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**FOUR DEFENDANTS INDICTED FOR ALLEGED ROLES IN SHAM MINORITY  
CABLE BUSINESS THAT OBTAINED \$8.3 MILLION FROM CITY CABLE PROVIDER**

*Former city worker accused of lying to FBI about accepting bribes to expedite MBE process*

CHICAGO — Four defendants were indicted on federal fraud charges for allegedly engaging in a sham minority-owned cable installation business that fraudulently obtained more than \$8.3 million in subcontracts from a cable company that serves residents on the city's north side. The defendants include two non-minority operators of the cable installation business, a man who allegedly served as a minority "front," and a woman who allegedly paid a \$500 bribe to a city employee to expedite the minority-owned business certification for the installation company, which enabled it to obtain city-mandated minority sub-contracts from the cable provider. At the same time, a former city employee was charged separately with lying to the FBI about whether he ever accepted anything for expediting review of a minority business certification. The charges were filed late yesterday and announced today by federal law enforcement officials and the City of Chicago's Inspector General.

The federal grand jury indictment charges four defendants with six counts each of mail fraud for their alleged roles in the sham minority business. They are: **Guy Potter**, 64, of Versailles, Ky., and formerly of Bensenville, and **Matthew Giovenco**, 41, of Grayslake, both Caucasians who

allegedly operated and controlled the now-defunct ICS Cable, Inc. (ICS), which provided cable installation and disconnection services; **Jerone Brown**, 30, of Chicago, who purported to be the minority owner of ICS and function as its president; and **Cheronne Mayes**, also known as “Sherone Mayes,” 49, of Chicago, who allegedly passed the bribe to the former city employee.

The indictment alleges that Potter and Giovenco together received at least \$2.25 million in proceeds from ICS during the course of the fraud scheme; that Brown received approximately \$63,000; and Mayes received approximately \$17,000. The indictment seeks forfeiture of \$2.25 million from Potter and Giovenco.

The former city worker, **Leon Moore**, was charged separately in a criminal information with a single count of making false statements. Moore, 41, of Chicago, worked in the city’s Department of Procurement Services (DPS) from July 1996 to November 2005. Moore’s responsibilities included reviewing applications for certification of minority and women business enterprises (MBE/WBE.) From approximately 2000 to 2003, he was chairman of the certification committee and had the ability to expedite review and certification of an MBE/WBE application.

All five defendants will be arraigned on dates still to be determined in U.S. District Court.

The charges were announced by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; and Joseph Ferguson, Inspector General for the City of Chicago. The Cook County State’s Attorney’s Office assisted in an early phase of the investigation.

“The M/WBE program is intended to provide economic opportunity to historically disadvantaged communities,” said Inspector General Joe Ferguson. “M/WBE fraud adds fresh insult on top of historical injury. It must and will be prosecuted to the fullest extent and at all levels.”

According to the indictment, the city granted a franchise to RCN Telecom Services of Illinois, LLC (RCN) to provide cable television and telecommunications services in two north side areas along the lakefront and west of the lakefront. The RCN franchise agreements required that RCN sub-contract 25 percent of cable installation and disconnection services in one area, and 40 percent in the other, to city-certified MBEs.

Between April 2003 and October 2006, the indictment alleges that Potter, Giovenco, Brown and Mayes schemed to fraudulently obtain more than \$8.3 million from RCN by falsely representing to RCN that ICS was owned and operated by Brown. The four defendants allegedly supported the false representations to RCN with an MBE certification for ICS that they obtained by making false representations to the city regarding Brown's purported ownership and control of ICS. The defendants knew, however, that Potter and Giovenco controlled ICS and made most, if not all, financial and managerial decisions for the business.

Beginning in 2003, Mayes allegedly submitted false documents to the city seeking an MBE certification for ICS, and created a purported resume and a resignation letter for Brown, both of which falsely represented that he previously was employed by RCN. As part of the scheme, Mayes allegedly paid \$500 to unnamed City Employee A to expedite review of the MBE application that ICS submitted in 2003.

Subsequently, in 2004, 2005 and 2006, the defendants schemed to maintain ICS's minority business certification, which, in turn, they used to fraudulently obtain and maintain sub-contacts from RCN totaling more than \$8.3 million over approximately four years, the indictment alleges.

According to the information against Moore, in 2009, the FBI was investigating corruption and fraud relating to the city's certification of minority businesses, and it was material to the

investigation whether Moore accepted bribes or payoffs in return for certifying or expediting the review or certification of companies including ICS as an MBE. In March 2009, Moore allegedly lied to agents when he stated “in sum and substance that he never accepted anything in return for prioritizing or expediting the review or certification of an application for a minority certification,” the information charges.

The government is being represented by Assistant U.S. Attorneys Michael J. Chmelar and Matthew Getter.

Each count of mail fraud carries a maximum penalty of 20 years in prison and a \$250,000 fine. As an alternative, the Court may impose a maximum fine totaling twice the loss to any victim or twice the gain to any defendant, whichever is greater, and restitution is mandatory. If convicted, the Court must determine a reasonable sentence to impose under the advisory United States Sentencing Guidelines.

The public is reminded that an indictment and an information contain only charges and are 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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