

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA

v.

ALAN GOLD

CASE NUMBER:
UNDER SEAL

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

Beginning no later than April 20, 2010 and continuing until at least September 25, 2014, at Chicago, in the Northern District of Illinois, Eastern Division, the defendant violated:

Code Section

Title 18, United States Code, 1341

Offense Description

Devised, intended to devise, and participated in a scheme to defraud Condominium Association A, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises.

This criminal complaint is based upon these facts:

 X Continued on the attached sheet.

BRENT POTTER

Special Agent, Federal Bureau of Investigation
(FBI)

Sworn to before me and signed in my presence.

Date: November 2, 2016

City and state: Chicago, Illinois

Judge's signature

MARIA VALDEZ, U.S. Magistrate Judge*Printed name and Title*

AFFIDAVIT

I, BRENT POTTER, being duly sworn, state as follows:

1. I am a Special Agent with the Federal Bureau of Investigation, and have been so employed for over 19 years. My current responsibilities include the investigation of white collar crime, including mail, wire, and bank fraud.

2. This affidavit is submitted in support of a criminal complaint alleging that Alan Gold has violated Title 18, United States Code, 1341. Because this affidavit is being submitted for the limited purpose of establishing probable cause in support of a criminal complaint charging Gold with mail fraud, I have not included each and every fact known to me concerning this investigation. I have set forth only the facts that I believe are necessary to establish probable cause to believe that the defendant committed the offense alleged in the complaint.

3. The information contained in this affidavit is based upon my personal knowledge, as well as information provided to me by other law enforcement officers. It is also based upon my review of subpoenaed records, records obtained without the use of a grand jury subpoena, and on information provided to me by non-law enforcement personnel.

4. In summary, Alan P. Gold, the owner and operator of AP Gold & Realty and Management ("AP Gold"), defrauded various condominium associations that were his clients. Unbeknown to the associations, Gold used his authority over the

association bank accounts to transfer funds to himself. That is, he withdrew funds beyond the management fee to which he was entitled. To further hide his fraud, Gold mailed monthly statements to the associations that omitted the unauthorized withdrawals.

5. On the basis of that information and the facts I allege below, I submit that there is probable cause to believe that, beginning no later than April 20, 2010 and continuing until at least September 25, 2014, Alan P. Gold devised, intended to devise, and participated in a scheme to defraud Condominium Association A (“VCA A”), and to obtain money and property by means of false and fraudulent pretenses, representations and promises. For the purpose of executing the scheme to defraud, on or about December 18, 2013, Gold knowingly caused to be deposited, to be sent and delivered by U.S. mail, an owner statement containing false information which Gold caused to be mailed to the address of VCA A, located in Chicago, Illinois 60660.

FACTS ESTABLISHING PROBABLE CAUSE

Background on AP Gold

6. According to AP Gold’s now-defunct website, the company was “a professional property management company servicing both residential and commercial clients” and managed “well over 600 units in more than 50 buildings on Chicago’s north side.”¹

7. The website further stated that AP Gold provided the following services

¹ See <http://web.archive.org/web/20150201120928/http://www.apgoldrealty.com/> (accessed Jan. 5, 2016).

for condominium associations, among others:

- a. Collect all monthly and special assessments;
- b. Review and payment of all monthly obligation including utility and vendor bills;
- c. Preparation of annual budget and materials for such; and
- d. Informational mailings to owners as needed.

8. The website listed AP Gold's location as 1357 W. Augusta Boulevard in Chicago, Illinois.

9. In bank account and other financial records, Gold lists himself as the one-hundred percent owner, president and secretary of AP Gold.

10. Based on a review of bank account information, the FBI has located at least nine bank accounts belonging to AP Gold. Specifically, seven of these accounts are in the name "A.P. Gold Realty & Management, Inc." and on six of these accounts, Alan Gold is the sole authority on the signature card. On the seventh such account, Alan Gold and one other person are listed as signers on the account. Two additional bank accounts owned by AP Gold are in the names "A.P. Gold Realty & Mgmt Ltd." and "A.P. Gold Realty & Mgmt Ltd. Client Account." Alan Gold is a signer on both accounts and his wife is a signer on one of the accounts. The signature of Alan Gold on each account signature card matches.

Fraud on Victim Condominium Association A

11. According to Treasurer A, the treasurer of the Victim Condominium Association A ("VCA A"), VCA A was formed to administer a condominium residence

located in Chicago, Illinois. According to Treasurer A, VCA A had utilized the services of AP Gold, owned and operated by Alan P. Gold, since approximately 2000. In its capacity as property manager for VCA A, AP Gold handled the scheduling, payment and oversight of maintenance work at the VCA A building, as well as the collection of monthly assessments from residents.

12. According to the bank account records of VCA A and Treasurer A, VCA A gave Gold signature card authority over the operating and reserve bank accounts of VCA A to discharge AP Gold's responsibilities of collecting monthly assessments and paying contractors for maintenance services on VCA A's building. No other employee of AP Gold had signature authority over VCA A's bank accounts. Treasurer A further stated that monthly bank statements for the association's operating and reserve accounts were sent to AP Gold. The association did not receive copies of these statements for the past few years.

13. Treasurer A stated that, pursuant to a management contract between AP Gold and VCA A, Gold was authorized to withdraw a management fee of approximately \$650 per month from VCA A's operating account in compensation for its services. This was the only payment Gold was supposed to receive. Treasurer A has not been able to locate a copy of the management contract.

14. Treasurer A further indicated that to keep VCA A updated on the finances, Gold or one of his employees sent the board members various financial statements, including a monthly "owner statement" that laid out the account balances. One of Gold's employees sometimes emailed these owner statements to

VCA A. The statements were also mailed to Treasurer A using U.S. Mail, along with copies of the paid invoices and the checks that supposedly had been written that month. These owner statements were typically sent by AP Gold to VCA A one or more months after the covered month. That is, the owner statement demonstrating financial activity for May was typically mailed by Gold to VCA A in July or later. Treasurer A relied on these owner statements by AP Gold to give an accurate and complete picture of VCA A's operating account.

15. Treasurer A provided the FBI with copies of the association's monthly bank statements for its operating and reserve accounts, and the FBI has further obtained copies of the monthly bank statements from the bank used by VCA A. Treasurer A also provide the FBI with copies of the monthly statements sent by AP Gold, and the envelopes that some of these statements arrived in. The back flap of the envelopes contain a sticker listing the particular statement that was enclosed (such as "October 2013"). As a result, the FBI has been able to match the owner statements with the envelopes in which they were sent.

16. Based on information provided by Treasurer A and a review of the bank statements, Gold repeatedly overbilled his monthly management fees to VCA A and engaged in a pattern of issuing unauthorized checks directly to AP Gold from the bank accounts of VCA A. Gold made out and personally signed checks from the bank accounts of VCA A payable to AP Gold and subsequently deposited them in AP Gold's bank account. The signatures on these checks match each other and also match the signatures on other documents obtained during the investigation. Furthermore,

bank records from an AP Gold bank account confirm the deposits into that account.

17. For example, the July 2013 bank statement for VCA A's operating account shows three checks for \$650 each. Copies of the cancelled checks show that each check was drawn on VCA A's operating account, made out to "A.P. Gold Realty & Management, Inc.," and bears the signature of Alan Gold. Treasurer A confirmed that Gold was authorized to withdraw only \$650 from the operating account that month as his management fee and the other withdrawals were unauthorized.

18. Similarly, the bank statement for October 2013 showed three checks of \$650 each made out to AP Gold and signed by Alan Gold. Treasurer A confirmed that Gold was authorized to withdraw only \$650 that month.

19. Gold also made unauthorized withdrawals from VCA A's reserve account. The bank account statement for October 2013 shows withdrawals of \$15,000, \$15,000 again, and \$27,000. Copies of the cancelled checks show that each check was made out to AP Gold and bears the signature of Alan Gold. Treasurer A confirmed that these withdrawals were unauthorized.

20. Based upon information provided by Treasurer A and the FBI's review of VCA A's owner statements, these owner statements contained what purported to be a description of all the sources of income and expenses for the association's bank account for that month, including the assessments collected and payments made to AP Gold and vendors. The owner statements purported to describe each check written by Gold on the victim condo association's bank account during the covered month, including the date, amount, check number, payee, remarks and the remaining

bank account balance. The owner statements also contained what purported to be the victim condo association's beginning and ending bank account balances for the month.

21. FBI's review of the owner statements and bank account records for VCA A revealed that Gold consistently failed to disclose in these owner statements the checks through which he overbilled his management fees, as well as the unauthorized checks that he wrote to his own firm. Additionally, Gold provided inflated current balances for the bank accounts of VCA A on the mailed owner statements.

22. For example, an envelope from

A.P. Gold
Realty and Management
1357 W. Augusta Blvd.
Chicago, IL 60622

and addressed to

[Treasurer A]
Treasurer
[VCA A Address]
Chicago, IL 60660

with a U.S. Mail postmark dated December 18, 2013 contained the July 2013 owner statement for VCA A's operating account. The statement listed one check to AP Gold for a management fee of \$650. The owner statement did not list any other payments to Gold or AP Gold. As described above, however, Gold had issued three checks to AP Gold in July 2013 for \$650 each from VCA A's operating account. In addition, the owner statement listed a beginning bank account balance of approximately \$34,144 for July 2013. The account statement from the bank showed an actual beginning

balance of approximately \$7,418 for July 2013. Similarly, the owner statement listed the ending account balance as approximately \$36,820 and the bank statement showed an actual ending balance for the month of approximately \$6,739.

23. Similarly, an envelope from the same sender and to the same addressee with a U.S. Mail postmark dated December 20, 2013 contained the October 2013 owner statement for VCA A's operating account. The statement listed one check to AP Gold for a management fee of \$650. The owner statement did not list any other payments to Gold or AP Gold. As described above, however, Gold had issued three checks to AP Gold in October 2013 for \$650 each from VCA A's operating account. In addition, the October 2013 owner statement listed the beginning balance in the operating account as approximately \$45,633. The bank account statement showed a beginning balance of approximately \$12,790. Similarly, the owner statement listed the ending bank account balance as approximately \$51,040. The bank statement showed an actual ending balance of approximately \$16,820.

24. Furthermore, Treasurer A e-mailed Gold on June 10, 2014 to ask Gold for the association's "true balance. As if you are looking at your check book" (original typographical error corrected from "ypur chrk book"). Gold replied via e-mail on the same day, stating "The balance as of today in operating is \$93,858.08." In reality, VCA A's operating bank account held only \$44,764 on that day, due to Gold's ongoing thefts. Based upon the FBI's review of the owner statements mailed by Gold and VCA A's own bank statements, Gold substantially inflated the monthly beginning balance on every one of the approximately 22 owner statements that he caused to be

sent to VCA A for 2013 and 2014.

25. VCA A's bank statements also demonstrated that Gold took approximately \$95,000 in seven separate unauthorized check withdrawals from the association's reserve bank account from September 2013 through June 27, 2014. In order to discharge his duties as the property manager for VCA A, Gold maintained signature card authority for VCA A's reserve bank account, in addition to its operating account. According to Treasurer A, Gold was aware that none of the funds in the reserve account were to be accessed without the approval of Treasurer A. Each of these unauthorized checks, drawn on VCA A's reserve account, was signed by Gold and deposited in AP Gold's bank account.

26. Treasurer A was unaware of Gold's thefts from VCA A's operating and reserve bank accounts until approximately October 2014, when he/she received a letter from the association's bank. The letter stated that the bank was performing a review of customer accounts with third party signature card authorization, and it suggested that VCA A perform a reconciliation to ensure that all third party withdrawals from the association's bank accounts were authorized. Treasurer A subsequently did so, and thereby discovered Gold's unauthorized checking withdrawals from VCA A's bank accounts.

27. VCA A fired Gold as property manager by letter on or about November 12, 2014. Gold subsequently sent an e-mail on November 19, 2014 to the president of VCA A, in which Gold stated "I have a contract to sell a building I own that should close next month. I will be making a sizable payment to VCA A at that time."

According to Treasurer A, no such payment was ever received by VCA A.

28. Based on a preliminary analysis of bank records, Gold stole approximately \$154,271 from VCA A between 2010 and 2014. Specifically, bank records show approximately \$206,864 in payments to AP Gold, of which only about \$37,593 were authorized based on information provided by Treasurer A that Gold was entitled to one monthly management fee and reimbursement for small items such as postage. In addition, Gold reimbursed VCA A in the amount of approximately \$15,000.

Fraud on other victim condo associations

29. Based on interviews of other individuals and review of additional bank records, the FBI is aware of at least eight additional Chicago condominium associations that have been defrauded by Gold in a manner similar to that described above. Specifically, Gold had signature authority over the associations' bank accounts and used that authority to make withdrawals of multiple management fees per month or other large withdrawals in excess of any management fees. Gold provided the associations with fraudulent monthly owner statements, often sent via U.S. Mail, in order to cover up his theft of their money. The preliminary total loss amount for all victims currently identified is in excess of \$900,000. Below is a chart summarizing the preliminary loss amount for each identified victim.

	Payment to AP Gold	Expected Payment to AP Gold	Payment from AP Gold	Loss Amount
VCA A	\$ 206,864	\$ (37,593)	\$ (15,000)	\$ 154,271
VCA B	\$ 255,972	\$ (71,713)	\$ (31,312)	\$ 152,946
VCA C	\$ 244,821	\$ (31,251)	\$ (61,733)	\$ 151,838

VCA D	\$ 160,358	\$ (36,148)	\$ -	\$ 124,211
VCA E	\$ 143,775	\$ (38,402)	\$ (14,000)	\$ 91,373
VCA F	\$ 173,824	\$ (52,505)	\$ (40,020)	\$ 81,299
VCA G	\$ 189,068	\$ (48,311)	\$ (71,782)	\$ 68,976
VCA H	\$ 125,644	\$ (57,443)	\$ (7,568)	\$ 60,633
VCA I	\$ 113,850	\$ (46,269)	\$ (15,825)	\$ 51,756

CONCLUSION

30. Based upon the information set forth above, I submit that there is probable cause to believe that, beginning no later than April 20, 2010 and continuing until at least September 25, 2014, Alan P. Gold devised, intended to devise, and participated in a scheme to defraud Condominium Association A (“VCA A”), and to obtain money and property by means of false and fraudulent pretenses, representations and promises. For the purpose of executing the scheme to defraud, on or about December 18, 2013, Gold knowingly caused to be deposited, to be sent and delivered by U.S. mail, an owner statement containing false information which Gold caused to be mailed to the address of VCA A, located in Chicago, Illinois 60660.

FURTHER AFFIANT SAYETH NOT.

BRENT POTTER
Special Agent, Federal Bureau of
Investigation

SUBSCRIBED AND SWORN to before me on November 2, 2016.

MARIA VALDEZ
United States Magistrate Judge