



U.S. Department of Justice

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BUSINESSMAN INDICTED IN FEDERAL COURT IN ROCKFORD FOR BANKRUPTCY FRAUD

ROCKFORD -- PATRICK J. FITZGERALD, 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 Division, today made the following announcement:

A federal grand jury in Rockford today indicted **JOHN S. MIDDLEBROOK**, 60 (DOB: 6/14/1945), of Lake Worth, Florida, for falsifying bankruptcy forms filed on behalf of Federal Telecom, Inc., an Illinois corporation, and falsely testifying under oath in relation to the bankruptcy proceedings. According to the indictment, Middlebrook was Federal Telecom's majority shareholder and President. Prior to its August 2001 bankruptcy filing, Federal Telecom manufactured parts used in the telecommunications industry at a plant in Hebron, Illinois, and had a business office in Middlebrook's home in Wellington, Florida.

The ten-count indictment alleges that Middlebrook filed false documents and made false statements under penalty of perjury relating to the full disclosure of all assets and liabilities in the Federal Telecom bankruptcy filed in the United States Bankruptcy Court in Rockford, Illinois, on August 24, 2001. The indictment further alleges that Middlebrook falsely testified under oath at bankruptcy hearings in order to conceal secret transfers of Federal Telecom assets, product and sales to Polyclosures, Inc., another corporation created and controlled by Middlebrook. In addition, the indictment alleges that Middlebrook failed to disclose approximately \$1,135,502 he owed to Federal Telecom and fraudulently kept the proceeds of a \$9688 insurance company check belonging to the bankruptcy estate of Federal Telecom.

If convicted of the crimes charged in the indictment, Middlebrook faces up to five years of imprisonment, a fine of \$250,000 for each of the 10 charges, as well as any restitution ordered by the court.

The arraignment has been set for Tuesday, February 7, 2006 at 11:00 a.m. before Magistrate Judge P. Michael Mahoney in the federal courthouse in Rockford. The case was investigated by Special Agents of the Rockford Office of the FBI. It will be prosecuted in United States District Court by Assistant United States Attorney MICHAEL D. LOVE.

Members of the public are reminded that an indictment is only a charge and is not evidence of guilt. The defendant is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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The ten-count indictment charges Middlebrook with two counts of filing false documents [157(2)], three counts of false testimony under oath [157(3)], three counts of false declaration under penalty of perjury [in violation of 18:152(3)], one count of filing a false statement under oath [152(2)], and one count of fraudulently transferring property false oath in violation of 18:152(2).