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FOUR FORMER CITY WATER DEPARTMENT OFFICIALS, THREE TRUCKING FIRM OPERATORS INDICTED IN HIRED TRUCK CORRUPTION PROBE

CHICAGO – A former City of Chicago Water Department official and three subordinates accused of acting as his bagmen were indicted today, together with three trucking company operators, for allegedly engaging in racketeering, fraud and bribery that netted the city officials at least \$500,000 in cash, campaign contributions and gifts in return for providing preferential treatment to 10 trucking companies that participated in the city's Hired Truck Program over more than a decade. A federal grand jury returned a 12-count indictment against a total of seven defendants – two former city officials and a trucking firm operator who were arrested in October, and two additional former city officials and two other trucking firm operators who were charged for the first time in the indictment. The case marks the first grand jury indictment returned in the investigation that became public 11 months ago and now has charged a total of 14 defendants, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois.

The indictment alleges Hired Truck Program (HTP) corruption in the city's Water Department, now the Department of Water Management, from 1993 to September 2004. The defendants are **Donald Tomczak**, who retired in January 2004 as First Deputy Commissioner, and **Gerald Wesolowski**, who was Director of Finance and Administration and reported to Tomczak,

both of whom were charged previously, and new defendants and former Tomczak subordinates **Roger McMahon**, who retired in 1998 as the Director of Finance and Administration and later was a part-time consultant for the city and continued to take periodic direction from Tomczak, and **Flenory Barnes, Sr.**, who held various positions in the Water and Sewer departments before he retired as Deputy Sewer Commissioner in 2003. Also indicted were previous defendant **Joseph S. Ignoffo**, who operated Ignoffo Trucking Co., and new defendants **Leroy Peters** and his daughter, **Commelie Peters**, both of whom at different times operated LR&C Truck Line.

Tomczak, 69, of Crest Hill, and Wesolowski, 46, of Chicago, were charged together with one count each of racketeering conspiracy and bribery and two counts of obstruction of justice. In addition, Tomczak was charged with six counts of mail fraud and Wesolowski with two counts of mail fraud. McMahon, 77, of Chicago, and Barnes, 66, of Las Vegas and formerly of Chicago, and Ignoffo, 42, of Niles, were each charged with one count of mail fraud. Leroy Peters, 63, of Crete, and Commelie Peters, 37, of Chicago, were each charged with one count of mail fraud and one count of bribery, while Commelie Peters was also charged with one count of perjury.

Tomczak, Wesolowski and Ignoffo were each released on bond after they were arrested and charged separately in October. All seven defendants will be arraigned at a later date in U.S. District Court.

“This indictment combines every key element of bribe-paying – corrupt public officials who sold city benefits to fuel personal and political greed; corrupt city vendors who paid bribes to earn greater profit; and defendants who lied and obstructed the investigation to avoid being caught,” Mr. Fitzgerald said. “In operating the Water Department as a racketeering enterprise, Tomczak required

truck contractors to pay him cash bribes, to make campaign contributions to candidates he favored, and to amass a political army to work on behalf of those candidates.”

Mr. Fitzgerald announced the charges with Kenneth T. Laag, Acting Inspector-in-Charge of the U.S. Postal Inspection Service in Chicago; J.D. Nichols, Special Agent-in-Charge of the U.S. Department of Labor, Office of Inspector General in Chicago; Richard K. Ruminski, Acting Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; and Sybil Smith, Acting Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago. The investigation is continuing, they said.

The HTP allowed the city’s Water, Sewer, Transportation, and Streets and Sanitation departments to hire trucking services on an as-needed basis to supplement construction projects and daily operations. Hired trucks removed about 600,000 tons of excavated material and delivered about 400,000 tons of construction materials for the Water Department annually, while also delivering and removing about 300,000 tons of material for the CDOT’s street resurfacing program. According to the city, it spent close to \$38 million in 2003 on hired trucks involving approximately 172 different vendors citywide. From 1997 through 2003, the Water Department spent approximately \$8 million to \$11.7 million annually for hired truck services. From 1989 to late 2003, Tomczak, as first deputy commissioner, exercised ultimate authority as to selecting, assigning, hiring and laying off participating HTP trucking companies.

The racketeering conspiracy count against Tomczak and Wesolowski alleges that they conducted the affairs of the Water Department as a racketeering enterprise by engaging in a pattern of fraud, extortion, bribery and obstruction of justice between 1993 and 2004. Their purpose allegedly was to make official decisions relating to the HTP, provide cash payments and campaign

contributions, and to divert and use city resources – all for the personal and financial benefit of themselves and others, including certain city employees, certain trucking company operators, and other parties affiliated with Tomczak, including political campaigns.

The indictment seeks forfeiture of \$500,000 from Tomczak and Wesolowski as proceeds of the alleged racketeering conspiracy. All seven defendants are allegedly subject to forfeiture of at least \$500,000 if convicted of mail fraud, and the indictment also seeks forfeiture from Ignoffo and each of the Peters relating to their respective financial interests in their trucking companies.

According to the fraud scheme allegations, Tomczak, together with Wesolowski and McMahon working at Tomczak's direction, took official Water Department actions to benefit the financial interests of Ignoffo, each of the Peters, and the representatives of eight other trucking companies, including awarding HTP projects and providing ongoing business opportunities in selecting, hiring, assigning and laying off firms for HTP projects. At the same time, the trucking firm defendants and other participating HTP representatives provided cash, campaign contributions, and other benefits to Tomczak and other parties associated with him, Wesolowski and McMahon – both directly through Tomczak and indirectly through Wesolowski, McMahon and Barnes, acting essentially as his bagmen – to influence and reward Tomczak in performing official acts relating to HTP services.

During the 11-year span covered in the indictment, Tomczak and others allegedly obtained cash, campaign contributions and other things of value totaling more than \$500,000, including:

- ▶ cash and gifts for the benefit of Tomczak, Wesolowski and McMahon substantially and regularly exceeding \$50; and
- ▶ political contributions and other financial benefits provided by trucking company representatives at Tomczak's direction for the benefit of political campaigns with which he and other high-ranking government officials were associated, including Candidate A, Official B, Judicial Candidate C, Ward Organization D and Aldermanic Candidate E, among others.

The fraud scheme also alleges that Tomczak, through certain department employees including Wesolowski, Barnes and others, diverted and used city and department resources for the benefit of himself and certain political campaigns, including:

- ▶ awarding and promising the awarding of jobs and promotions in return for political work performed by department employees;
- ▶ conducting and coordinating political fund-raising solicitations of certain city and department vendors, including trucking companies, on behalf of certain political campaigns and organizations, including campaigns associated with Candidate A, Official B, Judicial Candidate C, Ward Organization D and Aldermanic Candidate E, among others;
- ▶ authorizing overtime to certain department employees as a reward for performing political work; and
- ▶ permitting city employees to conduct maintenance, repair and rent collection for apartment buildings owned by Tomczak, some of which was conducted on city time.

Tomczak allegedly designated certain department employees, including Wesolowski and Barnes, as coordinators for political activity that he orchestrated on behalf of certain campaigns and candidates. Through his coordinators, Tomczak assembled more than 100 department employees for certain political events on behalf of candidates for various city, county, state and federal offices. Their activities included such voter outreach efforts as passing petitions, operating phone banks, dropping literature door-to-door and providing election day assistance.

Tomczak and Wesolowski also allegedly obstructed justice in late September by tampering and attempting to tamper with a trucking company representative who was cooperating with the government. Between Sept. 27 and 29, aware that a federal grand jury was investigating the financial relationship between department trucking companies and city officials, Tomczak and Wesolowski allegedly directed and advised the cooperating witness to keep quiet, and federal investigators were not aware that the cooperating witness had provided envelopes to them.

The indictment also charges Commelie Peters with perjury for allegedly testifying falsely before a grand jury on Sept. 23, that she personally never gave cash or gifts of any kind to any city employees relating to the HTP, and no city employee ever asked for money for the employee's "personal" use (as opposed to solicitations for cash campaign contributions). In fact, Peters allegedly knew that on at least five occasions, she had provided periodic cash payments to Barnes with the understanding that the payments were for personal use of a city employee. She also understood that the payments permitted LR&C to keep and maintain HTP business opportunities in the department. She also allegedly knew that from the late 1990s through June 2003, Barnes came to the LR&C facility and picked up an envelope of cash, which she typically obtained from withdrawing funds from an LR&C business account.

The government is being represented by Assistant U.S. Attorneys Patrick Collins, Patrick McGovern, Manish Shah, Barry Miller and Julie Ruder.

If convicted, the charges in the indictment carry the following maximum penalties on each count: racketeering conspiracy – 20 years in prison and a \$250,000 fine; mail fraud – 20 years in prison and a \$250,000 fine; bribery – 10 years in prison and a \$250,000 fine; obstruction of justice and perjury – 5 years in prison and a \$250,000 fine. The Court, however, would determine the appropriate sentence to be imposed.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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