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HOW A THIEF SPENT TAXPAYERS' \$2.5 MILLION EX-PETTY OFFICER, SENTENCED TO 7 YEARS IN PRISON, LED DOUBLE LIFE: RESPECTED PREACHER AND WOMANIZER

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NORFOLK - James McGill led a curious double life. By day, he was a respected businessman, radio preacher and church elder who was always good for a gift or a loan. By night, the retired chief petty officer dissipated his wealth on creature comforts, women and the casinos of Atlantic City.

McGill burned a hole as big as the Grand Canyon in two checking accounts, sometimes stroking checks totaling more than \$100,000 a month. Over four years, he bought real estate, cars, furs, jewelry and fancy exercise equipment, doled out tens of thousands of dollars to friends and associates, and poured money into a soul food restaurant. In all, McGill spent at least \$2.5 million - all at the expense of U.S. taxpayers. He financed the spending spree with more than \$3 million bilked from the Navy, which paid for machine parts never ordered from or delivered by McGill's bogus company, Universal Supply and Services Co. Inc.

"As a general rule, he was very generous with the government's money," a federal official said this week.

On Thursday, McGill's life of playing fast and loose with stolen government money earned him seven years and three months in prison, without parole. It was the maximum allowed by federal sentencing guidelines, but not enough to satisfy U.S. District Judge John A. MacKenzie.

"Mr. McGill, for stealing \$3 million you ought to get more than that," MacKenzie said. "But that's what the abominable guidelines say."

McGill, 53, dressed in a dark double-breasted suit, tearfully apologized to his wife and about 35 supporters who responded with "amens" in apparent forgiveness.

"I was selfish in what I did," he said, facing the crowd in the courtroom gallery. Then, he added: "Those of you who came to see me hanged, I'm glad God disappointed you."

Using little more than a postal box, rubber stamps he ordered from a local store, and government order forms he obtained without identification from Navy bases, McGill took about \$3,026,000 from the Navy's Military Sealift Command. The scam, which was highlighted in recent congressional hearings on government fraud and waste, ended after an official spotted bills for supplies to a ship that had been mothballed.

Before his arrest in January, McGill deposited 108 government checks into two business checking accounts at NationsBank and wrote hundreds of checks totaling more than \$2.5 million - the amount federal investigators have been able to trace.

McGill took care of himself, but he also spread the wealth around town, laundering some of it and apparently giving the rest away. Court documents show that McGill:

Wrote more than 350 checks totaling \$1,036,924.60 to either "Cash" or himself. Most checks were for between \$1,000 and \$5,000, but some were for more than \$10,000 and a few were for more than \$50,000.

Spent \$295,167.90 at nine auto dealerships for cars registered in his name and the names of others.

Loaned \$234,615 to entities related to Bishop Levi E. Willis Sr., including the Crusade for Christ broadcast ministry, the Garden of Prayer Church of God in Christ, and Willis Broadcasting. From Nov. 9, 1992, to Dec. 29, 1992, four checks for \$50,000 each went to the Garden of Prayer, which plans to build a new church at Church Street and Virginia Beach Boulevard in Norfolk.

Wrote checks totaling \$343,000 to nearly three dozen friends and associates, including \$183,350 to Louella Richardson Holley of Virginia Beach, described by investigators as a longtime friend; \$19,000 to Holley's daughter, Adenia Wright; \$18,500 to Bishop Willis' daughter, Christine Felton; and \$46,500 to Blondell Griffin, described as an office manager for Willis.

Assistant U.S. Attorney James A. Metcalfe said the money given to Felton was to bail her out of a bank fraud

scheme. In an unrelated case, she pleaded guilty to skimming nearly \$400,000 from her father's business accounts and was sentenced in February to 19 months in prison.

McGill, indicted on 430 counts in January, pleaded guilty to one count of mail fraud, one count of filing false claims, one count of tax evasion and two counts of money laundering.

He denied on the witness stand Thursday that any of his beneficiaries knew of his scheme, but Metcalfe said there were "many other people involved" in helping launder the cash. He wouldn't elaborate other than to say the investigation is continuing.

McGill was a church elder and ordained minister who preached a good message on his radio show, the Christ is the Answer Gospel Hour. In early 1990, he opened the Chicken Shack restaurant on Monticello Avenue, in Norfolk, where he purveyed soul food with a holy message.

"I don't know anything bad about the man. Anything he could do to help people, he would do. I knew him as a man of charity," the Rev. Ida Carney, pastor of Fountain of Life Church in Norfolk, said this week. "I tell you what, he's a smart man, a very smart man. . . He never said anything about anything. The only thing he talked about was the church."

The Rev. Spencer Happoldt, pastor of Rising Star Baptist Church in Norfolk, said McGill was a likable man whom he still considers a friend.

"He had a real good religious program. I used to listen to it. He's a very good Bible teacher," Happoldt said. "I guess he was living a double life. In other words, he wasn't what I thought he was, if the case against him is true."

All the ministers said they never saw the slightest sign of a darker side of what defense attorney Andrew A. Protogyrou called McGill's "Dr. Jeckyll/Mr. Hyde life."

Friends and family members say the same thing. Folks in McGill's native Wilmington, N.C., said they weren't even aware of McGill's legal problems until being contacted by a reporter this week. They seemed genuinely alarmed by the news.

"This is shocking, very shocking. I just can't imagine it," said a cousin, Moses McGill. "He never was a cheat. James was always the type of person who always wanted to help someone. James was a very nice young man. He always wanted to get ahead. He always wanted to be someone."

Another cousin, Paul McGill, said James McGill was the family's success story.

"He went to school for the ministry, retired out of the Navy and then started a business, and these were things that we were proud of. The rest of the family really looked up to him," Paul McGill said. "I know we're going to have a hard time adjusting to this."

James Edward McGill was a bright student and starting football guard at Williston Senior High School in Wilmington. From high school, McGill went on to a 22-year career in the Navy, from which he retired in 1981 as a chief petty officer. While in the Navy, he attended C.H. Mason Bible College in Portsmouth, graduating in 1976.

"He was at the top of the class in all the subjects we studied," said Timothy Delk, a church elder from Hampton. "He was an honor student."

From 1981 until 1990, McGill worked as a merchant mariner for the Military Sealift Command. It was as a supply officer on various ships that he devised and began his scheme.

Investigators are reluctant to talk about McGill because their investigation is continuing, but court documents and people close to the investigation give the rough outlines of the private McGill, the man who was a drinker, a gambler and a womanizer.

Documents indicate that McGill was twice convicted of driving while intoxicated in 1984. In the late 1980s, he completed a 30-day alcohol rehabilitation program at the Veterans Administration hospital in Hampton. In 1989, the Military Sealift Command recommended that he be removed from his job because of unauthorized absence from his ship and missing the ship's sailing. In his response, McGill blamed his problems on alcohol.

Another court document details McGill's betting activity at Bally's Park Place Casino in Atlantic City. From December 1990 through February 1993, his net losses totaled more than \$60,000 on bets ranging from about \$50 to more than \$900.

Found in McGill's briefcase at the time of his arrest were room card keys to Bally's, car titles and mortgage and loan payment books in the names of other people, two sheets of green paper with the names and numbers of 10 women, 14 condoms of various manufacture, and a Radio Shack Directory Organizer.

According to a court document, the electronic organizer had several telephone directories containing numerous phone numbers, including those for Bally's, the Price Club, a number of area ministers and women identified only by nicknames like Poopsie, Pudding and Squirt.

Several women returned phone calls made to beeper numbers listed in the court documents. They either denied knowing McGill or declined to comment.

"I don't want to get into that because I have kids," said one woman named in the court papers. "I don't work for the man no more. I don't know nothing about him at all."

A woman who answered a page to Poopsie's number identified herself as Blondell and said she had no comment.

The government hopes to recover some of the money, but it probably will be a small percentage.

"There is a small percentage of recoverable assets because he spent so much," Assistant U.S. Attorney Kent Porter said this week.

Prosecutors are going after various assets that were directly tied to McGill or placed in the names of other people. Included are:

Five pieces of real estate in Hampton Roads.

14 automobiles, four of which are titled in McGill's name.

Any remaining assets of Universal Supply Service Co. Inc., the Chicken Shack, and Christ is the Answer Gospel Hour.

Any funds remaining in eight accounts in McGill's name.

Any funds in six accounts in the name of associates and the Good News Cathedral Church of God in Christ.

The cash value of two life insurance policies.

Personal property, including 10 pieces of men's jewelry, 26 pieces of woman's jewelry, five fur coats, computer equipment, and physical fitness and exercise equipment.

Loans made to Bishop Willis and the Rev. Samuel Green of Hampton.

Green already has paid back to the government a \$10,000 loan he received from McGill. Willis, meanwhile, has agreed to reimburse the government in full for his McGill loans.

McGill has agreed to forfeit all he has, but the government still has to resolve assets that might be claimed by other people.

Protogyrou, McGill's attorney, said Thursday that McGill is basically penniless - "literally left with what he is wearing."

However, according to a friend who visited McGill in the Portsmouth jail this week, McGill is still rich in spirit, having started Bible study class for other inmates.

"He seemed very up. I was really surprised. He was ready to face the judge," said Leighton Dubose of Norfolk. "He realizes what he's done. Why he did it he didn't know."

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Graphic

SAMPLE OF SPENDING

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