



**U.S. Department of Justice**

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**SEVEN DEFENDANTS CHARGED WITH BRIBERY CONSPIRACY TO OBTAIN  
FICTITIOUS FEDERAL GRANTS AS PART OF FBI UNDERCOVER INVESTIGATION**

CHICAGO — Federal corruption charges were unsealed today against seven defendants who were arrested and charged with bribery conspiracy for allegedly paying kickbacks to a purported federal agency official, who did not actually exist, in return for awarding purported \$25,000 cash grants from the agency. The charges stem from an FBI undercover investigation of the defendants, who include a campaign treasurer for a former Illinois state senator and two Cook County Sheriff's Department corrections officers. The defendants allegedly believed that they were able to obtain multiple \$25,000 grants from the U.S. Department of Health and Human Services in exchange for returning \$5,000 to the fictitious HHS official and others involved in the scheme.

In fact, there was no corrupt HHS official and no federal agency grants were involved. Instead, those elements were involved only as part of the scenario of the undercover investigation. Acting at the direction of law enforcement, a Cooperating Witness (CW) informed defendant **Dean Nichols** that the CW had a friend affiliated with HHS who was willing to provide \$25,000 agency grants in exchange for kickbacks. After being offered this opportunity, Nichols allegedly presented CW with several other individuals, including co-defendants **Reggi Hopkins, Elliott Kozel**, and

**Anthony Johnson**, who were allegedly willing to submit applications to obtain these grants in return for \$5,000 kickbacks, which would be divided into \$1,250 payments to four individuals: the fictitious HHS official approving the grants; an undercover FBI agent who was purportedly associated with the HHS official; the CW; and Nichols, according to the criminal complaint unsealed today.

Similarly, Kozel, a Cook County corrections officer, allegedly presented several other co-defendants, including his supervisor, **Mary Smith**, along with **Bryant Jessup**, and **Regina Hollie**, who were allegedly also willing to submit applications to obtain these grants in return for \$5,000, which would be divided into \$1,250 payments to the fictitious HHS official, the undercover agent, the CW and Kozel, the charges allege.

Nichols, 62, of Oak Park, was charged with three counts of bribery conspiracy, and Kozel, 51, Chicago, was charged with four counts. Hopkins, 43, of Chicago; Johnson, 59, of Chicago; Smith, 54, of South Holland; Hollie, 48, of Chicago; and Jessup, 51, of Chicago, were each charged with one count of bribery conspiracy.

All seven defendants were arrested today and were scheduled to appear this afternoon before U.S. Magistrate Judge Jeffrey Cole in Federal Court in Chicago.

The arrests and charges were announced by Gary S. Shapiro, Acting United States Attorney for the Northern District of Illinois, and Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation.

As background for the investigation, the complaint affidavit states that Nichols was a treasurer of the campaign committee for a former Illinois state senator. While assisting the state senator's campaign committee, Nichols allegedly helped steer State of Illinois grants to certain organizations, including a \$50,000 grant to an organization operated by Nichols' daughter from 2005 to 2006, and

a \$190,000 grant in 2007 to an organization operated by Hopkins with the understanding that a portion of the proceeds would go to Nichols and the state senator's nephew.

The affidavit describes the CW as a Chicago police officer who began cooperating with the government in July 2008 during an investigation of public corruption and gun-trafficking in the Chicago area. The CW is not yet facing any criminal charges but will likely be charged in the future with attempted extortion and firearms-related offenses, the affidavit states. According to the CW, he has known Nichols for more than 20 years and they met when Nichols was an accountant for an auto repair business owned by the CW's family. In the early 1990s, the CW managed a bar owned by Nichols. The CW and Nichols attempted to bribe a former Chicago alderman by offering \$10,000 in exchange for the CW receiving a promotion within the Chicago Police Department, but, according to the CW and the former alderman, who confirmed the offer, neither the payment nor the promotion ever occurred, the affidavit states.

In July 2011, the CW recorded a conversation with Nichols in which the CW explained that the CW had "run into a friend" who was working for HHS and had authority to hand-out multiple \$25,000 grants "like candy" in exchange for kickbacks. In discussing the opportunity, Nichols told the CW that they had to "get people that we trust," the complaint states.

About a week later, the CW and Nichols met for lunch with the undercover agent, who was posing as someone working for a private agency that contracted with HHS to issue grants and who had the ability get \$25,000 grants approved by bribing the fictitious HHS official. The three then allegedly discussed the volume of grants they could obtain and how the grants would be broken into installment payments, with a \$5,000 kickback being paid after the grant recipient received the first \$10,000 installment.

In August and September 2011, Nichols allegedly provided the CW and the undercover agent with grant applications for “Edutainment Services, Inc.,” listing Hopkins as president, and “Children’s Athletic Program,” listing Kozel as president. In a September 2011 recorded conversation, the CW told Nichols that Hopkins would be receiving the first grant and Kozel would receive the second grant. Nichols allegedly asked if the undercover agent could hand-deliver the checks instead of mailing them, and further conversation disclosed that Nichols was allegedly concerned about a federal investigation and avoiding federal mail fraud charges.

In a recorded meeting later in September 2011, Nichols allegedly provided the CW with 31 completed grant applications and said that he thought he and the CW could have as many as 40 grantees in total. Nichols allegedly calculated that he and the CW personally would obtain \$100,000 from 40 grantees, and added that, together, they could buy “a big summer home” in Michigan if the grants worked out, the charges allege.

The complaint describes in detail the purported installment payments that were made to the grantees recruited by Nichols and Kozel and the alleged kickbacks that the defendants then paid from the proceeds. In November 2011, the CW audio and video recorded a meeting with Kozel in which the CW provided Kozel with a purported \$10,000 grant payment, and Kozel said that he planned to take children who were purportedly going to attend his program “out for chicken wings, take them to Chucky Cheese“ and would also give them a tour of the Cook County Jail and talk about drugs, the affidavit states. In addition to recruiting Smith, his supervisor, as a potential grantee, Kozel said another potential grantee was his girlfriend and he had “made up” an organization for her, according to the complaint.

Nichols allegedly provided the CW with a grant application for Johnson's organization, Children At Risk. State records show that Children At Risk received a total of \$65,000 in Illinois state grants from 2006 through 2008. The affidavit cites a July 2008 published media report indicating that frequently no one could be found at an address for Children At Risk and quoted Johnson as saying the program was "in flux." Kozel allegedly provided the CW with a grant application for Jessup's organization, the J.A.M.A. Center NFP, which also received approximately \$65,000 in Illinois state grants from 2006 to 2008.

The government is being represented by Assistant U.S. Attorneys Brandon Fox, Margaret J. Schneider, and Michael T. Donovan.

Each count of conspiracy to commit bribery carries a maximum penalty of five years in prison and a \$250,000 fine. If convicted, the Court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

The public is reminded that a complaint 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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