

Bay City Academy founder Steven Ingersoll gets 41 months in federal prison



Steven J. Ingersoll enters the federal courthouse in Downtown Bay City on the day of his sentencing, Dec. 15, 2016. Ingersoll was convicted of one count of conspiracy to defraud the United States and two charges of attempt to evade or defeat tax, and sentenced to serve 41 months in a federal prison. *(Jacob Hamilton | MLive)*



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BAY CITY, MI -- Nearly two years after a jury convicted him of federal tax evasion charges, Bay City Academy founder Dr. Steven J. Ingersoll faced his final day of reckoning.

Ingersoll, on the afternoon of Thursday, Dec. 15, went before U.S. District Judge Thomas L. Ludington inside the federal courthouse in downtown Bay City for the 16th day of his unusually-long sentencing hearing. Ludington sentenced Ingersoll to three concurrent terms of 41 months with the Federal Bureau of Prisons.

Upon Ingersoll's release, he is to be supervised for one year. He is also to pay \$10,145 in restitution and \$300 in fines and costs. The judge waived additional court costs, citing Ingersoll's "lack of financial resources."

Before learning his sentence, Ingersoll addressed the judge.

"I don't have a lot to say, but there are some things," he said. "It's been a four-year odyssey that is hard to characterize as a positive experience, but with all things, some good things still came of it."

He said he was thankful for a number of things, among them the "unconditional love of family, friends, colleagues and strangers. I was moved by that, irrespective of my misdeeds, which I acknowledge."

Ingersoll went on to say he owes apologies to a number of people involved with his vision, harmed by what he described as being overzealous and neglectful.

"I just didn't follow through ... nor did I correct account records I knew were incorrect," he said. He added that failures on his part caused difficulties for Bay City Academy, school staff and his family. For that, he is remorseful, he said.

Ingersoll's attorney, Jan M. Geht, asked the judge to impose a short-term sentence, or an alternative to imprisonment, saying his client has a rare medical condition requiring a specific procedure. Ingersoll has suffered three cardiac events in six months, he said.

Ludington said Ingersoll would be incarcerated in a medical facility and expressed confidence Ingersoll's medical needs will be met during his incarceration. The judge is also allowing Ingersoll to voluntarily surrender for his prison stint, but did not specify a date by which he must turn himself in.

Assistant U.S. Attorney Janet L. Parker stated she wanted to make it clear Ingersoll's prosecution was "in no way about the merits or demerits of charter schools" and that the government has no stake in wanting Bay City Academy to fail.

She added Ingersoll hasn't paid taxes between 2012 and 2015.

"I submit there really is no excuse for that," she said.

In November, the Madison Arts Campus of Bay City Academy -- its original site at 400 N. Madison Ave. -- announced it was closing its doors. Chemical Bank foreclosed on the building, which is owned by Ingersoll. He purchased the former Madison Avenue Methodist Episcopal Church in 2010 for \$270,000.

Students are being relocated to Farragut Campus building at 301 N. Farragut St. after Christmas break.



Bay City Academy to close its Madison Arts Campus

Ingersoll's sentencing began Oct. 20, 2015, and lasted for a few days before being adjourned. It continued for several days in December, January and February. It was supposed to resume in April, but Ingersoll's suffered a heart attack and it delayed proceedings until July.

A month-long trial ended March 10, 2015, with a jury **finding Ingersoll guilty** on two counts of attempting to evade or defeat tax and one count of conspiracy to defraud the United States. The charges are punishable by up to five years in prison.

The jury exonerated Ingersoll of three counts of fraud by wire, radio or television. The same jury found Roy C. Bradley Sr. guilty of conspiracy to defraud the United States.

Bay City Academy asbestos charges underline larger piece on worker abuse

During proceedings, federal prosecutors alleged Ingersoll in January 2011 obtained a \$1.8 million construction line-of-credit loan



from Chemical Bank in Bay City for his endeavors with the church-academy, and then used the money for his own purposes. Ingersoll used \$704,000 of this money to pay part of a \$3.5 million debt he owed another charter school he founded, Grand Traverse Academy in Grand Traverse County, but first had it bandied around the bank accounts of his other entities and those of several co-defendants, prosecutors alleged.

The jury found Gayle R. Ingersoll -- Steven Ingersoll's brother -- not guilty of conspiracy to defraud the United States and fraud by wire, radio or television. They found Bradley's wife, Tammy S. Bradley, not guilty of fraud by wire, radio or television.

Geht previously told The Times the reason for the time-consuming sentencing is the jury did not determine the amount of back taxes his client actually owes. As a result, the sentencing process saw witnesses testify about this issue.

Ingersoll himself testified during sentencing proceedings.

In February, the bulk of Ingersoll's testimony concerned going over line items in his QuickBooks documents and tax returns dating back several years. Ingersoll testified he controlled the ingoing and outgoing flow of income for financial accounts of both Smart Schools Inc. and Smart Schools Management. Parker had alleged throughout the lengthy sentencing proceedings that Ingersoll deserves two extra guideline points for abusing a position of trust with Grand Traverse Academy -- another charter school Ingersoll founded -- and that entity's relationship with the two corporations.

In July, Ingersoll's testimony revolved around his LLCs, QuickBooks' accuracy, tax returns and the like. At one point, Ingersoll delved into his **Front Porch Renaissance** movement, intended to improve Bay City neighborhoods.



Following tax fraud conviction, future of Steven Ingersoll's Bay City properties uncertain

Prior to the February-March 2015 trial, a separate federal jury in December 2014 found Bradley guilty of four counts of illegally distributing and handling asbestos, in violation of the Clean Air Act. Ingersoll in 2011 had hired Bradley to do renovations at the Madison Avenue church.

Ludington on March 12, 2015, sentenced Bradley to five years in prison on the asbestos-related convictions, but he is yet to start serving his time.

"Roy Bradley, to me, is a noble person, who did great things for Bay City and did it well," Ingersoll said at his Dec. 15 sentencing hearing.

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