

FILED

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

Judge LaShonda A. Hunt
United States District Court

UNITED STATES OF AMERICA)
) Case No. 24 CR 506
 vs.)
)
 DAVID W. BROWN) Judge LaShonda A. Hunt

PLEA AGREEMENT

This Plea Agreement between the United States Attorney for the Northern District of Illinois, ANDREW S. BOUTROS, and defendant DAVID W. BROWN, and his attorney, JEFFREY B. STEINBACK, is made pursuant to Rule 11 of the Federal Rules of Criminal Procedure and is governed in part by Rule 11(c)(1)(A), as more fully set forth below. The parties to this Agreement have agreed upon the following:

Charges in This Case

1. The indictment in this case charges defendant with ten counts of wire fraud, in violation of Title 18, United States Code, Section 1343.
2. Defendant has read the charges against him contained in the indictment, and those charges have been fully explained to him by his attorney.
3. Defendant fully understands the nature and elements of the crimes with which he has been charged.

Charge to Which Defendant Is Pleading Guilty

4. By this Plea Agreement, defendant agrees to enter a voluntary plea of guilty to Count One of the indictment.

Factual Basis

5. Defendant will plead guilty because he is in fact guilty of the charge contained in Count One of the indictment. In pleading guilty, defendant admits the following facts and that those facts establish his guilt beyond a reasonable doubt:

Beginning no later than in or around 2017, and continuing through at least February 2024, in the Northern District of Illinois, and elsewhere, defendant DAVID W. BROWN devised, intended to devise, and participated in a scheme to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises. And, on or about April 22, 2022, defendant caused an interstate wire communication in furtherance of this scheme to defraud.

As part of this scheme, defendant offered to arrange for the provision of utility services to various residential and commercial property owners and tenants throughout the Chicago area in return for a fee to be paid to defendant. The utility services that defendant offered to provide included electricity and natural gas from Companies A, B, and C. Defendant offered to arrange for the provision of utility services to property owners and tenants even though he was not affiliated with any utility service providers and otherwise had no authority to sell utility services on behalf of any utility service provider. Defendant solicited these fees without telling the property owners and tenants that he had no legitimate relationship with the utility service providers or that he actually intended to obtain the services for their residential and commercial properties by fraudulent means.

After finding property owners and tenants willing to pay him, defendant fraudulently obtained utility services for the addresses of these property owners and tenants (“the subject addresses”) by opening and causing the opening of new accounts for utility service at the subject addresses. Defendant opened these new accounts for the subject addresses under the false pretense that the new account holder or customer intended to pay for the service, even though defendant had no intent to make any legitimate payments for any utility services provided to the subject addresses. Defendant knew that it would typically take from 90 days to several months for utility service providers to disconnect service for lack of payment due to, among other things, regulatory restrictions on their ability to terminate service, and therefore he could obtain utility services for the subject addresses for significant periods of time without having to make any payments for the service. Defendant also opened these new accounts using false customer names and identifying information in order to deceive the utility service providers as to the actual recipients of the utility services and to avoid financial responsibility for the services. Defendant created and utilized the names of shell and fictitious companies as the false customer names in some cases, and utilized the stolen personal identification information of real individuals as the false customer names in other cases.

It was further part of the scheme that, once a utility service provider initiated the process to terminate service for non-payment at the subject addresses, defendant fraudulently obtained continued utility service at these addresses by opening new

accounts in the name of different false customers. Defendant did so knowing that utility service providers could not refuse to open an account for a different customer, even if prior customers at that same address had past-due balances for services provided to the address. Defendant was thereby able to continue receiving utility services for the property owners and tenants who paid him by repeatedly opening new accounts in the name of different false customers at the same subject addresses. In this manner, defendant was able to receive utility services on behalf of the property owners and tenants who paid him without making any legitimate payments to the utility services providers for periods of time ranging from months to years.

It was further part of the scheme that defendant used billing addresses for the fraudulent accounts he opened in the false customer names that were different than the subject addresses that were receiving the utility service. Defendant knew that the utility service providers physically mailed termination notices and other notifications to the billing address. Defendant therefore used billing addresses different than the address where service was being provided in order to prevent the property owners and tenants from learning of the false customer names being utilized as part of the scheme and to conceal from them the utility providers' intent to disconnect for non-payment the utility services at the subject addresses.

Further, in order to delay termination of service at the subject addresses, defendant made fake online payments to utility providers by electronic check or e-check utilizing bank account numbers that defendant knew did not exist and would

result in return or non-payment of the electronic check. Defendant did so in order to temporarily prevent the utility service providers from disconnecting service at the subject addresses or to cause the utility service providers to restore utility service at the subject addresses, knowing that the provision of payment information would result in immediate restoration of service and otherwise pause the service-termination process even if the payment failed to clear. Defendant used the period of delay caused by the provision of false payment information to open new accounts in the name of different false customers on hundreds of occasions. Defendant also made legitimate payments to utility service providers on some occasions to prevent disconnection of service at the subject addresses.

Defendant typically received payments ranging from \$50 to \$150 every few months from the property owners and tenants of the addresses which were receiving the utility services fraudulently obtained by defendant. Defendant kept this money for himself and used it for his own personal purposes without providing the money to the utility service providers. The payments made to defendant by these property owners and tenants included an electronic transfer on or about April 22, 2022, of \$150 from Individual JW to defendant through Cash App for utility service fraudulently obtained by defendant for a residence at xx36 South Hermitage Avenue in Chicago. Defendant acknowledges that the processing of this Cash App payment from Individual JW to defendant involved an interstate wire communication.

In total, defendant opened or caused the opening of thousands of accounts in false customers names with utility services providers, including Companies A, B, and C, to fraudulently receive utility services at more than two-thousand residential and commercial properties throughout the Northern District of Illinois. It is estimated that in excess of \$5 million worth of utility services were obtained from Companies A, B, and C by defendant as part of this scheme.

Maximum Statutory Penalties

6. Defendant understands that the charge to which he is pleading guilty carries the following statutory penalties:

a. A maximum sentence of 20 years' imprisonment. This offense 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 the judge also may impose a term of supervised release of not more than three years.

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

c. Pursuant to Title 18, United States Code, Section 3013, defendant will be assessed \$100 on the charge to which he has pled guilty, in addition to any other penalty or restitution imposed.

Sentencing Guidelines Calculations

7. Defendant understands that, in determining a sentence, the Court is obligated to calculate the applicable Sentencing Guidelines range, and to consider

that range, possible departures under the Sentencing Guidelines, and other sentencing factors under 18 U.S.C. § 3553(a), which include: (i) the nature and circumstances of the offense and the history and characteristics of the defendant; (ii) the need for the sentence imposed to reflect the seriousness of the offense, promote respect for the law, provide just punishment for the offense, afford adequate deterrence to criminal conduct, protect the public from further crimes of the defendant, and provide the defendant with needed educational or vocational training, medical care, or other correctional treatment in the most effective manner; (iii) the kinds of sentences available; (iv) the need to avoid unwarranted sentence disparities among defendants with similar records who have been found guilty of similar conduct; and (v) the need to provide restitution to any victim of the offense.

8. For purposes of calculating the Sentencing Guidelines, the government's position as of the date of this Agreement is as follows:

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 2024 Guidelines Manual.

b. **Offense Level Calculations.**

i. The base offense level is seven for the offense of conviction, pursuant to U.S.S.G. § 2B1.1(a)(1).

ii. An eighteen-level enhancement is applicable, pursuant to U.S.S.G. § 2B1.1(b)(1)(J), because the loss resulting from the offense of conviction is more than \$3,500,000 and less than \$9,500,000.

iii. A two-level enhancement is applicable, pursuant to U.S.S.G. § 2B1.1(b)(10)(C), because the offense involved sophisticated means and the defendant intentionally engaged in or caused the conduct constituting sophisticated means.

iv. A two-level enhancement is applicable, pursuant to U.S.S.G. § 2B1.1(b)(11)(C)(ii), because the offense involved using a means of identification of another to obtain another means of identification.

v. The government anticipates that defendant will fully accept responsibility for his 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 or restitution that may be imposed in this case, and, if he does so, a two-level reduction in the offense level is appropriate.

vi. In accord with Guideline § 3E1.1(b), defendant has timely notified the government of his 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 that defendant has accepted responsibility and the offense level is sixteen

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.

c. **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 9 and defendant's criminal history category is IV:

i. On or about September 5, 1996, defendant was sentenced to eleven days' imprisonment in the Circuit Court of Cook County for unlawful use of a weapon. Defendant receives no criminal history points for this conviction pursuant to U.S.S.G. § 4A1.2(e)(2).

ii. On or about July 11, 2000, defendant was sentenced to five days' imprisonment in the Circuit Court of Cook Country for domestic battery. Defendant receives no criminal history points for this conviction pursuant to U.S.S.G. § 4A1.2(e)(2).

iii. On or about March 12, 2002, defendant was sentenced to one year probation in the Lake County Superior Court (Indiana) for check fraud. Defendant receives no criminal history points for this conviction pursuant to U.S.S.G. § 4A1.2(e)(2).

iv. On or about May 14, 2004, defendant was sentenced to two years' imprisonment in the Circuit Court of Cook County for theft and forgery.

Defendant receives three criminal history points for this conviction pursuant to U.S.S.G. § 4A1.1(a).

v. On or about November 21, 2006, defendant was sentenced to seventy-two months' imprisonment in the United States District Court for the Northern District of Illinois for wire fraud. Defendant receives three criminal history points for this conviction pursuant to U.S.S.G. § 4A1.1(a).

vi. On or January 3, 2007, defendant was sentenced to five years' imprisonment in the 18th Judicial Circuit Court (DuPage County) for forgery. Defendant receives three criminal history points for this conviction pursuant to U.S.S.G. § 4A1.1(a).

d. Anticipated Advisory Sentencing Guidelines Range. Therefore, based on the facts now known to the government, and if the Court determines defendant has accepted responsibility, the government anticipates the offense level to be twenty-six, which, when combined with the anticipated criminal history category of IV, results in an anticipated advisory sentencing guidelines range of 92 to 115 months' imprisonment, in addition to any supervised release, fine, and restitution the Court may impose.

e. Defendant and his attorney and the government acknowledge that the guidelines calculations set forth in this Agreement are preliminary in nature, and are non-binding predictions upon which neither party is entitled to rely. Defendant understands the above calculations are based on information now known

to the government and that further review of the facts or applicable legal principles may lead the government to change its position on the guidelines calculations. 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 defendant's, the probation officer's, or the Court's concurrence with the above calculations, and defendant shall not have a right to withdraw his plea on the basis of a change in the government's position on the guideline calculations or the Court's rejection of these calculations.

9. 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 the government prior to sentencing. The government may correct these errors by a statement to the Probation Office or the Court, setting forth any changes in the government's position regarding the guidelines calculations. The validity of this Agreement will not be affected by such corrections, and defendant shall not have a right to withdraw his plea on the basis of such corrections.

Agreements Relating to Sentencing

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

11. 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 his guilty plea.

12. Regarding restitution, defendant acknowledges that pursuant to Title 18, United States Code, Section 3663A, the Court must order defendant to make full restitution to the victims of the offense in an amount to be determined by the Court at sentencing, which amount shall reflect credit for any funds repaid prior to sentencing.

13. 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), he is required to notify the Court and the United States Attorney's Office of any material change in economic circumstances that might affect his ability to pay restitution.

14. Defendant agrees to pay the special assessment of \$100 at the time of sentencing with a cashier's check or money order payable to the Clerk of the U.S. District Court.

15. 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), and Title 31, United States Code, Sections 3711,

3716, and 3728, notwithstanding any payment schedule set by the Court. In the event of the death or dissolution of, or the government's inability to locate the named recipient(s) of restitution in the Judgment and Commitment Order, the defendant agrees to not oppose efforts by the government to obtain an order substituting as payee a representative of the victim's estate, another family member, or any other person or successor entity appointed as suitable by the court, or the Crime Victims Fund.

16. After sentence has been imposed on the count to which defendant pleads guilty as agreed herein, the government will move to dismiss the remaining counts of the indictment as to defendant.

Acknowledgments and Waivers Regarding Plea of Guilty

Nature of Agreement

17. This Agreement is entirely voluntary and represents the entire agreement between the United States Attorney and defendant regarding defendant's criminal liability in case 24 CR 506.

18. 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.

Waiver of Rights

19. Defendant understands that, by pleading guilty, he surrenders certain rights, including the following:

a. **Trial rights.** Defendant has the right to persist in a plea of not guilty to the charges against him, and if he does, he 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 his 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 him unless, after hearing all the evidence, it was persuaded of his guilt beyond a

reasonable doubt and that it was to consider each count of the indictment 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 his attorney would be able to cross-examine them.

vi. At a trial, defendant could present witnesses and other evidence in his own behalf. If the witnesses for defendant would not appear voluntarily, he 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 he could decline to testify, and no inference of guilt could be drawn from his refusal to testify. If defendant desired to do so, he could testify in his own behalf.

b. **Appellate rights.** Defendant further understands he is waiving all appellate issues that might have been available if he had exercised his 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.

20. Defendant understands that, by pleading guilty, he 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 him, and the consequences of his waiver of those rights.

Presentence Investigation Report/Post-Sentence Supervision

21. 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 endeavor to ensure that the relevant facts and sentencing factors, as applied to the facts, are brought to the District Court's attention fully and accurately, including facts related to the defendant's criminal conduct and related conduct, and any relevant information concerning the defendant's background, character, and conduct that the District Court may consider under 18 U.S.C. § 3661 in imposing a sentence.

22. 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 his financial circumstances, including his 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 his 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.

23. For the purpose of monitoring defendant's compliance with his 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

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

25. 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

26. 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.

27. Defendant understands that his compliance with each part of this Agreement extends throughout the period of his sentence, and failure to abide by any term of the Agreement is a violation of the Agreement. Defendant further understands that in the event he 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.

28. 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.

29. Defendant and his 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.

30. Defendant acknowledges that he has read this Agreement and carefully reviewed each provision with his attorney. Defendant further acknowledges that he understands and voluntarily accepts each and every term and condition of this Agreement.

AGREED THIS DATE:

7/15/2025

Michelle Petersen for ASB
ANDREW S. BOUTROS
United States Attorney

RICK D. YOUNG
Assistant U.S. Attorney

DAVID W. BROWN
Defendant

JEFFREY B. STEINBACK
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Nicole E. Pijon