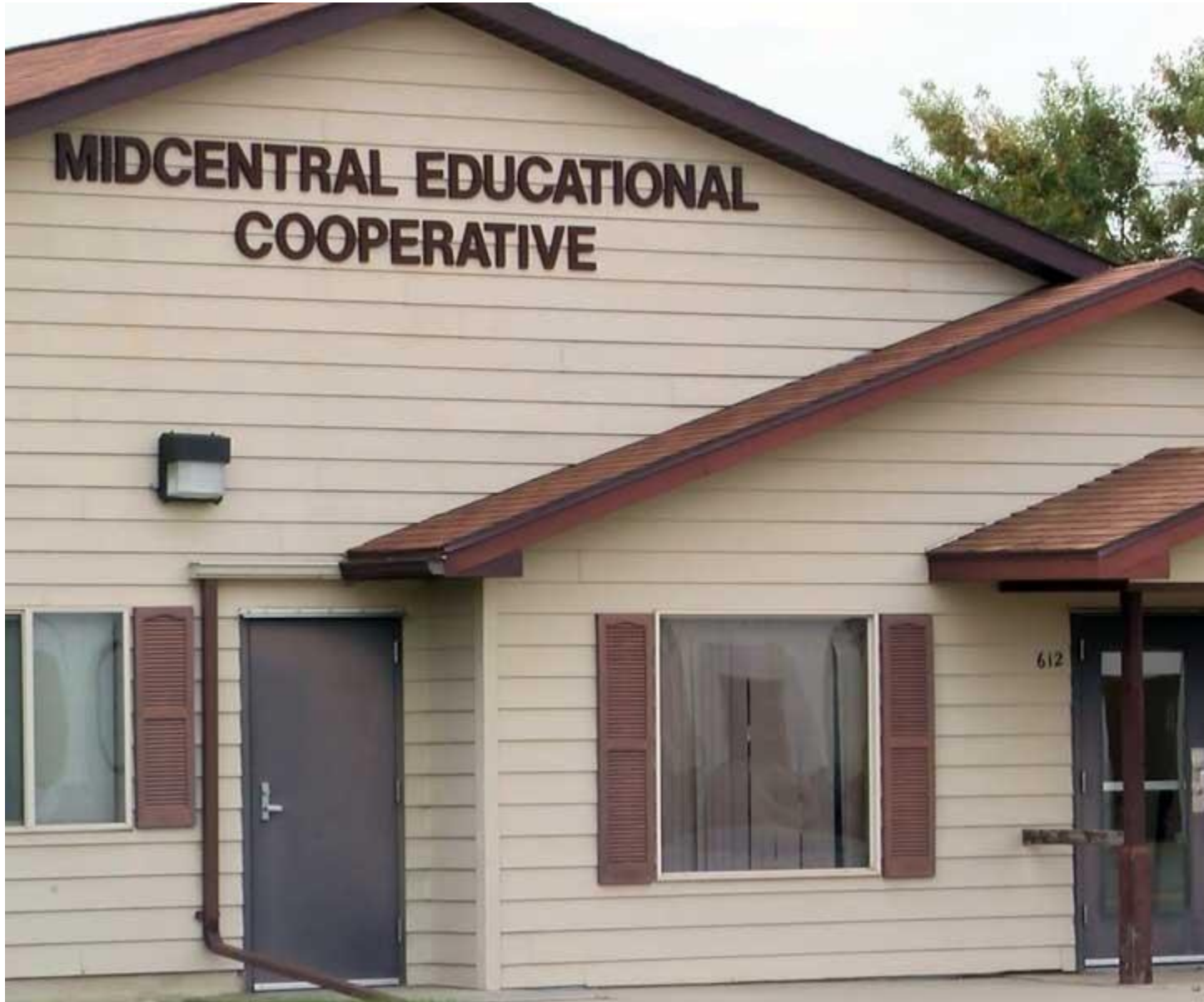


Following The GEAR UP Grant Money

September 29, 2015, 6:10 PM by [Angela Kennecke](#)

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SIOUX FALLS, SD -

Over the last two weeks, a KELOLAND News investigation began looking into what happened in Platte-- trying to find answers about why the Westerhuis family of six was found dead in their home of apparent murder-suicide and fire. It all happened hours after millions in grant money was pulled from the organization where Scott Westerhuis worked as business manager.

That money is tied to the Gear Up program, encouraging Native American students to go to college. The State Secretary of Education cancelled the contract with Mid Central after problems turned up in an audit of the GEAR UP money and how it was handled. We do know that \$16.5 million in grant money for GEAR UP went through Mid Central in the last decade.

Mid Central Educational Cooperative dispersed the grant money since 2005 to two organizations to run the GEAR UP program, under business manager Scott Westerhuis.

Oceti Sakowin Education Consortium was in charge of the program for six years and handled nearly \$6 million in grant money. The American Institute for Indian Innovation took over four years ago with \$10.7 million in grant money. And it turns out that Scott Westerhuis started both of those non-profit foundations that accepted the millions in GEAR UP money.

According to Oceti Sakowin Education Consortium, or OSEC's, own IRS return, in 2011 and 2012, Scott Westerhuis' non-profit got \$900,000 each year in grant money and contributions. Nicole Westerhuis was business manager and was paid a salary of \$38,521.

It's interesting to note at this point that one of the reasons cited by South Dakota's Secretary of Education for cancelling Mid Central's contract for GEAR UP was due to conflict of interest and failure to disclose related parties.

Some of the grant money distributed by Mid Central going to OSEC overlapped during the same time it was going to AIII or American Indian Institute for Innovation. That non-profit was also started by Scott Westerhuis, who was also listed as its Chief Financial Officer.

We tracked the records from Mid Central for the money it paid out to AIII to run GEAR UP.

YEAR	AMOUNT	
2011:	\$166,541	According to Mid Central minutes that number went from \$167,000 in 2011 to \$708,000 in 2012 dropping down to about a half a million dollars per year from 2013 to 2015. In fact, AIII's own IRS return claimed it got \$612,000 in GEAR UP grants in 2014, which comes close to the number we calculated of \$664,000.
2012:	\$708,450	
2013:	\$506,111	Mid Central was receiving \$2.7 million a year in GEAR UP grant money. While some of that money went to salaries for advisors to the program, we don't know where as much as \$2 million a year actually went because it doesn't show up in Mid Central's minutes. We've asked the attorney representing Mid Central to answer that question for us and we are waiting for his response.
2014:	\$663,863	
2015:	\$434,099	We also found that AIII was doing more than just running GEAR UP. According

to its IRS return, it paid out \$1.6 million in salaries in 2014.

Alli was hired by Lower Brule Tribal Chairman Michael Jandreau to take over running the reservation's schools in December of 2013.

At one time, Jandreau was on the Board of Trustee for Alli as shown in a 2009 report on GEAR UP, which was submitted to Keith Moore, who was then the GEAR UP project director.

[Jandreau, who died in April, was accused by the group Human Rights Watch of diverting money and hiding financial activity to the tune of \\$25 million.](#) Jandreau denied any wrong doing, [but Federal Auditors are looking at \\$20 million in grants to the tribe and the Inspector General's office is also investigating the tribe's business dealings.](#)

Tuesday afternoon, we did get a response from Mid Central's attorney, who pointed out that Alli was not the only one getting GEAR UP grant money. He tells KELOLAND News there were also 21 schools and the School of Mines, as well as other vendors, who received funds.

While we don't know whether all the millions of dollars intended to help Native American students get ready for college actually all went for that purpose or not, we do know that a lot of money was being spent on the Westerhuis property.

Scott Westerhuis was making about \$67,000 a year as Mid Central's business manager. Nicole Westerhuis was making about \$64,000 a year for Mid Central as well. But she also had that salary of more than \$38,000 as OSEC's business manager.

Their rural Platte property was valued at \$1.3 million. It included a 7,600 square foot house and a \$900,000 gym. KELOLAND News learned that another structure was also going up on the property. The Charles Mix County Assessor saw the construction and had sent the Westerhuises' a letter telling them they needed to get a building permit.

KELOLAND News also heard from Rick Melmer who did contract work for Mid Central. He tells us he forgot about his contract work in 2012, but now confirms he did for work Mid Central then. Mid Central's attorney also told us that a \$148,000 contract for Keith Moore was never agreed upon and never issued.

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