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Former head of JP nonprofit denies stealing \$20k, spending money on parking tickets, computer supplies

Posted by Matt Rocheleau October 17, 2012 04:01 PM

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By Matt Rocheleau, Town Correspondent

The former head of a city-funded Main Streets nonprofit pleaded not guilty Wednesday to charges that he stole nearly \$20,000 from the organization's community revitalization funding and spent the money on himself, including paying off parking tickets and buying computer supplies.

Carlos Schillaci, 58, was arraigned in Suffolk Superior Court on two counts of larceny over \$250 and two counts of larceny by scheme for allegedly using funds from Hyde/Jackson Square Main Streets for his own benefit while he was the executive director of the Jamaica Plain nonprofit, according to the Suffolk County District Attorney's office.

The offenses carry a maximum penalty of five years in prison, the prosecution office said. The former JP resident who now lives in Easthampton was released on his own recognizance by Clerk Magistrate Gary Wilson.

A grand jury returned the four-count indictment against Schillaci on Sept. 25

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A grand jury returned the four-count indictment against Schillaci on Sept. 23, following a 15-month investigation, authorities said.

He is accused of embezzling a total of \$19,490.65 in funding intended for the businesses and residents of Hyde and Jackson Squares, authorities said.

Prosecutors said that \$11,714 was allegedly stolen through 42 unauthorized ATM withdrawals using the organization's debit card; \$4,971.23 through 119 unauthorized purchases on the same debit card and \$2,805.42 in two unauthorized checks made out to himself.

"The evidence suggests this defendant was putting funds intended to help the community to purely personal use," said a statement from District Attorney Daniel F. Conley. "Instead of promoting a vibrant neighborhood, it was paying for his parking tickets and computer accessories."

The money is alleged to have gone missing between April 2009 and last summer, when he was suspended by the nonprofit's board as Boston police, the city, and the nonprofit's board began investigating possible financial irregularities, officials said.

As Schillaci was preparing to move to Western Massachusetts, the nonprofit's board discovered "serious" financial irregularities, which prompted the investigations and his suspension in July 2011.

He began his two-and-a-half year role as executive director in January 2009, according to the district attorney's office.

Schillaci's attorney, Colin Keefe, who is based in Northampton, said by phone Wednesday that his client denies the accusations.

"We maintain his innocence and I believe that justice will prevail," he said.

Keefe said he had just received discovery materials from prosecutors and had not yet reviewed all of the information.

But, he said that from what he had gathered so far: "I think that there was a system in place where it wasn't necessarily completely clear – They gave him a very important job without a lot of direction of how to facilitate accounting and so forth."

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Schillaci's next court appearance is scheduled for Dec. 7, officials said.

The Hyde/Jackson Square Main Streets organization is one of 20 nonprofits within Boston Main Streets, a program founded by the city in 1995 that uses city funding to support business districts by improving storefronts and public spaces. Each of the nonprofits works with commercial districts in specified parts of the city.

In 2010, the city paid \$30,500 to the Hyde/Jackson Square group for the executive director's salary, officials have said.

Each Main Streets organization in Boston also receives "financial and technical assistance and intensive training in the Main Street approach" from the city as well as the National Trust Main Street Center, the city's website says.

Six full-time staff assist the local districts, which also have access to city architects, design staff, transportation planners and technical assistance specialists, the site says.

Otherwise, the district-level organizations operate as nonprofits, each conducting their own fund-raising efforts within that citywide program. The organizations manage the funds they raise via their own independent governing structure, treasurers, and financial records.

The groups recruit their own volunteers and host events to enhance a commercial district's image and attract consumers.

The city commits a "significant portion of its federal Community Development Block Grant funds" to Main Streets.

Grant funding, however, is issued directly to store owners from the citywide Boston Main Streets program, meaning it would not be included in the district-level financial records review.

Around that same time that Schillaci was suspended, the Hyde/Jackson Square Main Streets' board filed a [police report](#) requesting that police and the Suffolk County District Attorney's office investigate allegations of financial irregularities within the organization.

The nonprofit board launched its own investigation and the city also started its own investigation at the order of Boston Mayor Thomas M. Menino, officials have said.

No Main Streets entity in Boston has ever been the subject of an investigation before, city officials have said. The [Jamaica Plain Gazette](#) reported that the investigation led the city to audit all 20 Main Streets organizations.

The police report the nonprofit's board filed lists the Jamaica Plain Neighborhood Development Corporation as the "victim."

The executive director of that nonprofit, Richard Thal, said last summer that his organization's role had been "payroll processor" for the Main Streets group since around 1998.

When the debt Hyde/Jackson Square Main Streets owed to the JPNDC surpassed \$20,000 – a concerning and unprecedented amount, Thal said he contacted the Main Streets organization's board.

After going 10 months without an executive director, the nonprofit hired Katie Reed, who had led another Main Streets nonprofit previously, to fill the role on an interim basis this past spring.

In late summer, the nonprofit hired a new, full-time director, but the board's leaders have [declined to publicly name the person](#). Board leaders have said they plan to make a bigger announcement about the hiring later this fall.

In a statement [this week](#), Sheila Dillon, the city's chief of housing and neighborhood development department director, said the new executive director of Hyde/Jackson Square Main Streets is Gerald Robbins.

"We are happy to say that the city's collaboration with board during this difficult time has helped Hyde Jackson Square Main Street get back on track," Dillon's statement said.

"In just one year they have secured their finances, implemented new internal operating procedures to ensure financial stability, and hired a new executive director Gerald Robbins," the statement continued. "We are confident that Hyde Jackson Square Main Streets board will continue their revitalization work in the Hyde Square commercial district."

The nonprofit's board said in a statement this week that they are "committed to working with the district attorney to bring Mr. Schillaci to justice and we look forward to refocusing our efforts on creating a vibrant and successful Hyde Jackson Square."

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