UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA	)	No. _____
	)	
v.	)	Violations: Title 18, United
	)	States Code, Sections 2, 371,
LAWRENCE E. WARNER	)	1341, 1346, 1951, 1956 and
DONALD UDSTUEN, and	)	1962(c); and Title 31, United
ALAN A. DRAZEK	)	States Code, Section 5324

COUNT ONE

The SPECIAL JULY 2000-2 GRAND JURY charges:

1. At times material to this indictment:

Office of the Secretary of State

A. Pursuant to Illinois law, including the Illinois Administrative Code, the Office of the Secretary of State (hereinafter "SOS Office") was entrusted with comprehensive duties involving motor vehicles, including licensing drivers, administering and enforcing driver safety, maintaining driving records, selling and distributing license plates and vehicle registration validation stickers, and issuing and maintaining records of vehicle titles.

B. The Secretary of State, an officer of the State of Illinois elected statewide, was responsible for running the SOS Office.

C. The SOS Office performed its functions through approximately twenty-one (21) departments, each of which was headed by a Department Director appointed by the Secretary of State. Each Department Director was a member of the SOS Office Cabinet. The SOS Office departments included, among others, the Vehicle Services

Department, the Drivers Services Department, the Information Systems Services Department, the Department of Physical Services, and the Index Department.

D. **Vehicle Services Department**: The Vehicle Services Department was responsible for, among other things, the registration, licensure, and titling of vehicles. Among other things, the Vehicle Services Department processed vehicle titles, registered vehicles, and issued license plates and vehicle registration validation stickers.

E. **Driver Services Department**: The Driver Services Department was responsible for, among other things, administering the issuance of automobile and truck drivers' licenses through over 130 driver's license facilities located throughout the State of Illinois.

F. **Information Systems Services Department**: The Information Systems Services Department was responsible for, among other things, providing computer and office automation services to all Departments in the SOS Office.

G. **Physical Services Department**: The Physical Services Department was responsible for, among other things, the maintenance and upkeep of certain SOS Office buildings, including among others, certain buildings leased by the SOS Office from outside individuals and entities.

H. **Index Department:** The Index Department was responsible for, among other things, administering and maintaining

public records related to the registration, activities and expenditures of lobbyists in the State of Illinois.

The SOS Office Contract Award Process

I. In the performance of its lawful functions, the SOS Office awarded contracts for goods and services to outside entities and individuals (hereinafter collectively "outside vendors"). Certain SOS Office contracts were awarded to outside vendors based upon a competitive bidding process. As to those contracts for which there was a competitive bidding process, the particular SOS Office Department seeking to obtain the goods and services was generally responsible for drafting contract "specifications" which described, among other things, the technical requirements a bidding company had to meet in order to win the contract.

J. To initiate the competitive bidding process for certain SOS Office contracts, the contract specifications were forwarded from the SOS Office to the Illinois Department of Central Management Services (hereinafter "Central Management Services"), a State agency independent from the SOS Office that handled certain aspects of the competitive bidding process for other State agencies, including the SOS Office. After receiving contract specifications from the SOS Office, Central Management Services generally released a request for bids to outside vendors based upon the requirements set forth in the SOS Office specifications. The outside vendors wishing to bid on a contract had to submit those bids directly to Central Management Services, which in turn would share the bid information with the SOS Office. The general

practice and procedure of the SOS Office for such contracts was to award a contract to the lowest bidder who met the contract specifications.

Particular SOS Office Contracts

K. **The Validation Stickers Contract:** The SOS Office annually awarded to an outside vendor a contract to manufacture and print vehicle registration validation stickers, which were the stickers required to be affixed to all Illinois license plates to show current vehicle registration (hereinafter the "validation stickers contract"). The Vehicle Services Department was generally responsible for preparing specifications and, along with Central Management Services, overseeing the competitive bidding process for the validation stickers contract. Up to and including 1991, the validation stickers contract, which cost the State approximately $800,000 to $1,200,000 annually, was held by a company hereinafter referred to as Vendor 1.

L. **The Title Laminates Contract:** The SOS Office annually awarded to an outside vendor a contract to manufacture and print laminated strips to be affixed to vehicle titles for security purposes (hereinafter the "title laminates contract"). The Vehicle Services Department was generally responsible for preparing the specifications and, along with Central Management Services, overseeing the competitive bidding process for the title laminates

contract. Up to and including 1991, the title laminates contract was held by a company hereinafter referred to as Vendor 2.

M. **The Computer System Contract:** The SOS Office awarded to outside vendors contracts to provide computer and information technology services related to SOS Office functions, including among other contracts, contracts related to installing and maintaining a mainframe computer system used throughout the SOS Office (hereinafter collectively the "computer system contract"). The Information Systems Services Department was generally responsible for preparing the specifications and overseeing the competitive bidding process for the computer system contract and other computer-related SOS Office contracts. Up to approximately 1996, a company herein referred to as Vendor 3 held the computer system contract, after which that contract was awarded to a company hereinafter referred to as Vendor 4.

N. **The Digital Licensing Contract:** In approximately 1996, the SOS Office began an initiative to switch to a digital licensing system through which all State of Illinois automobile and truck drivers' licenses would be created and maintained through digital technology. The Drivers Services Department was generally responsible for preparing the specifications and overseeing the competitive bidding process related to awarding a contract for digital licensing services. In approximately June 1997, the SOS Office awarded the company hereinafter referred to as Vendor 5 with the contract to provide digital licensing and related services for

the State of Illinois through approximately 2004 (hereinafter the "digital licensing contract").

SOS Office Leases

O. In addition to the award of contracts to outside vendors as described above, the SOS Office awarded leases of real property, including certain buildings owned by outside individuals and entities. The Physical Services Department was responsible for overseeing the maintenance and upkeep related to particular SOS Office leases.

Defendant

P. Defendant LAWRENCE E. WARNER owned and operated several businesses out of an office space at 3101 N. Western Avenue in Chicago, Illinois, including among other businesses: a fire insurance adjustment business called Lash Warner & Associates; a construction maintenance and supervision business called Economy Building & Maintenance; and two other companies called National Consulting Company and Omega Consulting Group Ltd. Defendant WARNER maintained and controlled, among other financial accounts, checking accounts for National Consulting Company and Omega Consulting Group Ltd. at North Community Bank, a domestic financial institution.

Q. From about January 1991 through January 1999, defendant WARNER, with the knowledge, consent and authorization of one or more high-ranking SOS Office officials, directly and

substantially participated in the affairs of the SOS Office, including at various times, acting as an agent for the SOS Office and as a decision maker regarding certain official SOS Office matters.

R. From about January 1991 through January 1999, defendant WARNER directly and substantially participated in, among other things, the following official SOS Office matters: attending internal SOS Office meetings, including policy meetings and one or more staff retreats; directing and advising SOS Office personnel, including one or more Department Directors, regarding matters related to the award of SOS Office contracts to outside vendors; determining the content of official SOS Office documents and communications, including specifications related to one or more SOS Office contracts with outside vendors; and directing and advising SOS Office personnel, including Department Directors, regarding matters related to the issuance of SOS Office leases.

Other Individuals

S. **Donald Udstuen**: Donald Udstuen was the Associate Executive Administrator for the Illinois State Medical Society, an entity that, among other things, conducted lobbying activities for medical professionals in the State of Illinois. As such, Udstuen was at various times registered as a lobbyist with the SOS Office Index Department. From 1991 through on or about April 30, 2002,

Udstuen was also the Chief Operating Officer for the Illinois State Medical Insurance Exchange.

T. **Alan A. Drazek**: Alan A. Drazek owned and operated a company called American Management Resources.

Applicable Duties, Laws, Policies and Procedures

Personal Duties and Obligations

U. The Secretary of State was a Constitutional Officer and as such, at the outset of each term, was required to take an oath of Office to support the Constitution of the United States, and the Constitution of the State of Illinois, and to faithfully discharge the duties of the SOS Office to the best of his abilities. In discharging their public duties, officers, employees, and agents of the Secretary of State's Office owed a duty of honest services to the people of the State of Illinois, the State of Illinois, and the SOS Office in the performance of their public duties. Pursuant to Article VIII, Section 1(a) of the Constitution of the State of Illinois, public funds, property and credit could be used only for public purposes.

V. By virtue of his direct and substantial participation in SOS Office affairs as described in subparagraphs Q-R above, defendant LAWRENCE E. WARNER, when acting as an agent and decision maker on behalf of the SOS Office, owed a duty of honest services to the people of the State of Illinois, the State of Illinois, and the SOS Office.

Federal Law: Extortion, Mail Fraud, and Money Laundering

W. There was in force and effect a federal statute, Title 18, United States Code, Section 1951, which prohibited extortion and attempted extortion affecting commerce either under color of official right or through the wrongful use of actual or threatened fear of economic harm or both;

X. There were in force and effect federal statutes, Title 18, United States Code, Sections 1341 and 1346, which prohibited use of the mails in furtherance of a scheme to defraud any person or entity of the intangible right to honest services or a scheme to obtain money or property by means of materially false and fraudulent pretenses, misrepresentations, and promises.

Y. There was in force and effect a federal statute, Title 18, United States Code, Section 1956(a)(1)(B)(i), which prohibited conducting or attempting to conduct a financial transaction involving the proceeds of specified unlawful activity knowing that the property involved in the transaction represented the proceeds of some form of unlawful activity and knowing that the transaction was designed in whole or in part to conceal or disguise the nature, the location, the source, the ownership, or the control of the proceeds of the specified unlawful activity.

<u>The Illinois Lobbyist Registration Law</u>

Z. In or about August 1993, the Illinois Legislature passed a statute, 25 Illinois Compiled Statutes 170/1-12 (hereinafter the “Lobbyist Registration Act”), which became effective in or about January 1994, and which required the

following persons to register with the SOS Office as lobbyists: "(1) Any person who, for compensation or otherwise, either individually or as an employee or contractual employee of another person, undertakes to influence executive, legislative or administrative action"; and "(2) Any person who employs another person for the purposes of influencing executive, legislative or administrative action."

AA. Under the express terms of the Lobbyist Registration Act, the term "influencing" was defined as "any communication, action, reportable expenditure as described in Section 6 or other means used to promote, support, affect, modify, oppose or delay any executive, legislative or administrative action or to promote goodwill with officials as defined in subsection (c)."

BB. Under the express terms of the Lobbyist Registration Act, the term "official" included the Secretary of State, the SOS Office Chief of Staff, and SOS Office Cabinet members, including Department Directors, Assistant Directors, and Chief Legal Counsel or General Counsel.

CC. Under the express terms of the Lobbyist Registration Act, the term "executive action" included: "the proposal, drafting, development, consideration, amendment, adoption, approval, promulgation, issuance, modification, rejection or postponement by a State entity of a rule, regulation, order, decision, determination, contractual arrangement, purchasing agreement or other quasi-legislative or quasi-judicial action or proceeding."

THE WARNER-SOS OFFICE ENTERPRISE

2. At times material to this indictment, defendant LAWRENCE E. WARNER, National Consulting Company, Omega Consulting Group Ltd, Donald Udstuen, the SOS Office, and others known and unknown were associated in fact and constituted an "enterprise" (hereinafter the "WARNER-SOS Office Enterprise") as that term is defined in Title 18, United States Code, Section 1961(4), which was engaged in, and the activities of which affected, interstate commerce.

OBJECTIVE OF THE DEFENDANT

3. It was the objective of defendant WARNER to improperly and unlawfully use the SOS Office for the personal and pecuniary benefit of defendant WARNER, Donald Udstuen, and others known and unknown to the Grand Jury.

THE RACKETEERING VIOLATION

4. Beginning no later than 1991 and continuing through at least 1999, in Chicago and other locations in the Northern District of Illinois, as well as Springfield, Illinois and elsewhere:

LAWRENCE E. WARNER,

defendant herein, Donald Udstuen and others known and unknown to the Grand Jury, being persons employed by and associated with the WARNER-SOS Office Enterprise, which enterprise was engaged in, and the activities of which affected, interstate commerce, unlawfully and knowingly conducted and participated, directly and indirectly,

in the conduct of the affairs of that enterprise through a pattern of racketeering activity, that is, through the commission of two or more racketeering acts as set forth in Paragraph 66 below:

MEANS AND METHODS

5. As further detailed in paragraphs 6-65 below, the means and methods used by defendant WARNER and others in conducting the affairs of the enterprise included the following conduct:

(a) multiple acts of extortion and attempts to extort related to one or more SOS Office contracts, in violation of Title 18, United States Code, Section 1951;

(b) defrauding the people of the State of Illinois, the State of Illinois, and the SOS Office of money, property and their intangible right to the honest services of officials, agents and employees of the SOS Office in connection with the award of SOS Office contracts, leases and other official acts, and in furtherance thereof, using the United States mail, in violation of Title 18, United States Code, Sections 1341 and 1346; and

(c) multiple acts of money laundering, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

Defendant's Scheme To Defraud

6. Beginning no later than 1991 and continuing to at least 1999, at Chicago and elsewhere in the Northern District of Illinois, and Springfield and elsewhere in the Central District of Illinois, defendant LAWRENCE E. WARNER, together with Donald

Udstuen and others known and unknown to the Grand Jury, devised and intended to devise, and participated in, a scheme and artifice to defraud the people of the State of Illinois, the State of Illinois and the SOS Office of the intangible right to the honest services of agents, officials, and employees of the SOS Office, including a high-ranking SOS Office official hereinafter referred to as SOS Official A, and defendant WARNER, and of money and property by means of materially false and fraudulent pretenses, representations, and promises and by actions of concealment and protection of the scheme, and in furtherance thereof used the United States mails, which scheme is further described in the following paragraphs.

7. It was part of the scheme that in about early 1991, defendant WARNER and Donald Udstuen discussed WARNER's plan and intention to make money from one or more outside vendors doing business with the SOS Office.

8. It was further part of the scheme that in about early 1991, defendant WARNER advised Donald Udstuen that, with the knowledge and concurrence of SOS Official A, WARNER would provide Udstuen with one-third of the proceeds that WARNER obtained from certain outside vendors doing business with the SOS Office.

9. It was further part of the scheme that in about early 1991, defendant WARNER advised Donald Udstuen that WARNER would provide SOS Official A with a portion of the proceeds that WARNER obtained from outside vendors doing business with the SOS Office.

10. It was further part of the scheme that in about early 1991, defendant WARNER and Donald Udstuen agreed that in order to conceal the flow of proceeds from WARNER to Udstuen related to the SOS Office outside vendors, defendant WARNER would cause checks to be written to Alan Drazek's company, American Management Resources. Udstuen and Drazek further agreed that Drazek would provide a portion of those proceeds back to Udstuen in cash.

11. It was further part of the scheme that from approximately 1991 through at least 1999, defendant WARNER provided money, property and other things of value to SOS Official A, others at SOS Official A's direction, and other SOS Office officials and employees to influence and reward SOS Office officials, employees, and agents in the performance of their official duties.

Conduct Related to Vendor 1

A. The Validation Stickers Contract

12. It was further part of the scheme that in about early 1991, defendant WARNER, through his association with the WARNER-SOS Office Enterprise, learned that the SOS Office contract specifications for the validation stickers contract included the requirement of a feature known as the “metallic security mark,” which feature was a product created and manufactured by Vendor 1 and had the effect of substantially guaranteeing the award of the validation stickers contract to Vendor 1, which had held that contract since approximately 1986.

13. It was further part of the scheme that in about July 1991, defendant WARNER made an unsolicited contact with an employee

of Vendor 1, referred to herein as Employee 1-A, and indicated that in exchange for payment of $2,000 per month, WARNER would ensure that the “metallic security mark” requirement would remain in the specifications for the SOS Office validation stickers contract. WARNER further indicated to Employee 1-A that if Vendor 1 did not pay WARNER $2,000 per month, the specifications likely would change and Vendor 1 would lose the validation stickers contract. As a result of defendant's statements and out of fear that Vendor 1 might otherwise lose the validation stickers contract, Employee 1-A authorized the payment of $2,000 per month to defendant WARNER.

14. It was further part of the scheme that in about July 1991, defendant WARNER directed a senior SOS Office official, referred to herein as SOS Official B, that the Vehicle Services Department was to continue doing business with Vendor 1.

15. It was further part of the scheme that in about July 1991, defendant WARNER directed SOS Official B to meet with WARNER in Chicago and provide WARNER with information, documents and materials not generally available to the public, including among other things, internal SOS Office documents, draft contract specifications, and samples of outside vendor materials.

16. It was further part of the scheme that from approximately July 1991 through December 1993, defendant WARNER repeatedly threatened employees of Vendor 1, including Employee 1-A, that if

Vendor 1 did not continue to timely pay defendant's monthly fee, Vendor 1 would lose the SOS Office validation stickers contract.

17. It was further part of the scheme that on one or more occasions between July 1991 and November 1992, defendant WARNER falsely and fraudulently told Employee 1-A that Vendor 1's principal competitor, Vendor 2, had offered to pay defendant WARNER a fee substantially higher than $2,000 per month related to the validation stickers contract, when in fact as defendant then and there well knew, Vendor 2 had made no such offer.

18. It was further part of the scheme that in about November 1992, defendant WARNER's monthly fee from Vendor 1 was increased from $2,000 to $3,000 per month.

19. It was further part of the scheme that in approximately Summer 1993, after an employee of the Vehicle Services Department had conducted research and analysis and a committee consisting of approximately seven Vehicle Services Department employees unanimously had recommended to SOS Official B that the “metallic security mark” requirement be removed from the specifications for the validation stickers contract, and after SOS Official B, acting on the committee’s unanimous recommendation, had caused the “metallic security mark” requirement to be removed from the specifications and the modified specifications to be forwarded to Central Management Services for initiation of the competitive bidding process, defendant WARNER directed SOS Official B to put

back into the specifications the requirement for the “metallic security mark.”

20. It was further part of the scheme that after SOS Official B expressed concern regarding changing back the specifications, defendant WARNER caused SOS Official A to intervene and direct SOS Official B to change the specifications back to include the “metallic security mark.”

21. It was further part of the scheme that in about early 1994, after Vendor 1 had been purchased by another individual and thus changed ownership, defendant WARNER threatened employees of Vendor 1, including among others, employees referred to herein as Employee 1-B and Employee 1-C, that if Vendor 1 did not pay defendant $5,000 per month, Vendor 1 would lose the SOS Office validation stickers contract. As a result of defendant WARNER's demand and out of fear that Vendor 1 might otherwise lose the validation stickers contract, Employee 1-C authorized the payment of $5,000 per month to defendant WARNER.

22. It was further part of the scheme that in about September 1998, after Vendor 1 had been purchased by another individual, referred to herein as Employee 1-D, and thus again changed ownership, defendant WARNER threatened Employee 1-D that if Vendor 1 did not pay defendant $25,000 related to previously unpaid monthly fees and further agree to pay defendant $8,000 per month in the future, Vendor 1 would lose the validation stickers contract. As a result of defendant WARNER's threats and out of fear that

Vendor 1 might otherwise lose the validation stickers contract, Employee 1-D offered to pay defendant WARNER $5,000, after which defendant WARNER terminated his communications and relationship with Vendor 1.

23. It was further part of the scheme that between about 1991 and 1998, defendant WARNER received approximately $332,000 in revenues from Vendor 1 related to the validation stickers contract, which revenues were deposited in the account of National Consulting Company at North Community Bank.

Payments to Udstuen and Drazek related to the validation stickers contract

24. It was further part of the scheme that from approximately August 1991 through 1998, defendant WARNER paid Donald Udstuen approximately one-third of the proceeds received from Vendor 1 in connection with the validation stickers contract.

25. It was further part of the scheme that in order to conceal the flow of unlawful proceeds from defendant WARNER to Donald Udstuen related to the validation stickers contract, defendant WARNER caused National Consulting Company checks to be written to Alan Drazek's company, American Management Resources, which checks were then sent to Udstuen's home and subsequently provided to Drazek for negotiation.

26. It was further part of the scheme that Alan Drazek deposited the National Consulting Company checks from WARNER into one or more accounts of American Management Resources, and

thereafter provided Donald Udstuen with a portion of the proceeds in cash and kept a portion of the proceeds for himself.

27. It was further part of the scheme that from approximately 1994 through at least 1998, defendant WARNER, Donald Udstuen and others knowingly and intentionally failed to file lobbyist registration statements and related materials, as required by State law, with regard to income and activities related to Vendor 1, and otherwise omitted from lobbyist registration statements filed with the SOS Office Index Department any information related to the validation stickers contract and Vendor 1.

B. The Title Laminates Contract

28. It was further part of the scheme that in about August 1991, defendant WARNER told Employee 1-A that in exchange for $67,000, defendant would help cause the SOS Office title laminates contract, then held by Vendor 2, to be awarded to Vendor 1. Based upon defendant's statements, Employee 1-A authorized the payment of $67,000, in the form of two $33,500 checks, to defendant WARNER.

29. It was further part of the scheme that in about August 1991, defendant WARNER caused SOS Official B to provide defendant with materials not available to the general public including samples of title laminates produced by Vendor 2 and draft SOS Office specifications related to the title laminates contract.

30. It was further part of the scheme that in about September 1991, defendant WARNER caused SOS Official B to delay the release by Central Management Services of the title laminates specifications and thereby delay the competitive bidding process

for the title laminates contract, and further to retrieve the title laminates specifications back from Central Management Services so that changes could be made to benefit Vendor 1's ability to successfully bid on the title laminates contract.

31. It was further part of the scheme that in about September 1991, in order to conceal the scheme, defendant WARNER and Donald Udstuen cautioned SOS Official B not to make the advantage to Vendor 1 appear blatant in making changes to the title laminates specifications, after which, in approximately 1992, Vendor 1 was awarded the title laminates contract.

Payments to Udstuen and Drazek related to the title laminates contract

32. It was further part of the scheme that beginning in approximately late 1991, defendant WARNER paid Donald Udstuen approximately one-third of defendant's proceeds from Vendor 1 related to the title laminates contract.

33. It was further part of the scheme that in order to conceal the flow of unlawful proceeds from defendant WARNER to Donald Udstuen related to the title laminates contract, defendant WARNER caused National Consulting Company checks to be written to Alan Drazek's company, American Management Resources, which checks were then sent to Udstuen's home and subsequently provided to Drazek for negotiation.

34. It was further part of the scheme that Alan Drazek deposited the National Consulting Company checks from defendant WARNER into one or more accounts of American Management Resources,

and thereafter provided Donald Udstuen with a portion of the proceeds in cash and kept a portion of the proceeds for himself.

Conduct Related to Vendor 4

C. The Computer System Contract

35. It was further part of the scheme that in approximately March 1993, defendant WARNER entered a written lobbying contract with Vendor 4 under which Vendor 4 agreed to pay WARNER a percentage of all revenues received by Vendor 4 in connection with SOS Office contracts.

36. It was further part of the scheme that from about 1993 through 1998, defendant WARNER used his authority and influence as an SOS Office agent and decision maker to help cause Vendor 4 to be awarded SOS Office contracts related to computer services, including among others the computer system contract.

37. It was further part of the scheme that between 1993 and at least 1999, defendant WARNER received approximately $991,000 in revenues related to the computer system contract and other SOS Office contracts awarded to Vendor 4, which revenues were deposited in the account of Omega Consulting Group Ltd. at North Community Bank.

Payments to Udstuen and Drazek related to the computer system contract

38. It was further part of the scheme that from approximately 1993 until at least 1998, defendant WARNER paid Donald Udstuen approximately one-third of defendant's proceeds from Vendor 4

related to the computer system contract and other SOS Office contracts awarded to Vendor 4.

39. It was further part of the scheme that in order to conceal the flow of unlawful proceeds from defendant WARNER to Donald Udstuen related to the computer system contract and other contracts awarded to Vendor 4, defendant WARNER caused Omega Consulting Group Ltd. checks to be written to Alan Drazek's company, American Management Resources, which checks were then sent to Udstuen's home and subsequently provided to Drazek for negotiation.

40. It was further part of the scheme that Alan Drazek deposited the Omega Consulting Group Ltd. checks from defendant WARNER into one or more accounts of American Management Resources, and thereafter provided Donald Udstuen with a portion of the proceeds from those checks in cash and kept a portion of the proceeds for himself.

41. It was further part of the scheme that in order to conceal the scheme, between approximately November 1995 and June 1999, defendant WARNER made cash withdrawals, among other cash withdrawals and financial transactions, totaling approximately $120,000 in amounts less than $10,000 from the Omega Consulting Group Ltd. account at North Community Bank.

42. It was further part of the scheme that in about December 1994, after Vendor 4 advised defendant WARNER of WARNER's obligation to file lobbyist registration statements and reports related to his activities on behalf of Vendor 4 as required by the

Illinois Lobbyist Registration Act, defendant WARNER initially refused to file such statements and reports.

43. It was further part of the scheme that on or about January 23, 1995, Vendor 4 and defendant WARNER entered a further written agreement wherein defendant WARNER agreed to file lobbyist registration statements and reports related to his activities on behalf of Vendor 4, and Vendor 4 agreed to pay defendant WARNER a monthly fee in addition to his percentage commission related to all SOS Office contracts awarded to Vendor 4.

44. It was further part of the scheme that from about January 1995 through at least 1999, defendant WARNER caused lobbyist registration statements and reports for Omega Consulting Group Ltd. to be filed with the SOS Office Index Department related to Vendor 4, in which statements and reports defendant WARNER knowingly and intentionally omitted the involvement and financial interest of Donald Udstuen and others related to the SOS Office contracts awarded to Vendor 4.

Conduct Related to the SOS Office Leases

D. The 17 N. State Lease

45. It was further part of the scheme that in approximately April 1991, defendant WARNER contacted an individual associated with a building at 17 N. State Street in Chicago, Illinois (hereinafter “Property Manager 1") and told Property Manager 1 that WARNER was acting as a broker on behalf of the SOS Office with regard to a prospective SOS Office lease for use and occupancy of that building.

46. It was further part of the scheme that in about April 1991, defendant WARNER caused a contract to be entered into with Property Manager 1 giving WARNER a 6% commission interest in any SOS Office lease entered related to the 17 N. State Street building (hereinafter the “commission contract”).

47. It was further part of the scheme that defendant WARNER concealed his financial interest in the commission contract with Property Manager 1 by omitting his name from the commission contract and causing the commission contract to be executed by a third party nominee who otherwise had no dealings with Property Manager 1 related to the 17 North State Street building.

48. It was further part of the scheme that defendant WARNER and others helped cause the SOS Office to enter, on or about October 22, 1991, a six-year lease for use and occupancy of the building at 17 N. State Street in Chicago (hereinafter “the 17 N. State Lease”).

49. It was further part of the scheme that between approximately October 1991 and at least February 1994, defendant WARNER received approximately $233,550 in commission payments related to the 17 N. State Lease.

E. The Bellwood Lease

50. It was further part of the scheme that in approximately 1992, defendant WARNER contacted a senior official from the Physical Services Department, referred to herein as SOS Official C,

and advised SOS Official C that the SOS Office had identified a building at 405 N. Mannheim Road in Bellwood, Illinois for potential official SOS Office use.

51. It was further part of the scheme that on or about October 15, 1992, for the purpose of leasing the property to the SOS Office and profiting therefrom, defendant WARNER obtained an ownership interest in the building at 405 N. Mannheim Road in Bellwood, Illinois, while concealing his ownership interest in the building through the use of a third party nominee as purchaser of the Bellwood property.

52. It was further part of the scheme that defendant WARNER and others helped cause the SOS Office to enter, on or about December 15, 1992, a five-year lease for use and occupancy of the building at 405 N. Mannheim Road in Bellwood (hereinafter “the Bellwood Lease”).

53. It was further part of the scheme that defendant WARNER's involvement with and financial interest in the Bellwood Lease were nowhere reflected in the Lease or related publicly available materials.

54. It was further part of the scheme that between approximately December 1992 and the present, defendant WARNER received approximately $171,000 in profit related to the Bellwood Lease.

F. The Joliet Lease

55. It was further part of the scheme that in approximately early 1994, after SOS Official A instructed another senior SOS

Office official, referred to herein as SOS Official D, to contact defendant WARNER to help locate a building for the purpose of a new SOS Office lease, defendant WARNER arranged for SOS Official D to inspect a building at 605 Maple Road in Joliet, Illinois.

56. It was further part of the scheme that on or about October 31, 1994, for the purpose of leasing the property to the SOS Office and profiting therefrom, defendant WARNER obtained a substantial ownership interest in the building at 605 Maple Road in Joliet, Illinois, while concealing his ownership interest in the building through the use of a third party nominee as purchaser of the Joliet property.

57. It was further part of the scheme that defendant WARNER and others helped cause the SOS Office to enter, on or about January 1, 1995, a four-year lease for use and occupancy of the building at 605 Maple Road in Joliet (hereinafter “the Joliet Lease”).

58. It was further part of the scheme that defendant WARNER's involvement with and financial interest in the Joliet Lease were nowhere reflected in the Lease or related publicly available materials.

59. It was further part of the scheme that between approximately January 1995 and the present, defendant WARNER received approximately $387,500 in profit related to the Joliet Lease.

<u>Conduct Related to Vendor 5</u>

G. The Digital Licensing Contract

60. In approximately 1996, the SOS Office began an initiative to switch to a digital licensing system. It was further part of the scheme that in about August 1996, defendant WARNER learned information not generally available to the public that certain prospective vendors, including among others, Vendor 5, had made presentations to SOS Office staff and officials, including SOS Official A and other senior officials, regarding those respective vendors' digital licensing technologies, and that defendant WARNER, after learning this information, contacted one or more senior SOS Office officials regarding the digital licensing initiative and presentations.

61. It was further part of the scheme that, after conferring with one or more senior SOS Office officials regarding the digital licensing initiative and presentations, defendant WARNER entered a contract to assist Vendor 5 in its efforts to obtain the digital licensing contract with the SOS Office.

62. It was further part of the scheme that in order to conceal his involvement, defendant WARNER caused his name to be excluded from the initial contract for defendant's services on behalf of Vendor 5, and instead the contract was entered between Vendor 5 and an individual referred to herein as Individual 1.

63. It was further part of the scheme that under the terms of the contract with Vendor 5, defendant WARNER and Individual 1 were to receive a commission of 5% of all revenues received by Vendor 5 in connection with the digital licensing contract.

64. It was further part of the scheme that between approximately 1998 and the present, defendant WARNER received approximately $677,000 in revenues related to the digital licensing contract, which contract was awarded to Vendor 5 on or about June 2, 1997.

65. It was further part of the scheme that from approximately August 1996 through the present, in order to conceal his involvement, defendant WARNER knowingly and intentionally failed to file lobbyist registration statements and reports, as required by State law, regarding income and activities related to Vendor 5, and otherwise omitted from lobbyist registration statements filed with the SOS Office Index Department any information reflecting defendant's involvement with and financial interest in the digital licensing contract.

THE PATTERN OF RACKETEERING ACTIVITY

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

Racketeering Acts 1-3: Extortion, Mail Fraud, and Money Laundering related to the validation stickers contract

Racketeering Act #1

Defendant WARNER committed the acts set forth in subparagraphs (a), (b), and (c) below, which relate to the conduct more fully described in paragraphs 6-27 above, and any one of which alone constitutes the commission of Racketeering Act #1:

(a) From in or about July 1991 and continuing until in or about December 1993, in Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

defendant herein, committed and attempted to commit extortion, which extortion obstructed, delayed and affected commerce, by knowingly obtaining and attempting to obtain property in the form of payments from Vendor 1 under the color of official right and induced by the wrongful use of actual and threatened fear of economic harm,

In violation of Title 18, United States Code, Sections 1951 and 2.

(b) On or about March 16, 1992, at Chicago, in the Northern District of Illinois, Eastern Division, and Springfield, Illinois,

LAWRENCE E. WARNER,

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 an envelope containing a State of Illinois check in the amount of $232,888 relating to the SOS Office validation stickers contract and addressed to:

Vendor 1
Chicago, Illinois

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

(c) On or about December 12, 1991, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

defendant herein, knowingly conducted and attempted to conduct a financial transaction affecting interstate commerce, when defendant caused a National Consulting Company check to be issued, made payable to American Management Resources, on North Community Bank account number 1403880, in the amount of $666.67, which financial transaction involved the proceeds of specified unlawful activity, namely, acts and activities constituting mail fraud, in violation of Title 18, United States Code, Sections 1341 and 1346, and extortion, in violation of Title 18, United States Code, Section 1951, related to the SOS Office validation stickers contract, knowing that the transaction was designed in whole and in part to conceal the nature, source, and ownership of the proceeds of said specified unlawful activity, and while conducting and attempting to conduct said financial transaction, knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity,

In violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

Racketeering Act #2

Defendant WARNER committed the acts set forth in subparagraphs (a), (b), and (c) below, which relate to the conduct more fully described in paragraphs 6-27 above, and any one of which alone constitutes the commission of Racketeering Act #2:

(a) From in or about January 1994 and continuing until in or about August 1998, in Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

defendant herein, committed and attempted to commit extortion, which extortion obstructed, delayed and affected commerce, by knowingly obtaining and attempting to obtain property in the form of payments from Vendor 1 under the color of official right and induced by the wrongful use of actual and threatened fear of economic harm,

In violation of Title 18, United States Code, Sections 1951 and 2.

(b) On or about April 20, 1998, at Chicago, in the Northern District of Illinois, Eastern Division, and Springfield, Illinois,

LAWRENCE E. WARNER,

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 an envelope containing a State of Illinois check in the amount of $298,115.18 relating to the SOS Office validation stickers contract and addressed to:

Vendor 1
Chicago, Illinois

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

(c) On or about June 9, 1995, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

defendant herein, knowingly conducted and attempted to conduct a financial transaction affecting interstate commerce, when defendant caused a National Consulting Company check to be issued, made payable to American Management Resources, on North Community Bank account number 1403880, in the amount of $1,666.67, which financial transaction involved the proceeds of specified unlawful activity, namely, acts and activities constituting mail fraud, in violation of Title 18, United States Code, Sections 1341 and 1346, and extortion, in violation of Title 18, United States Code, Section 1951, related to the SOS Office validation stickers contract, knowing that the transaction was designed in whole and in part to conceal the nature, source, and ownership of the proceeds of said specified unlawful activity, and while conducting and attempting to conduct said financial transaction, knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity,

In violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

Racketeering Act #3

Defendant WARNER committed the following act, which relates to the conduct more fully described in paragraphs 6-27 above and which constitutes Racketeering Act #3:

In about September 1998, in Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

defendant herein, attempted to commit extortion, which extortion obstructed, delayed and affected commerce, by knowingly attempting to obtain property in the form of payments from Vendor 1 under the color of official right and induced by the wrongful use of actual and threatened fear of economic harm,

In violation of Title 18, United States Code, Sections 1951 and 2.

Racketeering Act 4: Mail Fraud and Money Laundering related to the title laminates contract

Racketeering Act #4

Defendant WARNER committed the acts set forth in subparagraphs (a) and (b) below, which relate to the conduct more fully described in paragraphs 6-11 and 28-34 above, and either one of which alone constitutes the commission of Racketeering Act #4:

On or about September 25, 1991, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

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 an envelope containing a National Consulting Company check in the amount of $11,166.66 relating to the SOS Office title laminates contract and addressed to Donald Udstuen at his home address,

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

(b) On or about September 25, 1991, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

defendant herein, knowingly conducted and attempted to conduct a financial transaction affecting interstate commerce, when defendant caused a National Consulting Company check to be issued, made payable to American Management Resources, on North Community Bank account number 1403880, in the amount of $11,166.66, which financial transaction involved the proceeds of specified unlawful activity, namely, acts and activities constituting mail fraud, in violation of Title 18, United States Code, Sections 1341 and 1346, and extortion, in violation of Title 18, United States Code, Section 1951, related to the SOS Office title laminates contract, knowing that the transaction was designed in whole and in part to conceal the nature, source, and ownership of the proceeds of said specified unlawful activity, and while conducting and attempting to conduct said financial transaction, knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity,

In violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

Racketeering Act 5: Mail Fraud and Money Laundering related to the computer system contract and other SOS Office computer-related contracts

Racketeering Act #5

Defendant WARNER committed the acts set forth in subparagraphs (a) and (b) below, which relate to the conduct more fully described in paragraphs 6-11 and 35-44 above, and either one of which alone constitutes the commission of Racketeering Act #5:

(a) On or about July 25, 1997, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

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 an envelope containing a check from Vendor 4 in the amount of $130,359.31 relating to the computer system contract and other SOS Office computer-related contracts, and addressed to:

Omega Consulting
3101 N. Western Avenue
Chicago, IL 60618

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

(b) On or about July 31, 1997, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

defendant herein, knowingly conducted and attempted to conduct a financial transaction affecting interstate commerce, when defendant caused an Omega Consulting Group Ltd. check to be issued, made payable to American Management Resources, on North Community Bank account number 1701044, in the amount of $43,453, which financial

transaction involved the proceeds of specified unlawful activity, namely, acts and activities constituting mail fraud, in violation of Title 18, United States Code, Section 1341 and 1346, and extortion, in violation of Title 18, United States Code, Section 1951, related to the computer system contract and other SOS Office computer-related contracts, knowing that the transaction was designed in whole and in part to conceal the nature, source, and ownership of the proceeds of said specified unlawful activity, and while conducting and attempting to conduct said financial transaction, knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity,

In violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

Racketeering Acts 6-8: Mail Fraud related to the SOS Office leases

Racketeering Act #6

Defendant WARNER committed the following act, which relates to the conduct more fully described in paragraphs 6-11 and 45-59 above and which constitutes Racketeering Act #6:

On or about September 8, 1992, at Chicago, in the Northern District of Illinois, Eastern Division, and Springfield, Illinois,

LAWRENCE E. WARNER,

defendant herein, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be deposited in an authorized depository for mail matter and to delivered by mail according to the direction thereon an envelope

containing a State of Illinois check in the amount of $66,053.50 relating to the 17 N. State lease, and addressed to:

Stevens Building Management Co.
32 W. Randolph Street
Suite 2200
Chicago, IL 60602

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

Racketeering Act #7

Defendant WARNER committed the following act, which relates to the conduct more fully described in paragraphs 6-11 and 50-54 above and which constitutes Racketeering Act #7:

On or about September 19, 1997, at Chicago, in the Northern District of Illinois, Eastern Division, and Springfield, Illinois,

LAWRENCE E. WARNER,

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 an envelope containing a State of Illinois check in the amount of $21,735 relating to the Bellwood lease, and addressed to:

BL Mannheim Inc
1839 North Lincoln
Chicago, IL 60614,

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

Racketeering Act #8

Defendant WARNER committed the following act, which relates to the conduct more fully described in paragraphs 6-11 and 55-59 above and which constitutes Racketeering Act #8:

On or about September 19, 1997, at Chicago, in the Northern District of Illinois, Eastern Division, and Springfield, Illinois,

LAWRENCE E. WARNER,

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 an envelope containing a State of Illinois check in the amount of $36,085.16 relating to the Joliet lease, and addressed to:

Joliet Maple LLC
Park Place Investments
800 N. Clark Street Suite 2
Chicago, IL 60610

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

Racketeering Act 9: Mail fraud related to the digital licensing contract

Racketeering Act #9

Defendant WARNER committed the following act, which relates to the conduct more fully described in paragraphs 6-11 and 6-65 above and which constitutes Racketeering Act #9:

On or about October 30, 1998, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

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 an envelope containing a check from Vendor 5 in the amount of $829.96 relating to the digital licensing contract, and addressed to:

National Consulting Company
3101 N. Western Avenue
Chicago, IL 60618

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

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

COUNT TWO

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The allegations in paragraphs 1 and 6-27 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about April 20, 1998, in Chicago, in the Northern District of Illinois, Eastern Division, and Springfield, Illinois,

LAWRENCE E. WARNER,

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 an envelope containing a State of Illinois check in the amount of $298,115.18 relating to the SOS Office validation stickers contract and addressed to:

Vendor 1
Chicago, Illinois

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

COUNT THREE

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The allegations in paragraphs 1 and 6-27 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. In about September 1998, in Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

defendant herein, attempted to commit extortion, which extortion obstructed, delayed and affected commerce, by knowingly attempting to obtain property in the form of payments from Vendor 1 under the color of official right and induced by the wrongful use of actual and threatened fear of economic harm,

In violation of Title 18, United States Code, Sections 1951 and 2.

COUNT FOUR

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The allegations in paragraphs 1 and 6-27 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about May 18, 1998, in Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

defendant herein, knowingly conducted and attempted to conduct a financial transaction affecting interstate commerce, when defendant caused a National Consulting Company check to be issued, made payable to American Management Resources, on North Community Bank account number 1403880, in the amount of $1,666.67, which financial transaction involved the proceeds of specified unlawful activity, namely, acts and activities constituting mail fraud, in violation of Title 18, United States Code, Section 1341 and 1346, and extortion, in violation of Title 18, United States Code, Section 1951, related to the SOS Office validation stickers contract, knowing that the transaction was designed in whole and in part to conceal the nature, source, and ownership of the proceeds of said specified unlawful activity, and while conducting and attempting to conduct said financial transaction, knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity,

In violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

COUNT FIVE

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The allegations in paragraphs 1, 6-11, and 35-44 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about July 25, 1997, in Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

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 an envelope containing a check from Vendor 4 in the amount of $130,359.31 relating to the computer system contract and other SOS Office computer-related contracts, and addressed to:

Omega Consulting
3101 N. Western Avenue
Chicago, IL 60618

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

COUNT SIX

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The allegations in paragraphs 1, 6-11, and 35-44 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about July 31, 1997, in Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

defendant herein, knowingly conducted and attempted to conduct a financial transaction affecting interstate commerce, when defendant caused an Omega Consulting Group Ltd. check to be issued, made payable to American Management Resources, on North Community Bank account number 1403880, in the amount of $43,453, which financial transaction involved the proceeds of specified unlawful activity, namely, acts and activities constituting mail fraud, in violation of Title 18, United States Code, Section 1341 and 1346, and extortion, in violation of Title 18, United States Code, Section 1951, related to the computer system contract and other SOS Office computer-related contracts, knowing that the transaction was designed in whole and in part to conceal the nature, source, and ownership of the proceeds of said specified unlawful activity, and while conducting and attempting to conduct said financial transaction, knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity,

In violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

COUNT SEVEN

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The allegations in paragraphs 1, 6-11, and 35-44 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. Beginning on or about July 31, 1997 and continuing through at least August 5, 1997, in Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

defendant herein, for the purpose of evading the reporting requirements of Title 31, United States Code, Section 5313(a) and regulations prescribed thereunder, structured and assisted in structuring and attempted to structure and assist in structuring, a transaction with the North Community Bank, a domestic financial institution, namely, the withdrawal of $14,000 in United States currency from his Omega Consulting Group Ltd. checking account into two separate transactions at different branches of the North Community Bank and involving the cashing of two checks, each in an amount under $10,000, as described below:

Check No.	Date of Check	Amount	Date Check Cashed
1071	July 31, 1997	$9,000	August 4, 1997
1072	July 31, 1997	$5,000	August 5, 1997

3. The defendant, LAWRENCE E. WARNER, committed this offense while violating other laws of the United States, as set forth in Count One of this indictment, and as part of a pattern of illegal

activity involving more than $100,000 in a 12 month period commencing on May 5, 1997;

In violation of Title 31, United States Code, Section 5324(a)(3) and (d)(2).

COUNT EIGHT

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The allegations in paragraphs 1, 6-11, and 50-54 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about September 19, 1997, at Chicago, in the Northern District of Illinois, Eastern Division, and Springfield, Illinois,

LAWRENCE E. WARNER,

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 an envelope containing a State of Illinois check in the amount of $21,735 relating to the Bellwood lease, and addressed to:

BL Mannheim Inc
1839 North Lincoln
Chicago, IL 60614,

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

COUNT NINE

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The allegations in paragraphs 1, 6-11, and 55-59 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about September 19, 1997, at Chicago, in the Northern District of Illinois, Eastern Division, and Springfield, Illinois,

LAWRENCE E. WARNER,

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 an envelope containing a State of Illinois check in the amount of $36,085.16 relating to the Joliet lease, and addressed to:

Joliet Maple LLC
Park Place Investments
800 N. Clark Street Suite 2
Chicago, IL 60610

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

COUNT TEN

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The allegations in paragraphs 1, 6-11, and 60-65 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about October 30, 1998, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE E. WARNER,

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 an envelope containing a check from Vendor 5 in the amount of $829.96 relating to the digital licensing contract, and addressed to:

National Consulting Company
3101 N. Western Avenue
Chicago, IL 60618

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

COUNT ELEVEN

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. At times material to this indictment,

a. Lawrence E. Warner owned and operated several businesses out of an office space at 3101 N. Western Avenue in Chicago, Illinois. From about January 1991 through January 1999, Warner directly and substantially participated in the affairs of the Illinois Secretary of State's Office (hereinafter the "SOS Office"), including at various times, acting as an agent for the SOS Office and as a decision maker regarding certain official SOS Office matters, while at the same time receiving substantial proceeds from certain outside vendors in connection with those vendors' contracts and business with the SOS Office.

b. Defendant DONALD UDSTUEN was the Associate Executive Administrator for the Illinois State Medical Society, an entity that, among other things, conducted lobbying activities for medical professionals in the State of Illinois.

c. Defendant ALAN A. DRAZEK owned and operated a company called American Management Resources (AMR).

d. During the period from 1991 and continuing to at least 1999, Lawrence Warner unlawfully obtained payments from certain SOS Office vendors.

e. Beginning in 1991, Warner reached an understanding with defendant UDSTUEN that a portion of said payments would be kept by Warner, a portion provided to SOS Official A, and a portion

given to defendant UDSTUEN with the knowledge and concurrence of SOS Official A.

f. During the period from 1991 through 1998, Warner paid defendant UDSTUEN approximately $365,000 as UDSTUEN's portion of the unlawful proceeds obtained by Warner in connection with certain SOS Office vendor contracts.

2. Beginning in approximately January of 1991 and continuing through approximately April 7, 2002, at Chicago and elsewhere in the Northern District of Illinois, Eastern Division,

DONALD UDSTUEN and
ALAN A. DRAZEK,

defendants herein, did combine, conspire and agree together to defraud an agency of the United States, namely, the Internal Revenue Service (IRS), by impeding and impairing the IRS in carrying out its lawful functions to assure that all income is accurately reported by the person or entity to which it is properly attributed and to assess and collect tax due from such person or entity based on accurate information on income, deductions and credits.

3. It was part of the conspiracy that after defendant DONALD UDSTUEN discussed with Warner that Udstuen would receive a portion of the proceeds obtained by Warner from certain SOS Office vendors, and in order to conceal his receipt of said proceeds, defendant UDSTUEN approached defendant DRAZEK, who agreed to have the proceeds from Warner made payable to defendant DRAZEK's company, American Management Resources, rather than being made payable to

defendant UDSTUEN directly, thereby disguising the fact of defendant UDSTUEN’s interest and ownership of the payments.

4. It was further part of the conspiracy that defendants UDSTUEN and DRAZEK agreed that DRAZEK would keep a portion of the proceeds to pay taxes on the proceeds, keep a further portion of the proceeds for DRAZEK’s own use, and return a portion of the proceeds in cash to UDSTUEN for UDSTUEN's own use.

5. It was further part of the conspiracy that after reaching the described agreement, defendant UDSTUEN received checks from Lawrence Warner, drawn on accounts in the name of National Consulting Company and Omega Consulting Group Ltd. and made payable to defendant DRAZEK’s company, American Management Resources (hereinafter collectively “the Warner checks”).

6. It was further part of the conspiracy that defendant UDSTUEN received the Warner checks and then caused them to be delivered to defendant DRAZEK, who subsequently caused them to be deposited in one or more accounts in the name of American Management Resources.

7. It was further part of the conspiracy that defendant DRAZEK withdrew portions of the proceeds from the Warner checks in cash and delivered the cash in envelopes to defendant UDSTUEN.

8. It was further part of the conspiracy that for the years 1991 through 1998, defendant UDSTUEN filed false individual income tax returns, IRS Forms 1040, in which he failed to declare either the gross amount of income attributable to him from the Warner

checks or the net amount of that income he received back in cash from defendant DRAZEK.

9. It was further part of the conspiracy that for the years 1991 through 1998, defendant DRAZEK filed false individual income tax returns, IRS Form 1040, falsely declaring the full amount of the Warner checks as DRAZEK's income.

10. It was further part of the conspiracy that in the period from late 2000 through March 2001, after defendant UDSTUEN learned that certain of Warner's activities related to the SOS Office had become the subject of a federal investigation, and fearing that the flow of proceeds related to the Warner checks might come to the attention of the IRS, defendants UDSTUEN and DRAZEK together caused to be prepared and filed amended individual income tax returns, IRS Forms 1040X, for defendant UDSTUEN and for defendant DRAZEK for the years 1996, 1997 and 1998, which returns were false in that:

a. defendant UDSTUEN’s amended returns falsely attributed all proceeds from the Warner checks to defendant UDSTUEN, when in fact, as defendants UDSTUEN and DRAZEK then and there well knew, a portion of the proceeds was kept as income by DRAZEK in return for the services he provided related to the Warner checks; and

b. defendant DRAZEK’s returns falsely omitted the income from the Warner checks retained by DRAZEK for his services related to the Warner checks.

11. It was further part of the scheme that on or about April 7, 2002, defendants DRAZEK and UDSTUEN met and discussed falsely

and fraudulently representing that although defendant UDSTUEN had now declared all the proceeds from the Warner checks as income on his amended returns, he had not actually received any portion of the proceeds from said checks, when defendants DRAZEK and UDSTUEN then and there well knew that UDSTUEN had in fact received portions of the proceeds back from DRAZEK in cash.

OVERT ACTS

In furtherance of this conspiracy, and to effect its objectives, the defendants committed the following overt acts, among others, in the Northern District of Illinois and elsewhere:

a. The individual acts described in paragraphs 4 through 11 of this Count are realleged here as overt acts in furtherance of the conspiracy.

b. On or about April 15, 1997, defendant UDSTUEN filed a materially false individual income tax return, IRS form 1040, for the tax year 1996, in which he knowingly failed to report as income any proceeds related to the Warner checks.

c. On or about April 15, 1998, defendant UDSTUEN filed a materially false individual income tax return, IRS form 1040, for the tax year 1997, in which he knowingly failed to report as income any proceeds related to the Warner checks.

d. On or about April 15, 1999, defendant UDSTUEN filed a materially false individual income tax return, IRS form 1040, for the tax year 1998, in which he knowingly failed to report as income any proceeds related to the Warner checks.

e. On or about July 16, 1999, defendant DRAZEK filed a materially false individual income tax return, IRS form 1040, for the tax year 1996, in which he knowingly included as income on his return co-defendant UDSTUEN's proceeds related to the Warner checks.

f. On or about August 22, 2000, defendant DRAZEK filed a materially false individual income tax return, IRS form 1040, for the tax year 1997, in which he knowingly included as income on his return co-defendant UDSTUEN's proceeds related to the Warner checks.

g. On or about October 10, 2000, defendant DRAZEK filed a materially false individual income tax return, IRS form 1040, for the tax year 1998, in which he knowingly included as income on his return co-defendant UDSTUEN's proceeds related to the Warner checks.

h. On or about March 5, 2001, defendant DRAZEK filed a materially false amended individual income tax return, IRS form 1040, for the tax year 1996, in which he knowingly failed to report as income proceeds that he had retained for his services related to the Warner checks.

i. On or about March 5, 2001, defendant DRAZEK filed a materially false amended individual income tax return, IRS form 1040, for the tax year 1997, in which he knowingly failed to report as income proceeds that he had retained for his services related to the Warner checks.

j. On or about March 5, 2001, defendant DRAZEK filed a materially false amended individual income tax return, IRS form 1040, for the tax year 1998, in which he knowingly failed to report as income proceeds that he had retained for his services related to the Warner checks.

All in violation of Title 18, United States Code, Section 371.

FORFEITURE ALLEGATIONS

The SPECIAL JULY 2000-2 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference the allegations of Count One of this Indictment for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 1963.

2. As a result of their violation of Title 18, United States Code, Section 1962(c),

LAWRENCE E. WARNER,

defendant herein:

(a) 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);

(b) has interests in, securities of, claims against, and property and contractual rights which afforded 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, and which interests are subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(2); and

(c) has property constituting and derived from proceeds that the defendant obtained, directly and indirectly, from the 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). The interests and property obtained pursuant Title 18, United States Code, Sections 1963(a)(1), (a)(2) and (a)(3), include, but are not limited to, the following:

(i) approximately $2.8 million;

(ii) Lawrence Warner's partnership interest in the assets of Joliet Maple LLC, including but not limited to, the real property having a Permanent Index Number of 07-11-500-011, commonly known as 605 Maple Road, Joliet, Illinois;

(iii) Lawrence Warner's partnership interest in the assets of BL Mannheim Inc., including but not limited to, the real property having a Permanent Index Number of 15-09-300-100, commonly known as 405 N. Mannheim Road, Bellwood, Illinois; and

(iv) Lawrence Warner's interest in the contractual agreement(s) between the SOS Office and Vendor 5, including but not limited to, all commission payments through the duration of the pending contract(s).

3. To the extent that the property described above as being subject to forfeiture pursuant to Title 18, United States Code, Section 1963, as a result of any act or omission of the defendant:

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

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

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

(d) has been substantially diminished in value; or

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

it is the intent of the United States, pursuant to Title 18, United States Code, Section 1963(m), to seek forfeiture of any other property of defendant up to the value of the property described as being subject to forfeiture.

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

A TRUE BILL:

_____
Foreperson

_____
United States Attorney