

**FILED**

JAN 17 2024

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF INDIANA  
INDIANAPOLIS DIVISION

U.S. CLERK'S OFFICE  
INDIANAPOLIS, INDIANA

UNITED STATES OF AMERICA, )  
)  
Plaintiff, )  
)  
v. )  
)  
THOMAS "TOM" H. STOUGHTON, )  
a/k/a "Senior," )  
a/k/a "Tom Sr.," )  
PHILLIP HOLDEN, and )  
PERCY CLARK, )  
)  
Defendants. )

CAUSE NO.

1:24-cr-00014-RLY-KMB

-01

-02

-03

**INDICTMENT**

The Grand Jury charges that:

**GENERAL ALLEGATIONS**

At times material to this Indictment:

**Introduction**

1. STOUGHTON, HOLDEN, CLARK, Individual 2, Christopher King, and others known to the Grand Jury, conspired to defraud the State of Indiana through their operation of two online charter schools, called Indiana Virtual School ("IVS") and Indiana Virtual Pathways Academy ("IVPA").<sup>1</sup> Like other public schools and charter schools, IVS and IVPA received funding from the State of Indiana based upon the number of students a school claimed to be

<sup>1</sup> "Indiana Virtual School" and "Indiana Virtual Pathways Academy" were the assumed businesses names of registered Indiana not-for-profit entity Indiana Virtual Education Foundation, Inc.

enrolled and attending the school. In general, the more students enrolled, the more funding IVS and IVPA received from the State of Indiana.

2. The Indiana Department of Education (“IDOE”) administers funding for public and charter schools in the State of Indiana. IDOE generally determines funding levels based on the number of students enrolled in a school, referred to as “average daily membership” or “ADM,” on a specific date or dates during the school year, referred to as a “Count Day.” Count Day was generally in September and was in December for special education students. Under state law, a student was “enrolled” on the Count Day if the student was both registered with the school and attending the school’s educational programs or receiving its educational services.

3. In or about 2017, Indiana law required schools like IVS and IVPA to create a policy under which the schools would monitor student attendance and participation and withdraw students who were not attending and/or participating in the schools. In 2017, IVS and IVPA created an “Engagement Policy” that stated students with no logon activity for a period of time would be withdrawn from enrollment at the schools.

4. STOUGHTON, HOLDEN, CLARK, Individual 2, King, and others known to the Grand Jury conspired to falsely claim that thousands of students were “enrolled” in IVS and IVPA, when STOUGHTON, HOLDEN, CLARK, Individual 2, and King knew those students were not actually enrolled because the students were not attending or receiving educational services from IVS or IVPA. As a result of these fraudulently inflated enrollment numbers, the State of Indiana paid IVS and IVPA millions of dollars more than they would have received had they claimed their enrollment accurately.

5. IVS and IVPA, in turn, paid funds received from the State of Indiana to for-profit companies, many of which were controlled and/or operated by STOUGHTON, who was the

same person who controlled and operated IVS and IVPA. After the money was funneled through these for-profit companies, millions of dollars were paid out to STOUGHTON and members of his family, CLARK, King, and others.

### Defendants

6. THOMAS H. STOUGHTON owned and/or controlled IVS, IVPA, and multiple related companies, including AlphaCom, Inc., Alpha Consolidated Services, LLC, A Simple Reminder, Inc., EightBit Designs d/b/a BitLoft, American Pathways Academy, LLC, Enhanced Cyber Learning, LLC, and Education Innovation Research, LLC.

7. PHILLIP HOLDEN was the Director of IVS and had various areas of responsibility at IVS and IVPA, including but not limited to student enrollment, tracking student attendance, and teacher compensation. HOLDEN ultimately reported to STOUGHTON.

8. PERCY CLARK was the Superintendent of IVS and IVPA and had various areas of responsibility, including but not limited to public relations and managing the relationship with Daleville Community Schools. CLARK reported to STOUGHTON.

9. Individual 2 was the manager of the student service representatives (“SSRs”) and was responsible for implementing changes to the enrollment process and ensuring that the SSRs enrolled as many students as possible. Individual 2 reported to Christopher King, and at times also HOLDEN, who each in turn ultimately reported to STOUGHTON.

10. Christopher King was an officer of AlphaCom, LLC, and was the Manager of School Operations. He was responsible for, among other things, overseeing the enrollment process for IVS and IVPA. King reported to STOUGHTON.

**Charter Schools**

11. Indiana law allows for the establishment of charter schools, which are alternatives to regular schools that are open to the public. Charter schools must be not-for-profit entities and have an “Authorizer.” Charter schools may be in person, virtual, or both.

12. An Authorizer is an entity defined by state law that sponsors a charter school. The charter school reaches an agreement with the Authorizer that allows the charter school to exist and operate for a period of five years. The agreement is renewable. The Authorizer is tasked with oversight responsibilities on behalf of IDOE. Daleville Community Schools was the Authorizer for IVS and IVPA.

**COUNT 1**

**Title 18, United States Code, Section 1349  
(Conspiracy to Commit Wire Fraud)**

13. Paragraphs 1-12 are realleged and incorporated herein.

14. Beginning in or before June 2016 and continuing through June 14, 2019, within the Southern District of Indiana and elsewhere, the Defendants, STOUGHTON, HOLDEN, CLARK, Individual 2, and King did knowingly and willfully combine, conspire, confederate and agree with others known to the Grand Jury, to violate Title 18, United States Code, Section 1343 (Wire Fraud), that is, to knowingly and with intent to defraud, devise, and intend to devise, a scheme and artifice to defraud, and to obtain money and property by means of materially false or fraudulent pretenses, representations, and promises, knowing that they were false and fraudulent when made, and transmit and cause to be transmitted certain wire communications in interstate and foreign commerce, for the purpose of executing the scheme, and for attempting so to do.

**Overview and Purpose of the Conspiracy**

15. Paragraphs 1-5 are realleged and incorporated herein.

**Manner and Means of the Conspiracy**

16. STOUGHTON, HOLDEN, CLARK, Individual 2, King, and others known to the Grand Jury used the following manners and means, among others, to carry out the unlawful purpose of their conspiracy:

***Inflating the Enrollment of Students in IVS and IVPA***

17. Beginning in or before 2016, STOUGHTON, HOLDEN, Individual 2, King, and others known to the Grand Jury, caused students to be enrolled, or remain enrolled in IVS/IVPA who should not have been enrolled or who should have been unenrolled.

18. For example, beginning in or about Summer 2016, employees noticed that hundreds of purported students of IVS/IVPA had not logged onto or participated in a class for months. When employees attempted to unenroll these students for inactivity, STOUGHTON, Individual 2, King, and others known to the Grand Jury directed that no students were allowed to be unenrolled.

19. Additionally, beginning in or about May 2017, STOUGHTON directed that HOLDEN, Individual 2, King, and others known to the Grand Jury change the enrollment process at IVS. STOUGHTON, HOLDEN, Individual 2, and King directed that employees stop obtaining verification that a student in fact wanted to attend IVS and/or IVPA before they were enrolled and/or reenrolled. This practice continued for the 2017 and September 2018 Count Days.

20. Also, beginning in or about Summer 2017, STOUGHTON, HOLDEN, Individual 2, and King directed Information Technology personnel to make incomplete student applications available to employees so that the student information could be used to enroll students in IVS

and/or IVPA for the 2017 and September 2018 Count Days. Most of these “students” never participated in any way.

21. Shortly before the September 2018 Count Day, STOUGHTON, Individual 2, and King directed their Information Technology contractor to compile a list of students who were not listed in the IDOE database as attending another school and who had previously been unenrolled from IVS and/or IVPA due to inactivity, in accordance with a state-mandated “Engagement Policy” that IVS and IVPA adopted. Upon receiving a list of approximately 600 students, STOUGHTON, Individual 2, and others known to the Grand Jury caused employees to reenroll without authorization many of these students in IVS/IVPA and be counted on the September 2018 Count Day.

***Creating IVPA and Enrolling Inactive IVS Students in IVPA***

22. Prior to the creation of IVPA, IVS received an “F” grade from IDOE. This potentially put IVS at risk of losing its charter, and thereby its funding. In or about 2017, STOUGHTON, CLARK, HOLDEN and King induced Daleville Community Schools to authorize the creation of IVPA.

23. After IVPA was created, STOUGHTON, CLARK, HOLDEN, Individual 2, King, and others transferred hundreds of students who had not been attending any classes from IVS to IVPA to continue to “count” and receive money for these students but also “protect” IVS from being held accountable for the students’ non-performance.

24. Further, in or about January 2018, hundreds of students were found to be in violation of IVS’s Engagement Policy due to their inactivity. Rather than withdraw them, however, STOUGHTON directed that hundreds of these students be transferred from IVS to

IVPA so that the defendants could continue to “count” the students and receive payment for their “enrollment.”

***Submitting Inflated Enrollment Numbers to IDOE***

25. On various dates beginning in or before 2017, STOUGHTON, CLARK, HOLDEN, Individual 2, King, and others known to the Grand Jury, caused IVS and/or IVPA to falsely represent to IDOE the student enrollment at IVS and/or IVPA by claiming as enrolled numerous students that they knew were not attending IVS and/or IVPA because those students had not logged on or completed any coursework at IVS and/or IVPA for a significant period of time before the Count Day.

26. As a result of these false submissions, IDOE paid in excess of \$44,000,000 to IVS/IVPA that IVS/IVPA was not entitled to receive.

***Tracking Actual Student Attendance to Calculate Teacher Pay***

27. To reduce costs of operating the schools, in or before May 2016, STOUGHTON directed that IVS teachers would be paid based upon the number of students that actually logged on and attended classes, as opposed to the number of students that STOUGHTON, CLARK, HOLDEN, Individual 2, and King claimed to IDOE were enrolled in the schools.

28. STOUGHTON directed that members of their Information Technology staff track the actual logons and participation by their students. To that end, STOUGHTON, HOLDEN, CLARK, King, and others known to the Grand Jury received student active/inactive reports on a reoccurring basis.

29. At multiple points from 2015 through and including 2018, employees questioned why students were still being counted when they were not participating or attending the schools. STOUGHTON, HOLDEN, Individual 2, and King directed that no student be unenrolled. In

some cases, employees went so far as to unenroll non-participating students. STOUGHTON, Individual 2, and King ordered that these students be reenrolled so that they would be counted on the Count Day.

***Transferring Money out of IVS and IVPA for Personal Use and Benefit***

30. Beginning in or about 2017, STOUGHTON paid DM, an audio/video technician, to sign documents on behalf of shell companies created in his name. STOUGHTON then caused the transfer of millions of dollars out of accounts for IVS and IVPA, which were not-for-profits, to companies controlled by STOUGHTON. From there, the money was transferred between multiple such companies until ultimately landing in bank accounts controlled by STOUGHTON, members of STOUGHTON's family, CLARK, and others.

**Overt Acts**

31. In furtherance of the conspiracy and to affect the objects of the conspiracy, the following overt acts, among others, were committed in the Southern District of Indiana and elsewhere:

32. On or about May 10, 2016, STOUGHTON directed the creation of a report that tracked the activity and non-activity of students.

33. On or about March 30, 2017, HOLDEN and CLARK fired an employee who sent an email to IDOE attempting to inform IDOE of the fraud that was occurring at IVS.

34. In or about April 2017, STOUGHTON, HOLDEN, CLARK and King discussed and drafted a letter that CLARK sent to Daleville Community Schools claiming that the concerns raised by the employee referenced in paragraph 33 were not true.

35. On or about May 11, 2017, STOUGHTON, HOLDEN, Individual 2 and King changed the enrollment procedures so that students were enrolled without verifying that the



student in fact wished to be enrolled. This was done so that the students could be submitted to IDOE for funding.

36. In or about 2017, STOUGHTON and King directed that students dropped by an employee for nonattendance be reenrolled so that they could be counted for funding.

37. On or about August 7, 2017, STOUGHTON, CLARK, HOLDEN and King caused Daleville Community Schools to authorize the creation of IVPA.

38. From May 2017 through and including September 15, 2017, STOUGHTON, Individual 2 and King directed the enrollment of hundreds of students that they never verified actually wished to enroll and attend.

39. On or about September 15, 2017, STOUGHTON, CLARK, HOLDEN, Individual 2, and King caused IVS and IVPA to submit materially false ADM counts to IDOE in that such counts claimed as enrolled or attending approximately 3,086 students that were not attending IVS and/or IVPA.

40. On or about October 13, 2017, CLARK falsely certified the September 2017 ADM count.

41. On or about December 1, 2017, STOUGHTON, CLARK, HOLDEN, Individual 2, King, and others known to the Grand Jury caused IVS and/or IVPA to submit a false special education count to IDOE.

42. On or about January 31, 2018, STOUGHTON, HOLDEN, and Individual 2 transferred hundreds of students from IVS to IVPA in violation of the engagement policy so that IVS/IVPA would continue to be paid for the students.

43. On or about February 1, 2018, STOUGHTON, CLARK, HOLDEN, Individual 2, King, and others known to the Grand Jury caused IVS and/or IVPA to submit a false ADM count to IDOE.

44. On or about February 28, 2018, STOUGHTON and King directed that IVS/IVPA send false records to IDOE to reduce the number of students IDOE would expect to complete standardized tests, thereby attempting to prevent IVS from receiving another "F" from IDOE.

45. In or about August 2018 through and including September 13, 2018, STOUGHTON, Individual 2 and King directed IT staff to search the IDOE database for students previously withdrawn from IVS/IVPA for non-attendance, and that were not enrolled with another school, so that IVS/IVPA could reenroll and claim those students on the September 14, 2018, Count Day.

46. On or about September 2018, STOUGHTON, Individual 2, and King identified students previously dropped from IVS/IVPA and directed their reenrollment without their permission.

47. On or about September 14, 2018, STOUGHTON, CLARK, HOLDEN, Individual 2, and King caused IVS and IVPA to submit materially false ADM counts to IDOE in that such counts claimed as enrolled or attending approximately 4,530 students that were not attending IVS and/or IVPA.

48. On or about October 11, 2018, CLARK falsely certified the September 2018 ADM count.

49. On or about December 1, 2018, STOUGHTON, CLARK, HOLDEN, Individual 2, King, and others known to the Grand Jury caused IVS and/or IVPA to submit a false special education count to IDOE.

50. On or about February 1, 2019, STOUGHTON, CLARK, HOLDEN, Individual 2, King, and others known to the Grand Jury caused IVS and/or IVPA to submit a false ADM count to IDOE.

**Use of Interstate Wire Communications**

51. In furtherance of the conspiracy and scheme, the defendants made and caused to be made the use of interstate wire communications, examples of which are listed in Counts 2–18 below.

All in violation of Title 18, United States Code, Section 1349.

**COUNTS 2–18**  
**Title 18, United States Code, Sections 1343 and 2**  
**Wire Fraud**

52. Paragraphs 6 through 12 are realleged and incorporated herein.

53. Beginning in or before June 2016 through and including June 14, 2019, STOUGHTON, CLARK, HOLDEN, Individual 2, and King devised and intended to devise a scheme, as set forth above, to defraud IDOE, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises.

**Purpose**

54. The Grand Jury realleges and incorporates by reference paragraphs 1 through 5 of this Indictment as a description of the purpose of the scheme and artifice.

**Manner and Means**

55. The Grand Jury realleges and incorporates by reference paragraphs 16 through 50 of this Indictment as a description of the manner and means of the scheme and artifice.

**Use of Interstate Wires**

56. On or about each of the dates specified below, in Indianapolis, Indiana, in the Southern District of Indiana, STOUGHTON, CLARK, HOLDEN, Individual 2, King and others known to the Grand Jury, for the purpose of executing the scheme described above, and attempting to do so, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

<b>Count</b>	<b>Date</b>	<b>Description</b>
2	January 29, 2019	Wire transfer in the amount of \$55,938.38 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.
3	February 6, 2019	Wire transfer in the amount of \$396,576.18 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.
4	February 6, 2019	Wire transfer in the amount of \$59,371.03 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.
5	February 15, 2019	Wire transfer in the amount of \$3,185,925.24 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.
6	February 15, 2019	Wire transfer in the amount of \$410,625.76 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.
7	February 15, 2019	Wire transfer in the amount of \$32,091.81 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.

Count	Date	Description
8	February 27, 2019	Wire transfer in the amount of \$13,049.00 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.
9	March 15, 2019	Wire transfer in the amount of \$2,982,250.93 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.
10	March 15, 2019	Wire transfer in the amount of \$410,625.76 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.
11	April 15, 2019	Wire transfer in the amount of \$2,982,250.91 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.
12	April 15, 2019	Wire transfer in the amount of \$410,625.73 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.
13	April 15, 2019	Wire transfer in the amount of \$45,140.81 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.
14	May 15, 2019	Wire transfer in the amount of \$2,982,250.93 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.
15	May 15, 2019	Wire transfer in the amount of \$410,625.76 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.
16	May 15, 2019	Wire transfer in the amount of \$87,854.95 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.

<b>Count</b>	<b>Date</b>	<b>Description</b>
<b>17</b>	June 14, 2019	Wire transfer in the amount of \$2,982,250.91 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.
<b>18</b>	June 14, 2019	Wire transfer in the amount of \$496,227.57 from IDOE's bank account to IVS/IVPA's bank account, each wire transfer involving a signal which traveled from Virginia to Indiana.

Each of Counts 2–18 is a separate violation of violation of Title 18, United States Code, Sections 1343 and 2.

**COUNTS 19–67**  
**Money Laundering**  
**(Title 18, United States Code, Section 1956(a)(1)(B)(i))**

57. Paragraphs 52 through 56 of this Indictment are incorporated by reference as though set forth fully herein.

58. On or about each of the dates specified below, within the Southern District of Indiana and elsewhere, the Defendants specified below, together with others known to the Grand Jury, did knowingly conduct and attempt to conduct a financial transaction affecting interstate commerce, as described in each of the enumerated Counts below, which involved the proceeds traced from a specified unlawful activity, namely, Wire Fraud, in violation of Title 18, United States Code, Section 1343, knowing that the transaction was designed, in whole or in part, to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, that is, STOUGHTON and CLARK did cause IVS and IVPA to transfer the proceeds of the Wire Fraud, including the specific Wire Fraud alleged in Counts 2 through 18, to multiple companies and bank accounts, including among others American Pathways Academy, EightBit Designs, Education Innovation Research, and Alpha Consolidated

Services, which were under their control, and then transferred those proceeds from those companies and accounts to themselves and others, as charged in each Count below.

**January 2019**

Count	Defendant	Date	Transaction
19	STOUGHTON	January 17, 2019	Transfer of \$533,333.33 from EightBit Designs' account ending 4748 to accounts of STOUGHTON's sons.
20	STOUGHTON	January 17, 2019	Transfer of \$100,000 from Alpha Consolidated's account ending 4789 to STOUGHTON.
21	STOUGHTON	January 17, 2019	Transfer of \$650,000 from Alpha Consolidated's account ending 4789 to an account in the name of STOUGHTON's wife.
22	STOUGHTON and CLARK	January 17, 2019	Transfer of \$25,000 from Education Innovation Research's account ending 5000 to CLARK.
23	STOUGHTON	January 18, 2019	Transfer of \$400,000 from American Pathways' account ending 4763 to Alpha Consolidated's account ending 4789.

**February 2019**

Count	Defendant	Date	Transaction
24	STOUGHTON	February 15, 2019	Transfer of \$1,700,000 from American Pathways' account ending 4763 to Alpha Consolidated's account ending 4789.
25	STOUGHTON	February 15, 2019	Transfer of \$100,000 from Alpha Consolidated's account ending 4789 to Eightbit Designs' account ending 4748.

Count	Defendant	Date	Transaction
26	STOUGHTON and CLARK	February 15, 2019	Transfer of \$20,000 from Alpha Consolidated's account ending 4789 to Education Innovation Research's account ending 5000.
27	STOUGHTON and CLARK	February 15, 2019	Transfer of \$50,000 from Alpha Consolidated's account ending 4789 to Education Innovation Research's account ending 5000.
28	STOUGHTON and CLARK	February 19, 2019	\$25,000 check from Education Innovation Research's account ending 5000 to CLARK.
29	STOUGHTON	February 23, 2019	Transfer of \$533,333.33 from EightBit Designs' account ending 4748 to accounts of STOUGHTON's sons.
30	STOUGHTON	February 21, 2019	Transfer of \$100,000 from Alpha Consolidated's account ending 4789 to STOUGHTON.
31	STOUGHTON	February 21, 2019	Transfer of \$650,000 from Alpha Consolidated's account ending 4789 to an account in the name of STOUGHTON's wife.

**March 2019**

Count	Defendant	Date	Transaction
32	STOUGHTON	March 15, 2019	Transfer of \$1,700,000 from American Pathways' account ending 4763 to Alpha Consolidated's account ending 4789.
33	STOUGHTON	March 15, 2019	Transfer of \$117,452 from American Pathways' account ending 4763 to EightBit Designs' account ending 4748.



Count	Defendant	Date	Transaction
34	STOUGHTON	March 18, 2019	Transfer of \$150,000 from EightBit Designs' account ending 4748 to Education Innovation Research's account ending 5000.
35	STOUGHTON and CLARK	March 19, 2019	Transfer of \$25,000 from Education Innovation Research's account ending 5000 to CLARK.
36	STOUGHTON	March 19, 2019	Transfer of \$533,333.33 from EightBit Designs' account ending 4748 to accounts of STOUGHTON's sons.
37	STOUGHTON	March 19, 2019	Transfer of \$100,000 from Alpha Consolidated's account ending 4789 to STOUGHTON.
38	STOUGHTON	March 19, 2019	Transfer of \$650,000 from Alpha Consolidated's account ending 4789 to an account in the name of STOUGHTON's wife.

April 2019

Count	Defendant	Date	Transaction
39	STOUGHTON	April 15, 2019	Transfer of \$117,452 from American Pathways' account ending 4763 to EightBit Designs' account ending 4748.
40	STOUGHTON	April 15, 2019	Transfer of \$150,000 from American Pathways' account ending 4763 to EightBit Designs' account ending 4748.
41	STOUGHTON	April 15, 2019	Transfer of \$150,000 from American Pathways' account ending 4763 to EightBit Designs' account ending 4748.
42	STOUGHTON	April 15, 2019	Transfer of \$200,000 from Eightbit Designs' account ending 4748 to American Pathways' account ending 4763.

Count	Defendant	Date	Transaction
43	STOUGHTON	April 16, 2019	Transfer of \$341,333.33 from Eightbit Designs' account ending 4748 to accounts of STOUGHTON's sons.
44	STOUGHTON	April 15, 2019	Transfer of \$1,700,000 from American Pathways' account ending 4763 to Alpha Consolidated's account ending 4789.
45	STOUGHTON and CLARK	April 15, 2019	Transfer of \$120,000 from Alpha Consolidated's account ending 4789 to Education Innovation Research's account ending 5000.
46	STOUGHTON and CLARK	April 16, 2019	Transfer of \$25,000 from Education Innovation Research's account ending 5000 to CLARK.
47	STOUGHTON	April 16, 2019	Transfer of \$100,000 from Alpha Consolidated's account ending 4789 to STOUGHTON.
48	STOUGHTON	April 16, 2019	Transfer of \$650,000 from Alpha Consolidated's account ending 4789 to an account in the name of STOUGHTON's wife.
49	STOUGHTON	April 16, 2019	Transfer of \$150,000 from American Pathways' account ending 4763 to an account in the name of STOUGHTON's wife.
50	STOUGHTON	May 15, 2019	Transfer of \$117,452 from American Pathways' account ending 4763 to EightBit Designs' account ending 4748.

May 2019

Count	Defendant	Date	Transaction
51	STOUGHTON	May 15, 2019	Transfer of \$150,000 from American Pathways' account ending 4763 to EightBit Designs' account ending 4748.
52	STOUGHTON	May 15, 2019	Transfer of \$1,700,000 from American Pathways' account ending 4763 to Alpha Consolidated's account ending 4789.
53	STOUGHTON	May 15, 2019	Transfer of \$100,000 from Alpha Consolidated's account ending 4789 to Eightbit Designs' account ending 4748.
54	STOUGHTON	May 16, 2019	Transfer of \$405,333.33 from EightBit Designs' account ending 4748 to accounts of STOUGHTON's sons.
55	STOUGHTON and CLARK	May 15, 2019	Transfer of \$110,000 from Alpha Consolidated's account ending 4789 to Education Innovation Research's account ending 5000.
56	STOUGHTON and CLARK	May 16, 2019	Transfer of \$25,000 from Education Innovation Research's account ending 5000 to CLARK.
57	STOUGHTON	May 16, 2019	Transfer of \$100,000 from Alpha Consolidated's account ending 4789 to STOUGHTON.
58	STOUGHTON	May 16, 2019	Transfer of \$650,000 from Alpha Consolidated's account ending 4789 to an account in the name of STOUGHTON's wife.
59	STOUGHTON	May 16, 2019	Transfer of \$75,000 from American Pathways' account ending 4763 to an account in the name of STOUGHTON's wife.

Count	Defendant	Date	Transaction
60	STOUGHTON and CLARK	June 17, 2019	Transfer of \$50,000 from American Pathways' account ending 4763 to Education Innovation Research's account ending 5000.

**June 2019**

Count	Defendant	Date	Transaction
61	STOUGHTON and CLARK	June 18, 2019	Transfer of \$25,000 from Education Innovation Research's account ending 5000 to CLARK.
62	STOUGHTON	June 17, 2019	Transfer of \$1,450,000 from American Pathways' account ending 4763 to Alpha Consolidated's account ending 4789.
63	STOUGHTON	June 17, 2019	Transfer of \$200,000 from Alpha Consolidated's account ending 4789 to EightBit Designs' account ending 4748.
64	STOUGHTON	June 17, 2019	Transfer of \$300,000 from EightBit Designs' account ending 4748 to Alpha Consolidated's account ending 4789.
65	STOUGHTON	June 18, 2019	Transfer of \$341,333.33 from EightBit Designs' account ending 4748 to accounts of STOUGHTON's sons.
66	STOUGHTON	June 18, 2019	Transfer of \$100,000 from Alpha Consolidated's account ending 4789 to STOUGHTON.
67	STOUGHTON	June 18, 2019	Transfer of \$650,000 from Alpha Consolidated's account ending 4789 to an account in the name of STOUGHTON's wife.

Each of Counts 19 through 67 is a separate violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

**COUNTS 68-76**  
**Money Laundering**  
**(Title 18, United States Code, Section 1957)**

59. Paragraphs 52 through 56 of this Indictment are incorporated by reference as though set forth fully herein.

60. On or about each of the dates specified below, within the Southern District of Indiana and elsewhere, STOUGHTON, together with others known and unknown to the Grand Jury, did knowingly engage in a monetary transaction by, through, or to a financial institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, such property having been derived from a specified unlawful activity, to wit: Wire Fraud.

Count	Date	Transaction
68	February 22, 2019	A wire transfer of \$29,040 for the purpose of buying twenty 1 oz. Golden Eagle gold coins.
69	March 13, 2019	A check in the amount of \$58,368.54 to a Fishers, Indiana Cadillac dealership for the purchase of a Cadillac sedan.
70	April 9, 2019	A check in the amount of \$62,788.67 to a Syracuse, Indiana boat dealership.
71	April 15, 2019	A debit card transaction in the amount of \$11,021 to Tiffany & Co., a jewelry store in Indianapolis, Indiana, for the purchase of jewelry.
72	April 18, 2019	A wire transfer of \$27,820 for the purpose of buying twenty 1 oz. Golden Eagle coins.
73	May 17, 2019	A check in the amount of \$18,560 to Park Tudor School for private school tuition.

<b>Count</b>	<b>Date</b>	<b>Transaction</b>
<b>74</b>	May 17, 2019	A check in the amount of \$18,560 to Park Tudor School for private school tuition.
<b>75</b>	May 17, 2019	A check in the amount of \$21,200 to Park Tudor School for private school tuition.
<b>76</b>	May 17, 2019	A check in the amount of \$22,480 to Park Tudor School for private school tuition.

Each of Counts 68 through 76 is a separate violation of Title 18, United States Code, Section 1957.

**FORFEITURE ALLEGATION**

1. The allegations contained in Counts 1 through 18 of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. Upon conviction of the offenses in violation of Title 18, United States Code, Sections 1349 and 1343 set forth in Counts 1 through 18 of this Indictment, the Defendants, STOUGHTON, HOLDEN and CLARK shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offenses, and/or be subject to an order of forfeiture in the amount of proceeds obtained from the offenses.

3. The allegations contained in Counts 19 through 76 of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Sections 982(a)(1).

4. Pursuant to Title 18, United States Code, Section 982(a)(1), upon conviction of an offense in violations of Title 18, United States Code, Sections 1956 and 1957, the Defendants, STOUGHTON, HOLDEN and CLARK shall forfeit to the United States of America any property, real or personal, involved in such offense, and any property traceable to such offenses, and/or be subject to an order of forfeiture in the amount of proceeds obtained from the offenses.

5. If any of the property described above, as a result of any act or omission of the defendant(s):

- 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 the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided

without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28, United States Code, Section 2461(c).

A TRUE BILL:



FOREPERSON

ZACHARY A. MYERS  
United States Attorney

By:

A handwritten signature in black ink, appearing to be "Bradley P. Shepard", written over a horizontal line.

Bradley P. Shepard  
Samantha Spiro  
Assistant United States Attorneys  
*NJL*