

# UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

UNITED STATES OF AMERICA

v.

THOMAS ZIROLI

CRIMINAL COMPLAINT

CASE NUMBER:

I, the undersigned complainant, being duly sworn, state the following is true and correct to the best of my knowledge and belief.

Between on or about July 10, 2007 and on or about August 8, 2007, in Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere, defendant, Thomas Zirol, being an agent of the City of Chicago, corruptly solicited and demanded for the benefit of any person, and accepted and agreed to accept, anything of value from any person, namely \$500 cash, intending to be influenced or rewarded in connection with any business, transaction, and series of transactions of the City of Chicago, involving anything of value of \$5,000 or more, the City of Chicago being a local government that received in excess of \$10,000 in federal funding in a twelve month period from August 8, 2006, through August 8, 2007;

In violation of Title 18, United States Code, Section 666(a)(1)(B).

I further state that I am a Postal Inspector, United States Postal Inspection Service, and that this complaint is based on the following facts:

See Attached Affidavit

Continued on the attached sheet and made a part hereof:  Yes  No

Signature of Complainant

Sworn to before me and subscribed in my presence,

May 21, 2008

Date

at Chicago, Illinois

City and State

Hon. Martin Ashman, U.S. Magistrate Judge

Name & Title of Judicial Officer

Signature of Judicial Officer

## **AFFIDAVIT**

I, David B. Hodapp, being duly sworn under oath, depose and state as follows:

### **I. BACKGROUND OF AFFIANT**

1. I am a Postal Inspector with the United States Postal Inspection Service and have been so employed since September 1987. In connection with my official duties, I have investigated violations of federal criminal law, including violations relating to public officials. I have received training and participated in all normal methods of investigation, including, but not limited to, visual and electronic surveillance, the general questioning of witnesses, the use of informants, and undercover operations. I have also received training in the enforcement of laws concerning, among other things, public corruption and white-collar crime.

### **II. PURPOSE OF AFFIDAVIT**

2. This affidavit is made for the limited purpose of establishing probable cause in support of a criminal complaint charging THOMAS ZIROLI with violation of Title 18, United States Code, Section 666 (a)(1)(B), charging that between on or about July 10, 2007 and on or about August 8, 2007, ZIROLI, being an agent of the City of Chicago, corruptly solicited and demanded for the benefit of any person, and accepted and agreed to accept anything of value from any person, intending to be influenced or rewarded in connection with any business, transaction, and series of transactions of the City of Chicago, involving anything of value of \$5000 or more, the City of Chicago being a local government that received in excess of \$10,000 in federal funding in a twelve month period from August 8, 2006 through August 8, 2007.

3. More specifically, in 2007, ZIROLI worked as a City of Chicago ventilation

inspector in the Department of Buildings. As more fully described below, on August 8, 2007, ZIROLI accepted a cash bribe from a cooperating witness (CW1) believing that CW1 had collected the \$500 cash bribe from a developer paying the bribe in exchange for ZIROLI facilitating a ventilation inspection that was scheduled in a more expeditious manner than normally available and ensuring that the ventilation inspection was favorable.

4. This investigation has been jointly conducted by the City of Chicago Inspector General's Office ("IG"), the United States Postal Inspection Service ("USPIS"), and the Federal Bureau of Investigation ("FBI"). The information contained in this Affidavit is based on my personal knowledge as well as information obtained from other law enforcement agents participating in the investigation, cooperating witnesses, documents, and recorded conversations. Since this Affidavit is being submitted for the limited purpose of establishing probable cause in support of a criminal complaint, 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 ZIROLI committed a violation of 18 U.S.C. 666(a)(1)(B).

### **III. EXPLANATION OF THE BUILDING PERMIT PROCESS AND CITY DEPARTMENTS**

5. The process for issuing building permits and monitoring construction projects is governed by several departments within the City of Chicago, including the Department of Zoning ("Zoning"), the Department of Construction and Permits ("DCAP"), the Department of Buildings ("Buildings") and the Department of Administrative Hearings ("AH").

6. The principal role of Zoning is to enforce Chicago's Zoning Ordinance, to

implement the city's land use policies and to maintain and update the city's official zoning maps. Developers seeking to obtain a building permit for new construction and renovation projects which require architecture plans receive an initial review of their architectural plans in Zoning to assure that the project conforms to the official zoning and land use policies of the City of Chicago. Zoning reviews the survey plats, parking lot layouts and site plans to ensure that projects conform to the Zoning Ordinance. When a proposed development is not in compliance with the Zoning Ordinance or permitted use, a developer has the option of seeking an administrative adjustment or a zoning variance. The administrative adjustment process is a streamlined procedure for minor modifications of selected zoning standards. The zoning variance procedures involve review and approval of the requested changes by the Zoning Board of Appeals. Zoning is also responsible for administering the landscape ordinance within the zoning code which governs landscaping of all business, commercial and large residential projects. In addition, zoning is responsible for issuing Certificates of Occupancy (a certificate from the City certifying that a structure is fit for human habitation) for construction projects containing between one to three dwelling units and for issuing Zoning Compliance Certificates (a certificate from the City certifying that a structure meets the applicable zoning requirements) for the occupancy, use, or change of use of any property in the city. Projects receive an initial review in Zoning by a zoning plan examiner (“ZPE”). On-site investigation of projects to ensure compliance with the Zoning Ordinance, including the landscape ordinance, and Certificate of Occupancy reviews are performed by zoning inspectors.

7. DCAP is responsible for issuing construction permits. Prior to the creation of DCAP in April 2003, construction permits were issued by Buildings. A permit

application must include the names and City license numbers of the general contractor and each subcontractor who intends to work on the construction project. To obtain a general contractor's license from the City, an applicant must mail a license application to an address maintained by the Department of Buildings. License applications must be renewed by mail every year. Generally, the construction permit application process follows one of three different tracks: the Easy Permit Process ("EPP"), Standard Review Plan process, or Developer Services process. EPP is used to obtain construction permits for repair or replacement of existing elements of a building, when no structural changes to the building will be made. Standard Review Plan (also referred to as Open Plan Review) is used to obtain construction permits for small to mid-sized construction and renovation projects requiring architectural drawings. The Standard Review Plan process involves an initial assessment of a construction project by a DCAP project manager. After the project manager review, the architectural plans receive technical reviews of appropriate disciplines which include, among others, electrical, plumbing, ventilation, structural, architectural, landscape and fire prevention. The purpose of each discipline review is to ensure that the proposed project is in conformance with the building codes and regulations of the City of Chicago. The Developer Services process is used to obtain construction permits for large and complex projects. In January 2008, DCAP merged back into the Buildings Department.

8. Buildings is responsible for the enforcement of the Chicago Building Code governing the construction, rehabilitation and maintenance of structures within the City of Chicago. Within Buildings is the New Construction Bureau. New construction inspectors' primary role is to perform inspections to ensure that construction and renovation work conforms to the permits that have been issued by DCAP. Building inspectors can also

respond to complaints regarding structures, including emergencies that occur after working hours, and they can issue violation notices to building owners when a structure is not in conformance with the Building Code. Inspections can also be generated by the public by dialing 311, the non-emergency number for city services. Inspectors can also issue “stop work orders” to stop any construction that is done without a permit, contrary to an approved permit, and other forms of construction that poses a threat to the health and safety of the public. A stop work order is a directive from the Department of Buildings, addressed to the owner of property on which construction or demolition work is proceeding without proper authorization. The stop work order prohibits further work, and in some cases requests the removal of work already completed, until or unless an appropriate construction permit has been obtained. There are different procedures for releasing each kind of stop work order, which can include paying fines and/or paying additional permit fees. Some releases can occur at the City’s satellite offices (additional offices located in various neighborhoods for the convenience of property owners and developers), while others involve the applicant presenting the plans and application to the DCAP or to another Department, usually at City Hall. Inspectors sign the back of a contractor’s construction permit when an inspection is performed and the inspector determines that the completed work is within the requirements of the Building Code and the scope of the construction permit. Certificates of Occupancy for construction and renovation projects involving four or more units are also issued by Buildings. Building Inspectors conduct inspections of projects prior to the issuance of Certificates of Occupancy. Finally, Buildings has historically maintained a mainframe computer database that contains information about buildings in the City of Chicago, including the number of original units in each building.

9. AH serves as a quasi-judicial tribunal for the expedient, independent and impartial adjudication of municipal ordinance violations. AH has several divisions, including a Building Division. The purpose of the Building Division is to adjudicate cases initiated by the Buildings, Fire and Zoning departments.

10. Contractors, developers, and homeowners may hire a permit expediter to facilitate the construction permit application process. The services performed by a permit expediter include, among other things: completing construction permit application forms; collecting and submitting relevant documents to DCAP and Zoning; waiting in line at City Hall for plan reviews; scheduling building inspections; meeting with architects, contractors, developers, homeowners, City of Chicago inspectors and other City of Chicago officials; resolving building code violations; and obtaining Certificates of Occupancy. City of Chicago employees are prohibited from acting as permit expediters.

11. Obtaining timely reviews, approvals, and permits is important to developers. Waiting for a lengthy period of time for a review, failing to pass an inspection, or the issuance of a stop work order can have significant financial consequences for developers. These circumstances can preclude developers from starting or completing the work that needs to be done on a project (thereby lengthening the period of time for a project which may add costs or at least delay the time at which a developer can recoup capital tied up in a project), or require developers to do additional work on a project (thereby increasing the cost of the project). For example, as described in detail below, ZIROLI accepted a bribe payment in exchange for providing a favorable and more expeditious ventilation inspection report related to a Certificate of Occupancy for a property located at 2754 West Washington Boulevard. A Certificate of Occupancy is significant from a financial standpoint for the

developer because typically bank will require the Certificate of Occupancy before agreeing to lend money to a buyer for the purchase of the property. Thus, until the Certificate of Occupancy is issued, a developer is unable to sell the property or units in the property and recoup capital put into the project.

#### **IV. THE INVESTIGATION**

12. This phase of the criminal investigation began in April 2007, when investigators obtained information concerning a shakedown scheme involving certain individuals, including a particular “expediter,” who assisted contractors and developers in the permit application process. Specifically, evidence indicated that a certain building inspector was posting stop work orders on properties and agreeing to lift the order only if the property’s owner used this particular expediter. In May 2007, law enforcement agents interviewed the expediter (hereinafter referred to as CW1).<sup>1</sup>

13. CW1 admitted to paying bribes to City employees for a variety of actions, non-actions, favorable reports or to facilitate a quicker-than-normal inspection or review from approximately 2001 through May 2007. CW1 also admitted to CW1’s role in

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CW1 has not been charged with any crime. CW1 understands that he/she will be charged with a violation of federal criminal law. No promises have been made regarding what charges will be brought or what sentence CW1 will receive. CW1 is cooperating with the government in the hopes of receiving a benefit in the determination of what charges will be brought and what sentence will be recommended by the government. CW1 has no previous arrests or convictions. Investigators believe CW1 to be reliable. Although CW1 lied to agents during the initial interview about the nature and scope of CW1’s relationship with City employees, CW1 has subsequently spoken with investigators numerous times under proffer protection, and is believed to have provided truthful information. CW1 has provided information about bribery activities by over thirty individuals. This information has been corroborated for a number of those individuals by recorded conversations and/or controlled bribe payments.

accepting bribes from developers and contractors, which CW1 would pass on to City employees.

14. CW1 began actively cooperating with the government in May 2007. CW1's cooperation has included conducting consensually recorded calls and meetings, as well as playing the role of "bagman" (collecting bribe money from developers and contractors seeking some official act from a City employee or a "priority" handling of a project and paying the bribes to City of Chicago employees).<sup>2</sup>

15. CW1 has advised law enforcement that it was the practice of developers and contractors with whom CW1 has worked to express a willingness to bribe a City official for actions typically by using coded language, such as "do whatever it takes" (to get an action accomplished). CW1 would also use coded language by asking a developer or contractor if CW1 has a "budget" to work with or if this action is a "priority." CW1 would also use coded language in communicating with the City official, by saying, for example, that an "incentive" is available. In other instances, City officials would solicit bribe payments from

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On June 1, 2007, CW1 entered into a consent agreement with the USPIS to allow the government to autorecord all communications transmitted or received on CW1's cellular telephone in which CW1 participated (including voicemail messages left for CW1). This agreement allowed CW1 to make and receive calls during the course of this investigation outside of the presence of a Postal Inspector and to conduct CW1's business as an expediter. Under the agreement, CW1 was not allowed to let anyone other than CW1 use the cellular telephone and CW1 was also limited to using the cellular telephone for conducting business as an expediter. All calls were recorded. CW1 had no control over the autorecord and could not manipulate whether a call was recorded or not. Pursuant to court orders issued approximately every thirty or sixty days, beginning on June 4, 2007 and continuing to March 28, 2008, (with the exception of a period of time in January 2008 during which the autorecord was not renewed) signed by either the Chief Judge or Acting Chief Judge, all calls sent or received from CW1's cellular telephone for a period of thirty or sixty days were recorded using the same technology employed in a Title III wiretap but without the requirement of contemporaneous monitoring by law enforcement agents.

CW1 initially, and CW1 would then communicate this to the developer or contractor. The developer or contractor would then pay CW1 for expediting services in addition to the amount of any bribes that CW1 was to pay to City officials.

16. According to CW1, developers and contractors will pay bribes to employees in Zoning for: a) overlooking violations of the Zoning Ordinance; b) increasing the reported number of existing dwelling units in a building being rehabbed to avoid a costly and time-consuming zoning variance process; c) providing a favorable or expedited inspection for a Certificate of Occupancy; and d) expediting a Zoning Compliance Certificate faster than the normal process. CW1 has admitted to paying bribes to zoning inspectors for these actions.

17. CW1 has told investigators that developers and contractors will pay bribes to DCAP employees for: a) speeding up the Standard Plan Review process; and b) obtaining quicker review appointments. CW1 has admitted to paying bribes to certain clerical employees and technical reviewers in DCAP for these actions.

18. CW1 has told investigators that developers and contractors will pay bribes to Buildings employees for: a) overlooking construction work which does not conform to City building codes; b) overlooking work performed beyond the scope of a construction permit; c) removing building code violations; d) lifting stop work orders; e) signing off on construction permits without performing an inspection; f) providing favorable or expedited inspections for a Certificate of Occupancy; and g) changing information in the City's mainframe computer system. CW1 has admitted to paying bribes to inspectors in Buildings for these actions.

19. CW1 has told investigators that developers and contractors will pay bribes to AH employees for: a) expediting the AH process, and b) negotiating a settlement. CW1

has admitted to paying bribes to Buildings employees assigned to AH to facilitate adjudication of Buildings cases in AH in a manner favorable to CW1's clients.

**V. PROBABLE CAUSE<sup>3</sup>**

20. According to City of Chicago personnel records, THOMAS ZIROLI has been employed by the City of Chicago since November of 1997 and currently holds the position of Ventilation and Furnace Inspector in the Department of Buildings.

**Historical Bribe Payment Information from CW1**

21. According to CW1, CW1 has paid bribes in the past to ZIROLI to obtain more expeditious and favorable inspections. CW1 recalled having paid ZIROLI between \$100 and \$200 at least twice, although CW1 cannot remember precisely when the bribe payment happened or the properties involved.

**Controlled Bribe Payment Pertaining to 2754 West Washington Boulevard**

22. On July 10, 2007, at approximately 11:02 a.m., CW1 placed a consensually recorded telephone call to ZIROLI. I have reviewed the recording of this conversation. During the conversation, CW1 asked ZIROLI if he could assist in obtaining final approval on a ventilation inspection for the purpose of obtaining a full Certificate of Occupancy.<sup>4</sup>

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Throughout this Affidavit, I describe various conversations that were consensually recorded. All times listed are approximate. The summaries of the recorded conversations set forth in this Affidavit are based on draft – not final – transcriptions. Finally, the summaries below do not include all potentially criminal consensually recorded conversations, or all statements or topics covered during the course of the conversations.

<sup>4</sup>

CW1, acting at the direction of agents, had agreed to accept bribe money from developer Petru Cladovan, who agreed to pay bribe money to CW1 in exchange for CW1 securing favorable inspections for 2754 West Washington. As part of the controlled bribe done at the direction of agents, Cladovan subsequently paid CW1 bribe money for the favorable inspections. Cladovan has been charged in a separate criminal complaint.

ZIROLI agreed. CW1 informed ZIROLI that the owner submitted the paperwork for the Washington building but that the owner had not heard anything. ZIROLI told CW1 that the inspection would pass, but said he was going to send another ventilation inspector to the property because the Buildings Department is watching the inspectors on GPS.<sup>5</sup> ZIROLI said he would give CW1 a call when the inspection was set up and let CW1 know when the ventilation inspector would be there. ZIROLI said that he would have the ventilation inspector “take care of it.” ZIROLI told CW1 to give the original construction permit to the owner so that the inspector could sign off on it because the owner would need the permit to obtain the Certificate of Occupancy.

23. On July 10, 2007, at approximately 2:51 p.m., ZIROLI called CW1 and left CW1 a voicemail. The voicemail was consensually recorded. I have reviewed the recording. ZIROLI told CW1 that, “The one on Washington, 2700 Washington, the ahh, wrong guy is assigned to that one but I’ve got somebody moved over so ahhh, it will be taken care of. The other guy wants to make a name for himself, so we just renamed him somewhere being busy. Ahh, you’ll have to call me back, I’ll talk to you later, bye” [which CW1 told investigators CW1 understood as confirming that ZIROLI was able to get a ventilation inspector to do the inspection on the Washington property who would simply sign off on the final inspection as opposed to the inspector initially assigned who would not have passed the property if there were issues].

24. On July 12, 2007, at approximately 9:09 a.m., at the direction of agents, CW1 placed a telephone call to ZIROLI. CW1 left a consensually recorded message. I have

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Inspectors are tracked by GPS on their City of Chicago issued cellular phones to monitor their whereabouts during the business day.

reviewed the recording. CW1 told ZIROLI that CW1 was following up on the Washington property and asked ZIROLI to call CW1 back. A while later, at approximately 10:35 a.m., CW1 received a telephone call back from ZIROLI. The telephone call was consensually recorded. I have reviewed the recording. During the conversation, CW1 asked ZIROLI if anyone went out on the Washington address to conduct an inspection because CW1 returned the original construction permit back to the owner. ZIROLI asked CW1 for the owner's telephone number, and CW1 agreed to call ZIROLI back and leave it on his voice mail. Approximately two minutes later, CW1 called ZIROLI back and left him a message with the Washington Street address and owner's contact information.

25. On July 17, 2007, at approximately 10:52 a.m., at the direction of agents, CW1 placed a telephone call to ZIROLI. CW1 left a consensually recorded message. I have reviewed the recording. CW1 told ZIROLI that CW1 got a call from the owner of the Washington property who said that a ventilation inspector had gone out but only signed off on three of the units on the property, as opposed to approving full occupancy with respect to the ventilation inspection.

26. That same day, at approximately 11:10 a.m., CW1 received a telephone call back from ZIROLI. The telephone call was consensually recorded. I have reviewed the recording. During the conversation, CW1 again explained that CW1 received a phone call from the owner of the Washington property informing CW1 that an inspector came out and only signed off on three units. CW1 asked ZIROLI, "So what's the best thing to do? Is there any way you can control any of this?" ZIROLI told CW1, "I'm tryin to but ahh, with that natural light in the other apartment" [which CW1 informed investigators CW1 understood to mean that ZIROLI was trying to make sure that the property passed the

inspection but there was an issue with whether or not there was enough natural light for the basement units]. ZIROLI and CW1 discussed whether the owner of the property might not have a construction permit for the basement units. ZIROLI told CW1 that the ventilation inspector had an appointment with the owner later in the week to look at the basement units.

27. On July 20, 2007, at approximately 8:52 a.m., at the direction of agents, CW1 placed a telephone call to ZIROLI. The telephone call is consensually recorded. I have reviewed the recording of this conversation. During the conversation, CW1 told ZIROLI that CW1 got a call from the Washington property owner, who told CW1 that the inspector was coming back that morning and wanted to know if the ventilation inspector would just show up. ZIROLI confirmed that the ventilation inspector would in fact just show up. CW1 told ZIROLI that the zoning inspector had been out and had passed the inspection and called CW1 to confirm it was “taken care of.”<sup>6</sup> ZIROLI told CW1 that he told the ventilation inspector to “take care of it.” ZIROLI then said that the ventilation inspector was “afraid” because “they’re nailing all of the (unintelligible) guys right now” and added “they got six, ah, six plumbers . . . ones going to jail, matter of fact ones getting sentenced today” [which CW1 informed investigators CW1 understood as referring to arrests of other City inspectors for taking bribes in exchange for favorable treatment].

28. Later that morning, at approximately 11:21 a.m., at the direction of agents, CW1 placed a telephone call to ZIROLI. The telephone call was consensually recorded. I have reviewed the recording of this conversation. During the conversation, CW1 told

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<sup>6</sup> CW1, acting at the direction of agents, had agreed to pay a \$500 cash bribe to the zoning inspector, Anthony Valentino, in exchange for a favorable zoning inspection on the Washington property, and subsequently paid the cash bribe. Valentino has been charged in a separate federal criminal complaint.

ZIROLI that the ventilation inspector never showed up and asked ZIROLI if CW1 should have the owner wait around for another hour. ZIROLI responded affirmatively and explained that the ventilation inspector may be jammed up with complaints.

29. On July 26, 2007, at approximately 12:01 p.m., ZIROLI called CW1 and left CW1 a voicemail. The voicemail was consensually recorded. I have reviewed the recording. ZIROLI said he talked to the ventilation inspector about the Washington property. ZIROLI explained that the owner was supposed to give the ventilation inspector a call to let him know what time he was going to be at the site so the ventilation inspector could meet him there but the owner never called. ZIROLI instructed CW1 to have the owner give the ventilation inspector a call so the ventilation inspector could sign off on the inspection for the property.

30. On August 2, 2007, in a recorded call, CW1 informed Washington property developer Cladovan that the Certificate of Occupancy for the Washington property was ready to be picked up. CW1 learned previously that day from Phyllis Mendenhall, a City employee who handles Certificates of Occupancy, that the property owner could pick up the Certificate of Occupancy.<sup>7</sup> The issuance of the Certificate of Occupancy indicates the successful completion of the inspections on the property, since the Certificate of Occupancy cannot legitimately be issued until the property has passed all required inspections, which for the Washington property included the ventilation inspection as well as the zoning inspection with zoning inspector Valentino. On August 7, 2007, developer Cladovan

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Mendenhall is charged in a separate criminal complaint based on controlled bribes she accepted from CW1. CW1 did not pay Mendenhall a bribe in connection with the Washington property.

provided \$3500 to CW1, \$2000 of which was the previously agreed bribe money for City officials to obtain the Certificate of Occupancy for 2754 West Washington.

31. On August 8, 2007, at approximately 8:39 a.m., at the direction of agents, CW1 placed a telephone call to ZIROLI. The telephone call was consensually recorded, although it appears that the beginning portion of the conversation was not recorded. I have reviewed the recording. During the conversation, ZIROLI and CW1 made arrangements to meet that day.

32. Later that morning, CW1 met with agents at the briefing location.<sup>8</sup> An audio recording device was placed on CW1. CW1 was also given a large yellow envelope containing \$500 in prerecorded government funds. CW1 drove in CW1's vehicle followed by agents to the meeting location, near the intersection of 90<sup>th</sup> Street and Houston Avenue in Chicago, where CW1 was scheduled to meet with ZIROLI.

33. Surveillance agents observed and video recorded ZIROLI standing by his vehicle, a blue van, parked on the east side of Houston Avenue. At approximately 12:04 p.m., surveillance agents observed and video recorded CW1 arrive at the meet location and park on the west side of Houston Avenue. Agents observed ZIROLI crossing the street with nothing in his hands and then open the passenger side door and enter CW1's vehicle.

34. The meeting was audio recorded. I have reviewed a recording of the meeting. CW1 confirmed, "It went through. It was all taken care of. This is for the . . . Washington." CW1 later told agents that at this point in the conversation, CW1 passed ZIROLI the envelope containing the \$500 cash bribe. ZIROLI responded, "Yah, I told him . . . the

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Agents searched CW1's personal affects but not CW1's person or vehicle.

windows, here's the formula, you know? Measure it and then you'll come up this way" [which CW1 told investigators CW1 understood as referring to instructions ZIROLI provided to the ventilation inspector to fraudulently pass the basement units on the ventilation inspection].

35. Surveillance agents then observed and video recorded ZIROLI exiting CW1's vehicle with a large yellow envelope in his hand before crossing the street and getting into his vehicle. Agents followed CW1 away from the meeting and met with CW1 at a briefing location. CW1 informed agents that during the meeting, CW1 gave ZIROLI the envelope containing the \$500 cash bribe for setting up the final favorable ventilation inspection for the Washington property in order to obtain a Certificate of Occupancy.

36. Investigators obtained information from two confidential sources who are both professionals in the marketing and sales of new construction and condominium rehabilitations in Chicago with fourteen years of experience. The sources informed investigators that the typical profit margin for a developer on the sale of a project that is a multi-unit condominium rehabilitation or new construction condominium building located in Chicago is at least 20%. The profit margin range can vary based upon variables including the original cost of the land, construction costs, and time on the market before sale. One of the sources, who is familiar with the underlying financing of such projects, informed investigators that lenders generally require that the developer establish a minimum of a 20% profit cushion before the lender will finance the project. Based upon a review of publicly available information, the property at 2754 West Washington is an eight unit condominium building. One of the units in the building has been sold for \$310,000.

37. A review of the City of Chicago records and the City's web site disclosed that

the City of Chicago is a unit of local government that received in excess of \$10,000 in federal funding in a twelve-month period from August 8, 2006 through August 8, 2007.

38. Based on the facts described above, I submit that there is probable cause to believe that between on or about July 10, 2007 and on or about August 8, 2007, THOMAS ZIROLI, being an agent of the City of Chicago, corruptly solicited and demanded for the benefit of any person, and accepted and agreed to accept, anything of value from any person, intending to be influenced or rewarded in connection with any business, transaction, and series of transactions of the City of Chicago, involving anything of value of \$5000 or more, the City of Chicago being a local government that received in excess of \$10,000 in federal funding in a twelve month period from August 8, 2006 through August 8, 2007, in violation of Title 18, United States Code, Section 666, (a)(1)(B).

David Hodapp  
Postal Inspector  
United States Postal Inspection Service

Subscribed and sworn to me this  
\_\_\_\_ day of May, 2008:

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Martin C. Ashman  
U.S. Magistrate Judge