

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA

CRIMINAL COMPLAINT

v.

CASE NUMBER:

MICHAEL CEASE

UNDER SEAL

I, the undersigned complainant, being duly sworn on oath, state that the following is true and correct to the best of my knowledge and belief: From in or about August 2009, to on or about September 15, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, MICHAEL CEASE, defendant herein:

as an agent of the City of Chicago, a local government receiving federal funding in excess of \$10,000 in a twelve month period from October 11, 2008 through September 30, 2009, corruptly solicited and demanded for the benefit of any person, and accepted and agreed to accept, things of value, namely approximately \$1,150, from CW-1, intending to be influenced and rewarded in connection with a business, transaction, and series of transactions of the City of Chicago, namely, the resolution of violations of City of Chicago Municipal Code, which had a value of \$5,000 or more;

in violation of Title 18, United States Code, Section 666(a)(1)(B). I further state that I am a Special Agent with the Federal Bureau of Investigation, and that this complaint is based on the facts contained in the Affidavit which is attached hereto and incorporated herein.

Signature of Complainant
JOSEPH CORRY
Special Agent, Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,

October 26, 2009 at Chicago, Illinois
Date City and State

MORTON DENLOW, U.S. Magistrate Judge
Name & Title of Judicial Officer

Signature of Judicial Officer

occurred, and inspecting sites to ensure that violations of the City of Chicago's Municipal Code have been corrected.

5. Cooperating Witness 1 ("CW-1") is a business owner and the owner of multiple real estate properties, including an eight unit residential apartment building located on the 5700 block of West Seminole Street in Chicago (the "Property").¹ Cooperating Witness 2 ("CW-2") works as CW-1's assistant.

6. According to Sections 11-4-2180 and 11-4-2200 of the City of Chicago's Municipal Code:

(a) The failure to maintain a facility so that there is neither damaged friable asbestos nor asbestos containing material in poor condition can result in a fine of \$2,000 to \$5,000 for residential structures with more than four units; and

(b) The presence of hazardous asbestos containing material in open and unsecured, or abandoned building, facilities or other structure is a public nuisance, which can result in a fine of \$5,000 to \$10,000 for residential structures with more than four units.

CW-1 Complaint to City of Chicago Office of the Inspector General

7. On September 11, 2009, the City of Chicago Office of the Inspector General ("OIG") received a complaint from CW-1 and CW-2 regarding CEASE. Investigators from the OIG and FBI interviewed CW-1 and CW-2 at various times over the next three days. According to CW-1 and

¹ According to NCIC database, which tracks, among other things, criminal history records, CW-1 was convicted in 1991 of falsely impersonating a police officer. The NCIC database shows that CW-1 was also convicted of retail theft in 1983. Additionally, the Orland Park Police Department issued CW-1 a warning after receiving a complaint that CW-1 had purportedly impersonated an FBI agent. According to the NCIC database, CW-2 has no criminal history.

CW-2, CEASE conducted an initial environmental inspection of the Property in late August 2009.² CW-1 stated that during this inspection, CEASE told CW-1 that a Department of Buildings Inspector previously told CEASE that there was asbestos in the Property's basement. According to CW-1, CEASE asked CW-1 to open the basement for an inspection. CW-1 stated that CEASE said that a pipe in the basement was covered with insulation containing asbestos and that the floor tile was likely made of asbestos as well.

8. According to CW-1, CEASE informed him/her that the cost of removing the asbestos could be thousands of dollars and that the City of Chicago could fine CW-1 up to \$25,000 because the Property contained asbestos. CW-1 stated that CEASE told CW-1 that CEASE had pictures of asbestos within the Property. According to CW-1, CEASE said that, in exchange for \$600, CEASE could get CW-1 a document from a construction company stating that the asbestos had been removed. CW-1 stated that CEASE told him/her that if CW-1 really wanted to have the asbestos removed, it would probably cost at least \$5,000. CW-1 stated that he/she agreed to pay CEASE. At CW-1's request, CW-2 provided CEASE \$600 later that day.

9. CW-1 stated that he/she never had a test done to determine whether there was in fact asbestos in the pipe insulation or the tiles in the basement. CW-1 said that a company quoted him/her \$900 to remove the asbestos. Instead, CW-1 stated that he/she hired contractors working for him/her to remove the insulation. CW-1 did not have anyone remove the tile in the basement.

10. According to CW-1, neither CW-1 nor CW-2 heard from CEASE again until September 9, 2009. CW-1 stated that CEASE contacted CW-2 that day and informed CW-2 that

² The City of Chicago tracks its environment inspectors with a GPS system linked to the inspectors' cell phones. The City's records show that CEASE's cell phone was located at the Property on August 26, 2009.

CEASE had paperwork purporting to show that Company A had removed asbestos from the Property. CW-1 stated that CEASE met with CW-2 that day and provided CW-2 with that paperwork.³ CW-1 provided the OIG that paperwork, which was a letter purportedly from Company A. That letter falsely stated that Company A removed asbestos from CW-1's property.

11. CW-1 said that CEASE told CW-2 that CEASE's boss had instructed him to write the Property two citations: one for failing to properly maintain the asbestos and a second for public nuisance. Although CEASE did not provide CW-1 or CW-2 with a written violation, the City of Chicago's Municipal Code states that citations for failing to properly maintain asbestos containing material and public nuisance could collectively result in fines of between \$7,000 and \$15,000.

12. According to CW-2, CEASE called CW-2 on September 11, 2009 and informed CW-2 that he had to write a ticket on the property. CEASE stated that he would not have to write the ticket if he was given \$900. According to CW-2, he/she told CEASE that he/she did not have that kind of money and needed to contact CW-1.

13. CW-1 stated that after he/she spoke to CW-2, he/she contacted CEASE. According to CW-1, CEASE informed CW-1 that CEASE needed \$900 that day or CEASE would have to write "something up" and place it in his boss's basket because his boss was pressuring CEASE to write a ticket for the location. CW-1 stated that CEASE indicated that CEASE could keep his boss off his back if CW-1 paid \$900 before 3:30 p.m. that day.

14. On September 11, 2009, CW-1 agreed to place telephone calls to CEASE and allow the OIG to listen to the calls. At approximately 1:35, CW-1 placed a call to CEASE. Unbeknownst

³ A City of Chicago database confirms that CEASE was at the Property on September 9, 2009.

to CEASE, CW-1 consented to allow OIG Assistant Chief Investigator Robert Montgomery to listen to the conversation. During the conversation, CEASE asked CW-1 if CW-1 had the money. CW-1 stated that there was no way he/she could pay CEASE \$900. CW-1 stated that he/she could pay \$150 or \$200. CEASE stated that his boss would not accept such a small amount. CEASE said that he was splitting the money with his boss. CEASE related that his boss was purportedly upset because CEASE had not written a violation on the Property. CEASE stated that he had to have the \$900 for his boss or CEASE would write a ticket on the Property. CEASE said that although he did not think his boss would agree to such a low figure, CEASE would speak to his boss about it.

15. At approximately 1:50 p.m. on September 11, 2009, CW-1 placed another telephone call to CEASE. CW-1 again consented to allow Investigator Montgomery to listen to the conversation. During the call, CEASE stated that his boss would accept \$500, but that he would not go any lower. CEASE stated that he could go over to the Property and pick up the \$500 that day. CW-1 told CEASE that he/she did not have \$500 cash, but that he/she could write a check to CEASE for \$500. CEASE stated that the money had to be in cash and that he could pick up the money at approximately 3:30 p.m. When CW-1 asked if CEASE could come after 5:00 p.m., CEASE stated that it would be impossible to do so. CW-1 informed CEASE that CW-1 would see if he/she could come up with the money. CEASE told CW-1 that he/she had until 3:30 p.m. to come up with the \$500, or else CEASE would have to write a ticket.

16. At approximately 2:18 p.m. on September 11, 2009, CW-1 placed a third telephone call to CEASE and again consented to allow Investigator Montgomery to listen to the conversation. CW-1 informed CEASE that CW-1 had no problem paying CEASE \$500, but that he/she would not be able to pay CEASE that day. CW-1 told CEASE that he/she would provide CEASE with an

additional \$50 if CEASE could wait until September 15, 2009 to pay CEASE. CW-1 reminded CEASE that CW-1 had provided CEASE \$600 to acquire the previous paperwork purporting to show asbestos removal. CW-1 told CEASE that CW-1 believed that when he/she paid CEASE for those documents that would be the end of the issue. CEASE agreed to wait until September 15, 2009 for the \$500 payment.

CW-1 Pays CEASE \$550

17. On September 15, 2009, CW-1 and CW-2 each consensually recorded a meeting with CEASE at the Property. Prior to the meeting, OIG Assistant Chief Investigator Krista Simos provided CW-1 with \$550 cash. I searched CW-1 to see if he/she had any other money besides the undercover currency and found \$501 in his/her wallet. I also searched CW-2 and CW-2's vehicle and found no additional money. CW-2 then drove CW-1 to the meeting with CEASE at the Property.

18. At the beginning of the meeting, CW-1, CW-2, and CEASE discussed the payment of \$900 to CEASE to remove the fine from the Department of Revenue's system. CEASE stated that the violation would be cleared without CW-1 having to go to court:

CW-1: You took me for a real surprise with this \$900, Mike

CEASE: (U/I) telling her what the deal was. It's pretty cut and dry. I still have to put it into the system. After it goes into the system it goes to the guy who is going to take care of it. After he takes care of it, then it takes about a month and a half cause it still has to go to Revenue. After it goes to Revenue, then it's dismissed. That's what I'm saying. But there is still a process that it has to go through.

CW-1: So we're issued the violation?

CEASE: Yeah.

CW-1: Then how is it cleared?

CEASE: It's cleared by Revenue. That's what I'm saying. It goes through him.
He puts it in. He is the one that is going to take care of all of the paperwork.

CW-2: Will we ever have to go to court or anything?

CEASE: No. There is no court, no court date, no nothin'.

CW-1: You promise there is definitely no court. I don't mean to . . .

CEASE: No. No, no, no. I hear ya, but no. There is no . . . there is no . . .⁴

19. As indicated above, CEASE provided CW-1 and CW-2 false documents showing that Company A had removed the purported asbestos at the Property. Despite having no indication that the asbestos that CEASE claimed to have discovered had in fact been removed, CEASE told CW-1 that "as far as asbestos and the environment are concerned for asbestos in the building, there's no more concerns."

20. CEASE and CW-1 discussed the fact that Company A never actually removed the asbestos:

CW-1: Now, he never contacted me so . . .

CEASE: He doesn't have to contact you. Basically he put the paperwork in, that goes to IDPH [the Illinois Department of Public Health], it goes through me, and then I put it in my report. In my report it's going to say this is the company that took it out.

CW-1: Okay, but even though he was never here Mike, what if I do have to go to court? I mean, I just . . .

⁴ My descriptions of recorded conversations are summaries based on my review of the recordings and my understanding of the context of the recorded conversations. These descriptions are not based on a final, verbatim transcript. Since this affidavit is offered for a limited purpose, I have not included a description of every topic discussed or every statement contained in a recorded conversation. I have placed in brackets my understanding of the meaning of certain conversations, based on my experience, the context of the conversation, and conversations with the CWs.

CEASE: Well you just show 'em the consultant that was on here [the false document from Company A].

21. CW-1 asked for a "waiver" in case CEASE's Department of Revenue contact "turns around and says you never gave him the cash." CEASE said that "[h]e's not going to come back to you . . . I've worked with him before. I've never had any problems."

22. CW-1 asked whether CEASE thought "there is going to be a problem" since CW-1 had negotiated the bribe payment down from \$900 to \$500:

CW-1: You told [CW-2] last time that it would cost \$900 and you don't think he is going to be aggravated that we are only paying him 500 and he's going to come back in a week and say "I want another . . ."

CEASE: Remember, I told you, I didn't talk to him, I said I don't know what he's going to ask. The last time he did ask it was about nine hundred. And I said, "you know these people, they're already struggling with the place itself." And he said, "okay, we'll do it for five" and I said "okay."

23. CEASE stated that his contact from the Department of Revenue charged \$1,100 to clear up an asbestos violation on another building:

CEASE: It was nine hundred. Actually it was eleven hundred he charged . . .

CW-2: Oh, that big building you were telling me about.

CEASE: Yeah. It was eleven hundred dollars. He asked for eleven.

CW-1: Was there a lot of asbestos in there?

CEASE: That one was a big mess. That one was a huge mess. It was all floors. So they had to do all the floors and this guy was trying. He goes, "you know I didn't know this was going to happen." This and that. I was like, "I can't . . . my hands are tied." And if there was another agency that was involved, then I would have been really screwed. Luckily, it was just me. He still paid, he actually paid like . . . I think he paid 9,500 already. And the clean up was 45,000. He had a \$45,000 clean up and he paid 9,500. But, he saved another because, like I said, they come in twos. The tickets come in twos. So he was written two tickets, so there was four violations.

24. CW-1 asked what would happen if he/she did not pay the bribe money:

CW-1: Now let me ask you a question, if I didn't pay the \$500 or \$550 that I owe you, what would be the maximum exposure on my ticket that you think I would have to pay? And I'm just doing this from tax purposes because if I'm going to get fined \$1,000, I'd prefer – I don't want to make trouble with you or get you mad at me – I'd prefer to pay \$1,000 and be able to write it off.

CEASE: I hear you, but the thing is, its between twenty five and five. I was explaining to [CW-2], I said, "it's five to ten."

CW-1: It's \$5,000 to \$10,000?

CEASE: It's five to ten. The thing is, if you fight it and you win or whatever, of course you're not liable for it. But if you lose, they could double it. They could go for the max But most of the time they pay the five or they get the max of the ten Four units and above is five to ten

25. After unsuccessfully trying to barter CEASE down to \$175, CW-1 agreed to pay CEASE \$500. CEASE promised that, once CEASE was paid, CW-1 "will not hear from me":

CW-1: Alright, well, if it is what it is . . . but you promise me one hundred percent that once I give you this five hundred . . .

CEASE: One hundred percent, you will not hear from me . . .

CW-1: Alright, but you guarantee me. I know I don't have . . . once I give you this money, how do I know another inspector is not going to come here from asbestos?

CEASE: No, I'm the only asbestos guy in the . . .

CW-1: So you're the guy, you're going to take care of everything?

CEASE: I'm the only guy who actually takes care of the north side. Even my boss doesn't leave the office.

26. CEASE explained that he needed to issue the citations so that his boss would not ask questions, but that CEASE would make sure the citations go "out the back door":

CW-2 And then these tickets they'll be written, but they'll be taken care of? We don't have to pay a penny?

CEASE: You don't have to even, your not even going to know about it. It's just going to be on my part giving, saying hey . . .

CW-2: Will we receive the tickets in the mail?

CEASE: No, you are not going to get nothing because its going to go to him. I just have to prove to him and my supervisor, yeah it was written and he's going to put it in. And then its going to go . . . and then out the back door. So it's gotta be shown. I've got to show it. That's why this is, you know, that's the process that it goes through. That's the only reason why I can't say, oh well . . . yeah I wrote it, and he goes okay where is it. I'm like, "I handed it to him." There was no proof. But with him, there will be proof. This is what it is. This is what happened.

27. After CEASE further assured CW-1, CW-1 informed CEASE that he/she would pay

CEASE the bribe:

CEASE: All your headaches are gone.

CW-1: Okay, one hundred percent, you promise me?

CEASE: One hundred percent. I never, I'm not going to go back on it. This is it. This is . . .you're a done deal.

CW-1: I'll give you the cash then, Mike.

28. CW-1 began audibly counting out bills. According to CW-1, he/she provided CEASE with \$400 at this point in their meeting. CW-1 informed CEASE that "[t]here should be four hundred there" and asked "is that enough or no?" CEASE responded "I don't know" and counted the bills:

CEASE: One, two three, and that's four hundred.

CW-1: Four hundred? I just counted it, I thought that there was five here.

CEASE: Did I count that wrong?

29. CW-1 counted out \$100 more and then spoke to CEASE about the \$50 he/she promised CEASE for CEASE agreeing to wait on the payment for a few days:

CW-1: 20, 40, 60 80, a 100. I know I promised you those fifty bucks, too, for holding off. See, I'm a man of my word. You got five fifty there. But, Mike, you gotta promise me . . . I mean seriously . . . I mean, I'm at your mercy because, you know, realistically we're all at your mercy . . .

30. According to CW-1, during this portion of the conversation, CW-1 provided CEASE with \$150. CW-2 confirmed that he/she observed CW-1 provide money to CEASE.

31. After the meeting, I searched CW-1, CW-2, and CW-2's vehicle for money. The only money I found was the \$501 that CW-1 had in his/her wallet. I did not find the \$550 that Investigator Simos provided to CW-1 before CW-1's meeting with CEASE.

32. After CEASE left the meeting with CW-1 and CW-2, two FBI agents followed CEASE and saw him drive directly to a Chase Bank located at 5341 North Lincoln Avenue in Chicago. Bank records show that CEASE's bank account at Chase Bank received a \$450 deposit on September 15, 2009.

33. Based on the Federal Funding Accountability and Transparency Act, the federal government publishes a website, www.usaspending.gov, which lists the transactions of the federal

government. According to this website, from October 1, 2008 through September 30, 2009, the federal government provided the City of Chicago with approximately at least \$370 million in federal funding through various federal programs.

FURTHER AFFIANT SAYETH NOT.

JOSEPH CORRY
Special Agent, Federal Bureau of Investigation

SUBSCRIBED AND SWORN to before me on October 26, 2009.

MORTON DENLOW
United States Magistrate Judge