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JUN - 3 2008

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF ILLINOIS  
URBANA DIVISION

CLERK OF THE COURT  
U.S. DISTRICT COURT  
CENTRAL DISTRICT OF ILLINOIS

UNITED STATES OF AMERICA,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	No. CR 08-200 <u>31</u>
	)	
SCOTT J. FITTS,	)	Title 18, United States Code, Sections
	)	1001, 1343, and 1503; Title 26, United
Defendant.	)	States Code, Section 7206; and Title 31,
	)	United States Code, Section 5324.

INDICTMENT

COUNT ONE  
(Wire Fraud)

THE GRAND JURY CHARGES:

1. At all times material to this indictment:

The Grant Park Police Department

A. The Grant Park Police Department (hereinafter, "GPPD") was located in the Village of Grant Park (hereinafter, "Grant Park"), Kankakee County, in the Central District of Illinois.

B. The GPPD was entrusted with, among other things, fairly and impartially enforcing the laws of the State of Illinois, as well as the ordinances of Kankakee County, Illinois, and Grant Park.

C. The Chief of Police of the GPPD (hereinafter, "Chief of Police"), appointed by the Grant Park Village Board, was responsible, among other things, for running the GPPD. Defendant SCOTT J. FITTS was appointed as Chief of Police around

December of 1994 and has served continuously as the Chief of Police, up to and including May of 2008. The defendant, by virtue of his position as the Chief of Police, owed a duty of honest services to the citizens of Grant Park, Illinois, to Grant Park itself, and to persons arrested by the GPPD in the performance of his public duties.

**Federal Grand Jury Investigation**

D. Beginning in or about December of 2006, the August 2005 grand jury sitting in Springfield, Illinois commenced a grand jury investigation into allegations of official misconduct, corruption, and fraudulent conduct relating to the Grant Park Police Department. Successive federal grand juries, including the February 2007 grand jury, continued this investigation (hereinafter, "the Grand Jury Investigation"). These duly empaneled federal grand juries were investigating, among other things, whether (i) the defendant falsely asserted that certain solicitation of prostitution "stings" conducted by the GPPD in 2006 were "federal" stings to induce individuals to make payments for the personal benefit of the defendant; (ii) the number of stings and the existence of certain individuals who had been induced to make payments through the stings was concealed through the actions of the defendant; (iii) monies resulting from the stings were improperly diverted for the personal benefit of the defendant and the existence of such monies was concealed by the defendant; and (iv) the defendant fraudulently caused payroll checks to be issued to officers of the GPPD for the personal benefit of the defendant and the existence of those payroll checks was concealed through the actions of the defendant (the "Grand Jury Investigation").

E. On or about December 18, 2006, in furtherance of the Grand Jury Investigation, federal law enforcement officers served a grand jury subpoena on the GPPD and Grant Park and interviewed numerous individuals, including the defendant. As a result, the existence of the Grand Jury Investigation became known to the defendant no later than this date.

2. From about June 2005, and continuing to about May 2008, in Kankakee County, in the Central District of Illinois, and elsewhere,

**SCOTT J. FITTS,**

defendant herein, knowingly devised a scheme and artifice to defraud the people of Grant Park, individuals arrested during solicitation of prostitution stings, and Grant Park of money, property, and their intangible right to the honest services of the GPPD and the defendant as the Chief of Police of the GPPD by means of materially false and fraudulent pretenses, representations, promises, and material omissions, and in furtherance of the scheme, transmitted and caused to be transmitted by means of wire communication in interstate commerce writings, signs, signals, pictures, and sounds.

**Solicitation of Prostitution**

3. In November 2005, while acting as the Chief of Police of the GPPD, the defendant also was employed as a Special Agent with the United States Department of Labor. On or about November 15, 2005, related to his employment as a Special Agent with the Department of Labor, the defendant was involved in the arrest of "Brooke" in Chicago, Illinois, on allegations of prostitution. As part of the scheme, the defendant

induced "Brooke" to assist the GPPD by telling her she could "work off her case" and representing to "Brooke" that she would be paid fifty percent of the fines collected based on her assistance in posing as a prostitute to lure individuals to be arrested by the GPPD for solicitation of prostitution. The defendant later told "Brooke" she would be paid only twenty-five percent of the fines collected. The defendant paid "Brooke" for her assistance approximately \$38,242, which he falsely told her was twenty-five percent of the money collected during the solicitation of prostitution stings.

4. As part of the scheme, the defendant paid for "Brooke" to travel from her Texas residence to Kankakee County, Illinois, on five separate occasions: January 13 and 14, 2006, March 2 to 4, 2006, April 27 to 29, 2006, June 8 to 10, 2006, and July 31 to August 4, 2006. Prior to and during these dates, and pursuant to the defendant's instruction, "Brooke" advertised on an internet website that she would be in the South Suburbs of Chicago or Manteno, Illinois on those dates, posted photographs of herself, listed an in-call rate of \$300 per hour, and provided a contact telephone number and e-mail address. The defendant determined the motel in Manteno, Illinois where the stings would be conducted. When individuals contacted "Brooke," she would discuss a price for her services and arrange to meet the individuals at a specific date and time at a motel in Manteno.

5. As part of the scheme, the defendant enlisted the assistance of other members of the GPPD, who were paid by Grant Park, in conducting the stings; on two occasions, the defendant also enlisted the assistance of members of the Manteno Police

Department in conducting the stings. The defendant falsely informed the other officers that the stings were joint federal, state, and local investigations. In fact, no federal agencies were involved in the stings, nor was the defendant acting within the scope of his employment as a federal employee in conducting the stings. The defendant further instructed the Chief of Police of the Manteno Police Department to submit to the defendant the highest overtime wage for the hours of labor worked by officers with the Manteno Police Department during the stings. The defendant falsely told the Chief of Police of Manteno that these wages would be reimbursed by the federal government.

6. As part of the scheme, during the stings, "Brooke" posed as a prostitute and met with individuals at a motel in Manteno, Kankakee County, in the Central District of Illinois. "Brooke" instructed the individuals to take a shower, and when they did, the defendant and/or other officers with the GPPD or Manteno Police Department arrested the individuals. The defendant and other officers seized the cash the individuals brought for the prostitute (typically \$300), as well as any other cash the individuals had in their possession. Following their arrest, the individuals were transported by officers from Manteno, Illinois approximately 10 miles to the Grant Park Police Department in Grant Park, Kankakee County, in the Central District of Illinois. Another officer drove the individuals' vehicles from Manteno to Grant Park.

7. As part of the scheme, in Grant Park, the individuals met with the defendant and other officers. The individuals were generally required to post a \$100 cash bond to be released from custody, as well as a \$500 cash bond for their vehicle to

be released. On occasions, an officer would drive the individual to a bank or ATM to obtain the cash bond. All of the cash seized by the officers and the cash posted as bond by the individuals was forwarded to the defendant.

8. At the GPPD, as part of the scheme, the individuals were informed that they had been arrested for solicitation of prostitution. Despite being arrested in Manteno, many individuals were informed that they could be prosecuted by the Village of Grant Park Attorney. The individuals were informed that their name and address might be placed in the newspaper, on the internet, or on the GPPD's website in conjunction with their arrest. Many of the individuals were also falsely informed that it was a joint federal, state, and local investigation and that "Brooke" was actually an undercover federal agent.

9. As part of the scheme, the defendant offered the individuals what he termed a "Plea Agreement" if they paid a "fine" (typically \$3,500) and waived any right to the money that had already been seized from them. The defendant informed them that in exchange for the payment their case would be dismissed, no prosecution would occur, and the individual's name would not be disclosed to the media or posted on any police department's website. The defendant discouraged some of the individuals from retaining an attorney to represent them. Most of the individuals provided the defendant with the \$3,500 payment, often in cash, to avoid public disclosure of their arrest. Yet, those few individuals who refused to pay the "fine" were never charged with any state or local offense. In fact, no charges were ever filed against any individual

as a result of the stings, nor were any of the arrests reported to any other law enforcement agency or otherwise made public by the defendant.

10. As part of the scheme, approximately 99 individuals were arrested during the stings. \$50,657 in cash was seized from the individuals, the individuals posted approximately \$40,450 in bond money, and the individuals paid approximately \$309,612 in fines; thus, approximately \$400,719 was obtained by the GPPD as a result of the stings. Almost all of these proceeds, including all of the cash, was forwarded to the defendant as Chief of Police.

11. As part of the scheme, only \$175,958.34 was accounted for by the records of the GPPD: According to those records, \$33,382 was forwarded by the defendant to accounts under the control of the Village of Grant Park (\$25,677 to the Grant Park Public Safety account and \$7,705 to the Grant Park Truck Enforcement Credit Card account); \$52,400 was placed in the Grant Park Police Association Account, an account under the control of the defendant; \$38,242 was paid to "Brooke" by the defendant; \$13,000.24 was forwarded to the Manteno Police Department by the defendant for its assistance with the stings; and \$38,934.10 was reportedly retained in cash in a cardboard box inside the GPPD vault, which was under the control of the defendant.

12. As part of the scheme, the defendant defrauded the people of Grant Park, the individuals arrested during the solicitation of prostitution stings, and Grant Park of their intangible right to his honest services by obtaining and diverting payments of approximately \$224,760.66 for his own personal, private, and financial benefit. From

February 14, 2006 to September 7, 2006, during the same time frame as the stings and as part of the scheme, the defendant made cash deposits into his personal bank accounts, cash payments on personal loans, cash payments at a casino, and a cash payment to a landscaping company totaling approximately \$198,107.08.

#### Payroll Checks

13. It was further part of the scheme that from at least June 2005 to at least October 2007, the defendant diverted Grant Park funds by submitting payroll records reflecting that certain officers worked certain hours for the GPPD on certain days, whereas, in fact, as the defendant well knew, those officers did not work those hours.

14. It was further part of the scheme that the defendant obtained the GPPD payroll checks generated by his fraudulent payroll record submissions, cashed those checks, and used the proceeds for his own personal, private, and financial benefit. The defendant defrauded Grant Park of over \$20,000 through the fraudulent payroll checks.

#### Acts of Concealment

15. It was further part of the scheme that after defendant learned of the existence of the Grand Jury Investigation, the defendant attempted to conceal the existence of the scheme by

A. making material false statements to law enforcement officers who were conducting the Grand Jury Investigation and encouraging material witnesses to the Grand Jury Investigation to provide false information to federal agents and the grand jury regarding their knowledge of facts related to the Grand Jury Investigation,



including details of the solicitation of prostitution stings and the fraudulently issued payroll checks;

B. causing to be materially omitted from the GPPD's response to a December 18, 2006 grand jury subpoena any document or record referring to approximately half of the individuals arrested during the solicitation of prostitution stings and referring to approximately \$224,760.66 obtained as a result of the stings, although such records were required to be produced in response to the subpoena;

C. causing to be materially omitted from the Village of Grant Park's response to a November 6, 2007 grand jury subpoena numerous copies of GPPD payroll checks generated by his fraudulent payroll record submissions, although such records were required to be produced in response to the subpoena; and

D. structuring a personal loan for \$35,100 from the State Bank of Herscher on July 12, 2007, so that he could obtain \$35,000 United States currency by July 16, 2007, while evading the legal reporting requirement for cash transactions in excess of \$10,000, only three days before July 19, 2007, when agents of the Federal Bureau of Investigation had previously been scheduled to count the \$38,934.10 United States currency that the GPPD reportedly obtained from the solicitation of prostitution stings and retained in cash in a cardboard box inside the GPPD vault.

16. On or about January 14, 2006, in Kankakee County, in the Central District of Illinois, and elsewhere,

**SCOTT J. FITTS,**

defendant herein, for the purpose of executing and attempting to execute the above-described scheme knowingly did cause to be transmitted in interstate commerce, by means of a wire communication, certain writings, signs, signals, and pictures, that is, an internet advertisement for "Brooke" located on the computer servers of Darkside Productions, Inc. in California and viewed on a computer located in Bourbonnais, Illinois by Individual A.

In violation of Title 18, United States Code, Sections 1343 and 1346.

**COUNT TWO**  
(Wire Fraud)

**THE GRAND JURY CHARGES:**

1. The Grand Jury re-alleges and incorporates by reference Paragraph 1 through 15 of Count One of this Indictment as though fully set forth herein.
2. On or about March 3, 2006, in Kankakee County, in the Central District of Illinois, and elsewhere,

**SCOTT J. FITTS,**

defendant herein, for the purpose of executing and attempting to execute the above-described scheme knowingly did cause to be transmitted in interstate commerce, by means of a wire communication, certain signs, signals, and sounds, that is, a telephone call between "Brooke" in Manteno, Illinois and Individual B in Indiana to arrange a meeting.

In violation of Title 18, United States Code, Sections 1343 and 1346.

**COUNT THREE**  
**(Wire Fraud)**

**THE GRAND JURY CHARGES:**

1. The Grand Jury re-alleges and incorporates by reference Paragraph 1 through 15 of Count One of this Indictment as though fully set forth herein.
2. On or about April 29, 2006, in Kankakee County, in the Central District of Illinois, and elsewhere,

**SCOTT J. FITTS,**

defendant herein, for the purpose of executing and attempting to execute the above-described scheme knowingly did cause to be transmitted in interstate commerce, by means of a wire communication, certain signs, signals, and sounds, that is, a telephone call between "Brooke" in Manteno, Illinois and Individual C in Indiana to arrange a meeting.

In violation of Title 18, United States Code, Sections 1343 and 1346.

**COUNT FOUR**  
(Wire Fraud)

**THE GRAND JURY CHARGES:**

1. The Grand Jury re-alleges and incorporates by reference Paragraph 1 through 15 of Count One of this Indictment as though fully set forth herein.
2. On or about June 8, 2006, in Kankakee County, in the Central District of Illinois, and elsewhere,

**SCOTT J. FITTS,**

defendant herein, for the purpose of executing and attempting to execute the above-described scheme knowingly did cause to be transmitted in interstate commerce, by means of a wire communication, certain signs, signals, and sounds, that is, a telephone call between "Brooke" in Manteno, Illinois and Individual D in Indiana to arrange a meeting.

In violation of Title 18, United States Code, Sections 1343 and 1346.

**COUNT FIVE**  
**(Wire Fraud)**

**THE GRAND JURY CHARGES:**

1. The Grand Jury re-alleges and incorporates by reference Paragraph 1 through 15 of Count One of this Indictment as though fully set forth herein.
2. On or about August 3, 2006, in Kankakee County, in the Central District of Illinois, and elsewhere,

**SCOTT J. FITTS,**

defendant herein, for the purpose of executing and attempting to execute the above-described scheme knowingly did cause to be transmitted in interstate commerce, by means of a wire communication, certain signs, signals, and sounds, that is, a telephone call between "Brooke" in Manteno, Illinois and Individual E in Iowa to arrange a meeting.

In violation of Title 18, United States Code, Sections 1343 and 1346.

**COUNT SIX**  
(False Statement)

**THE GRAND JURY CHARGES:**

1. The Grand Jury re-alleges and incorporates by reference Paragraph 1 of Count One of this Indictment as though fully set forth herein.

2. On or about December 18, 2006, in Kankakee County, in the Central District of Illinois,

**SCOTT J. FITTS,**

defendant herein, did knowingly and willfully make materially false, fictitious and fraudulent statements and representations in a matter within the jurisdiction of the Federal Bureau of Investigation, an agency within the executive branch of the Government of the United States, in that he stated that,

A. the GPPD only conducted two solicitation of prostitution stings in 2006 involving approximately 40 arrested individuals and only flew "Brooke" to Illinois twice for those stings, when he knew full well that the GPPD had conducted five solicitation of prostitution stings in 2006 involving approximately 99 arrested individuals and flew "Brooke" to Illinois five times for those stings; and

B. that he never identified himself as a federal law enforcement officer during the solicitation of prostitution stings, when he knew full well that he had so identified himself to numerous individuals arrested during the stings.

In violation of Title 18, United States Code, Section 1001(a)(2).

COUNT SEVEN  
(Obstruction of Justice)

**THE GRAND JURY CHARGES:**

1. The Grand Jury re-alleges and incorporates by reference Paragraph 1 of Count One of this Indictment as though fully set forth herein.

2. In or about January 2007, in Kankakee County, in the Central District of Illinois,

**SCOTT J. FITTS,**

defendant herein, corruptly endeavored to influence, obstruct, and impede, and to attempt to influence, obstruct, and impede the due administration of justice, namely:

A. On or about January 20, 2007, the defendant provided Officer A with false information regarding the number of solicitation of prostitution stings conducted by the GPPD in 2006, well knowing that the stings were being investigated by the grand jury and with the intent that Officer A would present the false information to federal agents and to the grand jury, and instructed Officer A that he was required to provide the defendant with a written statement describing any interview Officer A had with federal agents;

B. Around January of 2007, the defendant provided Officer B with false information regarding whether the defendant had represented that the solicitation of prostitution stings included federal involvement, well knowing that the stings were being investigated by the grand jury and with the intent that Officer B would present the false information to federal agents and to the grand jury, and told Officer B that, if



he spoke with federal agents, those agents would twist Officer B's words and turn them against Officer B.

In violation of Title 18, United States Code, Section 1503.

**COUNT EIGHT**  
(Income Tax Evasion)

**THE GRAND JURY CHARGES:**

On or about April 15, 2007, in Kankakee County, in the Central District of Illinois,

**SCOTT J. FITTS,**

defendant herein, a resident of Manteno, Illinois, willfully made and subscribed, and caused to be made and subscribed, a United States Individual Tax Return (Form 1040 with schedules and attachments) for the calendar year 2006, 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 defendant did not believe to be true and correct as to every material matter, in that the defendant listed his total income as being \$146,244, whereas, in truth and fact, as the defendant well knew, his total income was substantially in excess of said amount, defendant having willfully omitted income received from solicitation of prostitution stings and payroll checks payable to other individuals.

In violation of Title 26, United States Code, Section 7206(1).

**COUNT NINE**  
**(Structuring)**

**THE GRAND JURY CHARGES:**

1. The Grand Jury re-alleges and incorporates by reference Paragraph 1 to 15 of Count One of this Indictment as though fully set forth herein.

2. Beginning on or about May 30, 2006, and continuing through at least May 31, 2006, in Kankakee County, in the Central District of Illinois,

**SCOTT J. FITTS,**

defendant herein, for the purpose of evading the reporting requirements of Title 31, United States Code, Section 5313(a) and regulations prescribed thereunder, structured and assisted in structuring and attempted to structure and assist in structuring, a transaction with the Homestar Bank, a domestic financial institution, namely, the deposit of \$19,100 United States currency into his Homestar Bank account by depositing \$9,600 United States currency on May 30, 2006 and depositing \$9,500 United States currency on May 31, 2006.

3. The defendant committed this offense while violating other laws of the United States as set forth in Count One of this indictment, and as part of a pattern of illegal activity involving more than \$100,000 in a 12 month period commencing on January 1, 2006.

In violation of Title 31, United States Code, Section 5324(a)(3) and (d)(2).

COUNT TEN  
(Structuring)

**THE GRAND JURY CHARGES:**

1. The Grand Jury re-alleges and incorporates by reference Paragraph 1 to 15 of Count One of this Indictment as though fully set forth herein.

2. Beginning on or about July 12, 2007, and continuing through at least July 16, 2007, in Kankakee County, in the Central District of Illinois,

**SCOTT J. FITTS,**

defendant herein, for the purpose of evading the reporting requirements of Title 31, United States Code, Section 5313(a) and regulations prescribed thereunder, structured and assisted in structuring and attempted to structure and assist in structuring, a transaction with the State Bank of Herscher, a domestic financial institution, namely, a personal loan from the State Bank of Herscher in the amount of \$35,100 that the defendant requested be made in four separate checks payable to the defendant, each in an amount under \$10,000, that the defendant then converted into \$35,000 United States currency through four separate transactions involving the cashing of the four checks, as described below:

<u>Check No.</u>	<u>Date of Check</u>	<u>Amount</u>	<u>Date Cashed</u>	<u>Bank Check Cashed</u>
6468	July 12, 2007	\$9,000	July 12, 2007	State Bank of Herscher
6470	July 12, 2007	\$9,000	July 12, 2007	Homestar Bank
6469	July 12, 2007	\$9,000	July 13, 2007	State Bank of Herscher
6471	July 12, 2007	\$8,000	July 16, 2007	Homestar Bank

In violation of Title 31, United States Code, Section 5324(a)(3).

**FORFEITURE ALLEGATION**

**THE GRAND JURY CHARGES:**

1. The Grand Jury re-alleges and incorporates by reference the allegations of Counts One through Ten of this Indictment as though fully set forth herein.

2. From about June 2005, and continuing to about May 2008, in Kankakee County, in the Central District of Illinois, and elsewhere,

**SCOTT J. FITTS,**

defendant herein, did engage in violations of Title 18, United States Code, Sections 1343 and 1346, thereby subjecting to forfeiture to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), as incorporated by Title 28, United States Code, Section 2461(c), all property constituting, and derived from, proceeds the defendant obtained, directly and indirectly, as the result of such violations, including, but not limited to, funds in the amount of at least \$200,000.

3. Pursuant to the Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), if any of the property described above as being subject to forfeiture, as a result of any act or omission of the defendant, either

- 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 that cannot be divided  
without difficulty;

the court shall order the forfeiture of any other property of the defendant up to the  
value of the above forfeitable property.

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.

s/Foreperson

\_\_\_\_\_  
FOREPERSON

s/Gregory L. Gilmore

\_\_\_\_\_  
RODGER A. HEATON  
United States Attorney

ELM