

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)	
)	
v.)	No.
)	
JOHN PADERTA,)	Violations: Title 18, United States
THADDEUS STEPNIIEWSKI,)	Code, Sections 1341, 1343, and 1346
DOUG HARNER,)	
SCOTT MOUSEL,)	
JOHN BAK,)	
HEATHER ELLIS,)	
ERIN SCOTT,)	
SCOTT SOLANO, and)	
TIMOTHY SCANNELL)	

COUNT ONE

The SPECIAL FEBRUARY 2011-2 GRAND JURY charges:

1. At times material to this Indictment:

a. Krah1 Associates, Inc. d/b/a Krah1 Construction (“Krah1”), was a general contractor in the construction industry. Krah1 was an Illinois corporation, which had offices in Chicago, Illinois, and Denver, Colorado.

b. Victim Company A (“Company A”) was a real estate investment trust, and its headquarters were located in San Francisco, California. Company A was in the business of purchasing commercial real estate and converting the real estate into data storage centers. Company A hired Krah1, as the general contractor, to provide construction work on portions of an eight-story building that was located at 350 E. Cermak, Chicago, Illinois (hereinafter referred to as “Cermak”). Krah1 worked on specific projects at Cermak, which

included the second floor, fourth floor, eighth floor, the Sound Wall project, and other smaller projects.

c. Victim Company B (“Company B”) was a property management company, located on Michigan Avenue, in Chicago, which was in the business of managing and developing commercial real estate. Company B hired Krah1 to develop a commercial property located in Bolingbrook, Illinois, known as the Tallgrass project.

d. Defendant JOHN PADERTA (“PADERTA”) was the President of Krah1 and resided in Burr Ridge, Illinois. PADERTA owned approximately 85% of Krah1. PADERTA ordinarily approved all of Krah1’s requests for payment and all of Krah1’s payments to subcontractors.

e. Defendant THADDEUS STEPNIIEWSKI (“STEPNIIEWSKI”) was the Chief Financial Officer of Krah1 and resided in Lombard, Illinois. STEPNIIEWSKI was responsible for the financial operations of Krah1, including making payments to subcontractors and submitting statements to Companies A and B to obtain payments.

f. Defendant DOUG HARNER (“HARNER”) was the Executive Vice President of Krah1 and a part owner of Krah1. He resided in Chicago, Illinois. Defendant HARNER worked with defendant PADERTA and Project Managers at Krah1 to establish a budget for various Krah1 projects and to obtain contracts from companies including Company A and Company B. HARNER introduced Company A to Krah1 as a potential customer.

g. Defendant SCOTT MOUSEL (“MOUSEL”) was a Project Manager at Krah1 and resided in Lisle, Illinois. He was the Project Manager for the fourth floor and

eighth floor construction at Cermak. As the Project Manager, he was responsible for establishing budgets, obtaining bids, selecting subcontractors, obtaining invoices from subcontractors, and submitting statements to Company A to obtain payments.

h. Defendant JOHN BAK (“BAK”) was a Project Manager at Krahll and resided in Ridgeway, Illinois. He was the Project Manager for the second floor construction and the Sound Wall project at Cermak. As the Project Manager, he was responsible for establishing budgets, obtaining bids, selecting subcontractors, obtaining invoices from subcontractors, and submitting statements to Company A to obtain payments.

i. Defendant HEATHER ELLIS (“ELLIS”) was a Project Manager Assistant at Krahll and resided in Midlothian, Illinois. She was an Assistant for the fourth floor and eighth floor construction at Cermak. As an Assistant, defendant ELLIS was responsible for organizing and compiling paperwork that was submitted to Company A, including pay applications, lien waivers, and statements to obtain payments.

j. Defendant ERIN SCOTT (“SCOTT”) was a Project Manager Assistant at Krahll and resided in Clarendon Hills, Illinois. She was an Assistant for the second floor construction and parts of the fourth floor construction and the Sound Wall project at Cermak. As an Assistant, defendant SCOTT was responsible for organizing and compiling paperwork that was submitted to Company A, including pay applications, lien waivers, and statements to obtain payments.

k. Defendant SCOTT SOLANO (“SOLANO”) was the property manager for the Cermak building, first as an employee of a company (“Company C”) which managed

the Cermak building for Company A, and then, beginning in or about April 2009, as an employee of Company A. SOLANO resided in Burr Ridge, Illinois.

l. Defendant TIMOTHY SCANNELL (“SCANNELL”) was a Vice President at Company B and was responsible for managing certain buildings, including a three-story office building and warehouse located in Bolingbrook, Illinois, known as the Tallgrass building. Krah1 was awarded a contract to remodel certain space in that building and SCANNELL was responsible for overseeing that project. SCANNELL owed a duty of honest services to Company B.

m. The following companies, which were incorporated as Illinois corporations, with addresses located in the Chicago area, were wholly owned by defendant PADERTA, namely: Craine Millwork, Everygreene Electric, Excellon Supply, Great Lakes Illinois Supply, Harvey Glass and Glazing, and J&A Construction. Those companies – which had essentially no employees, no offices, no equipment, and no inventory – performed essentially no work and provided no materials (hereinafter referred to as “sham companies”).

n. Krah1 hired various subcontractors for certain projects at Cermak. The subcontractors had different areas of expertise, which included concrete, steel, wood, fire suppression, heating and air conditioning, and electrical work.

2. Beginning no later than in or about September 2005, and continuing until at least in or about December 2009, at Chicago, in the Northern District of Illinois, and elsewhere,

JOHN PADERTA,

THADDEUS STEPNIIEWSKI,
DOUG HARNER,
SCOTT MOUSEL,
JOHN BAK,
HEATHER ELLIS,
ERIN SCOTT,
SCOTT SOLANO, and
TIMOTHY SCANNELL,

defendants herein, together with others, devised, intended to devise, and participated in a scheme to defraud certain Krahll clients, including Company A and Company B, of money and property by means of materially false and fraudulent pretenses, representations, and promises, and by material omissions, and to defraud Company B of its right to the honest services of defendant SCANNELL through bribery and kickbacks, and the concealment of material information, as further described below.

3. **The Scheme:** It was part of the scheme that defendants PADERTA, STEPNIIEWSKI, HARNER, MOUSEL, BAK, ELLIS, SCOTT, and others fraudulently inflated, and caused the inflation of, the cost of renovation projects performed by Krahll and caused false documents to be created to support the inflated costs, resulting in an actual loss to Company A of at least approximately \$9,000,000, and an actual loss to Company B of approximately \$400,000. Defendants SOLANO and SCANNELL each secretly used his position to enrich himself by soliciting and accepting bribe/kickback payments and other things of value from Krahll, in exchange for favorable action by SOLANO and SCANNELL to help Krahll obtain contracts with Company A and Company B.

4. **Budgets:** It was further part of the scheme that during the budgeting phase of the projects at Cermak, defendants PADERTA, STEPNIEWSKI, HARNER, MOUSEL, BAK and SOLANO fraudulently identified fictitious costs to be added to the project budgets, which costs were fraudulently included in those budgets in order to generate additional profits for Krahrl.

5. **Spreadsheets:** It was further part of the scheme that defendants PADERTA, STEPNIEWSKI, MOUSEL, BAK, and ELLIS created, and caused others to create, financial spreadsheets to keep track of the fraud, including spreadsheets that identified the actual amounts owed to subcontractors along with the inflated amounts which were billed by Krahrl. STEPNIEWSKI reviewed those spreadsheets on a regular basis. STEPNIEWSKI manually input, or caused others to manually input, the inflated amounts into the accounting records.

6. **Sham Companies:** It was further part of the scheme that defendant PADERTA instructed STEPNIEWSKI to set up sham companies which could be used to fraudulently obtain payment from customers. STEPNIEWSKI arranged for those companies to be incorporated, knowing that those companies would be shell corporations used for fraudulent billing purposes.

7. **Creation of false documents:** It was further part of the scheme that defendants PADERTA, STEPNIEWSKI, HARNER, MOUSEL, BAK, ELLIS, SCOTT, and others created, and caused the creation of, documents containing false information to support the inflated prices being charged by Krahrl. Those documents included fraudulent invoices, change orders, lien waivers, applications and certifications for payment, and numerous

documents from the sham companies. Certain documents were created by cutting and pasting information and signatures. Some documents contained forged signatures and falsely notarized signatures. Krah1 maintained two sets of files; one set of files contained legitimate documents, and the other set of files contained false and fraudulent documents.

8. It was further part of the scheme that defendants STEPNIEWSKI and MOUSEL showed ELLIS how to create false documents.

9. It was further part of the scheme that defendants PADERTA and BAK showed SCOTT how to create false documents.

10. It was further part of the scheme that defendant STEPNIEWSKI created, and caused others to create, fraudulent lien waivers for the subcontractors, in which he knowingly included the falsely overstated figures. STEPNIEWSKI also created, and caused others to create, fictitious invoices and lien waivers for the sham companies, which he knew had not provided any services or materials.

11. **Inflated amounts:** It was further part of the scheme that defendant PADERTA decided on the inflated amounts that should be added to certain invoices, and he gave MOUSEL, BAK and others that information. Defendants MOUSEL and BAK created inflated invoices based on the information from PADERTA, or made handwritten changes on documents to inflate the charges and gave those documents to STEPNIEWSKI, ELLIS, and SCOTT, who then created new documents using the inflated numbers. On some occasions, defendant HARNER told MOUSEL and BAK to inflate certain costs for Company A projects.

12. **Inflated bids:** It was further part of the scheme that defendants PADERTA, STEPNIEWSKI, HARNER, MOUSEL, BAK, ELLIS, SCOTT, and others inflated bids, and caused bids to be inflated, in order to support the overstated invoices that were submitted for payment. They also inflated bids in order to make it appear that certain sham companies had submitted lower bids, which justified awarding the work to the sham companies. PADERTA gave BAK inflated amounts to include in certain bid proposals, which BAK did.

13. **False Documents to Company A:** It was further part of the scheme that defendants PADERTA, STEPNIEWSKI, HARNER, MOUSEL, BAK, ELLIS, SCOTT, SOLANO, and others caused false and fraudulent invoices to be submitted to Company A, as well as other false documents, resulting in over-billing of at least approximately \$15,000,000. Defendants PADERTA, STEPNIEWSKI and HARNER received substantial salary and bonus payments as a result of the overstated charges paid by Company A to Krahle.

14. **Company A's request:** It was further part of the scheme that in or about December 2009, in response to Company A's request for documents pertaining to Cermak, defendants PADERTA, STEPNIEWSKI, MOUSEL, and ELLIS provided, and caused to be provided, to Company A copies of numerous false and fraudulent documents, which had previously been submitted to Company A, showing inflated and fictitious costs, knowing that those documents were false and fraudulent.

15. **Company B:** It was further part of the scheme that defendants PADERTA, STEPNIEWSKI, HARNER, and others submitted, and caused to be submitted, false and fraudulent documents to Company B, including invoices, payment applications, and lien

waivers, which falsely represented that at least three of the sham companies – Harvey Glass, Everygreene Electric, and Great Lakes Illinois Supply – had provided services and materials. In fact, PADERTA, STEPNIEWSKI, and HARNER knew that those sham companies had not provided such services or materials.

16. **Kickbacks to SOLANO:** It was further part of the scheme that defendant SOLANO solicited and accepted kickbacks and bribes (“kickbacks”) from Krahrl, including payments totaling approximately \$520,000, and renovations on SOLANO’s home totaling approximately \$125,000. Those renovations included work on the basement, general repairs, new windows, and installation of a generator and new televisions. In exchange for the kickbacks, SOLANO promised to, and did, take favorable action on behalf of Krahrl as requested and as opportunities arose, including agreeing to help – and helping – Krahrl obtain contracts from Company A, while SOLANO was employed at Company A, and other entities.

17. It was further part of the scheme that defendants PADERTA, HARNER, and STEPNIEWSKI arranged for the kickback payments to be made to SOLANO and arranged for the renovations made to SOLANO’s home. In order to pay for SOLANO’s kickbacks, defendants PADERTA, HARNER, STEPNIEWSKI, and SOLANO caused certain false and inflated invoices to be submitted to Company A, which Company A paid, resulting in a loss to Company A of approximately \$500,000. Defendants PADERTA, HARNER, and SOLANO identified certain projects for which costs could be fraudulently inflated, and they then caused certain invoices to be inflated by the agreed upon amounts.

18. It was further part of the scheme that defendants PADERTA, HARNER, STEPNIEWSKI and SOLANO took steps to hide, conceal, and cover up the kickbacks and the nature and scope of SOLANO's dealing with Krah. Specifically, defendants PADERTA, HARNER, and STEPNIEWSKI caused funds to be transferred from Krah to a bank account in the name of a sham company – Harvey Glass – and then caused checks to be issued to SOLANO from the Harvey Glass bank account.

19. **Kickbacks to SCANNELL:** It was further part of the scheme that defendant SCANNELL solicited and accepted kickbacks from Krah, including payments totaling approximately \$100,000, as well as renovations on SCANNELL's home totaling approximately \$19,500. In exchange for the kickbacks, SCANNELL promised to take favorable action on behalf of Krah as requested and as opportunities arose, including agreeing to help Krah obtain contracts from Company B, while SCANNELL was employed at Company B.

20. It was further part of the scheme that defendants PADERTA, HARNER, and STEPNIEWSKI arranged for the kickback payments to be made to SCANNELL and caused Krah to pay for the renovations to SCANNELL's home. In order to pay for SCANNELL'S kickbacks, defendants PADERTA, HARNER, and STEPNIEWSKI caused certain false and inflated invoices to be submitted to Company B, which Company B paid.

21. It was further part of the scheme that defendants PADERTA, HARNER, STEPNIEWSKI and SCANNELL took steps to hide, conceal, and cover up the kickbacks and the nature and scope of SCANNELL's dealing with Krah. Specifically, defendants

PADERTA, HARNER, and STEPNIEWSKI obtained cash and then used that cash to make payments to SCANNELL.

22. **Loss:** As a result of this scheme to defraud, Company A made payments to Krahl based on inflated and fictitious invoices totaling at least \$15,000,000, resulting in a total loss to Company A of at least approximately \$9,000,000. Also as a result of this scheme, Company B awarded the contract for Tallgrass to Krahl because of kickbacks paid to defendant SCANNELL, and Company B made payments to Krahl for services not provided, resulting in a total loss to Company B of at least approximately \$400,000.

23. **Concealment:** It was further part of the scheme that the defendants misrepresented, concealed, and hid, and caused to be misrepresented, concealed, and hidden, the existence of the scheme, the purposes of the scheme, and acts done in furtherance of the scheme.

24. **Mailing:** On or about November 30, 2006, in the Northern District of Illinois, Eastern Division, and elsewhere,

THADDEUS STEPNIEWSKI and
DOUG HARNER,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be delivered by U.S. mail, according to the directions thereon, an envelope containing a check from Company A relating to an invoice from Harvey Glass, a sham company, which envelope was sent to Krahl in Chicago, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT TWO

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about December 28, 2006, at Chicago, in the Northern District of Illinois,

Eastern Division, and elsewhere,

THADDEUS STEPNIEWSKI and
DOUG HARNER,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain wirings, signs and signals, namely, an electronic funds transfer of \$1,951,964 from Bank of America in San Francisco, California, through the Fedwire system in East Rutherford, New Jersey, to Fifth Third Bank in Chicago, Illinois;

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

COUNT THREE

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about March 22, 2007, at Chicago, in the Northern District of Illinois,

Eastern Division, and elsewhere,

THADDEUS STEPNIEWSKI and
DOUG HARNER,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be delivered by Federal Express, a commercial interstate carrier, according to the directions thereon, an envelope containing a check from Company A relating to the second floor project, which envelope was sent to Krah1 in Chicago, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT FOUR

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about March 29, 2007, at Chicago, in the Northern District of Illinois,

Eastern Division, and elsewhere,

THADDEUS STEPNIEWSKI and
DOUG HARNER,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be delivered by U.S. mail, according to the directions thereon, an envelope containing a check from Company A relating to two invoices, including an invoice from Harvey Glass, a sham company, which envelope was sent to Krah1 in Chicago, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT FIVE

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about April 23, 2007, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

THADDEUS STEPNIEWSKI,
DOUG HARNER, and
SCOTT SOLANO,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be delivered by U.S. mail, according to the directions thereon, an envelope containing a check from Company A relating to an invoice from Harvey Glass, a sham company, which envelope was sent to Krahrl in Chicago, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT SIX

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about August 15, 2007, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

THADDEUS STEPNIEWSKI,
DOUG HARNER, and
JOHN BAK,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be delivered by Federal Express, a commercial interstate carrier, according to the directions thereon, an envelope containing a check from Company A relating to the second floor project, which envelope was sent to Krah1 in Chicago, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT SEVEN

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about September 12, 2007, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

THADDEUS STEPNIEWSKI and
DOUG HARNER,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be delivered by Federal Express, a commercial interstate carrier, according to the directions thereon, an envelope containing a check from Company A relating to the second floor project, which envelope was sent to Krah1 in Chicago, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT EIGHT

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about September 28, 2007, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

THADDEUS STEPNIEWSKI and
DOUG HARNER,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be delivered by U.S. mail, according to the directions thereon, an envelope containing a check from Company A in payment of invoices, one of which included a purported billing from Harvey Glass, a sham company, which envelope was sent to Krah1 in Chicago, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT NINE

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about March 6, 2008, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

DOUG HARNER and
TIMOTHY SCANNELL,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be delivered by U.S. mail, according to the directions thereon, an envelope containing a bid by Krahrl relating to the Tallgrass project, which was sent to Company B in Chicago, Illinois;

In violation of Title 18, United States Code, Sections 1341 and 1346.

COUNT TEN

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about July 9, 2008, at Chicago, in the Northern District of Illinois,

Eastern Division, and elsewhere,

THADDEUS STEPNIEWSKI,
DOUG HARNER,
SCOTT MOUSEL, and
ERIN SCOTT,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be delivered by Federal Express, a commercial interstate carrier, according to the directions thereon, an envelope containing a check from Company A relating to the fourth floor project, which envelope was sent to Krah1 in Chicago, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT ELEVEN

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about September 12, 2008, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

THADDEUS STEPNIEWSKI,
DOUG HARNER,
SCOTT MOUSEL, and
ERIN SCOTT,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be delivered by Federal Express, a commercial interstate carrier, according to the directions thereon, an envelope containing two checks from Company A relating to the fourth floor project, which envelope was sent to Krah1 in Chicago, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT TWELVE

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about July 7, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

THADDEUS STEPNIEWSKI,
DOUG HARNER, and
ERIN SCOTT,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be delivered by U.S. mail, according to the directions thereon, an envelope containing a check from Company A relating to the Sound Wall project, which envelope was sent to Krah1 in Chicago, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT THIRTEEN

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about August 13, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

THADDEUS STEPNIEWSKI,
DOUG HARNER, and
SCOTT MOUSEL,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be delivered by Federal Express, a commercial interstate carrier, according to the directions thereon, an envelope containing a check from Company A relating to the eighth floor project, which envelope was sent to Krah1 in Chicago, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT FOURTEEN

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about September 8, 2009, at Chicago, in the Northern District of Illinois,

Eastern Division, and elsewhere,

THADDEUS STEPNIEWSKI,
DOUG HARNER, and
ERIN SCOTT,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be delivered by U.S. mail, according to the directions thereon, an envelope containing a check from Company A in payment of invoices, one of which related to the Sound Wall project, which envelope was sent to Krah1 in Chicago, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT FIFTEEN

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about September 24, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

THADDEUS STEPNIEWSKI,
DOUG HARNER, and
SCOTT MOUSEL,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be delivered by Federal Express, a commercial interstate carrier, according to the directions thereon, an envelope containing a check from Company A relating to the eighth floor project, which envelope was sent to Krah1 in Chicago, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT SIXTEEN

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. Paragraphs 1 through 23 of Count One are incorporated here.
2. On or about December 7, 2009, at Chicago, in the Northern District of Illinois,

Eastern Division, and elsewhere,

JOHN PADERTA,
THADDEUS STEPNIIEWSKI,
SCOTT MOUSEL, and
HEATHER ELLIS,

defendants herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly deposit, and cause to be deposited, a package from Krah1 in Chicago, Illinois, to be delivered to Company A, according to the directions thereon, by United Parcel Service, a commercial interstate carrier, which package contained false and fraudulent documents, including invoices and bids, relating to the fourth and eighth floor projects;

In violation of Title 18, United States Code, Section 1341.

FORFEITURE ALLEGATION 1
(Defendants PADERTA, STEPNIIEWSKI, and HARNER)

1. The allegations contained in Counts One through Sixteen of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging that certain property is subject to forfeiture 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).

2. Upon conviction of the offenses in violation of Title 18, United States Code, Sections 1341 and 1343 set forth in Counts One through Sixteen of this Indictment, defendants JOHN PADERTA, THADDEUS STEPNIIEWSKI, and DOUG HARNER shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offense(s). The property to be forfeited includes, but is not limited to, at least approximately \$9,000,000 in United States currency.

3. If any of the property described above, as a result of any act or omission of the defendant(s):

- 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 pursuant to 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).

FORFEITURE ALLEGATION 2
(Defendant SOLANO)

1. The allegations contained in Counts One through Sixteen of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging that certain property is subject to forfeiture 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).

2. Upon conviction of the offense in violation of Title 18, United States Code, Section 1341 set forth in Count Five of this Indictment, defendant SCOTT SOLANO shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offense. The property to be forfeited includes, but is not limited to, at least approximately \$645,000 in United States currency.

3. If any of the property described above, as a result of any act or omission of 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 pursuant to 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).

FORFEITURE ALLEGATION 3
(Defendant SCANNELL)

1. The allegations contained in Counts One through Sixteen of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging that certain property is subject to forfeiture 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).

2. Upon conviction of the offense in violation of Title 18, United States Code, Section 1341 set forth in Count Nine of this Indictment, defendant TIMOTHY SCANNELL shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offense. The property to be forfeited includes, but is not limited to, at least approximately \$119,500 in United States currency.

3. If any of the property described above, as a result of any act or omission of 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 pursuant to 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