, 13-702, 13-702.01, 13-702.02 and 13-801.

This conduct occurred when **STEWART WAITE**, the former business manager of the Red Mesa Unified School District, knowingly and without lawful authority used his district issued credit card to obtain cash advancements and retail goods and services for his personal benefit with an aggregated value of approximately \$260,693. He misrepresented to the Red Mesa Unified School District that these were authorized advancements and purchases with the intent to deprive the Red Mesa Unified School District of the money used to pay the credit card bills.

COUNT 3

(THEFT)

On or about June 8th, 2005 **STEWART WAITE**, without lawful authority, knowingly controlled property of another with intent to deprive the other person of such property; or converted for an unauthorized term or use services or property of another entrusted to **STEWART WAITE** or placed in his possession for a limited, authorized term or use; or

obtained services or property of another by means of any material misrepresentation, in violation of A.R.S. 13-1802, 13-1801, 13-701, 13-702, 13-702.01, 13-702.02 and 13-801.

The conduct occurred when **STEWART WAITE** had issued to himself a \$15,000 check from the Red Mesa Unified School District, M&O Clearing Account, check # 1032. He subsequently cashed the check and converted approximately \$14,000 of the proceeds for his personal benefit thus depriving the Red Mesa Unified School District of the money.

COUNT 4

(THEFT)

On or between August 19, 2005 and June 30th, 2006, **WILLIAM BEAN**, without lawful authority, knowingly controlled property of another with intent to deprive the other person of such property; or converted for an unauthorized term or use services or property of another entrusted to **WILLIAM BEAN** or placed in his possession for a limited, authorized term or use; or obtained services or property of another by means of any material misrepresentation. The aggregated value of the property or services was \$25,000 or more but less than \$100,000. Said conduct violated A.R.S. §§ 13-1802, 13-1801, 13-701, 13-702, 13-702.01, 13-702.02 and 13-801.

This conduct occurred when **WILLIAM BEAN**, the former Superintendent of the Red Mesa Unified School District knowingly and without lawful authority used his district issued credit card to obtain cash advancements and retail goods and services for his personal benefit with an aggregated value of approximately \$85,305. **WILLIAM BEAN** misrepresented to the Red Mesa Unified School District that these were authorized advancements and purchases with the intent to deprive the Red Mesa Unified School District of the money used to pay the credit card bills.

COUNT 5
(FORGERY)

On or about August 2004, **STEWART WAITE**, with intent to defraud, falsely made, completed or altered his 2004-2005 employment contract with the Red Mesa Unified School District, a written instrument, in violation of A.R.S. §§ 13-2002(A)(1), 13-2001, 13-701, 13-702, 13-702.01, 13-702.02 and 13-801

COUNT 6
(FRAUDULENT SCHEMES AND PRACTICES)

On or between June 20th, 2006 and July 21st, 2006, **STEWART WAITE**, **WILLIAM BEAN**, and **SADIE TSO** in a matter related to the business of the Office of the Auditor General, pursuant to a scheme or artifice to defraud or deceive, knowingly falsified, concealed, or covered up a material fact by any trick, scheme, or devise or made or used any false writing or document knowing such document or writing contained a false, fictitious, or fraudulent statement or entry, in violation of A.R.S. §§ 13-2311, 13-701, 13-702, 13-702.01, 13-702.02, 13-801, 13-301, 13-302, 13-303, 13-304.

Said conduct occurred when pursuant to a written request from the State Auditor General's Office pursuant to its statutory authority asking for documentation regarding the alleged improper use of district issued credit cards, **STEWART WAITE** inserted a false, fictitious, or fraudulent statement or entry into his 2005-06 and 2006-07 employment contracts with the Red Mesa Unified School District. These contracts were subsequently given to William Bean. **WILLIAM BEAN**, Superintendent for the Red Mesa Unified School District and **SADIE TSO**, the Red Mesa Unified School District Governing Board President sent these contracts to the Auditor General's Office knowing that they contained false, fictitious or fraudulent statements or entries.

COUNT 7

(FRAUDULENT SCHEMES AND PRACTICES)

On or between June 20th, 2006 and July 21st, 2006, **STEWART WAITE, WILLIAM BEAN, and SADIE TSO** in a matter related to the business of the Office of the Auditor General, pursuant to a scheme or artifice to defraud or deceive, knowingly falsified, concealed, or covered up a material fact by any trick, scheme, or devise or made or used any false writing or document knowing such document or writing contained a false, fictitious, or fraudulent statement or entry, in violation of A.R.S. §§ 13-2311, 13-701, 13-702, 13-702.01, 13-702.02, 13-801, 13-301, 13-302,13-303,13-304.

Said conduct occurred when pursuant to a written request from the State Auditor General's Office pursuant to its statutory authority asking for documentation regarding the alleged improper use of District credit cards, **STEWART WAITE** inserted a false, fictitious, or fraudulent statement or entry into William Bean's 2006-09 employment contract with the Red Mesa Unified School District. This contract was subsequently given to William Bean. **WILLIAM BEAN**, Superintendent for the Red Mesa Unified School District and **SADIE TSO**, the Red Mesa Unified School District Governing Board President, sent this contract to the State Auditor General's Office knowing that it contained a false, fictitious or fraudulent statement or entry.

COUNT 8

(THEFT)

On or between July 13th, 2006 and July 21st, 2006, **STEWART WAITE, WILLIAM BEAN, and SADIE TSO** without lawful authority, knowingly controlled property of another with intent to deprive the other person of such property; or converted for an unauthorized term or use services or property of another entrusted to **STEWART WAITE, WILLIAM BEAN,**

and **SADIE TSO** or placed in their possession for a limited , authorized term or use; or obtained services or property of another by means of any material misrepresentation, in violation of A.R.S. 13-1802, 13-1801, 13-301,13-302,13-303, 13-304,13-701, 13-702, 13-702.01, 13-702.02 and 13-801.

Said conduct occurred when **STEWART WAITE** knowingly and without lawful authority controlled or obtained money of the Red Mesa Unified School District in the amount of approximately \$110,377. Said amount represented approximately \$96,665 of compensation and approximately \$13,712 of benefits expense that the Red Mesa Unified School District paid as the result of an illegal and unauthorized settlement agreement payout to **STEWART WAITE**. Said payout was unlawfully approved by **WILLIAM BEAN**, former superintendent of the Red Mesa Unified School District and **SADIE TSO**, Red Mesa Unified School District Governing Board President.

COUNT 9


(THEFT)

On or between July 13th, 2006 and July 21st, 2006, **STEWART WAITE, WILLIAM BEAN** and **SADIE TSO** without lawful authority, knowingly controlled property of another with intent to deprive the other person of such property; or converted for an unauthorized term or use services or property of another entrusted to **STEWART WAITE, WILLIAM BEAN,** and **SADIE TSO** or placed in their possession for a limited , authorized term or use; or obtained services or property of another by means of any material misrepresentation, in violation of A.R.S. 13-1802, 13-1801, 13-301,13-302,13-303, 13-304,13-701, 13-702, 13-702.01, 13-702.02 and 13-801.

Said conduct occurred when **WILLIAM BEAN** knowingly and without lawful authority controlled or obtained money of the Red Mesa Unified School District in the amount of approximately \$194,063. Said amount represented approximately \$173,391 of compensation and

approximately \$20,671 of benefits expense that the Red Mesa Unified School District paid as the result of an illegal and unauthorized settlement agreement payout to **WILLIAM BEAN**. **STEWART WAITE**, former business manager of the Red Mesa School District, assisted in the preparation of the settlement agreement and release of all claims contract that **WILLIAM BEAN** used as the basis for the illegal and unauthorized settlement agreement payout. Said payout was unlawfully approved by **SADIE TSO**, Red Mesa Unified School District Governing Board President.

Pursuant to A.R.S. § 21-425, the State Grand Jurors find that the offenses described above were committed in Apache County, Arizona.



(A "True Bill")

TERRY GODDARD
ATTORNEY GENERAL
STATE OF ARIZONA

Dated: April 13, 2007



PAUL AHLER
Assistant Attorney General



Foreperson of the State Grand Jury