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Two guilty in school fitness fraud scheme

Districts were promised free equipment

BY EMILY GURNON
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Two executives of a Utah company were convicted in federal court Monday for their part in a fraud scheme that promised free fitness equipment to hundreds of school districts across the country, including White Bear Lake and Minneapolis.

Cameron J. Lewis, 36, of Highland, Utah, and his father, J. Tyron Lewis, 65, of Monticello, Utah, were convicted in Minneapolis on five counts of mail fraud, nine counts of wire fraud, one count of bank fraud, one count of conspiracy to launder funds and 13 counts of money laundering.

Cameron Lewis was also convicted on an additional count of money laundering.

The jury in the case deliberated for a day and a half after 17 days of trial before U.S. District Judge Joan N. Ericksen.

From 1999 to 2004, the two men operated National School Fitness Foundation, which promised school districts they could receive fitness equipment free if the foundation was successful in getting grants for its anti-obesity efforts.

But court records showed that the foundation was getting little in grants and that the money that was going back to some school districts was coming from others — making it a lucrative Ponzi-type scheme.

The foundation also misrepresented to schools that it was a nonprofit, when in fact the defendants reaped "excessive and hidden compensation," including fat kickbacks from vendors, the U.S. Attorney's Office said.

Nineteen Minnesota school districts participated in the program.

Both men face a maximum potential penalty of 30 years in prison and a \$1 million fine on each count of mail fraud, wire fraud, bank fraud and conspiracy, and up to 20 years in prison and a \$250,000 fine on each count of money laundering, the U.S. Attorney's Office said.

Two co-defendants pleaded guilty in April 2006 to one count of mail fraud.

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