

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
WESTERN DIVISION

UNITED STATES OF AMERICA	)	
	)	No. 10 CR 50043
vs.	)	
	)	
JON C. SHAIN, and	)	Violations: Title 18, United States Code,
INDUSTRIAL EQUIPMENT	)	Sections 1014 and 1957
SUPPLY CORP., a/k/a	)	
INDUSTRIAL EQUIPMENT	)	
SUPPLY CO.	)	

SUPERSEDING INDICTMENT

**COUNT ONE**

The MAY 2009 GRAND JURY charges:

1. At times material herein:

(a) Coating Technologies, Inc. was an Illinois corporation created by defendant Jon C. Shain on or about October 22, 2004;

(b) Coating Technologies, Inc. was indebted to Amcore Bank, now known as Harris Bank, on an \$884,000 loan made by Amcore Bank to Coating Technologies, Inc. on or about November 24, 2004;

(c) Defendant Jon C. Shain held himself out as doing business using the trade name Industrial Equipment Supply Corp., also known as Industrial Equipment Supply Co.

(d) Design & Processing Resources, Inc. was a business operated in

Illinois.

(e) Wagner Systems, Inc. was a business operated in Illinois;

2. On or about June 16, 2005, at Rockford, Illinois, in the Northern District of Illinois, Western Division,

JON C. SHAIN,

defendant herein, for the purpose of influencing the action of Amcore Bank, a bank the deposits of which were insured by the Federal Deposit Insurance Corporation, upon a loan to Coating Technologies, Inc., knowingly made a false statement and report of material fact in that Jon C. Shain submitted a Settlement Sheet to Amcore Bank seeking a \$270,000 loan draw on an Amcore Bank loan to Coating Technologies, Inc., which Settlement Sheet was accompanied by invoices purportedly issued by Industrial Equipment Supply Co., Wagner Systems, Inc., and Design & Processing Resources, Inc., which invoices he knew to be false and fictitious, in that neither Jon C. Shain nor Coating Technologies, Inc. had made purchases described in the invoices;

In violation of Title 18, United States Code, Section 1014.

## COUNT TWO

The MAY 2009 GRAND JURY further charges:

1. Sub-paragraphs One (a), (b), and (c) of Count One of this Superseding Indictment are re-alleged and incorporated herein as if fully set forth.

2. At times material herein:

(a) Defendant Jon C. Shain also held himself out as doing business using the trade name Qualified Industrial Services;

(b) An account with a number ending in 7327 at Chase Bank, now known as JPMorgan Chase Bank, was in the name of Qualified Industrial Services. The signature card for the account listed defendant Jon C. Shain as the President of Qualified Industrial Services.

3. On or about August 1, 2005, at Rockford, Illinois, in the Northern District of Illinois, Western Division,

JON C. SHAIN,

defendant herein, knowingly engaged and attempted to engage in a monetary transaction, affecting interstate commerce, in criminally derived property of a value greater than \$10,000, which property was derived from specified unlawful activity, namely a false statement to a financial institution as more fully described in Count One of this Superseding Indictment, in that defendant Jon C. Shain issued a Qualified Industrial Services check with the number 1001, drawn on the Chase Bank account with the account number ending in 7327, in the amount of \$134,500, and payable to Industrial Equipment Supply Co., with the proceeds of

the check ultimately used in part to purchase the real property commonly known as 4750 Hydraulic Road, Rockford, Illinois;

In violation of Title 18, United States Code, Section 1957(a).

**COUNT THREE**

The MAY 2009 GRAND JURY further charges:

1. Sub-paragraph One (a), (b), and (c) of Count One and Paragraph Two of Count Two of this Superseding Indictment are re-alleged and incorporated herein as if fully set forth.
2. At times material herein, an account with a number ending in 6995 at Harris Bank, was in the name of Jon C. Shain dba Industrial Equipment Supply Co.
3. On or about August 1, 2005, at Rockford, Illinois, in the Northern District of Illinois, Western Division,

JON C. SHAIN  
and  
INDUSTRIAL EQUIPMENT SUPPLY CORP.,  
a/k/a INDUSTRIAL EQUIPMENT SUPPLY CO.,

defendants herein, knowingly engaged and attempted to engage in a monetary transaction, affecting interstate commerce, in criminally derived property of a value greater than \$10,000, which property was derived from specified unlawful activity, namely a false statement to a financial institution as more fully described in Count One of this Superseding Indictment, in that defendants deposited the \$134,500 check numbered 1001, drawn on the Qualified Industrial Supply Chase Bank account number ending in 7327 and payable to Industrial Equipment Supply Co., into the account with the Industrial Equipment Supply Co. Harris Bank account with the number ending in 6995, with the proceeds of the check ultimately

used in part to purchase the real property commonly known as 4750 Hydraulic Road,  
Rockford, Illinois;

In violation of Title 18, United States Code, Section 1957(a).

## COUNT FOUR

The MAY 2009 GRAND JURY further charges:

1. Sub-paragraphs One (a), (b), and (c) of Count One, Paragraph Two of Count Two, and Paragraph Two of Count Three of this Superseding Indictment are re-alleged and incorporated herein as if fully set forth.

2. At times material herein, an account with a number ending in 1554 at Harris Bank, was in the name of Jon C. Shain dba Industrial Equipment Supply Corp.

3. On or about August 4, 2005, at Rockford, Illinois, in the Northern District of Illinois, Western Division,

JON C. SHAIN  
and  
INDUSTRIAL EQUIPMENT SUPPLY CORP.,  
a/k/a INDUSTRIAL EQUIPMENT SUPPLY CO.,

defendants herein, knowingly engaged and attempted to engage in a monetary transaction, affecting interstate commerce, in criminally derived property of a value greater than \$10,000, which property was derived from specified unlawful activity, namely a false statement to a financial institution as more fully described in Count One of this Superseding Indictment, in that defendants transferred \$135,000 from the Harris Bank account with the number ending in 6995 to the Harris Bank account with the number ending in 1554, with the transferred money ultimately used in part to purchase the real property commonly known as 4750 Hydraulic Road, Rockford, Illinois;

In violation of Title 18, United States Code, Section 1957(a).

## COUNT FIVE

The MAY 2009 GRAND JURY further charges:

1. Paragraphs One (a) and One (b) of Count One and Paragraph Two (a) of Count Two of this Superseding Indictment are re-alleged and incorporated herein as if fully set forth.

2. Qualified Industrial Rigging Services was a trade name used by an individual that resided in Patrick, South Carolina.

3. On or about July 22, 2005, at Rockford, Illinois, in the Northern District of Illinois, Western Division,

JON C. SHAIN,

defendant herein, for the purpose of influencing the action of Amcore Bank, a bank the deposits of which were insured by the Federal Deposit Insurance Corporation, upon a loan to Coating Technologies, Inc., knowingly made a false statement and report of material fact in that Jon C. Shain submitted a Settlement Sheet to Amcore Bank seeking a \$93,000 loan draw on an Amcore Bank loan to Coating Technologies, Inc., based on a copy of a contract purportedly between Qualified Industrial Services of Patrick, South Carolina and Coating Technologies, Inc., which he knew to be false and fictitious, in that there was no company in Patrick, South Carolina named Qualified Industrial Services;

In violation of Title 18, United States Code, Section 1014.

**COUNT SIX**

The MAY 2009 GRAND JURY further charges:

1. Paragraph One of Count One, Paragraph Two (a) of Count Two, and Paragraph Two of Count Five of this Superseding Indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about August 22, 2005, at Rockford, Illinois, in the Northern District of Illinois, Western Division,

JON C. SHAIN,

defendant herein, for the purpose of influencing the action of Amcore Bank, a bank the deposits of which were insured by the Federal Deposit Insurance Corporation, upon a loan to Coating Technologies, Inc., knowingly made a false statement and report of material fact in that Jon C. Shain submitted a Settlement Sheet to Amcore Bank seeking a \$300,000 loan draw on an Amcore Bank loan to Coating Technologies, Inc., based on a copy of a contract purportedly between Qualified Industrial Services of Patrick, South Carolina and Coating Technologies, Inc., which he knew to be false and fictitious, in that there was no company in Patrick, South Carolina named Qualified Industrial Services;

In violation of Title 18, United States Code, Section 1014.

## COUNT SEVEN

The MAY 2009 GRAND JURY further charges:

1. Paragraph One of Count One and Paragraph Two of Count Two of this Superseding Indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about August 30, 2005, at Rockford, Illinois, in the Northern District of Illinois, Western Division,

JON C. SHAIN,

defendant herein, knowingly engaged and attempted to engage in a monetary transaction, affecting interstate commerce, in criminally derived property of a value greater than \$10,000, which property was derived from specified unlawful activity, namely false statements to a financial institution as more fully described in Counts Five and Six of this Superseding Indictment, in that defendant Jon C. Shain issued Qualified Industrial Services check numbered 1002, drawn on the Chase Bank account with the number ending in 7327, in the amount of \$300,000 payable to Industrial Equipment Supply, which was ultimately used in part to purchase the real property commonly known as 4750 Hydraulic Road, Rockford, Illinois;

In violation of Title 18, United States Code, Section 1957(a).

## COUNT EIGHT

The MAY 2009 GRAND JURY further charges:

1. Paragraph One of Count One, Paragraph Two of Count Two, and Paragraph Two of Count Four of this Superseding Indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about August 30, 2005, at Rockford, Illinois, in the Northern District of Illinois, Western Division,

JON C. SHAIN  
and  
INDUSTRIAL EQUIPMENT SUPPLY CORP.,  
a/k/a INDUSTRIAL EQUIPMENT SUPPLY CO.,

defendants herein, knowingly engaged and attempted to engage in a monetary transaction, affecting interstate commerce, in criminally derived property of a value greater than \$10,000, which property was derived from specified unlawful activity, namely false statements to a financial institution as more fully described in Counts Five and Six of this Superseding Indictment, in that defendants deposited the \$300,000 Qualified Industrial Services check numbered 1002, drawn on the Qualified Industrial Services Chase Bank account ending in the number 7327 made payable to Industrial Equipment Supply, into Industrial Equipment Supply Corp.'s account number ending in 1554 at Harris Bank, with the proceeds of the check ultimately used in part to purchase the real property commonly known as 4750 Hydraulic Road, Rockford, Illinois;

In violation of Title 18, United States Code, Section 1957(a).

## COUNT NINE

The MAY 2009 GRAND JURY further charges:

1. Sub-paragraphs (a), (b), and (c) of Paragraph One of Count One, and Paragraph Two of Count Four of this Superseding Indictment are re-alleged and incorporated herein as if fully set forth.

2. Industrial Equipment Supply Corporation was incorporated in Illinois on September 22, 2005. At material times herein, Jon C. Shain was its Treasurer and Secretary.

3. On or about October 3, 2005, at Rockford, Illinois, in the Northern District of Illinois, Western Division,

JON C. SHAIN  
and  
INDUSTRIAL EQUIPMENT SUPPLY CORP.,  
a/k/a INDUSTRIAL EQUIPMENT SUPPLY CO.,

defendants herein, knowingly engaged and attempted to engage in a monetary transaction, affecting interstate commerce, in criminally derived property of a value greater than \$10,000, which property was derived from specified unlawful activity, namely false statements to a financial institution as more fully described in Count Five and Six of this Superseding Indictment, in that defendants withdrew \$366,968.96 from the Industrial Equipment Supply Corp. account with the number ending in 1554 to purchase Harris Bank's Official Check No. 761118874, payable to Metropolitan Title Co., which check was used in part to purchase the real property commonly known as 4750 Hydraulic Road, Rockford, Illinois;

In violation of Title 18, United States Code, Section 1957(a).

## COUNT TEN

The MAY 2009 GRAND JURY further charges:

1. Sub-paragraphs (a), (b), and (c) of Paragraph One of Count One, Sub-paragraph (a) of Paragraph Two of Count Two, Paragraph Two of Count Five, and Paragraph Two of Count Nine of this Superseding Indictment are re-alleged and incorporated herein as if fully set forth.

2. Barron Finishing Technologies, Inc. was incorporated in October 2005 and began doing business in early 2006 as a result of the merger of Coating Technologies, Inc. and Barron Industries, Inc. At times material herein, Jon C. Shain was the President of Barron Finishing Technologies, Inc.

3. On or about February 28, 2006, at Rockford, Illinois, in the Northern District of Illinois, Western Division,

JON C. SHAIN,

defendant herein, for the purpose of influencing the action of Amcore Bank, a bank the deposits of which were insured by the Federal Deposit Insurance Corporation, upon a loan to Coating Technologies, Inc., knowingly made a false statement and report of material fact in that Jon C. Shain submitted a Settlement Sheet and two invoice copies to Amcore Bank seeking a \$207,300 loan draw on an Amcore Bank loan to Coating Technologies, Inc., one of which invoice copies was purportedly from Qualified Industrial Services of Patrick, South Carolina to Coating Technologies, Inc., which invoice the defendant knew to be false and fictitious, in that there was no company in Patrick, South Carolina named Qualified Industrial

Services, and the other invoice copy having purportedly been from Industrial Equipment Supply Co. to Barron Finishing Technologies, which invoice the defendant knew to be false and fictitious, in that Barron Finishing Technologies had not made the purchase described in the invoice;

In violation of Title 18, United States Code, Section 1014.

## COUNT ELEVEN

The MAY 2009 GRAND JURY further charges:

1. Sub-paragraphs (a) and (b) of Paragraph One of Count One, Sub-paragraph (a) of Paragraph Two of Count Two, Paragraph Two of Count Five, and Paragraph Two of Count Ten of this Superseding Indictment are re-alleged and incorporated herein as if fully set forth.
2. On or about February 28, 2006, at Rockford, Illinois, in the Northern District of Illinois, Western Division,

JON C. SHAIN,

defendant herein, for the purpose of influencing the action of Amcore Bank, a bank the deposits of which were insured by the Federal Deposit Insurance Corporation, upon a loan to Barron Finishing Technologies, Inc., knowingly made a false statement and report of material fact in that Jon C. Shain submitted to Amcore Bank a copy of a purported invoice from Qualified Industrial Services of Patrick, South Carolina to Coating Technologies, Inc to Amcore Bank, using the invoice to obtain a \$200,000 loan draw on an Amcore Bank loan to Barron Finishing Technologies, Inc., which invoice the defendant knew to be false and fictitious in that there was no company in Patrick, South Carolina named Qualified Industrial Services;

In violation of Title 18, United States Code, Section 1014.

## COUNT TWELVE

The MAY 2009 GRAND JURY further charges:

1. Sub-paragraph (c) of Paragraph One of Count One and Paragraph Two of Count Nine of this Superseding Indictment are re-alleged and incorporated herein as if fully set forth.

2. At times material herein, an account with a number ending in 2887 at Harris Bank, was in the name of Industrial Equipment Supply Corp.

3. On or about August 3, 2009, at Rockford, Illinois, in the Northern District of Illinois, Western Division,

JON C. SHAIN  
and  
INDUSTRIAL EQUIPMENT SUPPLY CORP.,  
a/k/a INDUSTRIAL EQUIPMENT SUPPLY CO.,

defendants herein, knowingly engaged and attempted to engage in a monetary transaction, affecting interstate commerce, in criminally derived property of a value greater than \$10,000, which property was derived from specified unlawful activity, namely false statements to a financial institution as more fully described in Count Ten of this Superseding Indictment, in that defendants withdrew \$68,000 from the Industrial Equipment Supply Corp. account with the number ending in 2887 to purchase Harris Bank Official Check No. 61225592, payable to Jon Shain, which check was used in part to purchase the real property commonly known as 6194 Chatsworth Drive, Rockford, Illinois;

In violation of Title 18, United States Code, Section 1957(a).

**COUNT THIRTEEN**

The MAY 2009 GRAND JURY further charges:

1. Sub-paragraph (c) of Paragraph One of Count One, Paragraph Two of Count Nine, and Paragraph Two of Count Eleven of this Superseding Indictment are re-alleged and incorporated herein as if fully set forth.

2. On or about December 14, 2009, at Rockford, Illinois, in the Northern District of Illinois, Western Division,

JON C. SHAIN

defendants herein, knowingly engaged and attempted to engage in a monetary transaction, affecting interstate commerce, in criminally derived property of a value greater than \$10,000, which property was derived from specified unlawful activity, namely false statements to a financial institution as more fully described in Count Eleven of this Superseding Indictment, in that defendant withdrew and caused to be withdrawn \$90,000.00 from the Industrial Equipment Supply Corp. account with the number ending in 2887, which \$90,000 was used in part to purchase the real property commonly known as 1106 Stratford Avenue, Rockford, Illinois;

In violation of Title 18, United States Code, Section 1957(a).

## FIRST FORFEITURE ALLEGATION

The MAY 2009 GRAND JURY further charges:

1. The allegations of Counts One, Five, Six, Ten, and Eleven of this Superseding Indictment are realleged and incorporated herein by reference for the purpose of alleging that certain property is subject to forfeiture to the United States, pursuant to the provisions of Title 18, United States Code, Section 982(a)(2).

2. As a result of his violation of Title 18, United States Code, Section 1014, as alleged in the foregoing Superseding Indictment,

JON C. SHAIN,

defendant herein, shall forfeit to the United States, pursuant to of Title 18, United States Code, Section 982(a)(2): any property, real or personal, which constitutes or is derived from proceeds traceable to the violation.

3. The interest of the defendant, subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 982(a)(2), includes the real properties commonly known as 4750 Hydraulic Road, Rockford, Illinois; 6194 Chatsworth Drive, Rockford, Illinois; and 1106 Stratford Avenue, Rockford, Illinois.

4. If any of the property described above as being subject to forfeiture pursuant to Title 18, United States Code, Section 982(a)(2), 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 to, sold to, or deposited with a third person;

- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value;
- e. has been commingled with other property which cannot be subdivided without difficulty;

the United States shall be entitled to seek forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

All pursuant to Title 18, United States Code, Section 982.

SECOND FORFEITURE ALLEGATION

The MAY 2009 GRAND JURY further charges:

1. The allegations of Counts Two, Three, Four, Seven, Eight, Nine, Twelve, and Thirteen of this Superseding Indictment are realleged and incorporated herein by reference for the purpose of alleging that certain property is subject to forfeiture to the United States, pursuant to the provisions of Title 18, United States Code, Section 982(a)(1).

2. As a result of his violation of Title 18, United States Code, Section 1957, as alleged in the foregoing Superseding Indictment,

JON C. SHAIN  
and  
INDUSTRIAL EQUIPMENT SUPPLY CORP.,  
a/k/a INDUSTRIAL EQUIPMENT SUPPLY CO.,

defendants herein, shall forfeit to the United States, pursuant to of Title 18, United States Code, Section 982(a)(1): any and all right, title and interest in any property, real and personal, involved in such offenses, and any property traceable to such property.

3. The interest of the defendants, subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 982(a)(1), includes the real properties commonly known as 4750 Hydraulic Road, Rockford, Illinois; 6194 Chatsworth Drive, Rockford, Illinois; and 1106 Stratford Avenue, Rockford, Illinois.

4. If any of the properties or funds subject to forfeiture and described above, as a result of any act or omission of the defendant:

- (a) Cannot be located upon the exercise of due diligence;
- (b) Have been transferred or sold to, or deposited with, a third party;
- (c) Have been placed beyond the jurisdiction of the Court;
- (d) Have been substantially diminished in value; or
- (e) Have been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1);

All pursuant to Title 18, United States Code, Section 982.

A TRUE BILL:

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FOREPERSON

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UNITED STATES ATTORNEY