

Department of Justice

U.S. Attorney's Office

Western District of Missouri

FOR IMMEDIATE RELEASE

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Former Charity Executive Pleads Guilty to Bribery and Embezzlement Scheme

SPRINGFIELD, Mo. – A former executive of a Springfield, Missouri charity, who was also an Arkansas lobbyist, pleaded guilty in federal court today to bribing Arkansas elected officials in a multi-million-dollar scheme, and then along with other charity executives, embezzling millions of dollars from the Springfield health care organization.

Acting Assistant Attorney General John P. Cronan of the Justice Department's Criminal Division and U.S. Attorney Tim Garrison for the Western District of Missouri made the announcement.

Milton Russell Cranford, aka "Rusty," 57, of Rogers, Arkansas, pleaded guilty before U.S. Magistrate Judge David P. Rush to one count of federal program bribery. Cranford was an executive at Preferred Family Healthcare Inc. (formerly known as Alternative Opportunities Inc.), a nonprofit corporation headquartered in Springfield, and oversaw the charity's operations and lobbying efforts in the state of Arkansas. Cranford also operated three lobbying firms: The Cranford Coalition, The Capital Hill Coalition and Outcomes of Arkansas.

By pleading guilty today, Cranford admitted that he and other Preferred Family Healthcare executives paid bribes to Arkansas State Senator Jonathan Woods, Arkansas State legislator Henry Wilkins IV, a person identified in court documents as "Arkansas Senator A," and others, to provide favorable legislative action for Cranford, his clients, and Preferred Family Healthcare. In exchange for the bribes paid by Cranford, the officials identified in the Information steered Arkansas General Improvement Fund (GIF) money to Preferred Family Healthcare and other Cranford clients; held up agency budgets; requested legislative audits; and sponsored, filed and voted for legislative bills that favored the charity and Cranford clients.

The additional income gained by Preferred Family Healthcare from Cranford's bribes enabled Cranford and other executives of the charity to engage in multiple schemes to embezzle, steal, and unjustly enrich themselves at the expense of the charity, including, but not limited to, diverting charity funds to for-profit companies owned by the executives, causing the charity to make rental payments to properties owned by Cranford and the executives; paying for their personal expenses using corporate credit cards; and causing the charity to lend significant funds to Cranford personally, and to for-profit companies owned by other charity executives. The executives also caused the charity to misapply its funds for unlawful contributions to the campaigns of elected public officials and causing the charity to spend substantial amounts of funds on lobbying and political advocacy.

In addition, Cranford entered into an illegal kickback scheme whereby Cranford paid over \$600,000 in illegal kickbacks to a charity executive in exchange for more than \$3.5 million in payments made to The Cranford Coalition. Cranford also acknowledged his role in a second illegal kickback scheme involving the charity's contract with Philadelphia, Pennsylvania-based political operative Donald Andrew Jones, also known as "D.A." Jones, and another charity employee, former Arkansas State Representative Eddie Wayne Cooper. In exchange for Cranford's role in facilitating the charity's contract with Jones for lobbying and political advocacy, under which the charity paid Jones almost \$1 million, Cranford received kickbacks totaling \$219,000 from Jones, \$18,000 of which Cranford

provided to Cooper, and Cooper received another \$45,000 directly from Jones. In separate but related cases, both Jones and Cooper previously entered guilty pleas acknowledging their roles in that kickback scheme.

A sentencing hearing will be scheduled after the completion of a presentence investigation by the U.S. Probation Office.

The case was investigated by IRS-Criminal Investigation, the FBI and the Offices of the Inspectors General from the Departments of Labor, Health and Human Services, Housing and Urban Development, Veterans Affairs, and the Federal Deposit Insurance Corporation. This is a combined investigation with the Western District of Arkansas, the Eastern District of Arkansas, and the Eastern District of Pennsylvania. This case is being prosecuted by Assistant U.S. Attorney Steven M. Mohlhenrich of the Western District of Missouri and Trial Attorneys Marco A. Palmieri and Sean F. Mulryne of the Criminal Division's Public Integrity Section.