



# NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY  
WESTERN DISTRICT OF MISSOURI

**TODD P. GRAVES**

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**FOR IMMEDIATE RELEASE**

## **FORMER CEO OF BLACK ECONOMIC UNION SENTENCED ON PUBLIC CORRUPTION CHARGES**

**KANSAS CITY, Mo.** – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that the former president and CEO of the Black Economic Union was sentenced in federal court today on charges of public corruption.

**Sylvester Lee Holmes**, 51, of Kansas City, Mo., was sentenced by U.S. District Judge Gary A. Fenner this afternoon to five months in federal prison without parole, followed by two years of supervised release, including five months of home detention. The court also ordered **Holmes** to pay a \$3,000 fine. **Holmes** has already paid restitution in full.

On May 30, 2003, **Holmes** pleaded guilty to two counts of theft from programs involving federal funds. **Holmes** is the former president and chief executive officer of the Black Economic Union, a not-for-profit community development corporation with the mission to redevelop and revitalize distressed or blighted communities within the inner city core of Kansas City, Mo.

By pleading guilty, Graves said, **Holmes** admitted that he stole \$17,000 earmarked for the Black Economic Union's work in neighborhood preservation and economic development. **Holmes** also admitted that he stole a \$16,000 payment to the Black Economic Union from the Missouri Arts Council. This was part of the Minority Arts Program, which strives to develop, promote and nurture the arts among minority communities.

### COUNT ONE: \$17,000 EMBEZZLEMENT

**Holmes** admitted that he instructed a representative of Gabel Companies, LLC, to replace a \$5,000 check payable to the Black Economic Union with one payable to Bank of America, where he has a personal checking account. On May 23, 2002, **Holmes** deposited that check into his personal bank account, Graves said. On the same day, he wrote a \$5,000 check to Crush

Technology, a business in which **Holmes** has a personal financial interest.

On Aug. 9, 2002, Gabel Companies delivered a \$12,000 check to **Holmes**, which **Holmes** endorsed to obtain a cashier's check. **Holmes** then deposited \$8,000 into his personal checking account and kept \$4,000 in cash.

Gabel Companies, Graves explained, had received tax credits to develop the Renaissance Cove subdivision, located in the 4100 block of 16<sup>th</sup> Terrace and 16<sup>th</sup> Court in Kansas City, Mo. The Black Economic Union had received federal Community Development Block Grant funds for the development, and hired Gabel Companies as its exclusive builder for properties in Renaissance Cove subdivision.

On Nov. 16, 2000, **Holmes** – without the knowledge or approval of the Black Economic Union's board of directors – wrote a letter on behalf of the Black Economic Union as developer of the Renaissance Cove subdivision, to the Missouri Department of Economic Development supporting Gabel Companies' application for tax credits. The Missouri Department of Economic Development issues state income tax credit certificates to private individuals who incur residential rehabilitation or construction costs on properties located in distressed communities. The certificates are to be applied as an after-tax deduction to the balance of income tax due and may be transferred or sold to third parties. The Missouri Department of Economic Development advocates that a private recipient of tax credit certificates (such as Gabel Companies) that partners with a Community Development Corporation (such as the Black Economic Union) on a project share the proceeds from the certificates, which Gabel indicated it would do. **Holmes** advised Gabel Companies not to contact the Black Economic Union directly on this matter. Gabel Companies received \$51,102.20 in tax credits for four properties.

#### COUNT TWO: \$16,000 EMBEZZLEMENT

During fiscal year 2002, the Missouri Arts Council paid The Black Economic Union \$129,292.85 to administer the Minority Arts Program.

On March 12, 2002, the Black Economic Union received a reimbursement check in the amount of \$16,045.31 from the Missouri Arts Council for services it had provided under the contract for the month of December 2001. **Holmes** deposited that check in the Black Economic Union's bank account, then obtained a cashier's check for the same amount drawn on that account. The same day, **Holmes** deposited \$11,660.60 into his personal checking account, kept \$1,000 in cash, and paid \$4,384.71 toward balance on his personal credit card.

This case was prosecuted by Assistant U.S. Attorney Sheryle L. Jeans. It was investigated by the Federal Bureau of Investigation, the Internal Revenue Service, and the U.S. Department of Housing and Urban Development.

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This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at [www.usdoj.gov/usao/mow](http://www.usdoj.gov/usao/mow)