

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
WESTERN DIVISION

UNITED STATES OF AMERICA

v.

SALLY A. CLAASSEN

No. 16 CR 50029

Judge Frederick J. Kapala

PLEA AGREEMENT

1. This Plea Agreement between the United States Attorney for the Northern District of Illinois, ZACHARY T. FARDON, and defendant SALLY A. CLAASSEN, and her attorney, CHARLES PROROK, is made pursuant to Rule 11 of the Federal Rules of Criminal Procedure. The parties to this Agreement have agreed upon the following:

Charges in This Case

2. The information in this case charges defendant with theft from a program receiving federal funds (Counts One and Two).

3. Defendant has read the charges against her contained in the information, and those charges have been fully explained to her by her attorney.

4. Defendant fully understands the nature and elements of the crimes with which she has been charged.

Charge to Which Defendant Is Pleading Guilty

5. By this Plea Agreement, defendant agrees to enter a voluntary plea of guilty to the following counts of the information: Counts One and Two, which charge defendant with theft from a program receiving federal funds, in violation of Title 18, United States Code, Section 666(a)(1)(A). In addition, as further provided below, defendant agrees to the entry of a forfeiture judgment.

Factual Basis

6. Defendant will plead guilty because she is in fact guilty of the charges contained in Counts One and Two of the information. In pleading guilty, defendant admits the following facts and that those facts establish her guilt beyond a reasonable doubt and establish a basis for forfeiture of the property described elsewhere in this Plea Agreement:

With respect to Count One, on various occasions beginning on or about February 24, 2014, through December 31, 2014, at Rockford, in the Northern District of Illinois, Western Division, and elsewhere, defendant SALLY A. CLAASSEN, as an agent and employee of Winnebago County, a local government that received in excess of \$10,000 in federal funding in the twelve-month period from January 1, 2014, through December 31, 2014, embezzled, stole, obtained by fraud, and without authority knowingly converted to her own use and intentionally misapplied, at least \$5,000, that was owned by, or was under the care, custody, and control of Winnebago County.

With respect to Count Two, on various occasions from the beginning of 2015, through on or about July 1, 2015, at Rockford, in the Northern District of Illinois, Western Division, and elsewhere, defendant SALLY A. CLAASSEN, as an agent and employee of Winnebago County, a local government that received in excess of \$10,000 in federal funding in the twelve-month period from January 1, 2015, through December 31, 2015, embezzled, stole, obtained by fraud, and without authority knowingly converted to her own use and intentionally misapplied, at least \$5,000, that was owned by, or was under the care, custody, and control of Winnebago County.

Specifically, CLAASSEN was an employee of Winnebago County from March 3, 1997, until she resigned on September 11, 2015. CLAASSEN's job title prior to her resignation was Purchasing Director. CLAASSEN was an agent of Winnebago County during the entirety of her employment with the County.

As Purchasing Director for Winnebago County, CLAASSEN was responsible for receiving invoices submitted by vendors, reviewing invoices for accuracy, and submitting payment to vendors. Beginning on or about February 25, 2014, and continuing until on or about April 27, 2015, CLAASSEN used her position as the approver for payments from Winnebago County to vendors to steal approximately \$368,137 from the County. CLAASSEN accomplished this theft by asking two Winnebago County vendors – Vendor A and Vendor B – to submit false invoices to Winnebago County for work that was not performed, which CLAASSEN then paid with County funds. CLAASSEN then directed Vendor A and Vendor B to provide

her with checks made out to “Cash” or to “JP Morgan Chase” for the full amounts that the vendors were paid. CLAASSEN told Vendor A and Vendor B that she needed them to submit the false invoices and then provide CLAASSEN with the checks for the full amount of the payments to help CLAASSEN allocate Winnebago County money to a project being funded by a charitable organization. In reality, CLAASSEN stole the money by depositing it into bank accounts held by CLAASSEN. Vendor A provided CLAASSEN with 5 checks that totaled \$45,000, which were subsequently deposited by CLAASSEN into personal bank accounts. Vendor B provided CLAASSEN with 7 checks that totaled \$323,137, which were subsequently deposited by CLAASSEN into personal bank accounts. No money given to CLAASSEN by Vendor A or Vendor B was ever used for the purpose for which CLAASSEN told Vendor A and Vendor B that it was to be used.

As Purchasing Director, CLAASSEN also held a Winnebago County-issued credit card that she was authorized to use to make purchases for official County business. CLAASSEN was required to submit invoices and supporting documentation to the County to demonstrate that items purchased were for County business. In addition, CLAASSEN also had the ability to purchase items for Winnebago County by requesting that Winnebago County issue a check to a particular vendor. CLAASSEN was required to submit invoices and supporting documentation to Winnebago County to demonstrate that the requested check was to be used to purchase items for Winnebago County business. Beginning on or about April 15, 2014, and continuing until on or about July 1, 2015, CLAASSEN

used her Winnebago County-issued credit card and checks from Winnebago County to purchase items for CLAASSEN's personal use, including home remodeling items and personal vacations. CLAASSEN primarily accomplished this by either: (1) using her Winnebago County-issued credit card to make personal purchases and then submitting false or altered supporting documentation so the County would pay for the charges or; (2) modifying or creating false invoices and submitting them to Winnebago County so the County would issue a check for the purchase.

For example, with respect to the Winnebago County-issued credit card, on January 29, 2015, CLAASSEN used the credit card at Vendor C to purchase granite countertops for her kitchen in the amount of \$6,109. The sales order that CLAASSEN received in connection with this purchase noted that the customer was CLAASSEN at her home address and that the items purchased were, "Charmont Granite Kitchen Countertops," "Charmont Granite Island Top," and "Installation of Marble/Granite, Cinder Blanco 441470 50/50 sink, Cinder Blanco 441481 Basket Strainer, Cinder Blanco 441482 Disposal Trim, Tear out & Haul away Existing Countertop." On February 12, 2015, Claassen submitted an altered version of the sales order to the County to demonstrate that the \$6,109 charge was for County business. The sales order submitted to the County stated that the customer was Winnebago County and that the items purchased were, "Charmont, Installation, 441470 Equal Bowl Cinder, Cinder Blanco 441481, Cinder Blanco 441482, tear out and haul away."

For example, with respect to Winnebago County-issued checks, on May 20, 2014, CLAASSEN ordered approximately \$13,214 worth of furniture for her home and gift cards from Vendor C. The sales order provided to CLAASSEN in connection with this order noted that the customer was CLAASSEN at her home address and listed various items of furniture that had been ordered. On the same date, Claassen caused an employee in her department to submit a request for Winnebago County to issue a payment by check to Vendor C in the amount of \$13,125. With the request, CLAASSEN submitted an altered sales order from Vendor C that listed Winnebago County as the customer and described the items purchased as, “Meramec Gravel (Large)” and “Delivery – Landscape.” Winnebago County processed the invoice and a County check in the amount of \$13,125 was issued to Vendor C on May 23, 2014.

In total, using these methods, it is the government’s position that CLAASSEN stole approximately \$451,353 from Winnebago County in 2014 and 2015. CLAASSEN reserves the right to dispute this amount. CLAASSEN acknowledges that in 2014 and 2015, Winnebago County was a local government located in the Northern District of Illinois that received in excess of \$10,000 in federal funding each year.

Maximum Statutory Penalties

7. Defendant understands that the charges to which she is pleading guilty carry the following statutory penalties:

a. Count One carries a maximum sentence of 10 years' imprisonment. Count One also carries a maximum fine of \$250,000, or twice the gross gain or gross loss resulting from that offense, whichever is greater. Defendant further understands that with respect to Count One the judge also may impose a term of supervised release of not more than three years. Defendant further understands that the judge may sentence her to 1 to 5 years on probation.

b. Count Two carries a maximum sentence of 10 years' imprisonment. Count Two also carries a maximum fine of \$250,000, or twice the gross gain or gross loss resulting from that offense, whichever is greater. Defendant further understands that with respect to Count Two, the judge also may impose a term of supervised release of not more than three years. Defendant further understands that the judge may sentence her to 1 to 5 years on probation.

c. Defendant further understands that the Court must order restitution to the victims of the offense in an amount determined by the Court.

d. In accord with Title 18, United States Code, Section 3013, defendant will be assessed \$100 on each count to which she has pled guilty, in addition to any other penalty or restitution imposed.

e. Therefore, under the counts to which defendant is pleading guilty, the total maximum sentence is 20 years' imprisonment. Defendant may also be sentenced to not more than 5 years of probation. In addition, defendant is subject to a total maximum fine of \$500,000, or twice the gross gain or gross loss resulting from the offenses of conviction, whichever is greater, a period of

supervised release, and special assessments totaling \$200, in addition to any restitution ordered by the Court.

Sentencing Guidelines Calculations

8. Defendant understands that in imposing sentence the Court will be guided by the United States Sentencing Guidelines. Defendant understands that the Sentencing Guidelines are advisory, not mandatory, but that the Court must consider the Guidelines in determining a reasonable sentence.

9. For purposes of calculating the Sentencing Guidelines, the parties agree on the following points:

a. **Applicable Guidelines.** The Sentencing Guidelines to be considered in this case are those in effect at the time of sentencing. The following statements regarding the calculation of the Sentencing Guidelines are based on the Guidelines Manual currently in effect, namely the November 2015 Guidelines Manual.

b. **Offense Level Calculations.**

i. Pursuant to Guideline § 3D1.2(d), Counts One and Two are grouped for purposes of determining the offense level.

ii. The base offense level is 6, pursuant to Guideline § 2B1.1(a)(2).

iii. The offense level is increased by 12 levels, pursuant to Guideline § 2B1.1(b)(1)(G), because the loss amount is more than \$250,000, but less than \$550,000.

iv. The offense level is increased by 2 levels, pursuant to Guideline § 2B1.1(b)(9)(A), because the offense involved a misrepresentation that defendant was acting on behalf of a charitable organization and/or a government agency.

v. The offense level is increased by 2 offense levels, pursuant to Guideline § 3B1.3, because defendant abused a position of public trust in committing the offense.

vi. If the Court determines at the time of sentencing that defendant has clearly demonstrated a recognition and affirmative acceptance of personal responsibility for her criminal conduct within the meaning of Guideline § 3E1.1(a), including by furnishing the United States Attorney's Office and the Probation Office with all requested financial information relevant to his ability to satisfy any fine that may be imposed in this case, a two-level reduction in the offense level will be appropriate. The government reserves the right to take whatever position it deems appropriate at the time of sentencing with respect to whether defendant has accepted responsibility within the meaning of Guideline § 3E1.1(a).

vii. In accord with Guideline § 3E1.1(b), defendant has timely notified the government of her intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the Court to allocate its resources efficiently. Therefore, as provided by Guideline § 3E1.1(b), if the Court determines the offense level to be 16 or greater prior to determining that defendant

is entitled to a two-level reduction for acceptance of responsibility, the government will move for an additional one-level reduction in the offense level.

viii. **Criminal History Category.** With regard to determining defendant's criminal history points and criminal history category, based on the facts now known to the government, defendant's criminal history points equal zero and defendant's criminal history category is I.

c. **Anticipated Advisory Sentencing Guidelines Range.** Therefore, based on the facts now known to the government, the anticipated offense level is 19, which, when combined with the anticipated criminal history category of I, results in an anticipated advisory sentencing guidelines range of 30 to 37 months' imprisonment, in addition to any supervised release, fine, and restitution the Court may impose.

d. Defendant and her attorney and the government acknowledge that the above guidelines calculations are preliminary in nature, and are non-binding predictions upon which neither party is entitled to rely. Defendant understands that further review of the facts or applicable legal principles may lead the government to conclude that different or additional guidelines provisions apply in this case. Defendant understands that the Probation Office will conduct its own investigation and that the Court ultimately determines the facts and law relevant to sentencing, and that the Court's determinations govern the final guideline calculation. Accordingly, the validity of this Agreement is not contingent upon the probation officer's or the Court's concurrence with the above calculations, and

defendant shall not have a right to withdraw her plea on the basis of the Court's rejection of these calculations.

10. Both parties expressly acknowledge that this Agreement is not governed by Fed. R. Crim. P. 11(c)(1)(B), and that errors in applying or interpreting any of the sentencing guidelines may be corrected by either party prior to sentencing. The parties may correct these errors either by stipulation or by a statement to the Probation Office or the Court, setting forth the disagreement regarding the applicable provisions of the guidelines. The validity of this Agreement will not be affected by such corrections, and defendant shall not have a right to withdraw her plea, nor the government the right to vacate this Agreement, on the basis of such corrections.

Agreements Relating to Sentencing

11. Each party is free to recommend whatever sentence it deems appropriate.

12. It is understood by the parties that the sentencing judge is neither a party to nor bound by this Agreement and may impose a sentence up to the maximum penalties as set forth above. Defendant further acknowledges that if the Court does not accept the sentencing recommendation of the parties, defendant will have no right to withdraw her guilty plea.

13. Regarding restitution, defendant acknowledges that pursuant to Title 18, United States Code, Section 3663A, the Court must order defendant to make full restitution to Winnebago County in an amount to be determined by the Court at

sentencing, which amount shall reflect credit for any funds repaid prior to sentencing.

14. Restitution shall be due immediately, and paid pursuant to a schedule to be set by the Court at sentencing. Defendant acknowledges that pursuant to Title 18, United States Code, Section 3664(k), she is required to notify the Court and the United States Attorney's Office of any material change in economic circumstances that might affect her ability to pay restitution.

15. Defendant agrees to pay the special assessment of \$200 at the time of sentencing with a cashier's check or money order payable to the Clerk of the U.S. District Court.

16. Defendant agrees that the United States may enforce collection of any fine or restitution imposed in this case pursuant to Title 18, United States Code, Sections 3572, 3613, and 3664(m), notwithstanding any payment schedule set by the Court.

Forfeiture

17. Defendant understands that by pleading guilty, she will subject to forfeiture to the United States all right, title, and interest that she has in any property constituting or derived from proceeds obtained, directly or indirectly.

18. Defendant agrees to the entry of a personal money judgment in an amount to be determined by the Court at sentencing, which represents the total amount of proceeds traceable to the offense. Defendant consents to the entry of a

preliminary order of forfeiture setting forth the amount of the personal money judgment she will be ordered to pay.

19. Defendant admits that because the directly forfeitable property is no longer available for forfeiture as described in Title 21, United States Code, Section 853(p)(1), the United States is entitled to seek forfeiture of any other property of defendant, up to the value of the personal money judgment, as substitute assets pursuant to Title 21, United States Code, Section 853(p)(2).

20. Defendant acknowledges that on or about December 17, 2015, administrative forfeiture proceedings were commenced against certain property, including: (1) \$11,907.63 in funds from Bank Account xxxxx9170; (2) \$272,490.08 in funds from Bank Account xxxxxx5972; and \$8,126.90 in funds from Bank Account xxxxxx1855. By signing this plea agreement, defendant acknowledges that she had notice of the administrative forfeiture proceeding, relinquishes any right, title, and interest she may have had in this property, withdraws any previously filed claims, and understands that an administrative decree of forfeiture has been entered, or will be entered, thereby extinguishing any claim she may have had in the seized property.

21. Defendant understands that forfeiture shall not be treated as satisfaction of any fine, restitution, cost of imprisonment, or any other penalty the Court may impose upon defendant in addition to the forfeiture judgment. In this case, however, the United States Attorney's Office will recommend to the Attorney General that any net proceeds derived from any forfeited assets be remitted or

restored to eligible victims of the offense pursuant to Title 18, United States Code, Section 981(e), Title 28, Code of Federal Regulations, Part 9, and other applicable law.

22. Defendant agrees to waive all constitutional, statutory, and equitable challenges in any manner, including but not limited to direct appeal or a motion brought under Title 28, United States Code, Section 2255, to any forfeiture carried out in accordance with this agreement on any grounds, including that the forfeiture constitutes an excessive fine or punishment. The waiver in this paragraph does not apply to a claim of involuntariness or ineffective assistance of counsel. Defendant further agrees not to challenge or seek review of the civil or administrative forfeiture of any property identified in this agreement subject to forfeiture, and will not assist any third party with regard to such challenge or review.

Acknowledgments and Waivers Regarding Plea of Guilty

Nature of Agreement

23. This Agreement is entirely voluntary and represents the entire agreement between the United States Attorney and defendant regarding defendant's criminal liability in case 16 CR 50039.

24. This Agreement concerns criminal liability only. Except as expressly set forth in this Agreement, nothing herein shall constitute a limitation, waiver, or release by the United States or any of its agencies of any administrative or judicial civil claim, demand, or cause of action it may have against defendant or any other person or entity. The obligations of this Agreement are limited to the United States

Attorney's Office for the Northern District of Illinois and cannot bind any other federal, state, or local prosecuting, administrative, or regulatory authorities, except as expressly set forth in this Agreement.

25. Defendant understands that nothing in this Agreement shall limit the Internal Revenue Service in its collection of any taxes, interest or penalties from defendant and her spouse.

Waiver of Rights

26. Defendant understands that by pleading guilty she surrenders certain rights, including the following:

a. **Right to be charged by indictment.** Defendant understands that she has a right to have the charges prosecuted by an indictment returned by a concurrence of twelve or more members of a grand jury consisting of not less than sixteen and not more than twenty-three members. By signing this Agreement, defendant knowingly waives her right to be prosecuted by indictment and to assert at trial or on appeal any defects or errors arising from the information, the information process, or the fact that she has been prosecuted by way of information.

b. **Trial rights.** Defendant has the right to persist in a plea of not guilty to the charges against her, and if she does, she would have the right to a public and speedy trial.

i. The trial could be either a jury trial or a trial by the judge sitting without a jury. However, in order that the trial be conducted by the judge

sitting without a jury, defendant, the government, and the judge all must agree that the trial be conducted by the judge without a jury.

ii. If the trial is a jury trial, the jury would be composed of twelve citizens from the district, selected at random. Defendant and her attorney would participate in choosing the jury by requesting that the Court remove prospective jurors for cause where actual bias or other disqualification is shown, or by removing prospective jurors without cause by exercising peremptory challenges.

iii. If the trial is a jury trial, the jury would be instructed that defendant is presumed innocent, that the government has the burden of proving defendant guilty beyond a reasonable doubt, and that the jury could not convict her unless, after hearing all the evidence, it was persuaded of her guilt beyond a reasonable doubt and that it was to consider each count of the information separately. The jury would have to agree unanimously as to each count before it could return a verdict of guilty or not guilty as to that count.

iv. If the trial is held by the judge without a jury, the judge would find the facts and determine, after hearing all the evidence, and considering each count separately, whether or not the judge was persuaded that the government had established defendant's guilt beyond a reasonable doubt.

v. At a trial, whether by a jury or a judge, the government would be required to present its witnesses and other evidence against defendant. Defendant would be able to confront those government witnesses and her attorney would be able to cross-examine them.

vi. At a trial, defendant could present witnesses and other evidence in her own behalf. If the witnesses for defendant would not appear voluntarily, she could require their attendance through the subpoena power of the Court. A defendant is not required to present any evidence.

vii. At a trial, defendant would have a privilege against self-incrimination so that she could decline to testify, and no inference of guilt could be drawn from her refusal to testify. If defendant desired to do so, she could testify in her own behalf.

c. **Appellate rights.** Defendant further understands she is waiving all appellate issues that might have been available if she had exercised her right to trial, and may only appeal the validity of this plea of guilty and the sentence imposed. Defendant understands that any appeal must be filed within 14 calendar days of the entry of the judgment of conviction.

27. Defendant understands that by pleading guilty she is waiving all the rights set forth in the prior paragraphs, with the exception of the appellate rights specifically preserved above. Defendant's attorney has explained those rights to her, and the consequences of her waiver of those rights.

Presentence Investigation Report/Post-Sentence Supervision

28. Defendant understands that the United States Attorney's Office in its submission to the Probation Office as part of the Pre-Sentence Report and at sentencing shall fully apprise the District Court and the Probation Office of the nature, scope, and extent of defendant's conduct regarding the charges against her,

and related matters. The government will make known all matters in aggravation and mitigation relevant to sentencing.

29. Defendant agrees to truthfully and completely execute a Financial Statement (with supporting documentation) prior to sentencing, to be provided to and shared among the Court, the Probation Office, and the United States Attorney's Office regarding all details of her financial circumstances, including her recent income tax returns as specified by the probation officer. Defendant understands that providing false or incomplete information, or refusing to provide this information, may be used as a basis for denial of a reduction for acceptance of responsibility pursuant to Guideline § 3E1.1 and enhancement of her sentence for obstruction of justice under Guideline § 3C1.1, and may be prosecuted as a violation of Title 18, United States Code, Section 1001 or as a contempt of the Court.

30. For the purpose of monitoring defendant's compliance with her obligations to pay a fine and restitution during any term of supervised release or probation to which defendant is sentenced, defendant further consents to the disclosure by the IRS to the Probation Office and the United States Attorney's Office of defendant's individual income tax returns (together with extensions, correspondence, and other tax information) filed subsequent to defendant's sentencing, to and including the final year of any period of supervised release or probation to which defendant is sentenced. Defendant also agrees that a certified copy of this Agreement shall be sufficient evidence of defendant's request to the IRS

to disclose the returns and return information, as provided for in Title 26, United States Code, Section 6103(b).

Other Terms

31. Defendant agrees to cooperate with the United States Attorney's Office in collecting any unpaid fine and restitution for which defendant is liable, including providing financial statements and supporting records as requested by the United States Attorney's Office.

32. Defendant understands that, if convicted, a defendant who is not a United States citizen may be removed from the United States, denied citizenship, and denied admission to the United States in the future.

Conclusion

33. Defendant understands that this Agreement will be filed with the Court, will become a matter of public record, and may be disclosed to any person.

34. Defendant understands that her compliance with each part of this Agreement extends throughout the period of her sentence, and failure to abide by any term of the Agreement is a violation of the Agreement. Defendant further understands that in the event she violates this Agreement, the government, at its option, may move to vacate the Agreement, rendering it null and void, and thereafter prosecute defendant not subject to any of the limits set forth in this Agreement, or may move to resentence defendant or require defendant's specific performance of this Agreement. Defendant understands and agrees that in the

event that the Court permits defendant to withdraw from this Agreement, or defendant breaches any of its terms and the government elects to void the Agreement and prosecute defendant, any prosecutions that are not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against defendant in accordance with this paragraph, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement of such prosecutions.

35. Should the judge refuse to accept defendant's plea of guilty, this Agreement shall become null and void and neither party will be bound to it.

36. Defendant and her attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in this Agreement, to cause defendant to plead guilty.

37. Defendant acknowledges that she has read this Agreement and carefully reviewed each provision with her attorney. Defendant further acknowledges that she understands and voluntarily accepts each and every term and condition of this Agreement.

AGREED THIS DATE: _____

ZACHARY T. FARDON
United States Attorney

SALLY A. CLAASSEN
Defendant

MARGARET J. SCHNEIDER
Assistant U.S. Attorney

CHARLES PROROK
Attorney for Defendant