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Dispute over embezzled money amount stalls sentencing for former school official

Fired Chippewa Valley purchaser admits scam, but says markup was normal for items sold to district

By Mitch Hotts

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Somewhere between \$1 million and \$2.5 million.

That's how much money federal prosecutors say Chippewa Valley Schools lost when its former purchasing agent rigged bids to buy furniture and equipment in a one-man fraud scheme.

James Tague, the former executive director of support services for the Clinton Township-based school district, is expected to be sentenced in February in U.S. District Court after pleading guilty to fraud charges.

Tague was fired from his \$109,000-a-year position after Clinton Township police and the U.S. Justice Department presented evidence to the school board that indicated he had been rigging bids he supervised.

Longtime school board member Henry Chiodini said school officials were initially shocked and then angered by the information.

"I personally as a school board member am hoping for a strong sentence from the judge because this man was taking money from our kids, and our schools need every single penny in this economy," Chiodini said.

Tague was supposed to have been sentenced Jan. 15 by U.S. District Judge Paul D. Borman, but the matter was postponed until Feb. 19 as behind-the-scenes discussions continue as part of the plea-bargain process.

Tague, 62, of Independence Township in Oakland County, has admitted to guiding bids for furniture and equipment to companies he set up while working in the district between 1998 and 2006, when he was terminated.

Investigators said Tague would not advertise the bids to competitors, but would create his own bids from his own companies. He would then present the bids from his companies, without disclosing a personal interest, to the school board for approval.

Defense attorney Neil Rockind disputes the monetary loss as calculated by the Justice Department.

He said federal investigators based the figure on an average percentage of across-the-board markups instead of analyzing each product individually.

"The amount in those claims is entirely speculative," Rockind said. "I don't necessarily believe Chippewa Valley paid above a fair market markup."

In other words, although Tague improperly bid on the items, he wasn't charging an unusually high price for the goods, Rockind said.

Phil Ross, an assistant U.S. Attorney, disagreed.

In court filings, Ross said Tague created companies such as Megasource Inc., and applied a markup before submitting the equipment or furniture to the school board. The bids were not advertised to independent vendors.

If Chippewa Valley knew Tague owned the companies "and was rigging bids so that Megasource and its related entities would win the school district contracts, it would not have purchased the items," Ross said in court filings.

With the amount of loss in dispute, negotiations for a plea bargain have hit an obstacle, court records show. The dollar amount plays a role in the government's formula for sentencing.

Prosecutors are recommending Tague serve 37 to 46 months, but the judge is not obligated to accept that amount. Tague also has agreed to pay restitution once the amount is determined and could face fines as high as \$250,000.

The Justice Department plans to seize through forfeiture three properties he owns including a \$600,000 home in Fort Myers Beach, Fla.; a condominium unit in Bonita Springs, Fla., worth about \$168,000; and a 900-square-foot

condominium unit in Las Vegas, Nev., worth about \$128,000.

Rockind, the defense attorney, said his client is cooperating with authorities. He said about 100 of Tague's friends and relatives have written letters of support to be given to the court prior to sentencing.

"This is a man who has taken care of his family and his mother, has been a wonderful provider and caring spouse. The sad thing is, sometimes good people do questionable and bad things and this is one of those cases in my mind," Rockind said.

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