

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
WESTERN DIVISION

UNITED STATES OF AMERICA

v.

LEILANI HILLIS

No. 18 CR 50078

Judge Philip G. Reinhard

**PLEA AGREEMENT**

1. This Plea Agreement between the United States Attorney for the Northern District of Illinois, JOHN R. LAUSCH, JR., and defendant LEILANI HILLIS, and her attorney, CHRISTOPHER DERANGO, 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 mail fraud, in violation of Title 18, United States Code, Section 1341(Count One), and tax fraud, in violation of Title 26, United States Code, Section 7206(1)(Count 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.

**Charges 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: Count One, which charges defendant

with mail fraud, in violation of Title 18, United States Code, Section 1341; and Count Two, which charges defendant with tax fraud, in violation of Title 26, United States Code, Section 7206(1).

**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 constitute relevant conduct pursuant to Guideline § 1B1.3:

With respect to Count One of the information, from at least as early as 2009, and continuing to at least April 2018, in Rockford, within the Northern District of Illinois, Western Division, and elsewhere, defendant knowingly devised and participated in a scheme to defraud Organization A and to obtain money by means of materially false and fraudulent pretenses, representations, and promises, and by concealment of materials facts. On or about March 7, 2018, at Rockford, for the purpose of executing her scheme to defraud and to obtain money by materially false and fraudulent pretenses, representations, and promises, defendant knowingly placed, or caused to be placed, in an authorized depository for mail matter, to be sent by United States mail according to the directions thereon, an envelope addressed to Bank A at an address in St. Louis, Missouri, containing a \$13,773.31 check issued by Organization A and signed by defendant, in violation of Title 18, United States Code, Section 1341.

With respect to Count Two of the information, on or about February 15, 2018, at Rockford, in the Northern District of Illinois, Western Division, defendant willfully made and subscribed, and caused to be made and subscribed, an United States Individual Income Tax Return (Form 1040 with schedules and attachments) (“Form 1040”), for the calendar year 2017, which return was verified by written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, which return defendant did not believe to be true and correct as to every material matter, in that it was stated on Form 1040, line 22, that defendant’s total income was \$76,552, when defendant knew and believed that her total income substantially exceeded that amount, in violation of Title 26, United States Code, Section 7206(1)

Specifically, Organization A was a non-profit organization whose mission it was to attract, retain and expand jobs in the Rockford, Illinois area. Organization A received funding from private sources and local governments.

Defendant started working for Organization A in 2001. Between 2001 and 2018, defendant was an administrative assistant, an executive assistant, and, as of 2018, the director of operations. Defendant handled payroll, human resource matters, accounting, and oversaw the annual audit for Organization A. As of 2009, defendant had signatory authority of Organization A’s bank account. Defendant also had access to Organization A’s PayPal account.

Additionally, Organization A issued employees, including defendant, a credit card in the employee's name. Each month, Organization A received a credit card statement containing the credit card charges made by each Organization A employee. Defendant created a monthly credit card expense report for Organization A based off the credit card statements.

Starting in approximately 2009 and continuing until April 2018, defendant used Organization A's credit card to make unauthorized purchases for her own benefit totaling \$632,718.99. These unauthorized purchases occurred at retail establishments in the Rockford, Illinois, area. Defendant also made unauthorized purchases online using Organization A's PayPal account. Defendant used Organization A's credit card to fund the PayPal account.

In order to conceal her authorized purchases, defendant used Organization A's accounting codes to make it appear that defendant's purchases were for the benefit of Organization A. For example, on February 10, 2018, defendant, without authorization, used Organization A's credit card to make \$1,707.87 in purchases at CVS. On Organization A's monthly credit card statement, defendant labeled the transaction with accounting code 5520, which is Organization A's accounting code for "recruitment expenses—new investor." On Organization A's monthly credit card expense report, defendant identified the transaction as an "investor recruitment expense." The purchases, however, were not for Organization A's benefit; rather, defendant used Organization A's credit card to make \$1,707.87 in purchases for her

own benefit. Defendant initialed each report and forged on each report Organization A's president's initials to make it appear that Organization A's president reviewed and approved the charges and accounting classifications.

Defendant also issued, or caused to be issued, monthly checks from Organization A to Bank A, the issuer of Organization A's credit cards. Defendant signed the checks knowing that the payments to Bank A included money to pay for defendant's unauthorized purchases made with Organization A's credit card. For example, on March 7, 2018, defendant mailed from Rockford via United States mail to Bank A in St. Louis, Missouri, a \$13,773.31 check signed by defendant from Organization A and issued to Bank A. The \$13,773.31 check included more than \$7,000 that defendant used to pay Bank A for her unauthorized purchases made with Organization A's credit card.

Moreover, defendant did not report as income on her Form 1040 money defendant embezzled from Organization A and used to pay Bank A for her unauthorized purchases. For example, for 2017, 2016, 2015, and 2014, defendant reported \$76,552, \$68,608, \$63,022, and \$59,455 in income, respectively. Defendant, however, made \$173,507.29 in 2017, \$159,581.35 in 2016, \$83,922.28 in 2015, and \$50,903.40 in 2014, in unauthorized purchases using Organization A's credit card and used Organization A's money to pay Bank A for the unauthorized purchases. Defendant did not report on her Form 1040s the money from Organization A defendant used to pay for her unauthorized purchases. As a result, for the tax years

2014 through 2017, defendant failed to pay \$151,186.91 in taxes (\$54,491.39 for 2017, \$50,114.57 for 2016, \$28,479.85 for 2015, and \$18,101.10 for 2014). When signing her Form 1040s for the calendar years 2014 through 2017, defendant knew that she had substantially more in total income than was reported on the Form 1040s. Therefore, the total tax loss for the charged and related conduct is approximately \$151,186.91.

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

b. Count Two carries a maximum sentence of 3 years' imprisonment. Defendant may also be sentenced between 1 and 5 years' probation. Count Two 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 Court must order costs of prosecution, estimated not to exceed \$500. Defendant

further understands that with respect to Count Two, the judge may impose a term of supervised release of not more than one year.

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

d. Pursuant to 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 23 years' imprisonment. 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, mandatory costs of prosecution, 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 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, and 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.

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 2018 Guidelines Manual.

b. **Offense Level Calculations.**

i. Pursuant to Guideline § 3D1.1(a)(1), Counts One and Two are grouped.

Count One

ii. The base offense level for Count One is 7, pursuant to Guideline § 2B1.1(a)(1).



iii. The offense level is increased by fourteen levels to 21, pursuant to Guideline § 2B1.1(b)(1)(H), because the loss to Organization A is more than \$550,000.

#### Count Two

iv. The base offense level for Count Two is 16, pursuant to Guideline §§ 2T1.1(a)(1) and 2T4.1(F), because the tax loss exceeded \$100,000.

v. The base offense level is increased by two levels to 18, pursuant to Guideline § 2T1.1(b)(1), because defendant failed to report the source of income exceeding \$10,000 from criminal activity.

#### Grouping

vi. Pursuant to Guideline 3D1.2(d), the base offense level for Counts One and Two is 21.

vii. Defendant has clearly demonstrated a recognition and affirmative acceptance of personal responsibility for her criminal conduct. If the government does not receive additional evidence in conflict with this provision, and if defendant continues to accept responsibility for her actions 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 her ability to satisfy any fine or restitution that may be imposed in this case, a two-level reduction in the offense level is appropriate.

viii. 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.

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 zero and defendant's criminal history category is I.

d. **Anticipated Advisory Sentencing Guidelines Range.** Therefore, based on the facts now known to the government, the anticipated offense level is 18, which, when combined with the anticipated criminal history category of I, results in an anticipated advisory sentencing guidelines range of 27 to 33 months' imprisonment, in addition to any supervised release, fine, and restitution the Court may impose.

e. 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. The government agrees to recommend that the Court impose a sentence of imprisonment within the applicable guideline range and to make no further recommendation concerning what sentence of imprisonment should be imposed.

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 the total amount of restitution owed to Organization A is \$632,719, minus any credit for funds repaid prior to sentencing, and that pursuant to Title 18, United States Code, Section 3663A, the Court must order defendant to make full restitution in the amount outstanding at the time of 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.

**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 18 CR 50078.

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.

19. Defendant understands that nothing in this Agreement shall limit the Internal Revenue Service in its collection of any taxes, interest or penalties from defendant. Defendant understands that the amount of tax as calculated by the IRS may exceed the amount of tax due as calculated for the criminal case.

## Waiver of Rights

20. 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.

21. 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**

22. 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.



23. 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.

24. 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

25. 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.

26. Regarding matters relating to the Internal Revenue Service, defendant agrees as follows (nothing in this paragraph, however, precludes defendant from asserting any legal or factual defense to taxes, interest, and penalties that may be assessed by the IRS):

a. Defendant agrees to cooperate with the Internal Revenue Service in any tax examination or audit of defendant which directly or indirectly relates to or arises out of the course of conduct that defendant has acknowledged in this Agreement, by transmitting to the IRS original records or copies thereof, and any additional books and records that the IRS may request.

27. Defendant will not object to a motion brought by the United States Attorney's Office for the entry of an order authorizing disclosure of documents, testimony and related investigative materials which may constitute grand jury material, preliminary to or in connection with any judicial proceeding, pursuant to Fed. R. Crim. P. 6(e)(3)(E)(i). In addition, defendant will not object to the government's solicitation of consent from third parties who provided records or other materials to the grand jury pursuant to grand jury subpoenas, to turn those materials

over to the Civil Division of the United States Attorney's Office, or an appropriate federal or state agency (including but not limited to the Internal Revenue Service), for use in civil or administrative proceedings or investigations, rather than returning them to the third parties for later summons or subpoena in connection with a civil or administrative proceeding involving, or investigation of, defendant. Nothing in this paragraph or the preceding paragraph precludes defendant from asserting any legal or factual defense to taxes, interest, and penalties that may be assessed by the IRS.

28. 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**

29. 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.

30. 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.

31. 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.

32. 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.

33. 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: \_\_\_\_\_

\_\_\_\_\_  
JOHN R. LAUSCH, JR.  
United States Attorney

\_\_\_\_\_  
LEILANI HILLIS  
Defendant

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SCOTT R. PACCAGNINI  
Assistant U.S. Attorney

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CHRISTOPHER DERANGO  
Attorney for Defendant