

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)
)
) No. 01 CR 112
 v.) Violations: Title 18, United States
) Code, Sections 1033, 1341 , 1343,
) 1346, 1962(c), 1963 and 2
) **Superseding Indictment**
MICHAEL SEGAL)

COUNT ONE

The SPECIAL JULY 2000-1 GRAND JURY Charges :

1. At times material to this indictment:

a. Defendant MICHAEL SEGAL (“Segal”) was the President and Chief Operating Officer of Near North Insurance Brokerage, Inc. (“NNIB”) and controlled NNIB through his ownership of its parent corporation, Near North National Group, Inc. (“NNNG”). Defendant MICHAEL SEGAL was also an annual licensee of the State of Illinois authorized to do business as an Insurance Producer and was the person registered with the State of Illinois Department of Insurance as the firm member responsible for NNIB’s compliance with the insurance laws, rules and regulations of the State of Illinois.

b. NNIB was a licensee of the State of Illinois and annually registered with the State of Illinois Department of Insurance as a firm authorized to do business as an insurance agency and brokerage firm as required by the laws and rules of the State of Illinois to do insurance related business in Illinois. NNIB’s main office was located in the John Hancock Building, 875 North Michigan Avenue, Chicago, Illinois.

c. NNIB was operated in association with a group of other entities owned, operated,

and controlled in whole or in part, directly and indirectly by defendant MICHAEL SEGAL or otherwise affiliated with NNIB through agreements and business practices. The group of entities so associated were referred to as the Near North National Group Inc. (“NNNG”). NNNG comprised various affiliated, subsidiary and otherwise related legal entities, including corporations, partnerships, and limited liability companies which had offices in a variety of states, and which otherwise did insurance and insurance related and other business in Illinois, California, Florida, Nevada, New York, Texas, Virginia, Washington, D.C., as well as other states and Europe. Among the subsidiaries and affiliates of NNNG and NNIB were, among others, Kaercher Insurance Agency Inc. and Near North of Nevada, Inc. which together did business as Kaercher-Near North Insurance Agency based in Nevada; Fine Arts Risk Management, Inc.; International Film Guarantors, Inc. and North Sun, Inc. based in California; THB Intermediaries, Inc. based in Chicago; Settlement Planning Associates, LLC, based in Illinois; Near North National Title Corporation based in Illinois; Near North National Exchange Company based in Illinois; Prime Source Financial Corporation, Inc. based in Illinois; Certificate Management Solutions LLC based in Illinois; Envision Technology Solutions, LLC based in Illinois; Envision Enterprises LLC based in Utah; Near North Risk Technologies, Inc. based in Illinois; DMI Brokerage LLC (“DMI”) based in Illinois; National Professional Group Risk Management Services, Inc. (“NPG”) based in Illinois; Alternative Marketing Technology Group, Inc. (“AMPT”) based in Illinois; Home Warranty of America, LLC; Near North Entertainment Insurance Services LLC based in California; Near North Insurance Brokerage of California, Inc.; Settlement Planning Associates LLC based in Illinois; Fire Safety Testing, Inc. based in Illinois; and Sentry Fire Protection Systems Company, Inc. based in Illinois.

NNIB served variously as an agent and broker for hundreds of insurance companies (the

“Carriers”), many of which were headquartered in states outside of Illinois, providing property, casualty, fire, life, and accident and health insurance, worker’s compensation and specialty insurance products and related services to individuals and commercial entities of various kinds seeking insurance coverage and other related services from those Carriers, NNIB and NNNG and its constituent entities. NNIB sometimes was authorized to act as an agent for various Carriers in the sale of insurance products. NNIB also provided brokerage services to customers seeking insurance coverage and services and Carriers interested in selling such coverage and services. NNIB and NNNG and their affiliated and subsidiary entities operated in, and their business activities affected, both interstate and foreign commerce.

d. Various insurance companies doing business with and through NNIB were licensed and registered to conduct insurance related business in a number of states and were in the business of selling various types of insurance products and services related to providing insurance coverage against a variety of risks of loss, including losses of property, life, health, and other adverse events to customers who paid for such coverage.

e. The customers and clients of NNIB paid for the insurance coverage with payments customarily called premiums in the insurance business. NNIB business relationships sometimes involved it in collecting premiums from the Customers for payment to Carriers of the agreed-upon premiums. Such collection activity often involved NNIB in collecting such payments, disbursing premiums collected to the Carriers in payment for the insurance coverage and other related services provided, maintaining accounts for the safekeeping of such funds, and keeping records reflecting the receipt and disbursement of payments made by its customers while accounting for any service fees or brokerage commissions due to NNIB as a result of the brokerage and other

services provided by NNIB, including fees, commissions, and other funds earned by or owing to NNIB pursuant to the agreements and contract (“Brokerage Agreement”) between the Carriers and NNIB.

f. Pursuant to Illinois law, as codified in the Illinois Administrative Code (“the Code”), effective January 1, 1985, all licensed insurance brokers were required to maintain a premium fund trust account (“PFTA”) which was a special fiduciary account required by Illinois law to be established and maintained by a licensee in which essentially all premiums collected by a broker or general agent in connection with the sale of insurance were to be deposited. 50 Ill. Adm. Code 3113.40(a). For the protection of all parties interested in the insurance coverage provided in return for the payment and promise to pay premiums, the flow of funds into and out of a PFTA were to be carefully accounted for. If such a PFTA was operated properly, the balance of funds maintained in a PFTA should essentially equal the amount of premium and non-premium funds deposited into the account minus lawful withdrawals. Additionally, the Code also stated that the PFTA was not to be used as a general operating account or claim payment account. 50 Ill. Adm. Code 3113.40(i).

g. Pursuant to the Code, there were five specific types of withdrawals of funds which were permitted from the PFTA. These permissible withdrawals were:

- (1) Net or gross premium remittances due other licensees or insurers. Claims payments or reinsurance premium when offset at the direction of the insurer could be transferred to another account;
- (2) Return premiums due insureds;
- (3) Commissions due the licensee, net of any financial institution fees or service charges, or commissions due another licensee only when the commission withdrawal is matched and identified with premiums previously deposited into the PFTA;

(4) Non-premium monies when matched and identified with prior non-premium PFTA deposits;

(5) Interest or other revenue which the licensee is authorized to retain.

50 Ill. Adm. Code 3113.40(h).

h. The Code further stated (effective January 19, 1990) that firms with PFTA's were required to maintain books and records which reflected all insurance transactions, specifically with regard to premiums and other monies received and deposited into the PFTA and lawfully withdrawn from the PFTA. Failure to maintain the minimum books and records was deemed evidence of untrustworthiness, incompetence, and financial irresponsibility. 50 Ill. Adm. Code 3113.50. Untrustworthiness, incompetence, and financial irresponsibility by a licensee could result in adverse action to be taken by the State of Illinois and its insurance regulators against a licensee and could adversely affect the business success of the licensee.

i. The Code further required that the licensee maintain books and records which reflected all insurance transactions, specifically in regard to premiums, and other monies received and deposited in to the PFTA and lawfully withdrawn from the PFTA. 50 Ill. Adm. Code 3113.50(a). These records were required to include a cash receipts register ("Cash Receipts Register") of all monies received, the date all monies were received and deposited, the amounts received, the name of the insured, the licensee or insurer making the payment, and the policy number or other description of the receipt. 50 Ill. Adm. Code 3113.50(d)(1-4).

j. The Code further required that the licensee maintain a cash disbursement register ("Cash Disbursement Register") which collectively with the Cash Receipts Register, was to constitute a journal ("the Journal") of all disbursements from the PFTA recording the date the

monies were disbursed or endorsed, the check number, the amount disbursed, the name of the insurer, the licensee, or insured, and the policy number or other description of the disbursement. 50 Ill. Adm. Code 3113.50(e)(1-8).

k. The Code further required that all PFTA Journal entries be supported by “evidential matter” (“Supporting Documentation”) which were required to be referenced in the journal entry and maintained by the licensee. 50 Ill. Adm. Code 3113.50(f).

l. The Code further required that Licensees prepare and maintain monthly financial institution account reconciliations (“Account Reconciliations”) of the PFTA. 50 Ill. Adm. Code 3113.50(g).

m. The Code further required that all books and records for a calendar or fiscal year, including Account Reconciliations, be maintained for at least seven years thereafter. 50 Ill. Adm. Code 3113.50(c).

n. The Code further required that Licensees maintain positive running balances in the PFTA. The positive balance was required to be reflected in the check stubs or Journal after each deposit or disbursement entry. 50 Ill. Adm. Code 3113.50(h).

o. Pursuant to Illinois law contained in the Illinois Compiled Statutes (“ILCS”), a credit balance on a customer’s account was not permitted to be retained for more than 15 days. 215 ILCS 513a11(e). After that fifteen day period, the credit balance was required to be returned to the customer or applied to the customer’s outstanding account balance unless the customer consented in writing to another use of the credit.

p. The State of Illinois Department of Insurance (“IDOI”) was a state agency charged with the responsibility of regulating those persons and firms doing insurance business in the State

of Illinois. The IDOI was authorized to take various steps against persons and firms who violated the Code, including the suspension, revocation or refusal of licenses pursuant to its statutory powers, including 215 ILCS 5/508.1

2. From a time unknown, but beginning at least as early as 1990 and continuing through at least part of the year 2002, in Chicago, and elsewhere within and outside of the Northern District of Illinois, defendant MICHAEL SEGAL, did devise, intend to devise, and participate in a scheme and artifice to defraud, and to obtain and cause to be obtained the use and benefit of money, funds, credits and other things of value that he was not entitled to withdraw, use or direct the use of, from a Premium Fund Trust Account required to be established and honestly and faithfully maintained and accounted for by defendant MICHAEL SEGAL and NNIB for the benefit of customers of NNIB, Insurance Carriers and others by means of materially false and fraudulent pretenses, representations and promises, and material omissions by creating the false appearance that premiums paid by customers to NNIB for insurance would be held in trust, properly accounted for and timely transmitted to the appropriate Carriers in payment for the insurance they provided (less any proper deductions such as commissions earned by NNIB) and that credits due customers would be held in trust, properly accounted for and appropriately and timely refunded to customers and otherwise properly treated and accounted customers of NNIB, and to deprive various Carriers, customers of NNIB, and others, of his duty to provide honest services in the operation of NNIB and the maintenance of NNIB's Premium Fund Trust Account (hereinafter referred to as "the scheme") in order to benefit himself and others, including members of his family, business entities that he owned and or controlled in whole and in part (including NNIB, NNNG and their subsidiaries and affiliates) and others.

3. It was a part of the scheme that defendant MICHAEL SEGAL misused and caused to be misused and misappropriated moneys, funds, premiums, credits and other property from NNIB's PFTA. Specifically, defendant MICHAEL SEGAL caused funds to be withdrawn and disbursed from the PFTA to NNIB and a variety of other persons and entities for uses and purposes not authorized by law or the intended beneficiaries of the PFTA trust account system, in excess of the sum of commissions and other funds that were due to or could be lawfully withdrawn by NNIB from the PFTA, such that over a period of many years and during the course of the scheme to defraud, defendant MICHAEL SEGAL misused and caused the misuse, misappropriation and unlawful and wrongful withdrawal from the PFTA of over \$20,000,000 and caused the PFTA to run deficits ranging from approximately \$5,000,000 in 1990 to approximately \$24,000,000 in 2001.

4. It was further part of the scheme that at defendant MICHAEL SEGAL's direction, NNIB used wrongfully withdrawn funds for a variety of improper and unauthorized purposes, including to pay: his salaries and expenses (both business and personal) and the salaries and expenses (both business and personal) of others; expenses of business acquisition and expansion; and general operating funds for NNIB and others.

5. It was further part of the scheme that, in order to conceal his improper use and withdrawal of PFTA funds and to continue his scheme from year to year unhampered by the requirements and of the law and the review of governmental and regulatory authorities, including law enforcement and the State of Illinois Department of Insurance, defendant MICHAEL SEGAL knowingly and with intent to deceive, made and caused NNIB to make false, material statements to the IDOI for the purpose of influencing the actions of the IDOI, in that defendant MICHAEL SEGAL falsely stated and caused NNIB to falsely state to the IDOI that NNIB operated the PFTA pursuant to the Code,

when in truth the PFTA was almost never operated pursuant to the requirements of law, and defendant MICHAEL SEGAL knew and intended that NNIB's PFTA had always been and would always be millions of dollars short. Specifically, defendant MICHAEL SEGAL submitted and caused NNIB to submit a series of yearly applications to the IDOI for his own insurance producer's license and NNIB's firm registration, which were misleading and intended to lull the State of Illinois Department of Insurance into a false sense that defendant MICHAEL SEGAL and NNIB were operating properly according to the Code and the law, to avoid any significant assignment of the State of Illinois Department of Insurance's limited audit and regulatory resources to the inspection of defendant MICHAEL SEGAL's and NNIB's business conduct, and to avoid any penalty, sanction or other adverse regulatory or law enforcement action relating to defendant MICHAEL SEGAL's and NNIB's business conduct. In such series of recurring applications to the IDOI for his own insurance producer's license and in filing a recurring series of NNIB's firm registration, defendant MICHAEL SEGAL variously falsely stated and omitted to state material facts relating to his and NNIB's ongoing, repeated and continuous failures to properly maintain all premiums required by law to be maintained in a PFTA according to the Code, when in truth, defendant MICHAEL SEGAL knew and believed that NNIB's PFTA was not operated properly and according to the requirements of the law and the Code, that the PFTA had been and would be operated at a substantial deficit and that he and NNIB had been, were, and would continue to use PFTA trust funds for purposes not permitted by law or according to the Code for as long as he wished or until the risk of detection or the actual detection of his and NNIB's misconduct became too great to continue.

6. It was further a part of the scheme that defendant MICHAEL SEGAL caused and directed NNIB and others to mislead, misrepresent, and attempt to conceal from its customers, Carriers and

others regarding the existence of credits and refunds due and owing to customers of NNIB; the use of customer credits without the knowledge or permission of the customer; the unlawful and purposeful failure to timely refund various credits due customers, and to take advantage of mistakes and the inattention of both individual and business customers who sometimes failed to keep careful track of their overpayments or otherwise lacked timely and complete knowledge of refunds due them because of policy or coverage changes and for other reasons.

7. It was further a part of the scheme that defendant MICHAEL SEGAL caused NNIB to mail misleading and inaccurate statements to Customers to create the false appearance that the accounting procedures of NNIB were being conducted expertly, accurately and in good faith and thus ensure that credits and refunds due a customer would not be revealed to the customer or otherwise put the customer on notice that a refund was due in order to avoid prompting the customer to request the refund or other use of the credit.

8. It was further a part of the scheme that as credits reflected on the books of NNIB as due and owing to customers aged, defendant MICHAEL SEGAL instructed and caused others to instruct accounting personnel to write off credits due the customers on the books of NNIB, effectively taking and attempting to conceal property owed to others in order to make such property available for the use and benefit of defendant MICHAEL SEGAL, NNIB and others.

9. It was further a part of the scheme that defendant MICHAEL SEGAL established and engaged in a practice of giving certain individual and business customers discounts and rebates on insurance premiums even though he knew that the discounts and rebates were being financed in part by withdrawals from the PFTA while it had a deficit balance. Defendant MICHAEL SEGAL caused to be maintained from time to time records of a so-called VIP List of customers to whom he would

give discounts or rebates.

10. It was further a part of the scheme that defendant MICHAEL SEGAL directed NNIB employees to contribute to political campaign funds with the understanding that he would then reimburse these employees from company funds and to otherwise provide financial benefits to certain elected officials in the form of loans, gifts, rebates and discounts made possible in part by defendant MICHAEL SEGAL'S improper withdrawal and use of funds from the PFTA while it was in deficit.

11. It was further a part of the scheme that to further the objects of the scheme, continue the scheme without detection by law enforcement, regulatory authorities, customers, Carriers, and others, defendant MICHAEL SEGAL would misrepresent, conceal, and hide, and caused to be misrepresented, concealed and hidden the existence of the scheme, as well as conduct and acts committed during and in furtherance of the scheme.

12. In or about December, 1997, at Chicago, in the Northern District of Illinois, Eastern Division,

MICHAEL SEGAL,

defendant herein, for the purpose of executing the aforesaid scheme and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Department of Insurance Renewal Application for Insurance Producer License for the period February 1, 1998 to February 1, 1999 addressed to 1040 N. Lake Shore Dr. #32A, Chicago, Illinois 60611;

In violation of Title 18, United States Code, Section 1341, 1346, and 2.

COUNT TWO

The SPECIAL JULY 2000-1 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are realleged and incorporated herein.
2. In or about December, 1998, at Chicago, in the Northern District of Illinois, Eastern Division,

MICHAEL SEGAL,

defendant herein, for the purpose of executing the aforesaid scheme and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Resident Renewal Application for Insurance Producer License for the period February 1, 1999 to February 1, 2000 addressed to 1040 N. Lake Shore Dr. #32A, Chicago, Illinois 60611;

In violation of Title 18, United States Code, Section 1341 and 2.

COUNT THREE

The SPECIAL JULY 2000-1 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are realleged and incorporated herein.
2. In or about December, 1999, at Chicago, in the Northern District of Illinois, Eastern Division,

MICHAEL SEGAL,

defendant herein, for the purpose of executing the aforesaid scheme and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Resident Renewal Application for Insurance Producer License for the period February 1, 2000 to February 1, 2001 addressed to 1040 N. Lake Shore Dr. #32A, Chicago, Illinois 60611;

In violation of Title 18, United States Code, Section 1341 and 2.

COUNT FOUR

The SPECIAL JULY 2000-1 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are realleged and incorporated herein.
2. In or about December, 2000, at Chicago, in the Northern District of Illinois, Eastern Division,

MICHAEL SEGAL,

defendant herein, for the purpose of executing the aforesaid scheme and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Resident Renewal Application for Insurance Producer License for the period February 1, 2001 to February 1, 2003 addressed to 1040 N. Lake Shore Dr. #32A, Chicago, Illinois 60611;

In violation of Title 18, United States Code, Section 1341 and 2.

COUNT FIVE

The SPECIAL JULY 2000-1 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are realleged and incorporated herein.

2. In or about April, 1998, at Chicago, in the Northern District of Illinois, Eastern Division,

MICHAEL SEGAL,

defendant herein, for the purpose of executing the aforesaid scheme and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a Registered Firm Renewal Application from the State of Illinois Department of Insurance, for the period June 25, 1998 to June 25, 1999 addressed to Near North Insurance Brokerage Inc., 875 North Michigan Avenue, Suite 1900, Chicago, Il. 60611;

In violation of Title 18, United States Code, Section 1341 and 2.

COUNT SIX

The SPECIAL JULY 2000-1 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are realleged and incorporated herein.

2. In or about April, 1999, at Chicago, in the Northern District of Illinois, Eastern Division,

MICHAEL SEGAL,

defendant herein, for the purpose of executing the aforesaid scheme and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a Registered Firm Renewal Application from the State of Illinois Department of Insurance, for the period June 25, 1999 to June 25, 2000 addressed to Near North Insurance Brokerage Inc., 875 North Michigan Avenue, Suite 1900, Chicago, Il. 60611;

In violation of Title 18, United States Code, Section 1341 and 2.

COUNT SEVEN

The SPECIAL JULY 2000-1 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are realleged and incorporated herein.

2. In or about April, 2000, at Chicago, in the Northern District of Illinois, Eastern Division,

MICHAEL SEGAL,

defendant herein, for the purpose of executing the aforesaid scheme and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a Registered Firm Renewal Application from the State of Illinois Department of Insurance, for the period June 25, 2000 to June 25, 2002 addressed to Near North Insurance Brokerage Inc., 875 North Michigan Avenue, Suite 1900, Chicago, Il. 60611;

In violation of Title 18, United States Code, Section 1341 and 2.

COUNT EIGHT

The SPECIAL JULY 2000-1 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are realleged and incorporated herein.
2. On or about June 4, 1999, at Chicago, in the Northern District of Illinois, Eastern Division,

MICHAEL SEGAL,

defendant herein, for the purpose of executing the aforesaid scheme, did knowingly cause to be transmitted by means of wire and radio communication in interstate commerce writings, signs, signals, pictures and sounds, namely a wire transfer worth \$500,000 from Chicago, Illinois to Nevada;

In violation of Title 18, United States Code, Section 1343 and 2.

COUNT NINE

The SPECIAL JULY 2000-1 GRAND JURY further charges:

The Near North National Insurance Enterprise

1. At various times material to this Count of the Indictment, defendant MICHAEL SEGAL was employed by and associated with an enterprise, hereinafter referred to as the Near North National Insurance Enterprise, comprising Near North National Group, Inc. (“NNNG”), Near North Insurance Brokerage, Inc (“NNIB”), and their related affiliates and subsidiaries, including those entities identified in Count One, paragraph 1(b) of this Indictment. The Near North National Insurance Enterprise was an enterprise consisting of legal entities associated in fact, as defined by Title 18, United States Code, Section 1961(4). The Near North National Insurance Enterprise constituted an ongoing organization whose members, associates, partners, employees and agents functioned as a continuing unit for a common purpose of achieving the objectives of the enterprise. This enterprise was engaged in interstate and foreign commerce, and the activities of the enterprise affected interstate and foreign commerce.

The Purposes of the Near North National Insurance Enterprise

2. The purposes of the enterprise included the following:
- a. Enriching defendant MICHAEL SEGAL and the members, associates, partners, employees and agents of the enterprise through, among other things, mail fraud and wire fraud.
 - b. Preserving and protecting the power, territory, and wealth of defendant MICHAEL SEGAL and the enterprise, and promoting and enhancing the size and strength of the enterprise.

Role of the Defendant MICHAEL SEGAL

3. The principal leader, organizer and manager of the enterprise was defendant MICHAEL

SEGAL, who participated in the operation and management of the enterprise, by being the principal decision maker for the enterprise and by directing other members, associates, partners, employees, and agents of the enterprise to do acts that assisted him in carrying out his unlawful and other activities in furtherance of the conduct of the enterprise's affairs. In conducting and participating in the affairs of the enterprise, it was defendant MICHAEL SEGAL'S objective to engage in an ongoing and continuous fraud scheme in which (1) funds in trust not due and owing to NNIB were unlawfully withdrawn from the PFTA and disbursed to pay for the expenses of the enterprise, business acquisition, expansion, and investment, political contributions, even though defendant MICHAEL SEGAL knew and believed that the trust fund was consistently millions of dollars short and in deficit in amounts ranging from approximately \$5,000,000 as of year end 1990 to approximately \$24,000,000 by 2001; and (2) to keep funds that should have been promptly refunded to customers and paid over to carriers for his own and his enterprise's use and benefit.

Means and Methods of the Enterprise

4. Among the means and methods by which the defendant MICHAEL SEGAL and his associates conducted and participated in the conduct of the affairs of the enterprise were the following:

a. The allegations of Paragraphs 1 through 11 of Count One of this indictment are realleged herein and incorporated herein by this reference.

b. Defendant MICHAEL SEGAL and members of the enterprise used his economic strength and resources and the financial resources available to him through his ownership and control of the enterprise and his continuous misuse of trust funds to instill in others the fear of retaliation and retribution by defendant MICHAEL SEGAL, to cause others to be obedient to

defendant MICHAEL SEGAL, and to deter others from exposing the unlawful and unethical activities of defendant MICHAEL SEGAL. The methods and means to do this included the use of substantial economic resources to threaten to and to conduct expensive retaliatory litigation against those who would oppose his will, question his decisions, or expose his unlawful and unethical conduct.

The Racketeering Violation

5. From a time unknown, but at least as early as in or about 1990 and continuing through in or about 2002, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL SEGAL,

defendant herein, together with others known and unknown, being persons employed by and associated with the Near North National Insurance Enterprise, an enterprise engaged in, and the activities of which affected interstate and foreign commerce, did conduct and participate, directly and indirectly in the conduct of the affairs of the Near North National Insurance Enterprise through a pattern of racketeering activity set forth below:

The Pattern of Racketeering Activity

6. The pattern of racketeering activity, as defined in Title 18, United States Code, Section 1961(1) and 1961(5), consisted of the following acts:

Racketeering Act One (Mail Fraud)

7. For the period February 1, 1995 to February 1, 1996, defendant MICHAEL SEGAL committed the following acts, any one of which alone constitutes Racketeering Act One.

a. In or about December 1994, at Chicago, in the Northern District of Illinois,

Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Department of Insurance Renewal Application for Insurance Producer License for the period February 1, 1995 to February 1, 1996 addressed to 1040 N. Lake Shore Dr. #32A, Chicago, Illinois 60611, in violation of Title 18, United States Code, Section 1341 and 2.

b. In or about January, 1995, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail to the State of Illinois Department of Insurance according to the direction thereon, a completed State of Illinois Department of Insurance Renewal Application for Insurance Producer License for the period February 1, 1995 to February 1, 1996, in violation of Title 18, United States Code, Section 1341 and 2.

c. In or about February 1995, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, an Insurance Producer License for the period February 1, 1995 to February 1, 1996, in violation of Title 18, United States Code, Section 1341 and 2.

Racketeering Act Two (Mail Fraud)

8. For the period March 1, 1995 to March 1, 1996, defendant MICHAEL SEGAL committed the following acts, either one of which alone constitutes Racketeering Act Two.

a. In or about January 1995, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Department of Insurance Renewal Application to Extend Firm Registration for the period March 1, 1995 to March 1, 1996 addressed to Near North Ins Agency, Inc. 875 N. Michigan Ave. 23rd Floor, Suite 1900, Chicago, Illinois 60611, in violation of Title 18, United States Code, Section 1341 and 2.

b. In or about the first quarter of 1996, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail to the State of Illinois Department of Insurance according to the direction thereon, a completed State of Illinois Department of Insurance Renewal Application to Extend Firm Registration for the Period March 1, 1995 to March 1, 1996, in violation of Title 18, United States Code, Section 1341 and 2.

Racketeering Act Three (Mail Fraud)

9. For the period February 1, 1996 to February 1, 1997, defendant MICHAEL SEGAL committed the following acts, any one of which alone constitutes Racketeering Act Three.

a. In or about December 1995, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Department of Insurance Renewal Application for Insurance Producer License for the period

February 1, 1996 to February 1, 1997 addressed to 1040 N. Lake Shore Dr. #32A, Chicago, Illinois 60611, in violation of Title 18, United States Code, Section 1341 and 2.

b. In or about December 1995, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail to the State of Illinois Department of Insurance according to the direction thereon, a completed State of Illinois Department of Insurance Renewal Application for Insurance Producer License for the period February 1, 1996 to February 1, 1997, in violation of Title 18, United States Code, Section 1341 and 2.

c. In or about January 1996, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, an Insurance Producer License for the period February 1, 1996 to February 1, 1997, in violation of Title 18, United States Code, Section 1341 and 2.

Racketeering Act Four (Mail Fraud)

10. For the period March 1, 1996 to March 1, 1997, defendant MICHAEL SEGAL committed the following acts, either one of which alone constitutes Racketeering Act Four.

a. In or about January 1996, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Department of

Insurance Registered Firm Renewal Application for the period March 1, 1996 to March 1, 1997 addressed to Near North Ins Agency Inc. 875 N. Michigan Ave., 23rd Floor Suite 1900, Chicago, Illinois 60611, in violation of Title 18, United States Code, Section 1341 and 2.

b. In or about the first quarter of 1996, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail to the State of Illinois Department of Insurance according to the direction thereon, a completed State of Illinois Department of Insurance Registered Firm Renewal Application for the Period March 1, 1996 to March 1, 1997, in violation of Title 18, United States Code, Section 1341 and 2.

Racketeering Act Five (Mail Fraud)

11. For the period February 1, 1997 to February 1, 1998, defendant MICHAEL SEGAL committed the following acts, any one of which alone constitutes Racketeering Act Five.

a. In or about December 1996, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Department of Insurance Renewal Application for Insurance Producer License for the period February 1, 1997 to February 1, 1998 addressed to 1040 N. Lake Shore Dr. #32A, Chicago, Illinois 60611, in violation of Title 18, United States Code, Section 1341 and 2.

b. In or about December, 1996, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme

described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail to the State of Illinois Department of Insurance according to the direction thereon, a completed State of Illinois Department of Insurance Renewal Application for Insurance Producer License for the period February 1, 1997 to February 1, 1998, in violation of Title 18, United States Code, Section 1341 and 2.

c. In or about January 1997, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, an Insurance Producer License for the period February 1, 1997 to February 1, 1998, in violation of Title 18, United States Code, Section 1341 and 2.

Racketeering Act Six (Mail Fraud)

12. For the period February 1, 1998 to February 1, 1999, defendant MICHAEL SEGAL committed the following acts, any one of which alone constitutes Racketeering Act Six.

a. In or about December 1997, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Department of Insurance Renewal Application for Insurance Producer License for the period February 1, 1998 to February 1, 1999 addressed to 1040 N. Lake Shore Dr. #32A, Chicago, Illinois 60611, in violation of Title 18, United States Code, Section 1341 and 2.

b. In or about December 1997, at Chicago, in the Northern District of Illinois,

Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail to the State of Illinois Department of Insurance according to the direction thereon, a completed State of Illinois Department of Insurance Renewal Application for Insurance Producer License for the period February 1, 1998 to February 1, 1999, in violation of Title 18, United States Code, Section 1341 and 2.

c. In or about January 1998, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, an Insurance Producer License for the period February 1, 1998 to February 1, 1999, in violation of Title 18, United States Code, Section 1341 and 2.

Racketeering Act Seven (Mail Fraud)

13. For the period June 25, 1998 to June 25, 1999, defendant MICHAEL SEGAL committed the following acts, either one of which alone constitutes Racketeering Act Seven.

a. In or about April 1998, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Department of Insurance Registered Firm Renewal Application for the period June 25, 1998 to June 25, 1999 addressed to Near North Insurance Brokerage, Inc. 875 N. Michigan Ave., Suite 1900, Chicago, Illinois 60611, in violation of Title 18, United States Code, Section 1341 and 2.

b. In or about the April 1998, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail to the State of Illinois Department of Insurance according to the direction thereon, a completed State of Illinois Department Registered Firm Renewal Application for the Period June 25, 1998 to June 25, 1999, in violation of Title 18, United States Code, Section 1341 and 2.

Racketeering Act Eight (Mail Fraud)

14. For the period February 1, 1999 to February 1, 2000, defendant MICHAEL SEGAL committed the following acts, any one of which alone constitutes Racketeering Act Eight.

a. In or about December 1999, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Department of Insurance Renewal Application for Insurance Producer License for the period February 1, 1999 to February 1, 2000 addressed to 1040 N. Lake Shore Dr. #32A, Chicago, Illinois 60611, in violation of Title 18, United States Code, Section 1341 and 2.

b. In or about January 1999, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail to the State of Illinois Department of Insurance according to the direction thereon, a completed State of Illinois Department of Insurance Renewal Application for

Insurance Producer License for the period February 1, 1999 to February 1, 2000, in violation of Title 18, United States Code, Section 1341 and 2.

c. In or about January 1999, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, an Insurance Producer License for the period February 1, 1999 to February 1, 2000, in violation of Title 18, United States Code, Section 1341 and 2.

Racketeering Act Nine (Mail Fraud)

15. For the period June 25, 1999 to June 25, 2000, defendant MICHAEL SEGAL committed the following acts, either one of which alone constitutes Racketeering Act Nine.

a. In or about April 1999, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Department of Insurance Registered Firm Renewal Application for the period June 25, 1999 to June 25, 2000 addressed to Near North Insurance Brokerage, Inc. 875 N. Michigan Ave., Suite 1900, Chicago, Illinois 60611, in violation of Title 18, United States Code, Section 1341 and 2.

b. In or about the April 1999, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail to the State of Illinois Department of Insurance according to the

direction thereon, a completed State of Illinois Department Registered Firm Renewal Application for the Period June 25, 1999 to June 25, 2000, in violation of Title 18, United States Code, Section 1341 and 2.

Racketeering Act Ten (Mail Fraud)

16. For the period February 1, 2000 to February 1, 2001, defendant MICHAEL SEGAL committed the following acts, any one of which alone constitutes Racketeering Act Ten.

a. In or about December 1999, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Department of Insurance Renewal Application for Insurance Producer License for the period February 1, 2000 to February 1, 2001 addressed to 1040 N. Lake Shore Dr. #32A, Chicago, Illinois 60611, in violation of Title 18, United States Code, Section 1341 and 2.

b. In or about December 1999, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail to the State of Illinois Department of Insurance according to the direction thereon, a completed State of Illinois Department of Insurance Renewal Application for Insurance Producer License for the period February 1, 2000 to February 1, 2001, in violation of Title 18, United States Code, Section 1341 and 2.

c. In or about January 2000, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described

in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, an Insurance Producer License for the period February 1, 2000 to February 1, 2001, in violation of Title 18, United States Code, Section 1341 and 2.

Racketeering Act Eleven (Mail Fraud)

17. For the period June 25, 2000 to June 25, 2002, defendant MICHAEL SEGAL committed the following acts, either one of which alone constitutes Racketeering Act Eleven.

a. In or about April 2000, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Department of Insurance Registered Firm Renewal Application for the period June 25, 2000 to June 25, 2002 addressed to Near North Insurance Brokerage, Inc. 875 N. Michigan Ave., Suite 1900, Chicago, Illinois 60611, in violation of Title 18, United States Code, Section 1341 and 2.

b. In or about the April 2000, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail to the State of Illinois Department of Insurance according to the direction thereon, a completed State of Illinois Department Registered Firm Renewal Application for the Period June 25, 2000 to June 25, 2002, in violation of Title 18, United States Code, Section 1341 and 2.

Racketeering Act Twelve (Mail Fraud)

18. For the period February 1, 2001 to February 1, 2003, defendant MICHAEL SEGAL committed the following acts, any one of which alone constitutes Racketeering Act Twelve.

a. In or about December 2000, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a State of Illinois Department of Insurance Renewal Application for Insurance Producer License for the period February 1, 2001 to February 1, 2003 addressed to 1040 N. Lake Shore Dr. #32A, Chicago, Illinois 60611, in violation of Title 18, United States Code, Section 1341 and 2.

b. In or about January 2001, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail to the State of Illinois Department of Insurance according to the direction thereon, a completed State of Illinois Department of Insurance Renewal Application for Insurance Producer License for the period February 1, 2001 to February 1, 2003, in violation of Title 18, United States Code, Section 1341 and 2.

c. In or about February 2001, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, an Insurance Producer License for the period February 1, 2001 to February 1, 2003, in violation of Title 18, United States Code, Section 1341 and 2.

Racketeering Act Thirteen (Wire Fraud)

19. On or about December 11, 1997, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment, did knowingly cause to be transmitted by means of wire and radio communication in interstate commerce writings, signs, signals, pictures and sounds, namely a wire transfer \$750,000 from LaSalle National Bank in Chicago, Illinois to Imperial Bank in California in connection with defendant MICHAEL SEGAL'S interest in Near North Entertainment Insurance Services LLC, in violation of Title 18, United States Code, Section 1343 and 2.

Racketeering Act Fourteen (Wire Fraud)

20. On or about December 12, 1997, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment, did knowingly cause to be transmitted by means of wire and radio communication in interstate commerce writings, signs, signals, pictures and sounds, namely a wire transfer \$250,000 from LaSalle National Bank in Chicago, Illinois to Imperial Bank in California in connection with defendant MICHAEL SEGAL'S interest in Near North Entertainment Insurance Services LLC, in violation of Title 18, United States Code, Section 1343 and 2.

Racketeering Act Fifteen (Wire Fraud)

21. On or about June 4, 1999, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere, MICHAEL SEGAL, defendant herein, for the purpose of executing the scheme described in paragraphs 1 through 11 of Count One of this indictment, did knowingly cause

to be transmitted by means of wire and radio communication in interstate commerce writings, signs, signals, pictures and sounds, namely a wire transfer \$500,000 from LaSalle National Bank in Chicago, Illinois to Bank West in Nevada, in violation of Title 18, United States Code, Section 1343 and 2;

All in violation of Title 18, United States Code, Section 1962(c).

COUNT TEN

The SPECIAL JULY 2000-1 GRAND JURY further charges:

On or about January 3, 1995, in the Northern District of Illinois, Eastern Division,

MICHAEL SEGAL,

defendant herein, knowingly and with intent to deceive caused to be made a false, material statement to the Illinois Department of Insurance for the purpose of influencing the actions of the Illinois Department of Insurance, by causing a Renewal Application for an Insurance Producer License to be submitted to the Illinois Department of Insurance which falsely declared the following:

I, the undersigned declare, under penalties of revocation or refusal of license that statements made in this application are true, correct and complete to the best of my knowledge and belief. I further declare that I properly maintain or will maintain all premiums in a Premium Fund Trust Account pursuant to 50 Ill. Adm. Code 3113 unless exempt from maintaining such an account pursuant to 50 Ill. Adm. Code 3113.

when in truth he knew that he failed to and would not properly maintain premiums in a Premium Fund Trust Account that were required by Illinois law to be so maintained, and that the required Premium Fund Trust Account was millions of dollars in deficit ;

In violation of Title 18, United States Code, Section 1033(a)(1) and 2.

COUNT ELEVEN

The SPECIAL JULY 2000-1 GRAND JURY further charges:

On or about December 19, 1995, in the Northern District of Illinois, Eastern Division,

MICHAEL SEGAL,

defendant herein, knowingly and with intent to deceive caused to be made a false, material statement to the Illinois Department of Insurance for the purpose of influencing the actions of the Illinois Department of Insurance, by causing a Renewal Application for an Insurance Producer License to be submitted to the Illinois Department of Insurance which falsely declared the following:

I, the undersigned declare under penalties of revocation or refusal of license that statements made in this application are true, correct and complete to the best of my knowledge and belief. Unless exempt, I declare that I properly maintain premiums in a Premium Fund Trust Account pursuant to 50 Ill. Adm. Code 3113.

when in truth he knew that he failed to properly maintain premiums in a Premium Fund Trust Account that were required by Illinois law to be so maintained, and that the required Premium Fund Trust Account was millions of dollars in deficit ;

In violation of Title 18, United States Code, Section 1033(a)(1) and 2.

COUNT TWELVE

The SPECIAL JULY 2000-1 GRAND JURY further charges:

On or about December 18, 1996, in the Northern District of Illinois, Eastern Division,

MICHAEL SEGAL,

defendant herein, knowingly and with intent to deceive caused to be made a false, material statement to the Illinois Department of Insurance for the purpose of influencing the actions of the Illinois Department of Insurance, by causing a Renewal Application for an Insurance Producer License to be submitted to the Illinois Department of Insurance which falsely declared the following:

I, the undersigned declare under penalties of revocation or refusal of license that statements made in this application are true, correct and complete to the best of my knowledge and belief. Unless exempt, I declare that I properly maintain premiums in a Premium Fund Trust Account pursuant to 50 Ill. Adm. Code 3113,

when in truth he knew that he failed to properly maintain premiums in a Premium Fund Trust Account that were required by Illinois law to be so maintained, and that the required Premium Fund Trust Account was millions of dollars in deficit ;

In violation of Title 18, United States Code, Section 1033(a)(1) and 2.

COUNT THIRTEEN

The SPECIAL JULY 2000-1 GRAND JURY further charges:

On or about December 15, 1997, in the Northern District of Illinois, Eastern Division,

MICHAEL SEGAL,

defendant herein, knowingly and with intent to deceive caused to be made a false, material statement to the Illinois Department of Insurance for the purpose of influencing the actions of the Illinois Department of Insurance, by causing a Renewal Application for an Insurance Producer License to be submitted to the Illinois Department of Insurance which falsely declared the following:

I, the undersigned declare under penalties of revocation or refusal of license that statements made in this application are true, correct and complete to the best of my knowledge and belief. Unless exempt, I declare that I properly maintain premiums in a Premium Fund Trust Account pursuant to 50 Ill. Adm. Code 3113,

when in truth he knew that he failed to properly maintain premiums in a Premium Fund Trust Account that were required by Illinois law to be so maintained, and that the required Premium Fund Trust Account was millions of dollars in deficit ;

In violation of Title 18, United States Code, Section 1033(a)(1) and 2.

COUNT FOURTEEN

The SPECIAL JULY 2000-1 GRAND JURY further charges:

On or about January 18, 1999, in the Northern District of Illinois, Eastern Division,

MICHAEL SEGAL,

defendant herein, knowingly and with intent to deceive caused to be made a false, material statement to the Illinois Department of Insurance for the purpose of influencing the actions of the Illinois Department of Insurance, by causing a Renewal Application for an Insurance Producer License to be submitted to the Illinois Department of Insurance which falsely declared the following:

I, the undersigned declare under penalties of revocation or refusal of license that statements made in this application are true, correct and complete to the best of my knowledge and belief. Unless exempt, I declare that I properly maintain premiums in a Premium Fund Trust Account pursuant to 50 Ill. Adm. Code 3113,

when in truth he knew that he failed to properly maintain premiums in a Premium Fund Trust Account that were required by Illinois law to be so maintained, and that the required Premium Fund Trust Account was millions of dollars in deficit ;

In violation of Title 18, United States Code, Section 1033(a)(1) and 2.

COUNT FIFTEEN

The SPECIAL JULY 2000-1 GRAND JURY further charges:

On or about December 13, 1999, in the Northern District of Illinois, Eastern Division,

MICHAEL SEGAL,

defendant herein, knowingly and with intent to deceive caused to be made a false, material statement to the Illinois Department of Insurance for the purpose of influencing the actions of the Illinois Department of Insurance, by causing a Renewal Application for an Insurance Producer License to be submitted to the Illinois Department of Insurance which falsely declared the following:

I, the undersigned declare under penalties of revocation or refusal of license that statements made in this application are true, correct and complete to the best of my knowledge and belief. Unless exempt, I declare that I properly maintain premiums in a Premium Fund Trust Account pursuant to 50 Ill. Adm. Code 3113,

when in truth he knew that he failed to properly maintain premiums in a Premium Fund Trust Account that were required by Illinois law to be so maintained, and that the required Premium Fund Trust Account was millions of dollars in deficit ;

In violation of Title 18, United States Code, Section 1033(a)(1) and 2.

COUNT SIXTEEN

The SPECIAL JULY 2000-1 GRAND JURY further charges:

On or about January 26, 2001, in the Northern District of Illinois, Eastern Division,

MICHAEL SEGAL,

defendant herein, knowingly and with intent to deceive caused to be made a false, material statement to the Illinois Department of Insurance for the purpose of influencing the actions of the Illinois Department of Insurance, by causing a Renewal Application for an Insurance Producer License to be submitted to the Illinois Department of Insurance which falsely declared the following:

I, the undersigned declare under penalties of revocation or refusal of license that statements made in this application are true, correct and complete to the best of my knowledge and belief. I declare that I properly maintain premiums in a Premium Fund Trust Account if required by law and I further declare, if required by law, that I, or an Associate on my behalf, maintain the appropriate bond in favor on the People of Illinois.

when in truth he knew that he failed to properly maintain premiums in a Premium Fund Trust Account as required by Illinois law to be so maintained, and that the required Premium Fund Trust Account was millions of dollars in deficit ;

In violation of Title 18, United States Code, Section 1033(a)(1) and 2.

FORFEITURE

1. The allegations contained in Count 8 of this Indictment are hereby repeated, realleged, and incorporated by reference herein as though fully set forth at length for the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section 1963. Pursuant to Rule 32.2, Fed. R. Crim. P., notice is hereby given to the defendant that the United States will seek forfeiture as part of any sentence in accordance with Title 18, United States Code, Section 1963 in the event of any defendant's conviction under Count 8 of this Indictment.

2. The defendant,

MICHAEL SEGAL

i. has acquired and maintained interests in violation of Title 18, United States Code, Section 1962, which interests are subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(1);

ii. has interests in, securities of, claims against, and property and contractual rights which afford a source of influence over the enterprise named and described herein which the defendant established, operated, controlled, conducted, and participated in the conduct of, in violation of Title 18, United States Code, Section 1962, which interests, securities, claims, and rights are subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963 (a)(2);

iii. has property constituting and derived from proceeds obtained, directly and indirectly, from racketeering activity, in violation of Title 18, United States Code, Section 1962, which property is subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(3).

3. The interests of the defendant subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(1), (a)(2), and (a)(3), include but are not limited to:

a. at least \$20,000,000, including but not limited to all salary, bonuses, dividends, pension and profit sharing benefits received by defendant MICHAEL SEGAL from NNIB and NNNG acquired and maintained during the period 1990 through 2001.

b. All of his right, title, and interest in stock and all other ownership interests in NNIB and NNNG, to include with regard to NNIB any and all employment/consulting agreements, and any and all loan guarantees, and any other interest in NNIB in whatever form held.

4. If any of the property described in paragraphs 2 and 3 above, as a result of any act or omission of a defendant --

(1) cannot be located upon the exercise of due diligence;

(2) has been transferred or sold to, or deposited with, a third party;

(3) has been placed beyond the jurisdiction of the court;

(4) has been substantially diminished in value; or

(5) has been commingled with other property which cannot be divided without difficulty;

The court shall order the forfeiture of any other property of the defendants up to the value of any property set forth in paragraphs 2 and 3 above; including, but not limited to:

All of his right, title, and interest in associated parcels of real estate (in whatever form held) which associated parcels of real estate comprise among other things buildings, a home and gardens located at 405 North Sheridan Road, Highland Park,

Illinois and further described as Lots 1 in Bluff subdivision, being a subdivision of part of the North West quarter of Section 31, Township 43 North, Range 13, East of the Third Principal Meridian, according to the plat thereof, recorded August 27, 1980, as document 2074947, in Lake County, Illinois.

All pursuant to Title 18, United States Code, Section 1963.

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY