

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)
)
) No. 07 CR 5-1
) Judge Ruben Castillo
)
)
ARENDA TROUTMAN)

PLEA AGREEMENT

1. This Plea Agreement between the United States Attorney for the Northern District of Illinois, PATRICK J. FITZGERALD, and defendant ARENDA TROUTMAN, and her attorneys, SAM ADAM, JR. and MICHAEL GILLESPIE, is made pursuant to Rule 11 of the Federal Rules of Criminal Procedure and is governed in part by Rule 11(c)(1)(A) and Rule 11(c)(1)(B), as more fully set forth below. The parties to this Agreement have agreed upon the following:

Charges in This Case

2. The second superseding indictment in this case charges defendant with mail fraud, in violation of Title 18, United States Code, Sections 1341 and 1346 (Counts One through Four), bribery, in violation of Title 18, United States Code, Section 666(a)(1)(B) (Counts Six, Eight and Nine), extortion, in violation of Title 18, United States Code, Section 1951 (Counts Seven, Ten, Eleven and Twelve), tax fraud, in violation of Title 26, United States Code, Section 7206(1) (Count Thirteen), and making false statements to a financial institution, in violation of Title 18, United States Code, Section 1014 (Count Fifteen).

3. Defendant has read the charges against her contained in the second superseding indictment, and those charges have been fully explained to her by her attorneys.

4. Defendant fully understands the nature and elements of the crimes with which she has been charged.

Charges to Which Defendant is Pleading Guilty

5. By this Plea Agreement, defendant agrees to enter a voluntary plea of guilty to Counts One and Thirteen of the second superseding indictment. Count One charges defendant with participating in a mail fraud scheme, in violation of Title 18, United States Code, Sections 1341 and 1346. Count Thirteen charges defendant with committing tax fraud, in violation of Title 26, United States Code, Section 7206(1). In addition, as further provided below, defendant agrees to the entry of a forfeiture judgment.

Factual Basis

6. Defendant will plead guilty because she is in fact guilty of the charges contained in Counts One and Thirteen of the second superseding indictment. In pleading guilty, defendant admits the following facts and that those facts establish her guilt beyond a reasonable doubt and establish a basis for forfeiture of the property described elsewhere in this Plea Agreement:

a. With respect to Count One of the second superseding indictment, at times material to the second superseding indictment:

Defendant served as the Alderman for the City's 20th Ward, having held that position from approximately 1992 until approximately May 2007. The 20th Ward Regular

Democratic Organization was registered with the Illinois State Board of Elections as a political committee supporting defendant. Citizens for Troutman was registered with the Illinois State Board of Elections as a political committee supporting defendant. The 20th Ward Women's Auxiliary (hereafter "the Women's Auxiliary") was an Illinois corporation that was associated with defendant and whose articles of incorporation claimed it was a non-profit entity. Because the Women's Auxiliary accepted contributions exceeding \$3,000 during 12-month periods on behalf of defendant, a candidate for public office who was required to file statements of economic interest with the Cook County Clerk, the Women's Auxiliary was a "local political committee," pursuant to the Illinois law (10 ICS 5/9-1.7), and was required to register (10 ICS 5/9-3) and file financial reports (10 ICS 5/9-10) with the Illinois State Board of Elections, but it failed to do so.

Co-defendant Steven Boone ("Boone") worked for defendant and was paid by the City as a member of defendant's Aldermanic staff. Co-defendant Vincent Gilbert ("Gilbert") was an acquaintance of defendant. Relative A, a relative of defendant, worked for defendant and was paid by the City as a member of defendant's aldermanic staff. Relative A also served as an officer of the 20th Ward Regular Democratic Organization. Further, Relative A was a signatory on the bank account of the Women's Auxiliary. Ward Office Worker A worked for defendant and was paid by the City as a member of defendant's Aldermanic staff.

Individual A was a person who occasionally worked on real estate projects. Individual B was a person who formed a company to purchase real estate for the purpose of converting it to housing for low-income families. Individual C was a resident of the 20th

Ward. Individual D was a real estate developer with real estate projects in the 20th Ward and elsewhere. Individual E was an acquaintance of defendant who, unbeknown to defendant, was cooperating with law enforcement.

Individual F was a person who was in the business of purchasing distressed real estate in the 20th Ward and elsewhere, and, after stabilizing or rehabilitating the real estate, would sell it. Individual G was a person who purchased real estate in the 20th Ward and elsewhere, rehabilitated it, and either sold or rented it. Individual H was a community leader involved in not-for-profit organizations. Individual I was a real estate developer with projects in the 20th Ward and elsewhere who, unbeknown to defendant, was cooperating with law enforcement.

The City of Chicago ("the City") was a unit of local government known as a municipal corporation, and a political subdivision of the State of Illinois. The functions and services provided by the City on behalf of its residents were coordinated through various agencies and departments. The City's legislative branch of government was the Chicago City Council, which was comprised of fifty City Council members, each of whom represented one of Chicago's fifty wards, and who were also known as Aldermen. The Aldermen were compensated and publicly elected.

One of the City's operational departments was the Chicago Department of Transportation ("CDOT"). One of CDOT's functions was to review requests for "alley access," or authorization to use a city alley for egress and ingress to the parking area of real estate property. Another of the City's operational departments was the Department of

Zoning. This department's functions included: enforcing the City's zoning ordinances which govern land use within the City; implementing the City's land use policies; and maintaining and updating the City's official zoning maps. Another of the City's operational departments was the Department of Planning, which operated to promote economic development and growth through community-based planning. Another of the City's operational departments was the Department of Buildings. Among this department's functions was enforcement of the Chicago Building Code, which governs the construction, rehabilitation, and maintenance of structures within the City. Up until April 2003, the Department of Buildings also issued building or construction permits. In April 2003, the Department of Construction and Permits ("DCAP"), another of the City's operational departments, became responsible for issuing building or construction permits.

It was the practice of Aldermen to (1) issue letters to City departments such as CDOT, the Department of Buildings, DCAP, and the Department of Zoning, which communicated aldermanic support or non-support for governmental action on matters such as the sale of City-owned real estate, zoning changes, the granting of alley access, and other land use requests, which letters typically were influential in securing the governmental action or inaction endorsed by the letters, and (2) propose ordinances in the Chicago City Council concerning such matters, which ordinances would be eventually either approved or rejected by the City Council members.

Defendant, in her capacity as 20th Ward Alderman, was bound by the following laws, duties, policies and procedures:

(i) Defendant owed a duty of honest services to the citizens of the City in the performance of her public duties.

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

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

(iv) Pursuant to the criminal laws of the State of Illinois, including 5 ILCS 420/4A-101(g), 4A-102, and 4A-106, defendant was obligated to file annually a Statement of Economic Interest with the Clerk of Cook County, wherein she was required to disclose, among other things, 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.

Beginning in or around early 2002, and continuing to in or about January 8, 2007, in Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere, defendant, together with co-defendants Boone and Gilbert and others known and unknown, knowingly

devised and participated in a scheme to defraud Chicago and its citizens of the intangible right to the honest services of defendant, and to obtain money and property by materially false and fraudulent pretenses and representations and material omissions, which is described further below:

Defendant used her official position as the Alderman of the 20th Ward to solicit, directly and with and through others, and to obtain, for the benefit of herself and others, including co-defendants Boone and Gilbert, with their knowledge and participation, payments and other things of value from persons who were involved in real estate work, with the implicit and explicit understanding that, without such payments and other things of value, her support for land use requests, zoning changes, alley access, sale of City-owned real estate, and other requests that required local government action would either not be forthcoming or would be delayed.

Defendant and others acting at the direction or with the knowledge of defendant, including Ward Office Worker A, solicited contributions from persons who asked defendant for assistance in her official capacity, such as a letter of support for a specific land use, a zoning change, or alley access.

In approximately the spring of 2002, defendant was aware that Individual A had purchased a building located on South State Street and was rehabilitating the building without proper building permits. At this time, co-defendant Boone was the housing coordinator for the 20th Ward. After Individual A finished rehabbing the building and learned that the building was zoned for retail use but not commercial use, Individual A

attended a meeting with co-defendant Boone, defendant, and others at defendant's 20th Ward Office, at which meeting Individual A asked defendant for a letter of support for rezoning his property for commercial use. Co-defendant Boone then stated, in defendant's presence, that defendant would provide the letter of support if Individual A would take care of the 20th Ward Office through a contribution to fundraising events for defendant. Still in defendant's presence, Individual A agreed to provide a contribution to the 20th Ward organizations in exchange for defendant's support of the rezoning. Several days later, at co-defendant Boone's request, defendant provided a letter dated March 17, 2003 supporting the rezoning of Individual A's building.

In approximately August 2004, Individual B attended a meeting with defendant, Ward Office Worker A, and others, at which meeting Individual B discussed Individual B's plans to convert a building located on South Marshfield to housing for low-income families and asked for defendant's support for the rezoning of the building. Defendant expressed enthusiasm for the project and told Individual B that Ward Office Worker A would escort Individual B out of the office and explain to Individual B some "political things," or words to that effect. By "political things," defendant was referring to a request for political donations to 20th Ward organizations in exchange for her support of Individual B's project.

In about June 2002, Individual C, who had unsuccessfully applied numerous times at the 20th Ward Office to purchase city-owned vacant lots adjacent to his property, went once again to the 20th Ward Office to apply to purchase the lots, and an assistant of defendant completed the land purchase application for Individual C and then gave Individual C an

envelope, saying that defendant wanted him to have the envelope. The assistant also told Individual C about an upcoming fundraising event defendant was hosting. When Individual C looked in the envelope, he found a request for a donation to a 20th Ward organization. In response to the request, he made a \$1,500 donation. After making the \$1,500 donation, Individual C received a letter from defendant in which she apologized for the length of time that had passed while Individual C previously had applied to purchase the lots. Individual C was then notified of a meeting at the Planning Department, where officials of the City offered to sell the lots to Individual C, but he could not afford the City's price and ultimately declined the offer.

In late August 2006, Individual E told defendant that Individual E had been approached by a wealthy investor who wanted Individual E to invest money in real estate development, and defendant suggested that Individual E look into new construction developments. Subsequently, on or about September 26, 2006, Individual E showed defendant properties on South Halsted Street and explained that the wealthy investor was planning on purchasing the properties, but that the properties needed a zoning change in order to build mixed-use buildings. Defendant assured Individual E that she would support a zoning change and then asked, "What do I get out of it?" Later in that conversation and in subsequent conversations, defendant and Individual E discussed how defendant would receive a residential unit and a commercial space in one of the buildings in exchange for her support of the rezoning of the properties. Individual E further told defendant that the wealthy investor would allow Individual E to give defendant an additional \$5,000 for defendant's

support of the zoning change. When defendant asked if she could get a second unit in the building, Individual E responded that the investor would rather give defendant cash than more parts of the development.

On or about November 29, 2006, Individual E asked for the letter of support for the zoning change, and handed defendant \$5,000 in cash, stating that Individual E had a total of \$15,000 to give defendant, at which point defendant made several phone calls to officials of the City to inquire about the proper zoning of the property and the possibility of alley access to the property. After the phone calls, defendant directed a member of her staff to prepare a letter of support for alley access to the property on South Halsted Street, which letter was later sent to the Commissioner of CDOT. After the letter of support was prepared and signed, defendant handed Individual E ten tickets to her campaign fundraiser called “Black Satin,” which was to take place on December 16, 2006, stating that Individual E needed to have the investor commit to buying ten tickets to the fundraiser, which tickets cost \$1,500 each, and that such a purchase would be separate and apart from the \$15,000 that the investor was to give defendant. Defendant pointed out that defendant was saving the investor money on zoning and that defendant had talked to city officials on his behalf. Defendant further said that if the investor were to write a check for the cost of the tickets, the check should be written to the “20th Ward Women’s Auxiliary.” She also said that if the investor wished to make the check a political contribution, it should be written to “Citizens for Troutman.”

On or about December 13, 2006, defendant presented in the Chicago City Council her letter of support and a proposed ordinance for alley access to the property on South Halsted Street. On or about December 14, 2006, Individual E gave defendant a check for \$5,000 written to the 20th Ward Women's Auxiliary. When Individual E said that the investor wanted to know what defendant was providing the investor in exchange for the \$5,000 check, defendant instructed Individual E to tell the investor that the \$5,000 check was in exchange for Defendant introducing to the City Council on December 13, 2006, her support for alley access to the property on South Halsted.

In approximately late December 2003, the building located at 6417 South Maryland had been ordered demolished by the Cook County Circuit Court. Individual F, co-defendant Boone, and defendant met at the 20th Ward Office with the then-owner of the building, at which time Individual F agreed to purchase the building for \$60,000, and defendant told Individual F that she and a partner would buy the building from Individual F.

On approximately January 12, 2004, defendant wrote a letter to the Commissioner of the Chicago Department of Buildings, asking that the demolition proceedings against the building be put on hold, which letter did not mention defendant's intention of purchasing the property, and, on January 29, 2004, Individual F filed a motion in the Circuit Court asking that the order of demolition be vacated, which motion was granted by order of court on February 18, 2004. Some time after Individual F closed on the purchase of the building in approximately January 2004, defendant told Individual F that she and her partner were ready to buy the building from Individual F, and that, since the property could not be in defendant's

name, the sale would be in the name of defendant's partner. Accordingly, in early April 2004, Individual F wrote a contract for the sale of the building for \$80,000, leaving the name of the purchaser blank.

Defendant contacted Individual G, who conducted real estate business in the 20th Ward, and asked Individual G to do emergency repair work on a wall of the building on South Maryland, telling Individual G that the work had to be done in time for a court hearing or there was a possibility that the building would be demolished. Defendant told Individual G that she owned the building, but that the building was purchased in the name of Individual F, and she further told Individual G that she did not have money to pay for the work. Individual G arranged for the work to be done and paid the workers. Individual G never asked defendant to pay for the work because, prior to this, Individual G had needed and received defendant's support to obtain permits for Individual G's construction projects in the 20th Ward, and Individual G feared that, if Individual G asked for payment for the work, defendant would withhold her support for other projects that Individual G had or might have in the 20th Ward.

When the work on the South Maryland building was done, defendant asked Individual G to go to court to be introduced as a potential buyer of the building, which would prevent the court from ordering the building demolished. Although Individual G had not indicated any interest and had no interest in buying the building, Individual G agreed to do as defendant asked. On or about May 19, 2004, defendant wrote a letter expressing her support of Individual G "and his efforts to rehab the property," which letter was given to the City's

lawyers. The letter made no mention of defendant's interest in purchasing the property. On May 26, 2004, Individual G attended a hearing at the Circuit Court of Cook County regarding the property on South Maryland, which hearing was also attended by co-defendant Boone, as a representative of defendant's office. At the hearing, Individual G was introduced to the court as a person who intended to purchase the building.

After the hearing on May 26, 2004, when neither defendant nor anyone presented by her was entering into a contract to buy the building, Individual F decided to sell the building to a real estate developer, which sale was completed in about July 2004, for a purchase price of \$120,000. Shortly thereafter, defendant contacted Individual F, stating that she and her partner had done some work on the building and that she wanted Individual F to pay her some funds from the sale. She asked for \$10,000 in cash.

After repeated requests by defendant for the \$10,000 in cash, Individual F acceded to defendant's demands for the \$10,000. Individual F acceded because, prior to this, Individual F had needed and received defendant's support for land use projects in the 20th Ward, and Individual F feared that, if Individual F did not give defendant the money she requested, she would withhold her support for other projects that Individual F had or might have in the 20th Ward. The first payment, \$5,000 in cash, was collected by defendant in approximately April 2005. The second payment, another \$5,000 in cash, was collected by defendant in approximately November 2005. Defendant is unaware of whether or not co-defendant Boone also received cash payments from Individual F regarding the South Maryland building.

In approximately December 2005, during a meeting where Individual H and others asked defendant for an updated letter of support for a residential building project along 63rd Street, which letter of support was needed to purchase land owned by the City, and during a follow-up telephone conversation between Individual H and defendant, she agreed to provide the letter of support only on the condition that certain demands be met. One of the demands was that the persons and entities requesting the letter of support were to raise money for defendant through two “significant” fundraisers. After discussing defendant’s demand for two fundraisers with others, Individual H told defendant that the persons and entities requesting the letter of support could not hold fundraisers in exchange for her support, and, thereafter, months passed during which defendant did not issue the letter of support, despite repeated requests by Individual H and others.

Defendant caused the Women’s Auxiliary to be used as a means to conceal and disguise the payments that defendant and members of her staff received from real estate developers. Despite the fact that the Women’s Auxiliary never filed for not-for-profit status in the State of Illinois or with the federal government and never filed a federal or state tax return or any other public document showing its financial condition, its income, or its expenditures, defendant and members of her staff represented to others that the Women’s Auxiliary was a charitable organization whose donations were not subject to the restrictions of political contributions. Defendant admits that she knew that members of the 20th Ward staff were instructed that fundraising contributions that were over \$1,500 were to go to the Women’s Auxiliary, and fundraising contributions that were less than \$1,500 were to go to

the other political committees of the 20th Ward. Further, in connection with the 2003 fundraiser of the 20th Ward Regular Democratic Organization, called “Masquerade Ball,” Defendant’s staff asked religious representatives to make their checks payable to the Women’s Auxiliary.

While some funds of the Women’s Auxiliary were used to pay for charitable functions, tens of thousands of dollars in funds of the Women’s Auxiliary were taken in cash withdrawals, none of which withdrawals were ever accounted for in reports that must be publicly filed by either a not-for-profit or a political committee.

On several occasions, defendant attempted to induce real estate developers to take on as a partner or major collaborator co-defendant Gilbert, an acquaintance of hers who had little real estate development experience. These occasions included one occasion that involved the residential building project along 63rd Street, and another occasion that involved Individual I, to whom defendant introduced co-defendant Gilbert in approximately late 2004 or early 2005 and indicated, directly and indirectly, that she would support a particular real estate project of Individual I only if Individual I worked on the project with co-defendant Gilbert.

Defendant admits that she knew that if co-defendant Gilbert was hired by individuals seeking to conduct real estate development business in the 20th Ward, that a portion of the payments co-defendant Gilbert received would be shared with 20th Ward political organizations. Defendant admits that she was aware that Individual I entered into a consulting contract with co-defendant Gilbert for which co-defendant Gilbert was paid, and

it was understood that co-defendant Gilbert would contribute a portion of the amount he was paid by Individual I, as part of the consulting contract, to one of defendant's political organizations.

Defendant further admits that she introduced co-defendant Gilbert to Individual J, a real estate developer who conducted business within the 20th Ward, and requested that Individual J include co-defendant Gilbert in a real estate development project in the 20th Ward. Defendant learned that co-defendant Gilbert became part of Individual J's development group and was paid. Defendant and co-defendant Gilbert agreed that co-defendant Gilbert would make political contributions.

Defendant was aware that on or about July 13, 2005, co-defendant Gilbert told Individual I that he had made a presentation to defendant and her economic development board regarding Individual I's real estate project, but defendant would not support the project. In approximately early December 2005, Individual I met with defendant. During this meeting, defendant acknowledged that the pairing of co-defendant Gilbert and Individual I "didn't seem to work out." She told Individual I, "[W]e have to go back to where we were or else we can't do business." She further told Individual I, "And you're in business, you want to make money and I have to have money in order to survive." Later in the conversation, defendant also noted, "I got to think about something after this. You know what I'm saying?" As an alternative to Individual I dealing with co-defendant Gilbert, defendant suggested her brother, telling Individual I that her brother is a broker who deals

with a lot of developers, “And then, I’m paid through him, see? So maybe we’ll do it like that.”

Defendant admits that it was the general practice of the 20th Ward that staff members were directed to solicit donations from those wishing to conduct real estate development business in the 20th Ward, including Individual D, and in exchange, defendant provided aldermanic support for the development projects.

On or about February 23, 2004, at Chicago, in the Northern District of Illinois, Eastern Division, defendant, for the purpose of executing the aforesaid scheme, and attempting to do so, did knowingly cause to be placed in an authorized depository for mail matter an envelope addressed to Ira Kaufman, 1155 N Milwaukee, Riverwood, IL 60015, which envelope contained a court order staying the order of demolition against the property at 6417 S. Maryland Avenue, Chicago, Illinois.

b. With respect to Count Thirteen of the second superseding indictment, defendant herein, willfully made and subscribed, and caused to be made and subscribed, a United States Individual Income Tax Return (Form 1040 with schedules and attachments) for the calendar year 2005, which return was verified by a written declaration that it was made under the penalties of perjury, and filed with the Internal Revenue Service, which return she did not believe to be true and correct as to every material matter, in that the defendant did not report as “Other Income” at least \$10,000 in cash that she received, and also in that the defendant listed her total income as being \$77,801, whereas, in truth and fact,

as the defendant well knew, her total income was substantially in excess of said amount, in violation of Title 26, United States Code, Section 7206(1).

Specifically, in approximately July 2006, defendant filed her United States Individual Income Tax Return (Form 1040 with schedules and attachments) for tax year 2005. Defendant failed to report as income the \$10,000 in cash she personally received from Individual F, a real estate developer, during 2005 regarding property located at 6417 S. Maryland Avenue, Chicago, Illinois.

7. The foregoing facts are set forth solely to assist the court in determining whether a factual basis exists for defendant's plea of guilty and criminal forfeiture, and are not intended to be a complete or comprehensive statement of all the facts within defendant's personal knowledge regarding the charged crimes and related conduct.

Maximum Statutory Penalties

8. Defendant understands that the charges to which she is pleading guilty carry the following statutory penalties:

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

b. Count Thirteen carries a maximum sentence of 3 years' imprisonment. Count Thirteen also carries a maximum fine of \$100,000. Defendant further understands

that the Court must order costs of prosecution, estimated not to exceed \$500. Defendant further understands that with respect to Count Thirteen, the judge also may impose a term of supervised release of not more than one year.

c. In accord with Title 18, United States Code, Section 3013, defendant will be assessed \$100 on each count to which she has pled guilty, in addition to any other penalty imposed.

d. Therefore, under the counts to which defendant is pleading guilty, the total maximum sentence is 23 years' imprisonment. In addition, defendant is subject to a total maximum fine of \$350,000, or twice the gross gain or gross loss resulting from the offenses of conviction, whichever is greater, mandatory costs of prosecution, a period of supervised release, and special assessments totaling \$200.

Sentencing Guidelines Calculations

9. Defendant understands that in imposing sentence the Court will be guided by the United States Sentencing Guidelines. Defendant understands that the Sentencing Guidelines are advisory, not mandatory, but that the Court must consider the Guidelines in determining a reasonable sentence.

10. For purposes of calculating the Sentencing Guidelines, the parties agree on the following points:

a. **Applicable Guidelines.** The Sentencing Guidelines to be considered in this case are those in effect at the time of sentencing. The following statements regarding

the calculation of the Sentencing Guidelines are based on the Guidelines Manual currently in effect, namely the November 2007 Guidelines Manual.

b. Offense Level Calculations.

As for Count One:

i. The base offense level for the charge in Count One of the second superseding indictment is 14, pursuant to Guideline §2.C1.1(a)(1) because defendant was a public official.

ii. The base offense level is increased by 2 levels because the offense involved more than one bribe or extortion, pursuant to Guideline §2.C1.1(b)(1).

iii. The base offense level is increased by 6 levels because the value of the payments received by defendant were greater than \$30,000 but less than \$70,000, pursuant to Guideline §§ 2C1.1(b)(2) and 2B1.1(b)(1)(D).

iv. The base offense level is increased by 4 levels because the offense involved an elected public official, pursuant to Guideline §2C1.1(b)(3).

As for Count Thirteen:

v. The base offense level for the charge in Count Thirteen of the second superseding indictment is 8, pursuant to Guideline §§2.T1.1(a)(1) and 2T4.1(B) because the tax loss was more than \$2,000 but less than \$5,000.

vi. Defendant has clearly demonstrated a recognition and affirmative acceptance of personal responsibility for her criminal conduct. If the government does not

receive additional evidence in conflict with this provision, and if defendant continues to accept responsibility for her actions within the meaning of Guideline §3E1.1(a), including by furnishing the United States Attorney's Office and the Probation Office with all requested financial information relevant to her ability to satisfy any fine that may be imposed in this case, a two-level reduction in the offense level is appropriate.

vii. In accord with Guideline §3E1.1(b), defendant has timely notified the government of her intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the Court to allocate its resources efficiently. Therefore, as provided by Guideline §3E1.1(b), if the Court determines the offense level to be 16 or greater prior to determining that defendant is entitled to a two-level reduction for acceptance of responsibility, the government will move for an additional one-level reduction in the offense level.

c. **Criminal History Category.** With regard to determining defendant's criminal history points and criminal history category, based on the facts now known to the government, defendant's criminal history points equal zero and defendant's criminal history category is I.

d. **Anticipated Advisory Sentencing Guidelines Range.** Therefore, based on the facts now known to the government, the anticipated offense level is 23, which, when combined with the anticipated criminal history category of I, results in an anticipated advisory Sentencing Guidelines range of 46 to 57 months' imprisonment, in addition to any supervised release, fine, and restitution the Court may impose.

e. Defendant and her attorneys and the government acknowledge that the above Guideline calculations are preliminary in nature and based on facts known to the parties as of the time of this Plea Agreement. Defendant understands that the Probation Office will conduct its own investigation and that the Court ultimately determines the facts and law relevant to sentencing, and that the Court's determinations govern the final Guideline calculation. Accordingly, the validity of this Agreement is not contingent upon the probation officer's or the Court's concurrence with the above calculations, and defendant shall not have a right to withdraw her plea on the basis of the Court's rejection of these calculations.

f. Both parties expressly acknowledge that while none of the Guideline calculations set forth above are binding on the Court or the Probation Office, the parties have agreed pursuant to Fed.R.Crim.P. 11(c)(1)(B) that certain components of those calculations – specifically, those set forth above in subparagraphs b.i through b.v. of this paragraph – are binding on the parties, and it shall be a breach of this Plea Agreement for either party to present or advocate a position inconsistent with the agreed calculations set forth in the identified subparagraphs.

g. Defendant understands that with the exception of the Guideline provisions identified above as binding on the parties, the Guideline calculations set forth above are non-binding predictions, upon which neither party is entitled to rely, and are not governed by Fed.R.Crim.P. 11(c)(1)(B). Errors in applying or interpreting any of the Sentencing Guidelines (other than those identified above as binding) may be corrected by

either party prior to sentencing. The parties may correct these errors either by stipulation or by a statement to the Probation Office or the Court, setting forth the disagreement regarding the applicable provisions of the Guidelines. The validity of this Plea Agreement will not be affected by such corrections, and defendant shall not have a right to withdraw her plea, nor the government the right to vacate this Plea Agreement, on the basis of such corrections.

Agreements Relating to Sentencing

11. The government agrees to recommend that sentence be imposed within the applicable guidelines range.

12. It is understood by the parties that the sentencing judge is neither a party to nor bound by this Plea Agreement and may impose a sentence up to the maximum penalties as set forth above. Defendant further acknowledges that if the Court does not accept the sentencing recommendation of the parties, defendant will have no right to withdraw his guilty plea.

13. The parties further agree, pursuant to Title 18, United States Code, Section 3583(d), that the sentence to be imposed by the Court shall include, as a condition of any term of supervised release or probation imposed in this case, a requirement that defendant repay the United States \$5,000 as compensation for government funds that defendant received during the investigation of the case.

14. Defendant agrees to pay the special assessment of \$200 at the time of sentencing with a cashier's check or money order payable to the Clerk of the U.S. District Court.

15. After sentence has been imposed on the counts to which defendant pleads guilty as agreed herein, the government will move to dismiss the remaining counts of the second superseding indictment as to this defendant only.

Forfeiture

16. The second superseding indictment charges that defendant is liable to the United States for approximately \$20,000, which funds are subject to forfeiture because those funds constitute proceeds of the violations alleged in Count One of the second superseding indictment. By entry of a guilty plea to Count One of the second superseding indictment, defendant acknowledges that the property identified above is subject to forfeiture.

17. Defendant agrees to the entry of a forfeiture judgment in the amount of \$20,000, in that this property is subject to forfeiture. Prior to sentencing, defendant agrees to the entry of a preliminary order of forfeiture relinquishing any right of ownership she has in the above-described funds and further agrees to the seizure of these funds so that these funds may be disposed of according to law. Defendant is unaware of any third party who has an ownership interest in, or claim to, the property subject to forfeiture.

18. Defendant understands that forfeiture of this property shall not be treated as satisfaction of any fine, cost of imprisonment, or any other penalty the Court may impose upon defendant in addition to the forfeiture judgment.

Presentence Investigation Report/Post-Sentence Supervision

19. Defendant understands that the United States Attorney's Office in its submission to the Probation Office as part of the Pre-Sentence Report and at sentencing shall

fully apprise the District Court and the Probation Office of the nature, scope and extent of defendant's conduct regarding the charges against her, and related matters. The government will make known all matters in aggravation and mitigation relevant to the issue of sentencing, including the nature and extent of defendant's cooperation.

20. Defendant agrees to truthfully and completely execute a Financial Statement (with supporting documentation) prior to sentencing, to be provided to and shared among the Court, the Probation Office, and the United States Attorney's Office regarding all details of her financial circumstances, including her recent income tax returns as specified by the probation officer. Defendant understands that providing false or incomplete information, or refusing to provide this information, may be used as a basis for denial of a reduction for acceptance of responsibility pursuant to Guideline §3E1.1 and enhancement of her sentence for obstruction of justice under Guideline §3C1.1, and may be prosecuted as a violation of Title 18, United States Code, Section 1001 or as a contempt of the Court.

21. For the purpose of monitoring defendant's compliance with her obligations to pay a fine during any term of supervised release or probation to which defendant is sentenced, defendant further consents to the disclosure by the IRS to the Probation Office and the United States Attorney's Office of defendant's individual income tax returns (together with extensions, correspondence, and other tax information) filed subsequent to defendant's sentencing, to and including the final year of any period of supervised release or probation to which defendant is sentenced. Defendant also agrees that a certified copy of this Plea Agreement shall be sufficient evidence of defendant's request to the IRS to disclose the

returns and return information, as provided for in Title 26, United States Code, Section 6103(b).

Acknowledgments and Waivers Regarding Plea of Guilty

Nature of Plea Agreement

22. This Plea Agreement is entirely voluntary and represents the entire agreement between the United States Attorney and defendant regarding defendant's criminal liability in case 07 CR 5-1.

23. This Plea Agreement concerns criminal liability only. Except as expressly set forth in this Agreement, nothing herein shall constitute a limitation, waiver or release by the United States or any of its agencies of any administrative or judicial civil claim, demand or cause of action it may have against defendant or any other person or entity. The obligations of this Agreement are limited to the United States Attorney's Office for the Northern District of Illinois and cannot bind any other federal, state or local prosecuting, administrative or regulatory authorities, except as expressly set forth in this Agreement.

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

Waiver of Rights

25. Defendant understands that by pleading guilty she surrenders certain rights, including the following:

a. **Trial rights.** Defendant has the right to persist in a plea of not guilty to the charges against her, and if she does, she would have the right to a public and speedy trial.

i. The trial could be either a jury trial or a trial by the judge sitting without a jury. Defendant has a right to a jury trial. However, in order that the trial be conducted by the judge sitting without a jury, defendant, the government, and the judge all must agree that the trial be conducted by the judge without a jury.

ii. If the trial is a jury trial, the jury would be composed of twelve citizens from the district, selected at random. Defendant and her attorneys would participate in choosing the jury by requesting that the Court remove prospective jurors for cause where actual bias or other disqualification is shown, or by removing prospective jurors without cause by exercising peremptory challenges.

iii. If the trial is a jury trial, the jury would be instructed that defendant is presumed innocent, that the government has the burden of proving defendant guilty beyond a reasonable doubt, and that the jury could not convict her unless, after hearing all the evidence, it was persuaded of her guilt beyond a reasonable doubt and that it was to consider each count of the second superseding indictment separately. The jury would have to agree unanimously as to each count before it could return a verdict of guilty or not guilty as to that count.

iv. If the trial is held by the judge without a jury, the judge would find the facts and determine, after hearing all the evidence, and considering each count

separately, whether or not the judge was persuaded that the government had established defendant's guilt beyond a reasonable doubt.

v. At a trial, whether by a jury or a judge, the government would be required to present its witnesses and other evidence against defendant. Defendant would be able to confront those government witnesses and her attorneys would be able to cross-examine them.

vi. At a trial, defendant could present witnesses and other evidence in her own behalf. If the witnesses for defendant would not appear voluntarily, she could require their attendance through the subpoena power of the Court. A defendant is not required to present any evidence.

vii. At a trial, defendant would have a privilege against self-incrimination so that she could decline to testify, and no inference of guilt could be drawn from her refusal to testify. If defendant desired to do so, she could testify in her own behalf.

b. **Waiver of appellate and collateral rights.** Defendant further understands she is waiving all appellate issues that might have been available if she had exercised her right to trial. Defendant understands that by pleading guilty she is waiving all the rights set forth in the prior paragraphs. Defendant's attorneys have explained those rights to her, and the consequences of her waiver of those rights. Defendant understands that she has the right to have the criminal charges in the second superseding indictment brought within five years of the last of the alleged acts constituting the specified violations. By signing this document, defendant knowingly waives any right to have the charges in the

second superseding indictment brought against her within the period established by the statute of limitations. Defendant also knowingly waives any defense or claim based upon the statute of limitations or upon the timeliness with which the charges in the second superseding indictment were brought.

26. By entering this plea of guilty, defendant also waives any and all right the defendant may have, pursuant to 18 U.S.C. §3600, to require DNA testing of any physical evidence in the possession of the Government. Defendant fully understands that, as a result of this waiver, any physical evidence in this case will not be preserved by the Government and will therefore not be available for DNA testing in the future.

Other Terms

27. Defendant agrees to cooperate with the United States Attorney's Office in collecting any unpaid fine for which defendant is liable, including providing financial statements and supporting records as requested by the United States Attorney's Office.

28. Defendant agrees to cooperate with the IRS in any tax examination or audit of defendant which directly or indirectly relates to or arises out of the course of conduct which defendant has acknowledged in this Plea Agreement, by transmitting to the IRS original records or copies thereof, and any additional books and records which the IRS may request. Nothing in this paragraph precludes defendant from asserting any legal or factual defense to taxes, interest, and penalties that may be assessed by the IRS.

Conclusion

29. Defendant understands that this Plea Agreement will be filed with the Court, will become a matter of public record and may be disclosed to any person.

30. Defendant understands that her compliance with each part of this Plea Agreement extends throughout the period of her sentence, and failure to abide by any term of the Agreement is a violation of the Agreement. Defendant further understands that in the event she violates this Agreement, the government, at its option, may move to vacate the Agreement, rendering it null and void, and thereafter prosecute defendant not subject to any of the limits set forth in this Agreement, or may move to resentence defendant or require defendant's specific performance of this Agreement. Defendant understands and agrees that in the event that the Court permits defendant to withdraw from this Agreement, or defendant breaches any of its terms and the government elects to void the Agreement and prosecute defendant, any prosecutions that are not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against defendant in accordance with this paragraph, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement of such prosecutions.

31. Defendant and her attorneys acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in this Plea Agreement to cause defendant to plead guilty. Defendant acknowledges that she has read this Plea Agreement and carefully reviewed each provision with her attorneys. Defendant further acknowledges that she understands and voluntarily accepts each and every term and condition of this Agreement.

AGREED THIS DATE: _____

PATRICK J. FITZGERALD
United States Attorney

ARENDA TROUTMAN
Defendant

JOSEPH ALESIA
Assistant U.S. Attorney

SAM ADAM, JR.
Attorney for Defendant

MICHAEL GILLESPIE
Attorney for Defendant