

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)
)
 vs.) No. 07 CR 457
) Violations: Title 18, United States Code,
) Sections 371, 1341, 1346, and 2
DONALD N. SNYDER, Jr., and)
MICHAEL J. MAHONEY) **Superseding Indictment**

The SPECIAL JUNE 2007 GRAND JURY charges:

1. At times material to this indictment:

Illinois Department of Corrections

A. The Illinois Department of Corrections (hereinafter "IDOC") was entrusted with the responsibility for maintaining and administering all State of Illinois correctional institutions and facilities under its control.

B. The Director of the IDOC was appointed by the Governor and oversaw the operation of the IDOC.

Defendant DONALD N. SNYDER, Jr.

C. Defendant DONALD N. SNYDER, Jr., was appointed as the Director of the IDOC in approximately January of 1999 and served as the Director until approximately February of 2003. As the Director of IDOC, defendant SNYDER had control over all divisions of the IDOC, was responsible for all facets of the operations of the IDOC, and had approval authority over the award of millions of dollars in IDOC contracts to vendors, including health care providers who provided health care services in IDOC institutions.

Defendant MICHAEL J. MAHONEY

D. Defendant MICHAEL J. MAHONEY was, until the end of April 2002, the Executive Director of, and a registered lobbyist for, Association A, a not-for-profit prison “watchdog” organization which evaluated the condition of Illinois prisons and provided input and recommendations to IDOC officials, including the IDOC Director. In addition, defendant MAHONEY was a paid consultant/lobbyist for numerous vendors and/or institutions seeking to promote and develop their business in the corrections field, including business with IDOC. Beginning in 1996, defendant MAHONEY, John J. Robinson and Individual A were hired, as a group, under the business name of “J. Patrick Noll,” to develop and promote correctional business in Illinois for Vendor A.

John J. Robinson

E. John J. Robinson was the Undersheriff of Cook County from approximately 1991 until 2001. In addition, beginning in 1996 and continuing thereafter through at least 2002, Robinson, in association with defendant MAHONEY, was a paid consultant/lobbyist for several vendors and/or institutions seeking to promote and develop their business in the corrections field, including business with IDOC.

J. Patrick Noll

F. J. Patrick Noll (“JPN”) was an Illinois company formed by John J. Robinson. Under the terms of its 1996 contract with Vendor A, JPN was paid at an initial rate of \$2,500 per month plus 5% of Vendor A’s income from Illinois corrections contracts. As provided for in the 1996 contract, JPN’s monthly retainer rose to \$4,500 per month when Vendor A’s income from Illinois corrections contracts exceeded \$4 million.

NLS, Inc.

G. NLS, Inc. (“NLS”) was the corporate name used by defendant MAHONEY for the consulting and lobbying business that he conducted on behalf of clients, including clients doing business or seeking to do business with IDOC.

Vendor A

H. Vendor A was a health care company based in Illinois that was trying to promote and develop its business as a correctional health care provider. During defendant SNYDER’s tenure as Director of IDOC, Vendor A was awarded millions of dollars in contracts to provide health care services at Illinois prisons.

Larry E. Sims

I. Larry E. Sims was a registered lobbyist for several vendors, including Vendor B, seeking to promote and develop their business with IDOC.

Vendor B

J. Vendor B was a health care company based in Pennsylvania that was trying to promote and develop its business as a correctional health care provider. During defendant SNYDER’s tenure as Director of IDOC, Vendor B was awarded millions of dollars in contracts to provide health care services at Illinois prisons.

Laws and Duties Applicable to Defendant SNYDER

2. Defendant SNYDER, as an officer of the State of Illinois, was bound by the following laws, duties, policies and procedures:

A. In his capacity as the Director of IDOC, defendant SNYDER owed a duty of honest services to the people of the State of Illinois and to the State of Illinois in the performance of his public duties.

B. Pursuant to the criminal laws of the State of Illinois (720 ILCS 5/33-1(d)), as Director of IDOC, defendant SNYDER was prohibited from receiving, retaining, or agreeing to accept any property or personal advantage which he was not authorized by law to accept, knowing that such property or personal advantage was promised or tendered with intent to cause him to influence the performance of any act related to the employment or function of his public office.

C. Pursuant to the criminal laws of the State of Illinois (720 ILCS 5/33-3(c) and (d)), as Director of IDOC, defendant SNYDER was prohibited from committing the following acts in his official capacity: (1) performing an act in excess of his lawful authority, with intent to obtain a personal advantage for himself or others; and (2) soliciting or knowingly accepting, for the performance of any act, a fee or reward which he knew was not authorized by law.

D. Pursuant to the criminal laws of the State of Illinois, including the Illinois Governmental Ethics Act (5 ILCS 420/4A-101), as Director of IDOC, defendant SNYDER was obligated to file annually a Statement of Economic Interest with the State of Illinois, wherein he was required to disclose, among other things: (1) the name of any entity doing business in the State of Illinois from which he derived income during the preceding calendar year in excess of \$1,200 (that is, income other than for specified professional services); (2) the identity of any compensated lobbyist with whom he maintained a close economic association; and (3) the name of any entity from which a gift or gifts valued singly or in the aggregate in excess of \$500 was received during the preceding calendar year. If defendant SNYDER constructively controlled the interest described in (1) or (3) of a spouse or third party, he was obligated to disclose the interest as if it were his own.

E. Pursuant to the criminal laws of the State of Illinois, including the Illinois Gift Ban Act (5 ILCS 425/10), defendant SNYDER, as Director of IDOC, except as otherwise provided

by the Gift Ban Act, was prohibited from soliciting or accepting any gifts from any prohibited source or in violation of any federal or state statute, rule or regulation. Prohibited sources included, among others, anyone who was registered or required to be registered with the Secretary of State under the Lobbyist Registration Act, described below.

Laws and Duties Applicable To Defendant MAHONEY, Robinson and Sims

3. In performing certain alleged functions as set forth below, defendant MAHONEY, Robinson and Sims were bound by the following laws and duties:

A. Pursuant to the criminal laws of the State of Illinois (720 ILCS 5/33-1(c)), defendant MAHONEY, Robinson and Sims were prohibited from promising or tendering to a public official, with intent to influence the performance of any official act, any property or personal advantage which the public officer would not be authorized by law to accept.

B. Pursuant to the Lobbyist Registration Act (25 ILCS 170/1-170/12), defendant MAHONEY, Robinson and Sims were required to register with the Secretary of State's Office as lobbyists if they qualified under either of the following definitions: "(1) Any person who, for compensation or otherwise, either individually or as an employee or contractual employee of another person, undertakes to influence executive, legislative or administrative action"; or "(2) Any person who employs another person for the purposes of influencing executive, legislative or administrative action."

C. Pursuant to the Lobbyist Registration Act, defendant MAHONEY, Robinson and Sims had an obligation to disclose in annual statements filed with the Secretary of State's Office all expenditures related to lobbying, and to itemize any expenditures over \$100 made on behalf of, or benefits given to, any legislative or executive branch official, including gifts and travel and

entertainment expenses.

The Scheme To Defraud

4. Beginning in approximately mid-1999 and continuing through at least December of 2002, in the Northern District of Illinois, Eastern Division, and elsewhere,

DONALD N. SNYDER, Jr.,
MICHAEL J. MAHONEY,

defendants herein, along with John J. Robinson and Larry E. Sims, devised, intended to devise, and participated in a scheme to defraud the people of the State of Illinois and the State of Illinois of money, property and the intangible right to the honest services of defendant SNYDER, by means of materially false and fraudulent pretenses, representations, promises and material omissions, which scheme is further described in the following paragraphs:

Cash Payments from Robinson and defendant MAHONEY to defendant SNYDER

5. It was a part of the scheme to defraud that in late 1999 or early 2000, defendant SNYDER agreed to accept cash kickbacks derived from fees that defendant MAHONEY and Robinson were earning for their representation of one or more vendor(s) doing business with IDOC.

6. It was further part of the scheme that beginning in early 2000, defendant MAHONEY and Robinson, who had previously split the monthly fees from Vendor A in equal thirds amongst themselves and Individual A, agreed that they would thereafter split the monthly fees in equal fourths amongst themselves, Individual A and defendant SNYDER, with SNYDER's portion being paid to him in cash.

7. It was further part of the scheme that beginning in early 2000, after receiving the monthly fee each month from Vendor A, Robinson wrote a check to NLS, Inc., for one-half of the monthly retainer to be split equally between defendant MAHONEY and Individual A. Robinson

kept approximately one-fourth of the proceeds for himself and arranged to give defendant SNYDER one-fourth of the monthly proceeds in cash.

8. It was further part of the scheme that at some time shortly after the initial cash kickback was paid to defendant SNYDER, defendant MAHONEY and Robinson agreed that SNYDER's cash portion of the monthly fee would be reduced proportionately to take into account that Robinson was paying the income tax on the kickbacks paid to defendant SNYDER. Thereafter, defendant SNYDER received a cash kickback averaging slightly less than \$1,000 per month.

9. It was further part of the scheme that Robinson, with the knowledge and approval of defendant MAHONEY, paid SNYDER the cash kickbacks periodically when Robinson met SNYDER at various corrections-related meetings or events. Depending on the frequency of their meetings, on each occasion when the kickbacks were paid, Robinson paid SNYDER an amount of cash equivalent to one or more months of kickbacks. The total amount of cash kickbacks paid to defendant SNYDER was approximately \$20,000.

10. It was further part of the scheme that in consideration for the cash kickbacks he was receiving, defendant SNYDER, in his position as IDOC Director, gave defendant MAHONEY and Robinson information and assistance in connection with issues and concerns pertaining to IDOC contracts so as to benefit their vendor clients' continued business with IDOC.

11. It was further part of the scheme that in order to conceal the cash kickbacks he was receiving, defendant SNYDER filed false Statements of Economic Interest in which he failed to report any of the cash that he had received.

12. It was further part of the scheme that in order to conceal his financial interest in the award of IDOC contracts to his vendor clients and his corrupt relationship with defendant SNYDER,

defendant MAHONEY filed lobbyist registration statements reflecting only his lobbying for Association A and failed to file any lobbyist registration statements or expenditure reports reflecting his lobbying on behalf of his various vendor clients, or the payments being made to defendant SNYDER. In addition, defendant MAHONEY advised Vendor A, as well as one or more of his vendor clients, that they did not need to file a lobbyist registration statement for him.

13. It was further part of the scheme that in order to conceal the payment of the cash kickbacks, John Robinson lied to federal law enforcement officials investigating whether vendors or their representatives, including Robinson, had given anything of value to defendant SNYDER.

Cash Payments from Sims to Snyder

14. It was further part of the scheme that in approximately late 1999 or early 2000, defendant SNYDER and Sims discussed the compensation that Sims was receiving from Vendor B, and Sims agreed to pay SNYDER cash kickbacks derived from the monthly fee that Sims was receiving from Vendor B.

15. It was further part of the scheme that beginning in early 2000 and continuing until approximately the end of 2002, after receiving his fee each month from Vendor B, Sims gave cash to defendant SNYDER as part of the kickback scheme. During the period of the scheme, Sims gave approximately \$30,000 in cash to defendant SNYDER.

16. It was further part of the scheme that in order to conceal the cash kickbacks he was paying to defendant SNYDER, Sims filed false lobbyist registration statements in which he failed to report any of the cash he had paid to defendant SNYDER.

17. It was further part of the scheme that in order to conceal the cash kickbacks he was receiving from Sims, defendant SNYDER filed false Statements of Economic Interest in which he

failed to report any of the cash he had received from Sims.

18. It was further part of the scheme that in order to conceal the payment of the cash kickbacks, Sims and defendant SNYDER lied to federal law enforcement officials investigating whether vendors or their representatives, including Sims, had given anything of value to defendant SNYDER.

19. It was further part of the scheme that in consideration of the cash kickbacks he was receiving from Sims, defendant SNYDER, in his position as IDOC Director, gave information and assistance in connection with issues and concerns pertaining to IDOC contracts so as to benefit Sims' vendor clients' continued business with IDOC.

Concealment

20. It was further part of the scheme that the defendants concealed and hid and caused to be concealed and hidden the purposes of the acts done in furtherance of the scheme.

Mailing

21. On or about July 25, 2002, in the Northern District of Illinois, Eastern Division, and elsewhere,

DONALD N. SNYDER, Jr.,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, did knowingly cause to be delivered by mail a letter containing a \$4,500 check, number 027428, payable to JPN, sent from the offices of Vendor A, to JPN at P.O. Box 557 in Dundee, Illinois;

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

COUNT TWO

The SPECIAL JUNE 2007 GRAND JURY further charges:

1. Paragraphs 1 through 20 of Count One of this indictment are realleged and reincorporated as though fully set forth herein .

2. On or about August 5, 2002, in the Northern District of Illinois, Eastern Division, and elsewhere,

DONALD N. SNYDER, Jr.,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, did knowingly cause to be delivered by mail a letter containing a \$4,500 check, number 028222, payable to JPN, sent from the offices of Vendor A, to JPN at P.O. Box 557 in Dundee, Illinois;

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

COUNT THREE

The SPECIAL JUNE 2007 GRAND JURY further charges:

1. Paragraphs 1 through 20 of Count One of this indictment are realleged and reincorporated as though fully set forth herein .
2. On or about October 10, 2002, in the Northern District of Illinois, Eastern Division, and elsewhere,

DONALD N. SNYDER, Jr., and
MICHAEL J. MAHONEY,

defendants herein, for the purpose of executing the above-described scheme and attempting to do so, did knowingly cause to be delivered by mail a letter containing a \$9,000 check, number 033404, payable to JPN, sent from the offices of Vendor A, to JPN at P.O. Box 557 in Dundee, Illinois;

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

COUNT FOUR

The SPECIAL JUNE 2007 GRAND JURY further charges:

1. Paragraphs 1 through 20 of Count One of this indictment are realleged and reincorporated as though fully set forth herein .
2. On or about November 21, 2002, in the Northern District of Illinois, Eastern Division, and elsewhere,

DONALD N. SNYDER, Jr., and
MICHAEL J. MAHONEY,

defendants herein, for the purpose of executing the above-described scheme and attempting to do so, did knowingly cause to be delivered by mail a letter containing a \$4,500 check, number 036696, payable to JPN, sent from the offices of Vendor A, to JPN at P.O. Box 557 in Dundee, Illinois;

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

COUNT FIVE

The SPECIAL JUNE 2007 GRAND JURY further charges:

1. Paragraphs 1 through 20 of Count One of this indictment are realleged and reincorporated as though fully set forth herein .
2. On or about December 4, 2002, in the Northern District of Illinois, Eastern Division, and elsewhere,

DONALD N. SNYDER, Jr., and
MICHAEL J. MAHONEY,

defendants herein, for the purpose of executing the above-described scheme and attempting to do so, did knowingly cause to be delivered by mail a letter containing a \$4,500 check, number 037572, payable to JPN, sent from the offices of Vendor A, to JPN at P.O. Box 557 in Dundee, Illinois;

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

COUNT SIX

The SPECIAL JUNE 2007 GRAND JURY further charges:

1. Paragraphs 1A through 1H of Count One of this indictment are realleged and reincorporated as though fully set forth herein.

2. Beginning in approximately mid-1999, and continuing through December of 2002,

DONALD N. SNYDER, Jr, and
MICHAEL J. MAHONEY,

defendants herein, and John J. Robinson, conspired and agreed with each other that defendant SNYDER would corruptly accept money from defendant MAHONEY and Robinson, said money being given and accepted with the intent to influence and reward defendant SNYDER in connection with business and transactions of the Illinois Department of Corrections involving things of value of \$5,000 or more, the Illinois Department of Corrections being a government agency that received in excess of \$10,000 in federal funding in each twelve-month period beginning January 1, 1999, through December 31, 2002, in violation of Title 18, United States Code, Section 666(a).

3. It was a part of the conspiracy that in late 1999 or early 2000, defendant SNYDER agreed to accept cash kickbacks derived from the fees that defendant MAHONEY and Robinson were earning for their representation of one or more vendor(s) doing business with IDOC.

4. It was further part of the conspiracy that beginning in early 2000, defendant MAHONEY and Robinson, who had previously split the monthly fees from Vendor A in equal thirds amongst themselves and Individual A, agreed that they would thereafter split the monthly fees in equal fourths amongst themselves, Individual A and defendant SNYDER, with SNYDER's portion being paid to him in cash.

5. It was further part of the conspiracy that beginning in early 2000, after receiving the

monthly fee each month from Vendor A, Robinson wrote a check to NLS, Inc. for one-half of the monthly retainer to be split equally between defendant MAHONEY and Individual A. Robinson kept one-fourth of the proceeds for himself and arranged to give defendant SNYDER approximately one-fourth of the monthly proceeds in cash.

6. It was further part of the conspiracy that at some time shortly after the initial cash kickback was paid to defendant SNYDER, defendant MAHONEY and Robinson agreed that SNYDER's cash portion of the monthly fee would be reduced proportionately to take into account that Robinson was paying the income tax on the kickbacks paid to defendant SNYDER. Thereafter, defendant SNYDER received a cash kickback averaging slightly less than \$1,000 per month.

7. It was further part of the conspiracy that Robinson, with the knowledge and approval of defendant MAHONEY, paid SNYDER the cash kickbacks periodically when Robinson met SNYDER at various corrections-related meetings or events. Depending on the frequency of their meetings, on each occasion when the kickbacks were paid, Robinson paid SNYDER an amount of cash equivalent to one or more months of kickbacks. The total amount of cash kickbacks paid to defendant SNYDER was approximately \$20,000.

8. It was further part of the conspiracy that in consideration for the cash kickbacks he was receiving, defendant SNYDER, in his position as IDOC Director, gave defendant MAHONEY and Robinson information and assistance in connection with issues and concerns raised by them pertaining to IDOC contracts so as to benefit their vendor clients' continued business with IDOC.

9. It was further part of the conspiracy that in order to conceal the cash kickbacks he was receiving, defendant SNYDER filed false Statements of Economic Interest in which he failed to report any of the cash that he had received.

10. It was further part of the conspiracy that in order to conceal his financial interest in the award of IDOC contracts to his vendor clients and his corrupt relationship with defendant SNYDER, defendant MAHONEY filed lobbyist registration statements reflecting only his lobbying for Association A and failed to file any lobbyist registration statements or expenditure reports reflecting his lobbying on behalf of his various vendor clients or the payments being made to defendant SNYDER. In addition, defendant MAHONEY advised Vendor A, as well as one or more of his vendor clients, that they did not need to file a lobbyist registration statement for MAHONEY.

11. It was further part of the conspiracy that in order to conceal the payment of the cash kickbacks, John Robinson lied to federal law enforcement officials investigating whether vendors or their representatives, including Robinson, had given anything of value to defendant SNYDER.

12. It was further part of the conspiracy that the defendants concealed and hid and caused to be concealed and hidden the purposes of the acts done in furtherance of the conspiracy.

OVERT ACTS

13. In furtherance of the conspiracy and to accomplish the objectives of the conspiracy, co-defendants SNYDER and MAHONEY and John J. Robinson committed one or more overt acts in the Northern District of Illinois, and elsewhere, which overt acts included but were not limited to the following:

a. On or about July 26, 2002, Robinson deposited into the bank account of JPN a \$4,500 check, #027428, from Vendor A as monthly payment for the services rendered by Robinson, defendant MAHONEY and Individual A for the month of July 2002.

b. On or about August 1, 2002, Robinson issued a JPN check, #5221, payable to NLS, Inc. in the amount of \$2,250, which payment represented one-half of the monthly proceeds from Vendor A for distribution to defendant MAHONEY and Individual A.

c. On or about August 8, 2002, defendant MAHONEY caused an NLS, Inc. check, #1652, in the amount of \$1,125 to be issued to Individual A, representing Individual A's one-fourth share of the monthly fee paid by Vendor A.

d. On or about November 25, 2002, Robinson deposited into the bank account of JPN a \$4,500 check, #028222, from Vendor A as monthly payment for the services rendered by Robinson, defendant MAHONEY and Individual A for the month of August 2002.

e. On or about December 2, 2002, Robinson deposited into the bank account of JPN a \$4,500 check, #36696, from Vendor A as monthly payment for the services rendered by Robinson, defendant MAHONEY and Individual A for the month of November 2002.

f. On or about November 22, 2002, Robinson issued a JPN check, #2427, payable to NLS, Inc. in the amount of \$2,250, which payment represented one-half of the monthly proceeds from Vendor A for distribution to defendant MAHONEY and Individual A for the month of August 2002.

g. On or about November 29, 2002, Robinson issued a JPN check, #2430, payable to NLS, Inc. in the amount of \$2,250, which payment represented one-half of the monthly proceeds from Vendor A for distribution to defendant MAHONEY and Individual A for the month of November 2002.

h. On or about December 3, 2002, defendant MAHONEY caused an NLS, Inc. check, #1680, in the amount of \$2,250 to be issued to Individual A, representing Individual A's one-fourth share of the monthly fee paid by Vendor A for the months of August and November 2002.

i. In or about late December 2002, at a bar near the Palmer House in downtown Chicago, Robinson paid a cash kickback to defendant SNYDER.

All in violation of Title 18, United States Code, Sections 371 and 2.

FORFEITURE ALLEGATION

The SPECIAL JUNE 2007 GRAND JURY further charges:

1. The allegations contained in Counts 1 through 5 of this Indictment are realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. As a result of his violations of Title 18, United States Code, Section 1341 as alleged in the foregoing Indictment,

DONALD N. SNYDER, Jr.,

defendant herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section, 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any and all right, title and interest in property, real and personal, which constitutes and is derived from proceeds traceable to the charged offenses.

3. The interests of the defendant jointly and severally subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c) include funds in the amount of \$50,000.

4. If any of the property subject to forfeiture and described above, as a result of any act or omission of the defendant:

- (a) Cannot be located upon the exercise of due diligence;
- (b) Has been transferred or sold to, or deposited with, a third party;
- (c) Has been placed beyond the jurisdiction of the Court;
- (d) Has been substantially diminished in value; or

(e) Has been commingled with other property which cannot be divided without difficulty, the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY