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**FORMER HIRED TRUCK DIRECTOR, TWO CDOT EMPLOYEES AND
TRUCKING FIRM OPERATOR INDICTED IN CITY CORRUPTION PROBE**

CHICAGO – The former director of the City of Chicago’s Hired Truck Program (HTP), two former Chicago Department of Transportation (CDOT) employees and the operator of a trucking company were indicted today for alleged corruption that netted the city officials at least \$200,000 in cash, campaign contributions and gifts in return for providing preferential treatment to 11 trucking companies that, together, received nearly \$12 million from the city’s private truck program between 2000 and 2003. A federal grand jury returned a 22-count indictment against the four defendants, all of whom were arrested separately last year as part of the ongoing public corruption investigation in which a total of 16 defendants have been charged, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois.

The indictment expands the charges that were first brought a year ago against **Angelo Torres**, who began working in the HTP office in 1997 and served as director from the beginning of 2000 to the end of 2003. It also alleges for the first time that Torres conspired and schemed with **John Boyle**, a CDOT engineer, Nick Lococo (now-deceased) and other HTP supervisors to solicit and accept cash, campaign contributions and gifts – totaling at least \$200,000 – to be influenced in decisions relating to admitting and assigning trucking companies and vehicles in the \$40 million

annual city program. Lococo died last month after he was arrested and charged in a criminal complaint in October. Also charged in the indictment were previous defendants **Jason Martin**, also a former CDOT engineer, and **Martin McDonagh**, who operated Elliott, Inc., trucking company and McDonagh Concrete, Inc.

Torres, 37, of Chicago, and Boyle, 44, of Chicago, were charged together with one count each of extortion conspiracy and mail fraud. In addition, Torres was charged with one additional count of mail fraud, one count of attempted extortion, three counts of bribery and three counts of filing false federal income tax returns. Boyle was also charged with six counts of bribery, two counts of obstruction of justice and three counts of filing false tax returns. Martin, 32, of Chicago, was charged with one count of bribery, and McDonagh, 37, of Naperville, was charged with one count of making false statements to FBI agents.

The indictment seeks forfeiture of at least \$200,000 from Torres and Boyle, representing the value of the cash payments, campaign contributions and gifts, as well as three properties in which Boyle had invested financially, located at 6935 North Wildwood and 2100 North Mason, both in Chicago, and 410 South Prospect, Park Ridge.

All four defendants were released on bond after they were arrested and charged previously. They will be arraigned at a later date in U.S. District Court.

“Corruption was pervasive in the city’s Hired Truck Program and today’s indictment alleges that the head of the program conspired with corrupt former transportation department employees to take bribes and fix entry into the program,” Mr. Fitzgerald said. “This investigation is moving rapidly and we are underlining again that corrupt truckers who lie to investigators or stonewall will

be charged. This indictment shows that more than a dozen trucking companies are fully cooperating in the investigation. We urge any truckers who haven't told us the truth to come in and do so now."

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 Christopher R. Pikelis, 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 delivered and removed about 300,000 tons of material annually for the CDOT's street resurfacing program.

The extortion conspiracy count alleges that between early 2002 and March 2004, Torres and Boyle conspired, together with Lococo and others, to illegally obtain money from Elliott and three other unnamed trucking companies. It alleges that Torres admitted Elliott and Companies 2, 3, and 13 to the HTP, and/or kept them in the program when they were otherwise ineligible for participation, in exchange for their payments to Torres, Boyle and/or third parties, including political campaigns and organizations that Torres and Boyle designated. Boyle and Lococo allegedly solicited and passed payments from Elliott and Companies 2, 3, and 13 to Torres to admit and/or keep those companies in the HTP. Torres, Boyle and/or Lococo then allegedly accepted and directed payments from the four companies, understanding that they were made to cause Torres to admit them and/or keep them in the HTP.

According to the fraud scheme allegations, beginning no later than 2000 through at least May 2004, Torres and Boyle, together with Martin, Lococo and others, deprived the city and its citizens of money, property and the honest services of Torres, Lococo and other HTP supervisors. Torres and other HTP supervisors performed and authorized official action – such as admitting trucking companies to the HTP when the list of authorized companies that Torres controlled was otherwise closed, assigning trucking companies to HTP work, and providing preferential treatment – for the benefit of 11 companies that paid them money, made contributions to campaigns and political organizations with which Torres and Boyle were associated, and provided construction services to relatives of Lococo and certain HTP supervisors.

The indictment describes the allegedly illegal payment arrangements between the defendants and the representatives of 11 trucking companies -- including McDonagh of Elliott trucking -- which together received nearly \$12 million in HTP work between 2000 and 2003. Some examples include the following:

- Torres solicited and received a \$400 “loan” from CW-1 in September 2001, in exchange for giving Company 1 enough work to make \$50,000. Torres continued to accept payments to benefit Company 1 until February 2003, without knowing that CW-1 began cooperating with the federal investigation on Sept. 30, 2002. After that date, Torres accepted three additional payments from CW-1 on Nov. 1, 2002, Dec. 19, 2002, and Feb. 28, 2003. (This allegation forms the basis of the initial charge against Torres last year.);
- in the summer of 1999, Boyle solicited CW-2 for a \$500 contribution to a political organization, in exchange for offering assistance in entering the HTP. After Company 2 had one truck added to the HTP in 2000, Boyle told CW-2 that he had to take care of his “guys.” A few days later, CW-2 paid Boyle about \$2,000. Boyle continued to solicit cash and loans from CW-2, who paid a total of more than \$100,000 to Boyle for the work of Company 2 in the HTP between 2000 and 2003. In December 2003, Boyle said CW-2 owed \$7,000 for the year to the guys for the work of Company 2, and CW-2 gave him a check for that amount. In October or November 2003, CW-2 gave Boyle an \$800 payment for Torres, which Boyle picked up from a coffee can in CW-2's garage;

- after CW-2 and CW-3 began cooperating with the investigation, Boyle told CW-2 in April 2004 that CW-3 owed him \$30,000 for the past two years, for both political fund-raising tickets and cash payments. Boyle agreed with CW-2 that CW-3 would pay him \$5,000 for adding an additional truck for Company 3. On May 12, 2004, more than three months after Torres was arrested, CW-3 provided CW-2 with a \$5,000 check from Company 3, with no named payee, which CW-2 then gave to Boyle as payment for Company 3's participation in the HTP. The \$5,000 check was cashed by Boyle, and a short time later, an additional truck was added;
- Jason Martin told CW-6 in 2000 that Company 6 could get into the HTP through Boyle. In their first meeting, Boyle solicited \$6,000 per truck per year from CW-6, who did not agree to pay the amount, but after being approved for the HTP, received only limited work in 2001. Martin arranged a second meeting between Boyle and CW-6 in early 2002. Boyle agreed to help Company 6 get HTP work and instructed CW-6 to make two \$1,250 contributions to Ward Organization A. Boyle also told CW-6 that he would charge \$6,000 for each truck added to the program. After work was assigned later in 2002, Boyle demanded payments. CW-6 first paid Boyle \$5,000 in cash in an envelope and gave it to him at a city facility, and then paid him periodically through early 2004, totaling approximately \$57,000. During their dealings, Boyle told CW-6 that he wanted money to take care of other "guys," and specifically mentioned Lococo. In exchange for introducing CW-6 to Boyle, CW-6 agreed to give Martin a one-half ownership interest in the second truck of Company 6 that would be working for the city. CW-6 made periodic payments to Martin totaling approximately \$15,000 between 2002 and 2004;
- in early 2003, McDonagh submitted paperwork for Elliott to join the HTP to Torres at Boyle's suggestion. After Torres rejected Elliott because the HTP was formally closed to new companies, Boyle instructed McDonagh to meet Lococo at a restaurant, and to bring money and the paperwork, and after doing so, Elliott was accepted in the HTP and McDonagh's trucks began receiving HTP work. After Elliott began working for the city, Boyle solicited McDonagh for loans and cash, which he provided to Boyle. In late 2003, Boyle solicited McDonagh to make political contributions, which McDonagh paid at Boyle's request;
- Torres solicited CW-10 for political contributions in 2001 and 2002 for State Senator A, and CW-10 made the contributions; and
- in late 2002 or early 2003, CW-13 met with Boyle and others about getting into the HTP. Boyle said that he/she could get trucks added to the program for \$30,000, along with additional payments. CW-13 paid Boyle at least \$28,000 and formed Company 13. Company 13 then had trucks added to the HTP, despite the fact that the program was closed.

The obstruction of justice charges against Boyle allege that in March 2004, after Boyle became aware of the federal grand jury investigation, he met with CW-2 and directed CW-2 to shred his/her “black books” of notes about construction jobs CW-2 had worked for certain HTP supervisors.

The tax counts allege that Torres and Boyle each filed false individual income tax returns for three consecutive years – from 2001-2003 for Torres and from 2000-2002 for Boyle – that underreported their total income, each knowing that they had received and failed to report additional gross income from payments by representatives of trucking companies during those years.

Finally, the indictment charges McDonagh alone with making false statements to FBI agents on July 27, 2004, when he told them that neither he nor any of his companies gave checks to Boyle, when he knew that he and his company, McDonagh Concrete, had given at least two checks to Boyle.

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

If convicted, the charges in the indictment carry the following maximum penalties on each count: extortion conspiracy and extortion – 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 – 10 years in prison and a \$250,000 fine; making false statements – 5 years in prison and a \$250,000 fine; and filing false tax returns – 3 years in prison and a \$250,000 fine. In addition, defendants convicted of tax offenses must pay the costs of prosecution and remain civilly liable for any interest, penalties and taxes owed. 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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