

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)	
)	No.
v.)	
)	Violations: Title 18, United States
JESSE BRUNT,)	Code, Sections 1341 and 2.
BRUNT BROS. TRANSFER INC., and)	
ANTHONY DUFFY)	

COUNT ONE

The SPECIAL JULY 2010 GRAND JURY charges:

1. At times material to this indictment:
 - a. Defendant JESSE BRUNT was the president, founder and majority-owner of defendant BRUNT BROS. TRANSFER INC. (“BRUNT BROTHERS”), an Illinois corporation in the business of providing dump truck services.
 - b. Company A was a corporation in the business of providing sewer services, including cleaning and televising, and other industrial services.
 - c. Company B was an Illinois corporation in the business of performing sewer services, including cleaning and televising.
 - d. From approximately 2000 to 2003, defendant ANTHONY DUFFY was a manager and employee of Company A. From approximately 2003 to 2006, ANTHONY DUFFY was the president, co-founder, and minority-owner of Company B.
 - e. Company C was an Illinois corporation allegedly in the business of providing trucking and hauling services.
 - f. The City of Chicago operated programs designed to increase the utilization of certain categories of businesses, including minority-owned business

enterprises (“MBEs”) and women-owned business enterprises (“WBEs”). Specifically, pursuant to an ordinance passed by the Chicago City Council in 1990, Chapter 2-92-420 *et seq.* of the amended Municipal Code, the City of Chicago established a Minority and Women Owned Business Enterprise Procurement Program. The ordinance established an overall goal of awarding annually to MBEs not less than 25% and to WBEs not less than 5% of the total annual dollar value of all City contracts. To this end, and among other measures, the ordinance established that certain contracts would be designated as “Target Market contracts,” meaning that these contracts would be open to bidding only by MBEs and WBEs.

g. To be certified by the City of Chicago as an MBE or WBE company under the City of Chicago ordinance and regulations promulgated thereunder, an applicant company was required to submit an MBE/WBE certification application and documentation to the City of Chicago Department of Procurement Services demonstrating, among other things, that the applicant company met certain ownership and managerial requirements, including:

- (i) that at least 51% of the company was owned and controlled by one or more minorities or women, and that the ownership and control was real, continuing and beyond the pro forma ownership as reflected in ownership documents;
- (ii) that the management and daily business operations of the company were controlled by one or more such individuals, who possessed the power to direct company policies and objectives and make all substantive, day-to-day decisions,

and that primary responsibility for these functions was not vested in someone who was not a minority or a woman; and

(iii) that the company was a viable, independent business, and the minority or female principal of the company possessed the resources and expertise to operate in the company's area of speciality, without substantial reliance upon finances, resources, expertise, manpower, facilities, equipment, etc. of non-minority or non-women businesses.

h. The City of Chicago further required for certain Target Market contracts that:

(i) a contractor was not permitted to subcontract more than 75% of the dollar value of the contract;

(ii) at least 50% of the contract was required to be performed by currently certified MBE and WBE firms; and

(iii) the prime Target Market contractor was expected to perform at least 25% of the awarded contract amount with its own workforce.

i. The City of Chicago further specified that Target Market contracts were for MBE and WBE firms that perform a "commercially useful function." A firm was considered to perform a commercially useful function when it was responsible for executing a distinct element of the work of a contract and carried out its responsibilities by actually performing, managing, and supervising the work involved.

j. BRUNT BROTHERS was a certified MBE. Company C was a

certified MBE and WBE. Company A and Company B were not certified MBEs or WBEs.

k. Based on its MBE certification, BRUNT BROTHERS was eligible to participate in various Target Market contracts, including the Southern Third Chicago Sewers Contract (the “South District Contract”), a contract, comprising part of the 2000 Sewer Televising Program, to clean and televise sewers from 63rd Street to the southern limit of the City, and from Lake Michigan to the western limit of the City, and including various extensions and modifications to the South District Contract.

2. Beginning not later than in or about 1999, and continuing until not earlier than in or about February 2006, in Chicago and elsewhere within the Northern District of Illinois, Eastern Division,

JESSE BRUNT,
BRUNT BROS. TRANSFER INC., and
ANTHONY DUFFY,

defendants herein, and others known and unknown to the grand jury, devised, intended to devise, and participated in a scheme and artifice to defraud and to obtain money and property, including contracts and more than \$3,000,000 in funds paid pursuant to contracts, from the City of Chicago, by means of materially false and fraudulent pretenses, representations and promises, and material omissions, which scheme is further described below.

3. It was part of the scheme that, beginning in 1999, defendant JESSE BRUNT and others caused BRUNT BROTHERS to fraudulently seek, obtain, and

thereafter maintain MBE certification in the specialty area of sewer cleaning, despite BRUNT BROTHERS not having the capacity to perform the work itself.

4. It was further part of the scheme that defendant JESSE BRUNT in a letter dated November 27, 2000 to the City of Chicago represented falsely that if awarded the South District Contract, BRUNT BROTHERS would subcontract not more than 40% of the work to Company A, the only exception being an emergency, in which case advance notice would be given to the City, and further represented falsely that BRUNT BROTHERS would obtain the equipment necessary to complete the project.

5. It was further part of the scheme that defendant JESSE BRUNT falsely certified a Disclosure of Retained Parties form and a Schedule D-2 Affidavit of Target Market Subcontractors, both executed on or about August 8, 2000 and thereafter filed with the City, which falsely stated that Company A would perform a certain value of work for BRUNT BROTHERS under the South District Contract and which substantially and materially under-represented the extent of the work which JESSE BRUNT then expected Company A would perform.

6. It was further part of the scheme that JESSE BRUNT caused the City of Chicago to award BRUNT BROTHERS the South District Contract, including various extensions and modifications thereto, based upon false representations, material omissions, and BRUNT BROTHERS's MBE certification, which it obtained and maintained by fraud.

7. It was further part of the scheme that BRUNT BROTHERS would and did operate merely as a "pass-through" for the South District Contract and neither

performed a commercially useful function nor actually performed, managed, or supervised the work, as defendants JESSE BRUNT and ANTHONY DUFFY knew and orchestrated.

8. It was further part of the scheme that during 2000 to 2003 defendant JESSE BRUNT and others arranged for Company A to perform substantially all the services that BRUNT BROTHERS agreed and represented it would perform under the South District Contract, and that defendant ANTHONY DUFFY supervised Company A's work with BRUNT BROTHERS as a manager and employee of Company A.

9. It was further part of the scheme that in 2003 defendant ANTHONY DUFFY and others formed Company B to acquire the sewer cleaning assets of Company A and, among other purposes, to cause Company B to provide the services purportedly performed by BRUNT BROTHERS under the South District Contract but in truth and fact performed by Company A.

10. It was further part of the scheme that during 2003 to 2005 defendants JESSE BRUNT and ANTHONY DUFFY arranged for and caused Company B to perform substantially all the services that BRUNT BROTHERS represented it would perform under the South District Contract, and that BRUNT BROTHERS operated merely as a pass-through, that is, it served merely to hold the South District Contract and to bill the City for services actually performed by Company B.

11. It was further part of the scheme that defendant ANTHONY DUFFY prepared and caused Company B to prepare BRUNT BROTHERS invoices for work ANTHONY DUFFY and JESSE BRUNT knew was actually performed by Company

B, and the defendants caused the invoices to be delivered to the City of Chicago in order to represent falsely that BRUNT BROTHERS was actually performing the work required by the South District Contract.

12. It was further part of the scheme that defendants JESSE BRUNT and ANTHONY DUFFY, on behalf of BRUNT BROTHERS, fraudulently invoiced the City approximately 15% in excess of the amount that Company B invoiced to BRUNT BROTHERS for work on the South District Contract, even though BRUNT BROTHERS performed substantially no work on the South District Contract.

13. It was further part of the scheme that, to attempt to perpetuate and continue the scheme, defendant ANTHONY DUFFY caused Company B to assist in preparing BRUNT BROTHERS's bid for a new sewer cleaning and televising contract. ANTHONY DUFFY and JESSE BRUNT intended BRUNT BROTHERS to attain the contract as an MBE and then to operate as a pass-through for Company B, which they intended to perform substantially all the contract services.

14. It was further part of the scheme that defendant JESSE BRUNT executed a Schedule D-1, Affidavit of MBE/WBE Goal Implementation Plan, on or about October 31, 2003, and falsely represented therein that Company C would participate in the contract as a WBE at the level of 5%, and executed a Schedule D-2, Affidavit of Target Market Subcontractors, on or about February 16, 2005, and falsely represented therein that Company C would participate as a MBE at the level of 5%; even though Company C performed no work on the contract and was not intended to do so.

15. It was further part of the scheme that defendant JESSE BRUNT omitted and failed to disclose the identity and participation of Company B as a subcontractor on the South District Contract on City of Chicago Economic Disclosure Statements and Affidavits executed on or about October 24, 2003 and February 6, 2005 and thereafter filed with the City.

16. It was further part of the scheme that defendants JESSE BRUNT and ANTHONY DUFFY caused the City of Chicago to pay BRUNT BROTHERS for work it purportedly performed under the South District Contract, but which it did not in fact perform, as each defendant then and there knew. During the course of the scheme, the City of Chicago paid BRUNT BROTHERS more than \$3,000,000 for such work under the South District Contract.

17. It was further part of the scheme that defendants JESSE BRUNT, BRUNT BROTHERS, and ANTHONY DUFFY, acting with others, misrepresented, concealed and hid, and caused to be misrepresented, concealed and hidden, the purposes of and acts done in furtherance of the scheme.

18. On or about January 10, 2006, at Chicago, in the Northern District of Illinois,

JESSE BRUNT,
BRUNT BROS. TRANSFER INC., and
ANTHONY DUFFY,

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a City of Chicago check numbered 40676529, paid pursuant to Order Payment Voucher

PV88058806843, in the approximate amount of \$30,948, remitted to Brunt Brothers Transfer Inc., and addressed to Brunt Brothers Transfer Inc., P.O. Box 199267, Chicago, IL 60619;

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

COUNT TWO

The SPECIAL JULY 2010 GRAND JURY further charges:

1. Paragraphs One through Seventeen of Count One are realleged and incorporated as if fully set forth herein.

2. On or about January 10, 2006, at Chicago, in the Northern District of Illinois,

JESSE BRUNT,
BRUNT BROS. TRANSFER INC., and
ANTHONY DUFFY,

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a City of Chicago check numbered 40676530, paid pursuant to Order Payment Voucher PV88058806844, in the approximate amount of \$24,598, remitted to Brunt Brothers Transfer Inc., and addressed to Brunt Brothers Transfer Inc., P.O. Box 199267, Chicago, IL 60619;

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

COUNT THREE

The SPECIAL JULY 2010 GRAND JURY further charges:

1. Paragraphs One through Seventeen of Count One are realleged and incorporated as if fully set forth herein.

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

JESSE BRUNT,
BRUNT BROS. TRANSFER INC., and
ANTHONY DUFFY,

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be delivered by mail according to the direction thereon, a City of Chicago check numbered 40684943, paid pursuant to Order Payment Voucher PV88058807677, in the approximate amount of \$127,633.75, remitted to Brunt Brothers Transfer Inc., and addressed to Brunt Brothers Transfer Inc., P.O. Box 199267, Chicago, IL 60619;

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

FORFEITURE ALLEGATION

The SPECIAL JULY 2010 GRAND JURY further alleges:

1. The allegations of this indictment are hereby 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 their violations of Title 18, United States Code, Section 1341, as alleged in the indictment,

JESSE BRUNT,
BRUNT BROS. TRANSFER INC., and
ANTHONY DUFFY,

defendants 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 they may have in any property constituting, and derived from, gross proceeds obtained directly and indirectly as the result of such violation.

3. The interests and property of the defendants 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 the sum of approximately \$3,000,000.

4. If any of the forfeitable property described above, as a result of any act or omission by 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,

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