

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA        )  
  )  
  )        Violations: Title 18, United States Code,  
  )        Section 1343  
v.                                        )  
  )  
THOMAS BUTLER                     )  
  )

**COUNT ONE**

The SPECIAL AUGUST-2009 GRAND JURY charges:

1. At times material to this indictment:

**Relevant Individuals and Entities**

A. The United States Small Business Administration (“USSBA”) was an independent agency of the federal government whose mission was to foster small business development by providing small business loans to entrepreneurs. The USSBA did this, in part, by providing federally guaranteed business loans through qualified banks and lenders. These participating banks and lenders managed and approved such loans under established USSBA procedures. Additionally, the USSBA provided direct loan assistance to U.S. citizens in times of need by providing direct disaster loans to those in need of rebuilding or repairing their homes and businesses following natural disasters. The USSBA maintained a web-based Field Cashiering System and Chron notes which function through computer entries made by USSBA employees.

B. Defendant THOMAS BUTLER was a Lenders Relations Officer with the USSBA, responsible, in part, for resolving issues related to the charge-off of more than 400 USSBA loans, which were previously secured with real estate collateral on various USSBA business

and disaster loans. BUTLER was charged with determining the current market value of the property assets securing the USSBA loans. BUTLER was also required to determine if these assets could be recovered from the related USSBA debtors. BUTLER became responsible for selling these various bad loans, which were in a pending litigation status, through arms length transactions to private equity investors.

C. According to the USSBA Loan Liquidation and Acquired Property Manual, Participants in USSBA loan transactions may not “fail to disclose to SBA all relationships between the small business and its Associates (including Close Relatives of Associates), the Participant, and/or the lenders financing the project of which it is aware.” In the USSBA Loan Liquidation and Acquired Property Manual, a “close relative” is defined as a “spouse, a parent, or a child or sibling, or the spouse of any such person.”

D. Individual A was the brother of defendant THOMAS BUTLER and the owner and operator of Butler Investments, LLC. Through his company, Individual A purchased property as investment.

E. Individual B was the son-in-law of defendant THOMAS BUTLER and the owner and operator of Ryan Alex, Incorporated, and Ryan Alex Properties.

2. Beginning in or around 2005, and continuing at least until in or around January 2007, at Chicago, in the Northern District of Illinois, Eastern Division,

THOMAS BUTLER,

defendant herein, together with Individuals A and B, knowingly devised and participated in a scheme to defraud the USSBA of the value of several loans issued by the USSBA, which

scheme is described further below.

3. It was part of the scheme that BUTLER abused his position at the USSBA to recommend that the USSBA sell twenty-five small business loans of value to Individuals A and B for substantially less than the loans were worth. BUTLER never disclosed to the USSBA the true nature of each loan's value or his familial relationships with Individuals A and B in making his recommendations.

4. It was further part of the scheme that defendant THOMAS BUTLER proposed to his superiors at the USSBA that he attempt to find potential investors to sell off the loans. When his superiors approved, BUTLER sold two USSBA loans to his brother, Individual A, the profits for which were shared between defendants THOMAS BUTLER and Individual A.

5. It was further part of the scheme that defendant THOMAS BUTLER sold twenty-three USSBA loans to his son-in-law, Individual B.

6. It was further part of the scheme that defendant THOMAS BUTLER made entries into the USSBA Field Cashiering System to conceal and hide his efforts to sell USSBA loans for less than their value to Individuals A and B.

7. It was further part of the scheme that defendant THOMAS BUTLER misrepresented, concealed and hid, and caused to be misrepresented, concealed and hidden, the purposes of and acts done in furtherance of the aforementioned scheme.

8. On or about November 9, 2005, at Chicago, in the Northern District of Illinois, Eastern Division,

THOMAS BUTLER,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted in interstate commerce by wire communication through an internet system operated by the USSBA, the Field Cashiering System, certain writings, signs, signals, and sounds, namely an entry into the Chron notes of USSBA loan no. 8452483000;

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

## COUNT TWO

The SPECIAL AUGUST 2009 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 7 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about February 16, 2006, at Chicago, in the Northern District of Illinois, Eastern Division,

THOMAS BUTLER,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted in interstate commerce by wire communication through an internet system operated by the USSBA, the Field Cashiering System, certain writings, signs, signals, and sounds, namely an entry into the Chron notes of USSBA loan no. 7710683000;

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

**COUNT THREE**

The SPECIAL AUGUST 2009 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 7 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about July 5, 2006, at Chicago, in the Northern District of Illinois, Eastern Division,

THOMAS BUTLER,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted in interstate commerce by wire communication through an internet system operated by the USSBA, the Field Cashiering System, certain writings, signs, signals, and sounds, namely an entry into the Chron notes of USSBA loan no. 6107743006;

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

**COUNT FOUR**

The SPECIAL AUGUST 2009 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 7 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about July 19, 2006, at Chicago, in the Northern District of Illinois, Eastern Division,

THOMAS BUTLER,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted in interstate commerce by wire communication through an internet system operated by the USSBA, the Field Cashiering System, certain writings, signs, signals, and sounds, namely an entry into the Chron notes of USSBA loan no. 2713002002;

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

**COUNT FIVE**

The SPECIAL AUGUST 2009 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 7 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about September 12, 2006, at Chicago, in the Northern District of Illinois, Eastern Division,

THOMAS BUTLER,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted in interstate commerce by wire communication through an internet system operated by the USSBA, the Field Cashiering System, certain writings, signs, signals, and sounds, namely an entry into the Chron notes of USSBA loan no. 5105844010;

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

**COUNT SIX**

The SPECIAL AUGUST 2009 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 7 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about September 12, 2006, at Chicago, in the Northern District of Illinois, Eastern Division,

THOMAS BUTLER,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted in interstate commerce by wire communication through an internet system operated by the USSBA, the Field Cashiering System, certain writings, signs, signals, and sounds, namely an entry into the Chron notes of USSBA loan no. 3059293003;

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

**COUNT SEVEN**

The SPECIAL AUGUST 2009 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 7 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about September 20, 2006, at Chicago, in the Northern District of Illinois, Eastern Division,

THOMAS BUTLER,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted in interstate commerce by wire communication through an internet system operated by the USSBA, the Field Cashiering System, certain writings, signs, signals, and sounds, namely an entry into the Chron notes of USSBA loan no. 1159123007;

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

**COUNT EIGHT**

The SPECIAL AUGUST 2009 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 7 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. On or about September 20, 2006, at Chicago, in the Northern District of Illinois, Eastern Division,

THOMAS BUTLER,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted in interstate commerce by wire communication through an internet system operated by the USSBA, the Field Cashiering System, certain writings, signs, signals, and sounds, namely an entry into the Chron notes of USSBA loan no. 1363333008;

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

## FORFEITURE ALLEGATIONS

The SPECIAL AUGUST 2009 GRAND JURY further alleges:

1. The allegations contained in this Indictment are realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. As a result of his violations of Title 18, United States Code, Section 1343, as alleged in the foregoing Indictment,

THOMAS BUTLER,

defendant herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section, 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any and all right, title and interest in property, real and personal, which constitutes and is derived from proceeds traceable to the charged offenses.

3. The interests of the defendant subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c) include but are not limited to:

A. at least \$120,000 in proceeds defendant THOMAS BUTLER received from the purchase of two USSBA loans; numbers 8452483000 and 7710683000;

4. If any of the property subject to forfeiture and described above, as a result of any act or omission of the defendants:

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;

the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

A TRUE BILL:

---

FOREPERSON

---

UNITED STATES ATTORNEY