

3 ex-wives of Muslim bakery founder allege elaborate welfare scam

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As the late Yusuf Bey built Your Black Muslim Bakery into an empire of wealth and influence, he also orchestrated a systematic welfare fraud scheme at his Oakland compound, three of his former wives have testified.

By the wives' sworn account, Bey directed many of the 100 women whom he considered his wives to make fraudulent applications for government aid programs intended to assist poor families, then diverted the benefits to himself.

Bey's alleged fraud scheme began in the 1970s and continued in some form until his death in 2003, according to the women, who gave depositions in a negligence lawsuit against Alameda County that was settled out of court earlier this year.

The allegations prompted an extensive investigation by county officials, but incomplete county records and the complicated nature of the alleged scheme were key reasons the investigation stalled, and no civil suit to recover money was filed, said Alameda County Counsel Richard E. Winnie.

The revenue - thousands of dollars per month, perhaps more than \$1 million over the course of the scheme, testimony in the case suggests - helped inflate the clout of Your Black Muslim Bakery, a business Bey proselytized as an icon of economic self-sufficiency.

The alleged fraud scheme was aided by two employees of the Alameda County Social Services Agency who were also Bey's sisters-in-law, the former wives testified. A welfare worker who was Bey's sister-in-law once tipped off the bakery that it might become the target of a fraud investigation, according to the testimony. As a result, the bakery's households jumped off the welfare rolls in an attempt to avoid scrutiny, a former wife testified.

The depositions and other evidence obtained by The Chronicle allege:

-- Bey's wives fraudulently obtained Aid to Families with Dependent Children payments and General Assistance monies that were then diverted into bakery coffers.

-- Bey family members fraudulently collected Section 8 vouchers - designed to help the poor with rent payments - despite owning houses in the Bay Area.

-- Bey's children fraudulently received medical coverage through Medi-Cal, a program for the state's



neediest residents.

In all, roughly 100 women and many of the 46 children Bey is thought to have fathered were involved in the fraud scheme, according to the wives - a category, the depositions say, that included girls whom Bey allegedly raped and impregnated.

The fraud began with a simple fact, according to the testimony: Bey forced his wives to keep his name off his children's birth certificates. That allowed his wives to hide Bey's income and qualify for public assistance. Bey, meanwhile, drove a Mercedes, and his business had lucrative contracts to sell baked goods in dozens of places, including Whole Foods, Andronico's, the Oakland Coliseum and Oakland International Airport.

Two of the former wives who testified are sisters identified in court records as Jane Does 1 and 2, who as children were under the guardianship of one of Bey's wives during the 1980s.

In the lawsuit, they alleged negligent oversight by the county because they were repeatedly raped and sexually assaulted as minors by Bey, who died at age 67 of cancer in 2003 while awaiting trial on rape charges.

DNA evidence collected by the Oakland Police Department showed that children the women bore as minors were fathered by Bey. The other former wife who testified about the welfare scheme, Esperanza Johnson, was a defendant in the lawsuit who for a time in the 1980s was the guardian for Does 1 and 2. She was eventually dropped from the suit. Yusuf Bey's estate and the bakery also were dropped from the suit.

The county paid a settlement of \$188,000 to the sisters and another alleged sexual assault victim of Bey's earlier this year.

The three former wives, in their depositions, identified the welfare workers allegedly involved in the fraud scheme as Dana McBurnie (she now goes by Dana Lynn Morgan) and Lisa McBurnie. County records show that Morgan, 50, and McBurnie, 46, have worked for the county since 1981 and 1988, respectively, and still work for the Alameda County Social Services Agency. They each earn roughly \$50,000 annually. Their duties include determining who qualifies for welfare.

In an interview, Morgan denied wrongdoing, calling the former wives' testimony about her "lies." Until she was promoted six years ago, Morgan said she was a clerk who didn't have access to the kinds of personal records the alleged fraud required.

Morgan said the fact that her supervisors have never talked to her about the allegations is proof of her innocence.

"Evidently, they must think it's a hoax because I haven't heard anything about it," she said.

McBurnie did not return calls for comment.

Winnie, the county counsel, said in an interview that the testimony of the wives prompted an investigation into welfare fraud at Your Black Muslim Bakery. Hundreds of hours were spent on the probe, he said, but investigators didn't find enough evidence to justify a lawsuit against Bey family members to recover the

funds. Winnie said incomplete record keeping at the social services agency hindered the investigation.

"They were fairly old facts by that point," he said, "and there were a lot of allegations involved."

Winnie declined to comment about the welfare workers who were Bey's sisters-in-law.

Winnie said material was forwarded to the district attorney's office to help it in a possible criminal case.

Prosecutor Thomas Barni, who handles welfare fraud cases, said no case involving the bakery had been referred to him since he took over the office a year ago, and he was not aware of any prior case involving the bakery.

Bey's fallen empire

Bey founded the bakery more than four decades ago, and built it into a controversial but enduring Oakland institution praised by politicians and preachers alike.

But after Bey's death, his business empire spiraled into disarray, as his heirs vied for control and bakery officials and employees were implicated in a series of increasingly violent incidents.

The crime spree allegedly culminated in the Aug. 2 street-corner assassination of Chauncey Bailey, editor of the Oakland Post, a weekly paper serving the black community. Bailey was working on stories about the battle for power within the Bey family.

A day later, more than 200 heavily armed police officers from multiple agencies raided the bakery compound and arrested Yusuf Bey IV, one of Bey's sons and the bakery's chief executive, on kidnapping and torture charges. A bakery handyman was arrested and charged with Bailey's execution-style slaying with a shotgun.

Meanwhile, the bakery's properties and assets are being liquidated in U.S. bankruptcy court.

Since the bakery's collapse, some of Bey's followers have suggested that Bey IV and his cohorts ruined a venerable institution that had provided jobs and inspiration to the poorest of Oakland's poor.

But the extensive scope of the welfare fraud scheme described in the depositions suggests that the bakery was an empire built on fraud.

In their depositions, the women never specify how much money Bey obtained through the alleged fraud scheme.

However, Edwin Wilson, the attorney who represented Alameda County in the negligence lawsuit, said in an interview that he estimated the payout on the allegedly fraudulent claims associated with the bakery exceeded \$10,000 per month and went on for years.

According to the women's testimony, the fraud scheme was centered at the bakery's headquarters on San Pablo Avenue in Oakland, which also functioned as a community center. There, Bey's followers would gather, particularly for his Sunday speeches proclaiming autonomy and self-empowerment for black people.

Bey, who was referred to in the bakery as "Brother Bey" and "Doctor Bey," also ran a school, and the business owned several buildings, apartments and houses, which were carved up into multiple housing units. Dozens of people, including Bey's many wives and numerous households, lived in the units. Several buildings connected to the back of the bakery forming a compound.

Fraudulently applying for public assistance, including county "general assistance" given to those without children, was part of the ethos of the compound, the women testified in the depositions, saying that bakery members had meetings to facilitate the commission of the fraud.

"If you came around there at the bakery, you had to apply for something to bring some type of money in," testified Doe 1, who said she was impregnated by Bey when she was 12 years old. DNA evidence obtained by Oakland police showed that she bore Bey's child when she was 13.

There was no question whose money it was.

"He took every dime that came in there," testified Johnson, another former wife, who also goes by the names Esperanza Johnson Thurman, Nora Bey and Noor Jehan Bey. Both Johnson and Doe 1 testified that Farieda Bey, Bey's legal wife, was most often the one collecting the checks and depositing them in a bakery account.

Johnson said that during her time with the bakery, as many as 100 women were considered to be Bey's wives. Asked which of the wives participated in the welfare fraud, Johnson testified, "Every last one of them."

Johnson said she was also forced to work long days at the bakery, sometimes 20 hours at a stretch.

Said Doe 2: "I know that the money went to Brother Bey. ... All I remember is them having me to sign the check because my name was on it." Instead of going to school, Doe 2 testified that as a child, she was forced to start working at the bakery at 5 a.m., making cookies, cupcakes and other baked goods. The children were never paid for their labor.

Fear of violence

Bey's wives feared violent retribution if they didn't do what he said, according to the depositions.

Johnson said she'd been beaten by Bey since she was 14 years old - more times than she could count, as she put it. The other two wives testified that Johnson was pummeled so badly with the hand piece of a rotary dial phone that the lumps on her face made her look like "the elephant man" and another wife was almost drowned in a bathtub.

Asked why she never reported the welfare fraud while Bey was alive, Johnson testified, "So that I can breathe like I'm breathing today."

Sometimes children would be taken from one wife and handed over to another, the women testified. The new mother would apply for aid as their guardian.

Johnson testified that she successfully applied at Alameda County Social Services to be the foster parent

for the Jane Does and their brother, whose father had left them in the care of Bey. Even though the children did not live with her, Johnson testified that she collected up to \$500 a month per child in county welfare during the 1980s. She said the money went to Bey.

To facilitate the alleged frauds, Bey ordered his wives not to list him as the father on the birth certificates of his children. They sometimes made up names of the fathers, according to the depositions. A copy of one birth certificate included as evidence in the case didn't list any father at all.

Johnson, the guardian for Does 1 and 2, also applied to be the guardian for the children they bore as Bey's alleged rape victims, civil court records show. She received public assistance for them as well, according to her sworn testimony.

Johnson, who had three children with Bey, also received welfare payments for them, according to Doe 1, who added that all the money went to Bey.

Once Bey's children became old enough, they, too, participated in the fraud scheme, according to the depositions.

Some of Bey's daughters concealed the paternity of their children to qualify for public assistance, according to the testimony. That allowed them to live with the fathers of their children and hide the joint income of the household.

The welfare workers

It could be hard to keep up with the lies.

To renew applications for aid each year, Bey's wives needed to know the names they'd fraudulently documented as the fathers of their children, according to the testimony. But with so many children and so many different names of fathers, that could be easy to forget. So the wives said they turned to Daulet Bey, the mother of Yusuf Bey IV and the sister of the two women who worked for the county. She would ask her sisters to look up county records to verify recorded names, they testified.

Daulet Bey declined to comment about any allegations other than to defend her sisters, saying they had never done anything wrong.

Doe 1 recounted a conversation she overheard in which another Bey wife, Madeeah Bey, asked Daulet Bey to call her sister, Dana Morgan, at the social services agency to find out the fraudulent name listed as the father of her children.

"Could you call your sister for me because I have a renewal coming up, and I don't remember what I put on the paper," Madeeah Bey asked Daulet Bey, according to Doe 1's testimony.

Daulet Bey laughed and said: "You know what? I have to call Dana when I have a renewal because I forget," Doe 1 testified.

Daulet Bey's sisters who work for the social services agency were intimately familiar with the bakery family, according to the depositions. Morgan left her own children in care of the bakery for at least two

years and came by nearly every day, Doe 1 testified. After Doe 1 turned 18, she applied for welfare for herself. She said the person who took her application at the Social Services Agency office at the Eastmont Mall was McBurnie, Yusuf Bey's sister-in-law.

Wilson, the lawyer who represented the county, tried during the depositions to learn the extent of the alleged welfare fraud scheme.

"Is there any woman who was living in the bakery compound who had one of Yusuf Bey's children that you're aware of who did not apply to the county for welfare?" he asked Doe 1.

"Not a single one," she replied.

"Is there any woman that you're aware of who lived in the compound who told the truth in their applications for public assistance about who the fathers of their children were?" Wilson asked.

"Not that I know of," replied Doe 1. "Even his daughters ... all of them were beating the system. Every single last one of them."

The connection to the welfare department paid dividends in other ways, too, according to the testimony of the wives.

When authorities began investigating allegations of welfare fraud, the bakery was tipped off by Daulet Bey's sisters, and bakery women pulled their families off the rolls, according to Doe 1.

Daulet Bey denied the allegations in an interview and defended her sisters by saying, "They never did anything wrong." She also added: "I was never aware of any investigation of welfare fraud going on about the bakery."

When bakery family members moved off of welfare, Doe 1 said they also dropped off Medi-Cal, the state indigent health care program.

To qualify for Medi-Cal, households must have less than \$3,000 in assets, and hiding the income and assets of the father is fraud, said Anthony Cava, a spokesman for the state Department of Health Care Services.

Cava said he could not address the allegations of fraud at the bakery because of privacy rules.

Section 8 housing

The wives of Yusuf Bey also often received Section 8 housing vouchers for properties they weren't renting, according to Jane Doe 1.

Section 8 housing vouchers are given by the federal government to increase the affordable housing options for poor families. The vouchers can pay up to the full amount of fair market rent, which can be thousands of dollars per month. The owner of the unit receiving the payments cannot be the parent of a child in the unit.

Daulet Bey had been living in a house owned by Bey for 15 years rent free when she obtained Section 8

vouchers, according to Doe 1's testimony. Daulet Bey had eight children by Bey, and was living with them in the unit at the time, Doe 1 testified.

Daulet Bey continued to receive Section 8 vouchers in 2005, according to Doe 1. Public records show the previous year she bought a \$550,000, five-bedroom, 2.5 bath home in Antioch.

Daulet Bey declined to comment about the alleged Section 8 fraud.

Esperanza Johnson received Section 8 vouchers, despite owning property, according to testimony from Doe 1. Johnson testified that she left the bakery in 1988 and started a baking business. Johnson has maintained ties to former bakery employees and family members, in part because Yusuf Bey was the father of three of her children.

Attempts to reach Johnson, including at her home in Antioch, were unsuccessful.

Daulet Bey and Johnson are described in the depositions as once being powerless pawns in Yusuf Bey's schemes. But the two women have become entangled in its future as a U.S. Bankruptcy Court prepares to liquidate the assets of Your Black Muslim Bakery.

The court trustee is suing Daulet Bey, saying that her son, bakery chief executive Bey IV, fraudulently "gifted" her \$2.28 million worth of bakery properties to avoid having them liquidated.

The properties that avoided the gifting - and are being liquidated - include the bakery headquarters. The top bidder is being represented as a broker by Esperanza Johnson.

Shown above is a portion of a birth certificate for one of Yusuf Bey's children that was an exhibit in a civil lawsuit. Bey allegedly ordered his wives to keep his name off of birth certificates.

The alleged scheme

Yusuf Bey allegedly masterminded a scheme to bilk welfare agencies by having the 100 women whom he considered his wives and their children draw public benefits, according to sworn depositions from three of his former wives.

The wives

Many of the wives were allegedly forced to lie about his paternity on birth certificates, according to the depositions. That allowed women to apply for various forms of public assistance - Section 8, Aid to Families with Dependent Children (AFDC) and Medi-Cal - that his income and assets would have disqualified them from receiving. Those who didn't have children were encouraged to apply for General Assistance, the depositions allege.

The children

Bey had an estimated 46 children with 17 of the wives. The children formed another source of income, as AFDC as well as monthly per-child payments for being a guardian were received by Bey's wives, according to the depositions.

Alameda county social services

The agency was the conduit for welfare payments and guardianship payments. Two sisters of one of Bey's wives worked at the agency, allegedly facilitating the concealment of his paternity and tipping off the bakery to possible investigations, according to former wives. The sisters deny the allegations.

Money and image

All of the local, state and federal money was then funneled back to Yusuf Bey and put into bakery accounts, the three former wives testified. The money bolstered the income and assets of Bey, who lionized his business' success as proof of self-sufficiency.

Source: Civil lawsuit depositions; Chronicle reporting.

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<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2007/11/18/MNR4TCBIN.DTL>

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