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**DEVELOPERS , CONTRACTORS AND SEVEN CITY EMPLOYEES AMONG
15 CHARGED IN FEDERAL BRIBERY PROBE OF CITY BUILDING PERMITS**

CHICAGO – Fifteen defendants, including property owners and developers, contractors and seven City of Chicago inspectors were arrested on federal bribery charges, most of them for allegedly exchanging cash payments and other benefits with a former corrupt “expediter” relating to various city building, zoning and related permit matters, federal law enforcement officials and the city’s Inspector General announced today. One arrest occurred yesterday and the rest early today and the defendants were charged either individually or in groups in eight separate criminal complaints that were unsealed following their arrests. Seven defendants charged together in one case and two in another were each charged with one count of conspiracy to commit bribery. Each of the six remaining defendants, charged individually, are facing one count of bribery. The charges represent the second phase of an ongoing federal corruption investigation code-named *Operation Crooked Code*, which began last year when six defendants – five of them city inspectors or employees – were charged.

In seven of the eight new cases announced today, the defendants allegedly paid bribes to, or received bribes through, an individual identified as Cooperating Witness 1 (CW1), a longtime expediter, or businessperson who takes permit applications and other construction issues to the City on behalf of homeowners and developers. CW1 began cooperating in May 2007 and has not yet been charged with any crime but understands that he/she will be charged in the future. According to the complaints made public today, CW1 has provided agents with information about bribe activities involving more than 30 people. CW1's cooperation has included conducting recorded calls and meetings and playing the role of "bagman" by collecting bribe money from developers and contractors seeking some official act from a City employee or a "priority" handling of a project, and paying the bribes to City employees. In the eighth case, as well as in one of the cases involving CW1, evidence of the alleged bribery was obtained through court-authorized interception of telephone conversations. In the seven cases in which bribes were paid through CW1, he/she provided agents with historical information about past corrupt dealings with the defendants, in addition to engaging in more recent bribery transactions, which are charged in the complaints.

All 15 defendants arrested yesterday and today were scheduled to appear at 3 p.m. today before U.S. Magistrate Judge Martin Ashman in U.S. District Court.

The arrests and charges were announced by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Thomas P. Brady, Postal Inspector-in-Charge of the U.S. Postal Inspection Service in Chicago; Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation, and David Hoffman, Inspector General for the City of Chicago.

"The picture painted by the criminal charges filed today shows sadly that the permit process in Chicago is governed by a separate set of rules for those who pay to corrupt the system," Mr.

Fitzgerald said. “These charges also show that last year’s arrests did not change the system enough. It didn’t stop the bribery. It just changed how the bribery was done; they got sneakier. Today’s charges put on notice everyone who would think about paying, receiving, arranging or delivering a bribe that they will be caught and, when they are, will face jail.”

Inspector General Hoffman said: “Taxpayers pay city inspectors to enforce the law. Instead, the city employees charged today used their position to help people violate the law. For thousands of dollars in bribes, they wrote false inspection reports and issued fraudulent certificates. Our building-safety and zoning laws become meaningless when corrupt city employees help real-estate developers break the laws.”

Anyone with information about alleged corruption in the city permit process is encouraged to contact the City Inspector General’s Office either through their hotline – (866) 448-4754, or through their website at www.chicagoinspectorgeneral.org

Each of the complaints alleges that obtaining timely reviews, approvals, and permits is important to developers. Waiting for a lengthy period of time for a review, failing to pass an inspection to obtain a permit, or the issuance of a stop work order can have significant financial consequences for developers. These circumstances can preclude developers from starting or completing the work that needs to be done on a project (thereby lengthening the period of time for a project which may add costs or at least delay the time at which a developer can recoup capital tied up in a project), or require developers to do additional work on a project (thereby increasing the cost of the project).

According to the affidavits, CW1 told agents that it was the practice of developers and contractors with whom CW1 has worked to express a willingness to bribe a City official for actions,

typically by expressing a desire to “do whatever it takes” to get an action accomplished. CW1 would inquire from the developer or contractor if CW1 had a “budget” to work with or if this action was a “priority.” CW1 would then communicate to the City official that an “incentive” is available. In other instances, City officials would solicit bribe payments from CW1 initially, and CW1 would then communicate this to the developer or contractor. The developer or contractor would then pay CW1 for expediting services and the payment would include the amount of any bribes that CW1 paid to City officials.

The defendants charged and details of each of the eight new cases follow:

United States v. Garneata, et al.

Seven defendants – **Dumitru Curescu**, 46, his wife, **Lavinia Curescu**, 42, both of Skokie; **Vasile Fofiu**, 57, of Skokie; **Beny Garneata**, 43, of Lincolnwood; **Mario Olivella**, 40, of Chicago; **Teofil Scorte**, 27, of Morton Grove; and **William Wellhausen**, 50, of Chicago – were charged with conspiracy to bribe City officials between June and December 2007 regarding a condominium conversion project at the corner of 1637-39 West Granville and 6139-41 North Paulina.

According to the complaint affidavit, the Curescus purchased the 13-unit building in June 2007, and with the assistance of the other defendants, performed construction work on the building that did not conform to the Chicago Building Code and Zoning Ordinance by 1) adding two illegal dwelling units to the building and 2) performing deficient plumbing work.

The complaint alleges that the Curescus gave \$2,500 to CW1 so that CW1 could bribe a city employee to change a Department of Buildings computer data base to reflect that the Granville building had 15 pre-existing units, not 13, and that the Curescus later gave \$10,000 to CW1 so that CW1 could bribe Wellhausen to approve the two illegal basement units. Several months later, the complaint alleges, Garneata collected \$7,000 from Dumitru Curescu to bribe Olivella to overlook unfinished plumbing work and code violations in a required plumbing inspection at the Granville building.

The affidavit includes a recorded conversation in which Wellhausen told CW1 that the Granville basement was bare, adding “I mean I’m completely fabricating two other ones” (dwelling units).

The affidavit identifies Dumitru Curescu as a contractor and developer. According to CW1, in approximately late 2005 or early 2006, Dumitru Curescu paid bribes to City employees, including

an \$8,000 bribe to a zoning employee through CW1, to add two additional illegal dwelling units to a project at 5700 North Maplewood.

Fofiu is related to Dumitru Curescu and employed by Garneata, a contractor and developer who owns M5 Electrical Contractors and M3 Plumbing. CW1 first met Garneata in 1998 and has performed expediting services over the past 10 years for Garneata and his associates.

Olivella, a city employee since 1998, is a plumbing inspector for the Department of Buildings. According to CW1, Olivella is a long-time friend of Garneata. CW1 recalled paying bribes to Olivella on two occasions – in 2005, a \$9,000 bribe from a developer so that the developer would not have to install a booster pump on a project which was required by the city’s Building Code, and in March 2007, a \$2,000 to \$2,500 bribe from another developer so that Olivella would overlook some plumbing violations.

Scorte is the owner of Algin Construction and Development, which provides architectural, construction and expediting services to contractors and developers. In October 2006, according to CW1, CW1 paid a \$6,000 bribe to Wellhausen to obtain two additional illegal dwelling units for a project of Scorte’s on Altgeld. In addition, in November 2006, Scorte allegedly requested assistance from Adrian Oros in expediting three sets of architectural drawings. Each of the three projects that Scorte requested Oros to expedite involved multi-unit buildings in which the developer was seeking the proposed addition of dwelling units. Oros paid a \$12,000 bribe to former city building inspector David Johnson, in exchange for Johnson obtaining zoning approval of the additional illegal dwelling units for Scorte’s three projects. Both Oros and Johnson were convicted of federal bribery charges in the first round of this investigation.

Wellhausen, a city employee since 1994, is a zoning investigator in the Department of Zoning. CW1 recalled paying bribes to Wellhausen on several occasions for favorable inspection reports related to the issuance of certificates of occupancy and inspection reports that purportedly showed illegal dwelling units as pre-existing. According to CW1, CW1 paid a \$6,000 bribe to Wellhausen related to a project on Altgeld for Scorte in October 2006. In January 2007, CW1 paid a \$12,000 bribe to Wellhausen from another developer so that the developer could obtain three additional illegal dwelling units for a project at 4034 West School St. Finally, while cooperating with the government, CW1 paid Wellhausen controlled, recorded bribes in exchange for favorable zoning inspection reports unrelated to the Granville conspiracy.

United States v. Piekarz and Milam

Two defendants – **Ronald Piekarz**, 47, of Chicago, and **MacArthur Milam**, 56, of Chicago, were charged with conspiring with Garneata, Phyllis Mendenhall, an inquiry aide in the Buildings Department, and others to commit bribery between October and December 2007.

According to the complaint, Piekarz is an architect doing business as Piekarz and Associates PC, who works with Garneata and assists him in various ways with the payment of bribes to city inspectors. Milam, a city employee since 1995, is a supervisory ventilation and furnace inspector

who allegedly received at least two different bribes from Garneata assisted by Piekarz. Intercepted phone calls on a wiretap of a phone used by Garneata allegedly demonstrated that Garneata and Piekarz provided a bribe to Milam in the form of labor for the installation of glass block windows and an outdoor deck for Milam's home, located on West Barry in Chicago. Piekraz and Garneata also allegedly provided the bribe in exchange for continued favorable treatment from Milam, including ensuring a favorable ventilation inspection on a property located at 6240 South Troy in Chicago. In addition, Piekarz contributed to and assisted Garneata with the payment of bribes to inspectors during the Christmas holidays, including a December bribe provided to Milam. Finally, Piekarz contributed to and assisted Garneata with providing bribes to inspectors in the form of tickets to sporting events, including Chicago Bulls games.

United States v. Mendenhall

Phyllis Mendenhall, 54, of Chicago, a city employee since 1979 and an inquiry aide in the Buildings Department, was charged with bribery for allegedly accepting a total of \$300 in cash payments from CW1 in exchange for providing certificates of occupancy in an expedited manner for properties located at 922 North Oakley St., and 5326-28 South Prairie Ave., in Chicago. Specifically, Mendenhall allegedly accepted \$200 in October 2007, and another \$100 in March 2008, both times outside the Buildings Department offices at 120 North Racine. CW1 told agents that he/she had paid bribes, usually \$100 each, to Mendenhall to expedite occupancy permits in the past.

United States v. Cladovan

Petru Cladovan, 48, of Prospect Heights, a contractor and developer who owns ABC Construction & Plumbing, was the owner and developer of two properties – one located at 2754 West Washington Blvd., and the other located at 2734 North Fairfield. He was charged with paying bribes through CW1 to city officials, believing that CW1 was passing on the bribes to inspectors at the Department of Zoning in exchange for favorable treatment. Cladovan allegedly paid \$2,000 to CW1 on Aug. 7, 2007, to fraudulently obtain favorable inspections needed to obtain a certificate of occupancy for the West Washington building. In the absence of this bribe, the property would not have received favorable inspections due to several inspection deficiencies. The complaint also charges that Cladovan paid \$500 to CW1 on Aug. 21, 2007, in exchange for CW1 obtaining a fraudulent zoning certificate of compliance for the North Fairfield building. The zoning certificate falsely certified that a zoning review of the property had been performed and certified that the number of units were in compliance with zoning ordinances.

CW1 told agents that Cladovan had paid bribes in the past through CW1 to city inspectors, including one payment to zoning inspector Anthony Valentino for a favorable zoning inspection related to a certificate of occupancy for a property located on Belle Plaine Avenue.

United States v. Valentino

Anthony Valentino, 65, of Chicago, a city employee since 2001 and an investigator in the Zoning Department, was charged with bribery for allegedly accepting three \$500 cash payments from

CW1 in June and August 2007, believing that CW1 had collected each of them from developers in exchange for Valentino providing fraudulent favorable zoning inspection reports related to certificates of occupancy for properties located at 2754 West Washington Blvd., 1453 West Garfield Blvd., and a property on Walton Street.

CW1 told agents that he/she had paid bribes previously to Valentino on behalf of developers and contractors in exchange for favorable treatment. These included an instance in 2005 when CW1 approached Valentino to inquire if he could assist CW1 in obtaining zoning approval for illegal dwelling units for a project on the north side of the city. CW1 paid a bribe of approximately \$8,000 to Valentino in exchange for preparing an inspection report that falsely identified the illegal dwelling units as existing dwelling units. (Changing the number of units being developed in a building renovation project normally requires a zoning variance, which could take six months to a year to complete, with no guarantee that the zoning variance would be approved.) On another occasion, also in 2005, CW1 approached Valentino to request a favorable zoning inspection report for a certificate of occupancy, which Valentino prepared in return for a \$500 bribe.

United States v. Zirolì

Thomas Zirolì, about to turn 62, of Chicago, a city employe since 1997 and a ventilation and furnace inspector in the Buildings Department, was charged with bribery for allegedly accepting a \$500 cash bribe from CW1 on Aug. 8, 2007, believing that CW1 had collected the money from a developer in exchange for Zirolì facilitating a ventilation inspection that was scheduled in a more expeditious manner than normally available and ensuring that the ventilation inspection was favorable.

CW1 told agents that he/she had paid bribes to Zirolì previously to obtain more expeditious and favorable inspections, including between \$100 and \$200 on at least two occasions.

United States v. Burns

Louis Burns, 52, of Chicago, a city employee since 2005 and a clerk in the former Department of Construction and Permits (DCAP) until it merged this year with the Buildings Department where he now works, was charged with bribery for allegedly accepting bribe payments of \$250 and \$150, respectively, on July 11, 2007 and Aug. 7, 2007, from CW1, believing that CW1 had collected the money from developers paying the bribes in exchange for facilitating the expedited review of plans to obtain a building permit more expeditiously than otherwise available for a property located at 1332 North Milwaukee Ave.

CW1 told agents that he/she had paid bribes to Burns previously, typically \$100 to \$200, to obtain more expeditious reviews of architectural plans through the DCAP standard plan review process than would otherwise be available. CW1 also recalled that, sometime in the summer of 2006, he/she paid Burns between \$200 and \$300 in exchange for his ensuring that architectural drawings moved through the DCAP review process in an expedited manner.

United States v. Muresan

Lucian Muresan, 34, of Chicago, a general contractor who owned two buildings located at 857 and 859 North Hermitage Ave., was charged with bribery for allegedly paying bribes through CW1 to city officials, believing that CW1 was passing the payments to a zoning inspector to either expedite the scheduling of zoning inspections in a manner unavailable to the general public or obtain a favorable zoning inspection report. Specifically, Muresan paid \$500 to CW1 on July 18, 2007, to obtain an expedited zoning inspection needed to obtain a certificate of occupancy for the 857 North Hermitage building, and paid \$1,000 to CW1 on Oct. 17, 2007, to obtain a favorable zoning inspection report needed to obtain a certificate of occupancy for the 859 North Hermitage building.

CW1 told agents that Muresan had paid bribes in the past through him/her to city inspectors, including two payments of \$500 each approximately two years ago to a certain individual in the Zoning Department for favorable zoning inspections related to two certificates of occupancy.

The government is being represented by Assistant U.S. Attorneys Juliet Sorensen and Christina Egan.

If convicted, those defendants charged with bribery face a maximum penalty of 10 years in prison and a \$250,000 fine, while those defendants charged with conspiracy to commit bribery face a maximum penalty of 5 years in prison and a \$250,000 fine. The Court, however, would determine the appropriate sentence to be imposed under the advisory United States Sentencing Guidelines.

The public is reminded that complaints contain 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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