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**PRISON CONSULTANT INDICTED IN CASE ALLEGING \$50,000
IN KICKBACKS TO FORMER STATE PRISON DIRECTOR**

CHICAGO – An Illinois prison consultant was added as a defendant in a pending federal criminal case alleging that a former head of the Illinois Department of Corrections (IDOC) received approximately \$50,000 in illegal kickbacks. The new defendant, **Michael J. Mahoney**, allegedly paid the kickbacks while representing vendors that had multi-million-dollar contracts with the state prison agency. Mahoney was charged together with **Donald N. Snyder, Jr.**, who was IDOC director from 1999 until early 2003, in a six-count superseding indictment returned by a federal grand jury, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois. Mahoney and others allegedly were involved in paying kickbacks totaling approximately \$20,000, out of the approximately \$50,000 total, to Snyder.

Mahoney, 63, of Cassopolis, Mich., and formerly of Chicago, until 2002 was the Executive Director of, and a registered lobbyist for, unnamed "Association A," a not-for-profit prison watchdog organization. He was charged with three counts of mail fraud. Snyder, 52, of downstate Pittsfield, Il., was charged with five counts of mail fraud, and both men were also charged with one count of

conspiracy to pay and receive kickbacks. The indictment also seeks forfeiture of \$50,000 from Snyder. Both defendants will be arraigned at a later date in U.S. District Court in Chicago.

Snyder, who was originally indicted with two other lobbyists in July, allegedly received the kickbacks while he served in the state cabinet during the administration of former Gov. George Ryan. The charges stems from an investigation that grew out of the *Operation Safe Road* probe of corruption during Ryan's terms as Governor and, earlier, Secretary of State. Snyder, who was appointed by Ryan, had approval authority over the award of millions of dollars in contracts to vendors, including health care providers, who provided inmate health care services in IDOC institutions.

The two lobbyists charged previously, John J. Robinson, 59, of Barrington Hills, a former Undersheriff of Cook County, and Larry E. Sims, 59, of Pleasant Plains, Ill., near Springfield, each pleaded guilty in August and is awaiting sentencing in November. Like Robinson, who was Undersheriff of Cook County from 1991 until 2001, Mahoney also worked as a paid consultant/lobbyist for several vendors and/or institutions seeking to promote and develop their business with IDOC. Beginning in 1996, Mahoney, Robinson and Individual A were hired as a group, under the business name of "J. Patrick Noll" (JPN), to develop and promote correctional business in Illinois for Vendor A, an Illinois health care company that was awarded millions of dollars in contracts to provide health care services at Illinois prisons during Snyder's tenure at IDOC.

Under a 1996 contract with Vendor A, JPN was initially paid \$2,500 a month, plus five percent of Vendor A's income from Illinois corrections contracts, with a provision that the monthly retainer would rise to \$4,500 a month when Vendor A's Illinois prisons contracts exceeded \$4 million.

According to the new indictment, Mahoney and Robinson were involved in one kickback deal, while Sims was involved in a separate deal with Snyder, but in both instances – in consideration for the cash payments – Snyder allegedly gave them information and assistance on issues and concerns pertaining to IDOC contracts to benefit their various vendor clients. To conceal the scheme, Snyder allegedly filed false Statements of Economic Interest with the state, failing to disclose the cash payments he received from the others, and Mahoney, like Sims, allegedly filed false lobbyist registration statements, failing to disclose any of the money he paid to Snyder. In addition, Snyder allegedly lied to federal agents investigating whether Robinson and Sims had given him anything of value.

Regarding the payments by Mahoney and Robinson to Snyder, the indictment alleges that in late 1999 or early 2000, Snyder agreed to accept cash derived from the fees that Mahoney and Robinson earned from representing one or more vendors doing business with IDOC. Beginning in early 2000, Mahoney and Robinson, having previously split the monthly fees from Vendor A in equal thirds amongst themselves and Individual A, allegedly agreed that they would begin splitting the money in fourths by adding Snyder and paying him in cash.

From early 2000 until December 2002, Robinson wrote a check to NLS, Inc. – a corporate name used by Mahoney for his consulting and lobbying business – for half of the monthly retainer to be split equally between Mahoney and Individual A. Robinson kept one-fourth of the proceeds for himself and arranged to give Snyder one-fourth of the proceeds in cash, according to the indictment. Mahoney and Robinson later agreed to reduce Snyder’s cash kickback to average slightly less than \$1,000 a month to take into account Robinson’s payment of the income tax on the kickbacks being paid to Snyder, the indictment adds. Robinson paid Snyder periodically when they met at

various corrections-related meetings or events, and the kickbacks to Snyder allegedly totaled approximately \$20,000.

Sims was a lobbyist for several vendors, including Vendor B, a Pennsylvania health care company that was trying to promote and develop its corrections business and was awarded millions of dollars in contracts to provide healthcare services to IDOC inmates during Snyder's tenure. Regarding the payments by Sims to Snyder, the indictment alleges that in late 1999 or early 2000, Snyder and Sims discussed the compensation that Sims received from Vendor B, and Sims agreed to pay Snyder a portion of the monthly fee that Sims received from that client. Beginning in early 2000 and continuing until approximately the end of 2002, Sims gave cash to Snyder each month, totaling approximately \$30,000, after Sims received his monthly fee from Vendor B.

Mr. Fitzgerald announced the charges with Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; Thomas P. Brady, Postal Inspector-in-Charge of the U.S. Postal Inspection Service; Alvin Patton, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division; and Michelle McVicker, Special Agent-in-Charge of the U.S. Department of Transportation, Office of Inspector General, all in Chicago.

The government is being represented by Assistant U.S. Attorneys Joel Levin and Laurie Barsella.

If convicted, each count of mail fraud against Mahoney carries a maximum penalty of 20 years in prison, and the same penalty applies to four of the five mail fraud counts against Snyder, while the remaining fraud count against him carries a maximum of 5 years in prison. Both defendants face a maximum of 5 years in prison on the conspiracy count, and all six counts in the indictment

each carry a maximum fine of \$250,000. The Court, however, would determine the appropriate sentence to be imposed under the advisory United States Sentencing Guidelines.

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

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