

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA

vs.

BARRY CROALL and
RONALD FORD

No.

Violations: Title 18, United States
Code, Sections 371, 666 and 1343

INDICTMENT

UNDER SEAL

COUNT ONE

The SPECIAL MARCH 2013 GRAND JURY charges:

1. At times material to this indictment:

a. Cook County was a local government located in the Northern District of Illinois.

b. In late 2009, Cook County was awarded approximately \$10.3 million in federal grant funds designated to assist Cook County residents impacted by floods that occurred in 2008. Cook County Department of Homeland Security and Emergency Management was the county department designated to implement services to eligible homes and homeowners in accordance with the terms of this grant. The grant funds were available to Cook County on a reimbursement basis through September 30, 2010.

c. Beginning in approximately January 2010 and continuing through approximately September 30, 2010, defendant BARRY CROALL was

employed by Cook County as a program manager to oversee disbursement of grant funds.

d. Defendant BARRY CROALL was the owner of Dove US, a sole proprietorship that owned several rental properties in Yorkville, Illinois and elsewhere. Defendant CROALL maintained control over bank accounts at Chase bank held in the name of Dove US, including a checking account and a savings account.

e. Ronald Ford operated Strategic Management Services S.M.S. LLC, a limited liability company located in the Northern District of Illinois. Ford maintained control over bank accounts at Citibank held in the name of Strategic Management Services S.M.S. LLC, including a checking account and a savings account.

f. Nonprofit Corporation A was a not-for-profit neighborhood preservation corporation that operated in the Northern District of Illinois. In or around mid-2010, Nonprofit Corporation A entered into a sub-recipient agreement with Cook County whereby Nonprofit Corporation A agreed to perform certain project management services on eligible homes in exchange for compensation by Cook County with grant funds at agreed-upon rates.

g. Company A, operated by Individual A; Company B, operated by Individual B; and Company C, operated by Individual C, were each for-profit businesses located in the Northern District of Illinois.

2. Beginning no later than April 2010, and continuing until in or about January 2011, in the Northern District of Illinois, Eastern Division, and elsewhere,

BARRY CROALL,

defendant herein, devised, intended to devise, and participated in a scheme to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and by concealment of material facts, which scheme is further described below.

3. It was part of the scheme that defendant BARRY CROALL used his official position as Cook County program manager to arrange for certain businesses, including Strategic Management Services, Nonprofit Corporation A, Companies A, B and C, and others, to perform services eligible for compensation under the grant award. Defendant CROALL caused certain of these businesses to submit materially false and fraudulent documentation in support of requests for compensation for services and expenses under the grant award, and defendant CROALL obtained portions of the grant proceeds that the businesses received for his own benefit and the benefit of Dove US.

4. It was further part of the scheme that in or around April 2010, defendant BARRY CROALL arranged for Company A to perform certain work on homes eligible to receive services under the grant award, including damage assessments, home inspections, coordination of contractor visits, and related follow-up work. Defendant CROALL informed Individual A that the compensation for this work would be \$450 per home, and that defendant CROALL had arranged for

Nonprofit Corporation A and others to perform some of the inspection work on behalf of Company A in exchange for a portion of the \$450 per home rate. Thereafter, between June and September 2010, at defendant CROALL's direction, Individual A prepared and submitted for compensation under the grant award a series of invoices from Company A indicating that services had been provided to approximately 500 homes. These invoices were false in that they materially misrepresented the number of homes and the amount of work that Company A had performed.

5. It was further part of the scheme that in or around mid-2010, defendant BARRY CROALL arranged for Strategic Management Services to perform certain case management services for eligible homes under the grant, including performing in-home verification functions. Defendant CROALL informed Ronald Ford that the compensation for this work would range from \$200 to \$400 per home. Thereafter, beginning in September 2010, at defendant CROALL's direction, Ronald Ford prepared and submitted for compensation under the grant award a series of invoices from Strategic Management Services indicating that services had been provided to approximately 900 homes. These invoices were false in that they materially misrepresented the number of homes and the amount of work that Strategic Management Services had performed.

6. It was further part of the scheme that in or around August 2010, defendant BARRY CROALL arranged for Company B to perform administrative tasks related to the grant, including processing homeowner applications, and

coordinating the appliance selection process and utility and mortgage assistance components of the grant program. Defendant CROALL falsely informed Individual B that defendant CROALL had incurred approximately \$16,000 in scanning costs in order for Company B to complete this work. Upon completion of the work, defendant CROALL informed Company B that the compensation for this work would be \$400 per application and instructed Company B to prepare invoices, including an invoice seeking reimbursement of approximately \$16,000 related to scanning costs. Thereafter, in September 2010, at defendant CROALL's direction, Individual B prepared and submitted for compensation under the grant three invoices from Company B, one of which falsely stated that Company B had incurred approximately \$16,000 in scanning costs.

7. It was further part of the scheme that between mid-2010 and September 2010, defendant BARRY CROALL directed Ronald Ford, Companies A and B, and others, to submit to Nonprofit Corporation A, rather than to Cook County, invoices for payment, some of which contained materially false and fraudulent representations. Among the invoices submitted to Nonprofit Corporation A were the following: (a) approximately nine invoices dated between June 2010 and September 2010 from Company A totaling approximately \$200,000; (b) approximately seven invoices dated September 2010 from Strategic Management Services totaling approximately \$269,000; and (c) approximately three invoices dated September 2010 from Company B totaling approximately \$272,000. At defendant CROALL's direction, between June 2010 and September 2010, Nonprofit

Corporation A used these invoices and other information to submit to Cook County written requests for payment for services and work related to the grant.

8. It was further part of the scheme that, between June and September 30, 2010, in his capacity as program manager, defendant BARRY CROALL provided department approval for several of Nonprofit Corporation A's requests to Cook County for payment for services and work related to the grant. Based in part on defendant CROALL's approval, Cook County issued checks to Nonprofit Corporation A funded by Cook County's grant award. At defendant CROALL's direction, Nonprofit Corporation A issued checks to, among other businesses, Company A for a total of approximately \$200,000; Strategic Management Services for a total of approximately \$269,000; and Company B for a total of approximately \$272,000, as compensation for invoiced grant work.

9. It was further part of the scheme that in July and August 2010, defendant BARRY CROALL deposited several checks drawn on Nonprofit Corporation A's bank account made payable to Company A into Company A's Chase bank account, which account had been established for the purpose of receiving compensation from the grant.

10. It was further part of the scheme that in or around mid-2010, defendant BARRY CROALL arranged for Company C to supply household appliances to eligible homes and to be paid for these appliances under the grant award. Using written orders provided by defendant CROALL, Company C delivered and installed approximately 1,000 appliances in eligible homes and

prepared invoices for compensation related to this work. In connection with these orders, defendant CROALL falsely represented to Individual C that Company A was seeking a commission from Company C based on the total number of appliances supplied and installed. In September 2010, based on defendant CROALL's false representations, Company C issued a check to Company A for approximately \$53,000 as a commission fee, which Individual A deposited into Company A's Chase bank account.

11. It was further part of the scheme that in or around September 2010, defendant BARRY CROALL solicited funds from Company A. On or about October 4, 2010, Individual A gave defendant CROALL a check drawn on Company A's Chase bank account made payable to Dove US in the amount of \$132,000, which defendant CROALL endorsed and deposited into Dove US's checking account.

12. It was further part of the scheme that in or around August or September 2010, defendant BARRY CROALL requested that Company B employ defendant CROALL as an independent contractor beginning in October 2010. Defendant CROALL directed that, as part of his weekly compensation payment, Company B pay defendant CROALL the \$16,000 in administrative service costs that Individual B had previously falsely invoiced at defendant CROALL's direction, and for which Nonprofit Corporation A had submitted to Cook County a request for payment from grant funds. Beginning in October 2010, Company B paid defendant CROALL approximately \$5,250 per week for 12 weeks with checks made payable to Dove US, which defendant CROALL deposited into Dove US's checking account.

Thereafter, in December 2010, defendant CROALL requested that Company B employ defendant CROALL as an independent contractor for a two-year term at a rate of \$72,000 per year. At defendant CROALL's request, on December 31, 2010, Company B paid defendant CROALL with a check made payable to Dove US in the amount of \$144,000. Defendant CROALL deposited a portion of this check into Dove US's checking account and a portion into Dove US's savings account.

13. It was further part of the scheme that defendant BARRY CROALL intended to and did misappropriate at least approximately \$330,000 of grant funds for his own personal use, including for mortgage payments for properties owned by Dove US, credit card payments, homeowner association fees, the purchase of a car, and payment towards the purchase of at least one residential property located at 171 Willoughby Court, Unit B, in Yorkville, Illinois.

14. It was further part of the scheme that defendant BARRY CROALL did misrepresent, conceal, and hide, and caused to be misrepresented, concealed, and hidden, acts done in furtherance of the scheme and the purpose of those acts.

15. On or about July 27, 2010, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

BARRY CROALL,

defendant herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, a deposit totaling approximately \$42,750 into Company A's Chase bank account of check numbers 4939, 4940 and 4941 drawn on Nonprofit Corporation A's bank account, which funds represented payments from Nonprofit Corporation A related to the grant award;

In violation of Title 18, United States Code, Section 1343.

COUNT TWO

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 14 of Count One of this indictment are incorporated here.

2. On or about August 25, 2010, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

BARRY CROALL,

defendant herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, a deposit totaling approximately \$86,400 into Company A's Chase bank account of check numbers 5011, 5012 and 5013 drawn on Nonprofit Corporation A's bank account, which funds represented payments from Nonprofit Corporation A related to the grant award;

In violation of Title 18, United States Code, Section 1343.

COUNT THREE

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. Paragraph 1 of Count One is incorporated here.
2. From in or about January 2010 through at least December 31, 2010, at

Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

BARRY CROALL,

defendant herein, being an agent of Cook County, a local government that received in excess of \$10,000 in federal funding in the twelve month period from January 1, 2010 to December 31, 2010, did knowingly embezzle, steal, and obtain by fraud, and otherwise without authority knowingly convert to the use of a person other than the rightful owner, and intentionally misapply, property that was valued at \$5,000 or more and was owned by and under the care, custody and control of Cook County, namely, grant funding for the purpose of assisting Cook County residents impacted by floods that occurred in 2008;

In violation of Title 18, United States Code, Section 666(a)(1)(A) and 2.

COUNT FOUR

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. Paragraph 1 of Count One is incorporated here.
2. Beginning in at least June 2010 and continuing through in or about November 2010, in the Northern District of Illinois, Eastern Division, and elsewhere,

RONALD FORD,

defendant herein, did conspire with Barry Croall, to corruptly give, offer, and agree to give things of value, namely payments by check and in cash, for the benefit of Barry Croall, with the intent to influence and reward Barry Croall, an agent of Cook County, a local government that during the twelve-month period from January 1, 2010 to December 31, 2010, received federal benefits in excess of \$10,000, in connection with any business, transaction, and series of transactions of Cook County involving a thing of value of \$5,000 or more, namely, the distribution of grant funding for the purpose of assisting Cook County residents impacted by floods that occurred in 2008, in violation of Title 18, United States Code, Section 666(a)(2).

3. It was part of the conspiracy that Barry Croall arranged for Strategic Management Services to perform certain case management services for eligible homes under the grant, including performing in-home verification functions. Barry Croall informed defendant RONALD FORD that the compensation for this work would range from \$200 to \$400 per home. Thereafter, beginning in September

2010, at Barry Croall's direction, defendant FORD prepared and submitted for compensation under the grant award a series of invoices from Strategic Management Services indicating that services had been provided to approximately 900 homes. These invoices were false in that they materially misrepresented the number of homes and the amount of work that Strategic Management Services had performed.

4. It was further part of the conspiracy that in September 2010, Barry Croall directed defendant RONALD FORD to submit to Nonprofit Corporation A, rather than to Cook County, invoices for payment, which contained materially false and fraudulent representations concerning work performed by Strategic Management Services. Among the invoices defendant FORD submitted and agreed to submit to Nonprofit Corporation A were approximately seven invoices from Strategic Management Services totaling approximately \$269,000. At Barry Croall's direction, in September 2010, Nonprofit Corporation A used these invoices and other information to submit to Cook County written requests for payment for services and work related to the grant. Thereafter, Cook County issued checks to Nonprofit Corporation A funded by Cook County's grant award.

5. It was further part of the conspiracy that, in September 2010, at Barry Croall's direction, Nonprofit Corporation A issued checks to, among other businesses, Strategic Management Services for a total of approximately \$269,000, as compensation for invoiced grant work. In connection with these payments to Strategic Management Services, and in an effort to reward Barry Croall and to

ensure future business with Cook County, defendant RONALD FORD offered and agreed to give Barry Croall a portion of the \$269,000 paid to Strategic Management Services by Nonprofit Corporation A related to the invoiced grant work.

6. It was further part of the conspiracy that in or around September 2010, defendant RONALD FORD wrote a check drawn on Strategic Management Services' Citibank checking account dated October 5, 2010 made payable to Dove US in the amount of \$120,000, and provided it to Barry Croall.

7. It was further part of the conspiracy that in or around October 2010, defendant RONALD FORD and Barry Croall discussed paying Barry Croall in cash rather than by check. Thereafter, on or about October 12, 2010, defendant FORD contacted Citibank and placed a stop payment on the \$120,000 check made payable to Dove US.

8. It was further part of the conspiracy that, on multiple dates beginning at least as early as October 2010 and continuing through at least November 2010, defendant RONALD FORD withdrew cash from Strategic Management Services' Citibank checking account. Thereafter, on approximately three occasions, defendant FORD met with Barry Croall and gave Croall envelopes of cash that totaled at least approximately \$108,800.

OVERT ACTS

9. In furtherance of the conspiracy and to effect its objects and purposes, defendant RONALD FORD committed and caused to be committed the following overt acts, among others, within the Northern District of Illinois and elsewhere:

a. In or about September 2010, defendant FORD wrote check number 2037 drawn on Strategic Management Services' Citibank checking account dated October 5, 2010 made payable to Dove US in the amount \$120,000, and provided the check to Barry Croall.

b. On or about October 12, 2010, defendant FORD directed Citibank to stop payment on check number 2037.

c. On approximately three occasions beginning at least as early as October 2010 and continuing through at least November 2010, defendant FORD offered and agreed to give Barry Croall cash withdrawn from Strategic Management Services' bank account, which payments included portions of the \$269,000 paid to Strategic Management Services by Nonprofit Corporation A related to the invoiced grant work.

d. On or about October 12, 2010, defendant FORD withdrew \$8,700 in cash from Strategic Management Services' Citibank account.

e. On or about October 14, 2010, defendant FORD withdrew \$9,700 in cash from Strategic Management Services' Citibank account.

f. On or about October 15, 2010, defendant FORD withdrew \$9,500 in cash from Strategic Management Services' Citibank account.

g. On or about October 18, 2010, defendant FORD withdrew \$8,500 in cash from Strategic Management Services' Citibank account.

h. On or about October 20, 2010, defendant FORD withdrew \$8,700 in cash from Strategic Management Services' Citibank account.

i. On or about October 22, 2010, defendant FORD withdrew \$8,800 in cash from Strategic Management Services' Citibank account.

j. On or about October 26, 2010, defendant FORD withdrew \$9,700 in cash from Strategic Management Services' Citibank account.

k. On or about October 27, 2010, defendant FORD withdrew \$8,500 in cash from Strategic Management Services' Citibank account.

l. On or about November 2, 2010, defendant FORD withdrew \$9,800 in cash from Strategic Management Services' Citibank account.

m. On or about November 3, 2010, defendant FORD withdrew \$8,500 in cash from Strategic Management Services' Citibank account.

n. On or about November 5, 2010, defendant FORD withdrew \$9,700 in cash from Strategic Management Services' Citibank account.

o. On or about November 10, 2010, defendant FORD withdrew \$8,700 in cash from Strategic Management Services' Citibank account.

All in violation of Title 18, United States Code, Section 371.

COUNT FIVE

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. Paragraph 1 of Count One is incorporated here.
2. On various occasions from September 2010, through November 2010,

in the Northern District of Illinois, Eastern Division, and elsewhere,

RONALD FORD,

defendant herein, corruptly gave, offered, and agreed to give things of value, namely payments by check and in cash, for the benefit of Barry Croall, with the intent to influence and reward Barry Croall, an agent of Cook County, a local government that during the twelve-month period from January 1, 2010 to December 31, 2010, received federal benefits in excess of \$10,000 in connection with any business, transaction, and series of transactions of Cook County involving a thing of value of \$5,000 or more, namely, the distribution of grant funding for the purpose of assisting Cook County residents impacted by floods that occurred in 2008;

In violation of Title 18, United States Code, Section 666(a)(2) and 2.

FORFEITURE ALLEGATION

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. The allegations of Counts One through Three of this indictment are incorporated here for the purpose of alleging that certain property is subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461.

2. As a result of his violations of Title 18, United States Code, Sections 666 and 1343, as alleged in Counts One through Three of this indictment,

BARRY CROALL,

defendant herein, shall forfeit to the United States, any and all right, title, and interest he may have in any property, real and personal, which constitutes and is derived from proceeds traceable to the offenses charged in Counts One through Three, including approximately \$330,000.

3. The interests of defendant subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461 include, but are not limited to:

a. the property located at 171 Willoughby Court, Unit B, Yorkville, Illinois 60560, property identification number 02-04-329-022.

4. If any of the property subject to forfeiture and described above, as a result of any act or omission of 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 pursuant to the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461;

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

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY