



December 9, 2013

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## MADIGAN SUES STATE VENDOR FOR MISUSE OF OVER \$8 MILLION IN STATE GRANT FUNDS

**Chicago** — Attorney General Lisa Madigan today filed suit against a former state vendor alleging he illegally misspent more than \$8 million in taxpayer grant funding intended for at-risk children and their families, including on personal expenses such as travel, tickets to concerts and professional sporting events, and cash payments.

Madigan's lawsuit, filed earlier today in Cook County Circuit Court, alleges George E. Smith engaged in rampant misuse of state grant funding from 2005 to 2011 through his not-for-profit organization, Diversified Behavioral Comprehensive Care, and other affiliated groups established and controlled by Smith.

"George Smith enriched himself at the expense of taxpayers and children who were supposed to receive the critical services he was obligated to provide," Madigan said.

An investigation revealed that Smith used some of the grant funds for personal expenses, including tickets to the 2009 NBA All-Star Game and Cubs, White Sox and Bulls games, personal travel expenses and hotel stays, artwork and audio equipment. The lawsuit alleges further that Smith paid himself more than \$1 million in unidentified or misidentified cash disbursements and made several payments in unsupported consulting fees to former state Rep. Annazette Collins.

In total, Madigan alleges Smith fraudulently misspent or mismanaged in excess of \$8 million in grants he obtained through 39 state contracts, the majority of which were awarded by the Illinois Department of Children and Family Services. Other grants to Smith were awarded by the Illinois Department of Commerce and Economic Opportunity, Illinois Criminal Justice Information Authority, Illinois Department of Public Health and the Illinois Department of Human Services.

To support his organization's image as a mental health care services provider, Madigan alleges Smith falsely claimed at various times to be a psychiatrist, psychotherapist, psychologist or a licensed health care professional. Madigan further alleges that Smith could not show that much of the funding had been used for the purposes intended by the state grants to provide mental health, education and other related social services to at-risk children and their families.

Madigan's lawsuit is asking the court to require Smith to repay the more than \$8 million in misspent grant funds to the state of Illinois.

Assistant Attorneys General Neil MacDonald and Harpreet Khara are handling this case for Madigan's Special Litigation Bureau.

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