



U. S. Department of Justice

United States Attorney
Northern District of Illinois

Patrick J. Fitzgerald
United States Attorney

Federal Building
219 South Dearborn Street, Fifth Floor
Chicago, Illinois 60604
(312) 353-5300

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www.justice.gov/usao/iln

PRESS CONTACTS:
AUSA Erika Csicsila 312-353-5370
AUSA Timothy Chapman 312-353-1925
Randall Samborn 312-353-5318

**FORMER CRESTWOOD WATER OFFICIALS INDICTED FOR ALLEGEDLY
FALSIFYING REPORTS TO CONCEAL VILLAGE'S USE OF UNDERGROUND
WELL TO SUPPLEMENT DRINKING WATER SUPPLY**

CHICAGO — Two former water department officials for the south suburban Village of Crestwood were indicted today on federal false statement charges for allegedly lying repeatedly to environmental regulators for more than 20 years about using a water well to supplement the village's drinking water supply from Lake Michigan. The defendants, **Frank Scaccia**, Crestwood's retired certified water operator, and **Theresa Neubauer**, former water department clerk and supervisor and currently Crestwood's police chief, were charged in a 23-count indictment returned today by a federal grand jury, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois.

The indictment does not allege that the defendants' false statements in regulatory reports concealing the use of well water resulted in any harm to Crestwood's nearly 11,000 residents or to the environment, but the alleged concealment avoided regulations requiring that Crestwood test its commingled water supply and monitor the amount of certain contaminants.

Since at least 1973, the substantial majority of Crestwood's drinking water came from Lake Michigan and was purchased from the neighboring Village of Alsip, which, in turn, had purchased

the water from the City of Chicago after it was treated and tested according to state and federal environmental regulations. Since 1973, Crestwood regularly supplemented the Lake Michigan water being distributed in its community water system to residential, industrial and commercial customers with water drawn from an underground aquifer through a well located on Playfield Drive, known as Well #1. Crestwood found it necessary to supplement the Lake Michigan water with water pumped from Well #1 in part because of substantial leakage in its water distribution system, which Crestwood officials responsible for the operation of the system failed to adequately remedy, according to the indictment.

Scaccia, 59, and Neubauer, 53, both of Crestwood, were charged with 23 and 22 felony counts, respectively, of making false statements relating to Crestwood's use of Well #1 to supplement the village's Lake Michigan drinking water supply. They will be arraigned at a later date in U.S. District Court in Chicago.

"The indictment alleges that for 20 years, Crestwood officials purposely hid the fact that they commingled well water with Lake Michigan water and, by doing so, avoided complying with state and federal environmental regulations. As a result, Crestwood's water customers were exposed to well water that was not adequately tested for contamination," Mr. Fitzgerald said.

"To safeguard public health, it is absolutely essential that government officials assure compliance with environmental regulations through accurate and honest reporting," said Randall Ashe, Special Agent-in-Charge of the U.S. Environmental Protection Agency's Office of Criminal Enforcement in Chicago.

Scaccia and Neubauer were each charged with one count of participating in a scheme between January 1987 and 2008 to conceal that Crestwood was supplementing its Lake Michigan

water with water drawn from Well #1. As part of the scheme, they allegedly prepared and submitted, or aided in preparing and submitting, various false reports that:

- ▶ stated Well #1 was on standby status and no water from Well #1 was distributed to Crestwood's drinking water customers;
- ▶ identified the sole source of Crestwood's drinking water to be Lake Michigan water purchased from Alsip and concealed the fact that Crestwood obtained a portion of its drinking water from Well #1; and
- ▶ asserted that no water from Well #1 was distributed to Crestwood's drinking water customers, contained false information concerning Crestwood's unaccounted-for water losses, and, on occasion, contained other false information concerning water consumption in Crestwood.

Scaccia was charged with three counts, and Neubauer was charged with two counts, of making false statements to Crestwood's water customers on annual Consumer Confidence Reports (CCRs) for 2005-07, falsely asserting that Crestwood's sole drinking water source was Lake Michigan water purchased from Alsip when they knew that Crestwood also regularly distributed water drawn from Well #1.

Both defendants also were charged with 19 counts each of making false statements in Monthly Operation and Chemical Analysis Reports (MORs) that required Crestwood officials to disclose the number of hours each month that Well #1 operated and the total amount of water pumped from Well #1. For each month from June 2006 through December 2007, Scaccia and Neubauer allegedly were responsible for falsely reporting that Well #1 was on standby status and no water from the well was distributed to Crestwood's customers, when they knew that the well was not on standby status and water from Well #1 was distributed to customers.

The indictment alleges that Scaccia and Neubauer acted together with unnamed Public Official A, an elected Crestwood government official who had and exercised authority over the

village's water system, including the use of Well #1. Between approximately 1999 and 2007, Public Official A signed Crestwood's CCRs on behalf of the village.

Under the federal Safe Drinking Water Act of 1974, the U.S. Environmental Protection Agency (EPA) created regulations to ensure the safety of drinking water distributed by public water systems by requiring testing and establishing maximum contaminant levels (MCLs) for various drinking water contaminants, including organic and inorganic contaminants. Through delegation of its authority to state agencies, the EPA gave the primary responsibility for enforcing the Safe Drinking Water Act to the Illinois Environmental Protection Agency (IEPA), which established its own state regulations that implemented the federal statute and regulations.

Because the City of Chicago tested and treated Lake Michigan water for contaminants, Crestwood, like other municipalities that purchased water directly or indirectly from Chicago, was excused from monitoring its Lake Michigan water for certain contaminants, including organic and inorganic contaminants. Due to Crestwood's use of Well #1, however, the village was required to periodically monitor its drinking water for organic contaminants starting in 1975 and for inorganic contaminants beginning in 1991.

According to the indictment, Crestwood officials responsible for the operation of its water system were aware of the requirements that the village monitor its drinking water for contaminants, and report the hours of operation and volume of water pumped from its well, but chose not to conduct the required monitoring or report the well usage.

Further, Crestwood was required to submit an Annual Water Use Audit form, also known as an LMO-2 form, to the Illinois Department of Natural Resources (or, prior to 1995, the Illinois Department of Transportation.) This form required Crestwood to report the amount of water it had

drawn from Lake Michigan and from Well #1, and to account for the amount of water distributed and lost by its water system annually. From at least 1982 to 2008, the indictment alleges that Crestwood officials responsible for operating its water distribution system filed LMO-2 forms that neither reported the amount of water drawn from Well #1, nor accurately accounted for the amount of water distributed and lost by its water system.

According to the indictment, Scaccia was responsible for ensuring that water distributed by Crestwood met all federal and state regulations, including the requirement to file annual CCRs; obtaining the raw data that was to be used to complete the MORs; transmitting raw data for the MORs to Neubauer so that she could complete them and submit them to the IEPA; and serving as a point of contact for IEPA with respect to drinking water compliance issues. As part of her duties, Neubauer prepared the CCRs for signature by Public Official A, arranged for the CCRs to be issued to Crestwood's water customers, prepared MORs for distribution to the IEPA based upon information obtained from Scaccia, and distributed completed MORs to IEPA. While employed by Crestwood, Public Official A, Scaccia and Neubauer allegedly were aware that water pumped from Well #1 was being distributed to the village's water customers.

As a result of submitting false reports to IEPA, which made it appear that all of Crestwood's water supply came from Lake Michigan, Public Official A, Scaccia and Neubauer allegedly induced the state environmental agency to refrain from compelling Crestwood to conduct monitoring of its water system for contaminants. In 1999 and again in 2007, in connection with IEPA inspections of Crestwood's water system, Public Official A and Scaccia allegedly misrepresented to IEPA inspectors that Well #1 was used only on a stand-by basis and did not provide water for Crestwood's water customers. In 2000, in response to an IEPA request that Crestwood sample its water for

various contaminants, Public Official A, Scaccia and Neubauer misrepresented to IEPA that Well #1 was on stand-by status for the purpose of emergency use only, the indictment alleges.

The government is being represented by Assistant U.S. Attorneys Erika Csicsila and Timothy Chapman. The investigation was conducted by the U.S. EPA Criminal Investigation Division.

Each count of making false statements carries a maximum penalty of five years in prison and a \$250,000 fine. If convicted, the Court must impose a reasonable sentence under the advisory United States Sentencing Guidelines.

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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