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U.S. v. WARNER

August 11, 2004.

UNITED STATES OF AMERICA, Plaintiff,

v.

LAWRENCE E. WARNER and GEORGE H. RYAN, SR., Defendants.

The opinion of the court was delivered by: REBECCA PALLMEYER, District Judge

ORDER

Enter Memorandum Opinion and Order. Defendants' motions to dismiss the RICO conspiracy charge (Docket No. 142-1, 160-1) and their motions to sever (Docket No. 138-1, 150-1) are all denied. Ryan's motion to dismiss the mail fraud charges against him (Docket No. 167-1) is denied. Warner's related motion to dismiss all charges on Speedy Trial grounds (Docket No. 140-1) is also denied. Defendants' motions to strike (Docket No. 84-1, 144-1, 159-1) are denied without prejudice; their motions for a bill of particulars (Docket No. 146-1, 166-1) are granted in part and denied in part as stated in this opinion.

Ryan's motion for immediate disclosure of favorable evidence (Docket No. 158-1) is granted. Ryan's motions for timely disclosure of impeachment evidence (Docket No. 157-1), motion for pretrial production of Jencks material and a witness list (Docket No. 156-1, 156-2), and motion for an order requiring the government to make a Santiago proffer (Docket No. 58-1, 155-1) are granted in part and denied in part. Ryan's motion for disclosure of 404(b) evidence (Docket No. 154-1) is granted. Ryan's motions for immediate production of statements made by him (Docket No. 153-1) and for an order requiring the government to affirm or deny the occurrence and legality of any electronic or video surveillance and to produce same (Docket No. 152-1) are denied as moot. The government is directed to produce the original handwritten notes of law enforcement agents who interviewed Ryan, together with the relevant typewritten reports, to the court for in camera review by August 20, 2004. Ryan's motion for production of the notes (Docket No. 151-1) is denied without prejudice pending that review.

Warner's motion to adopt the pretrial motions filed by Ryan (Docket No. 149-1) and his motion to reassert motions filed prior to the return of the second superseding indictment (Docket No. 148-1) are both granted, as is the corresponding request to renew its previous responses to those motions. Finally, the government's request for reciprocal discovery (Docket No. 171-1) is granted.

MEMORANDUM OPINION AND ORDER

Defendants Lawrence E. Warner and George H. Ryan, Sr. have been charged in a 22-count second superseding

indictment with (1) conspiring to use the resources of the State of Illinois for their personal and financial benefit and for the benefit of Ryan's family members, the Citizens For Ryan political campaign committee, and various political and business associates, in violation of the Racketeer Influenced and Corrupt Organizations Act ("RICO"), 18 U.S.C. §§ 1962(d); and (2) devising a scheme to defraud the people of the State of Illinois and the State of Illinois of money, property, and the right to the honest services of Ryan and other State of Illinois officials, in violation of the federal mail fraud statute, 18 U.S.C. §§ 1341, 1346. Ryan is separately charged with making materially false, fictitious, and fraudulent statements during several FBI interviews in violation of 18 U.S.C. § 1001(a)(2); obstructing and endeavoring to obstruct the Internal Revenue Service in the correct reporting of income and the collection of taxes in violation of 26 U.S.C. § 7212(a); and filing materially false tax returns in violation of 26 U.S.C. § 7206(1). Warner is separately charged with extortion under the Hobbs Act, 18 U.S.C. § 1951, money laundering, 18 U.S.C. § 1956 (a)(1)(B) (i), and structuring currency transactions in violation of 31 U.S.C. §§ 5324(a)(3) and (d)(2).

Ryan and Warner both seek to dismiss the RICO conspiracy charge; to sever certain counts from the indictment and/or to sever both co-defendants from each other; to strike certain language and allegations from the indictment; and to obtain a bill of particulars. Ryan additionally asks the court to dismiss the mail fraud charges against him and seeks immediate disclosure of favorable evidence; timely disclosure of impeachment evidence; an order requiring the government to give immediate notice of its intent to offer Rule 404(b) evidence against him at trial; pretrial production of Jencks material and a witness list; immediate production of statements made by him; an order requiring the government to affirm or deny the occurrence and legality of any electronic or video surveillance and to produce same; an order directing the government to preserve and produce agent notes; and an order requiring the government to make a Santiago proffer. Warner has separately moved for an order permitting him to adopt the pretrial motions filed by Ryan; to reassert motions filed prior to the return of the second superseding indictment; and to dismiss all charges on Speedy Trial grounds. The government, in turn, has filed a motion for reciprocal discovery. For the reasons set forth here, the motions are granted in part and denied in part.

BACKGROUND

A. The Parties

1. Ryan

Ryan was elected by the voters of the State of Illinois to serve as Secretary of State from January 1991 through early January 1999. In November 1998, he was elected Governor of Illinois and served in that capacity from January 1999 through early January 2003. (Second Superseding Indictment ("SSI"), Count 1 ¶ 1G.) In his capacity as Secretary of State and Governor, Ryan was prohibited from receiving, retaining, or agreeing to accept "any property or personal advantage which he [wa]s not authorized by law to accept knowing that such property or personal advantage was promised or tendered with intent to cause him to influence the performance of any act related to the employment or function" of his public office. 720 ILCS 5/33-1(d). (See also SSI, Count 1 ¶ 2C.) He was also prohibited from committing the following acts in his official capacity: (1) performing an act "in excess of his lawful authority" with intent to "obtain a personal advantage for himself or another"; or (2) "[s]olicit[ing] or knowingly accept[ing] for the performance of any act a fee or reward which he knows is not authorized by law." 720 ILCS 5/33-3(c) and (d). (See also SSI, Count 1 ¶ 2D.)

Pursuant to 50 ILCS 105/3, Ryan was not permitted to be "in any manner financially interested directly in his own name or indirectly in the name of any other . . . in any contract or the performance of any work in the making or letting of which [he] may be called upon to act or vote." (See SSI, Count 1 ¶ 2E.) In addition, Ryan was obligated under the Illinois Governmental Ethics Act to file annually a Statement of Economic Interests with the State of Illinois disclosing, among other things, (1) the name of any entity doing business in the State of Illinois from which he derived income during the preceding calendar year in excess of \$1,200 (that is, income other than for specified professional services); (2) the identity of any compensated lobbyist with whom he maintained a close economic association; and (3) the name of any entity from which a gift or gifts valued singly or in the aggregate in excess of \$500 was received during the preceding calendar year. 5 ILCS 420/4A-101; 5 ILCS 420/4A-102(a)(1), (5) and (b)(3). (See also SSI, Count 1 ¶ 2F.) If Ryan constructively controlled the interest of a spouse or any other party as described in (1) or (3) above, he was obligated to disclose the interest as if it were his own. *Id.*

Under the Illinois Gift Ban Act, 5 ILCS 425/10, Ryan, in his capacity as Governor, was prohibited from soliciting or accepting gifts from any "prohibited sources," including a person who was registered or required to be registered with the Secretary of State under the Illinois Lobbyist Registration Act, 25 ILCS 170/1 et seq.*fn1 (See SSI, Count 1 ¶ 2G.) In addition, a written Secretary of State ("SOS") Office policy memorandum effective no later than August 26, 1997 prohibited SOS Office employees, including Ryan, from accepting any gifts, meals, or entertainment valued at \$50 or more in a given year from any single "prohibited source," defined as "any person or entity who sought official action, did business or sought to do business with the SOS Office, conducted activities regulated by the SOS Office or had interests that could be substantially affected by the performance or non-performance of the employee's official duties." From at least August 1997 through 2002, Ryan also had a stated personal policy of not accepting personal gifts with a value exceeding \$50. (*Id.* Count 1 ¶ 2J.)

Finally, political activity by SOS Office employees was at all relevant times limited in the following respects: (1) no person was permitted to induce or persuade, or attempt to induce or persuade, particular categories of state employees to violate the restrictions against performing political activity during regular working hours, 5 ILCS

320/4;*fn2 (2) no public funds could be used "to urge any elector to vote for or against any candidate or proposition, or be appropriated for political or campaign purposes to any candidate or political organization," 10 ILCS 5/9-25.1; and (3) SOS Office employees were prohibited from using state working time for personal gain or for any reason other than performing their governmental duties, or from participating in any political campaigning or activity while on duty. (SSI, Count 1 ¶ 21.)

2. Warner

Warner owned and operated several businesses, including two entities named National Consulting Company and Omega Consulting Group Ltd. (Id. Count 1 ¶ 1H.) In or about November 1990, then-Secretary of State Ryan appointed Warner as a member of the SOS Office Transition Team, a team of individuals designated to review the practices and procedures of the SOS Office and make recommendations for changes and improvements. Warner attended internal SOS Office meetings, including policy meetings and staff retreats; occasionally performed private work inside Ryan's governmental offices; directed and advised SOS Office personnel, including one or more department directors, regarding matters related to the award of SOS Office contracts and real property leases; and assisted in determining the content of official SOS Office communications and contract specifications. (Id. Count 2 ¶ 2C.) Warner was never an official or employee of the State and did not draw a state salary or consulting fees.

Pursuant to the criminal laws of the State of Illinois, Warner was prohibited from promising or tendering to a public official, with intent to influence the performance of any official act, any property or personal advantage which the public officer would not be authorized by law to accept. 720 ILCS 5/33-1(c). (See also SSI, Count 1 ¶ 3A.) In addition, the Illinois Lobbyist Registration Act, effective in January 1994, required that Warner register with the SOS Office as a lobbyist if he qualified under either of the following definitions: "(1) Any person who, for compensation or otherwise, either individually or as an employee or contractual employee of another person, undertakes to influence executive, legislative or administrative action"; or "(2) Any person who employs another person for the purposes of influencing executive, legislative or administrative action." 25 ILCS 170/3. (See also SSI, Count 1 ¶ 3B.) The same Act required Warner to disclose in annual statements filed with the SOS Office all expenditures related to lobbying, and to itemize any expenditures over \$100 made on behalf of, or benefits given to, any legislative or executive branch official, including gifts and travel and entertainment expenses. 25 ILCS 170/6. (See also SSI, Count 1 ¶ 3C.)

3. Others

Donald Udstuen conducted lobbying activities for medical professionals in Illinois and served as the Chief Operating Officer for the Illinois State Medical Insurance Exchange, a company that provides malpractice insurance to Illinois physicians. See <http://www.ismie.com>. Ryan appointed him co-chairman of the SOS Office Transition Team, and at times during Ryan's political career, Udstuen served as an advisor and fundraiser for Ryan's political campaigns. (SSI, Count 1 ¶ 1, Count 2 ¶ 2B.) "Associate 1" was a lobbyist and consultant representing individuals and entities before the Illinois legislature and executive offices, including the SOS Office and the Governor's Office, from approximately 1973 through December 2002. In that capacity, Associate 1 met with Ryan and other Illinois government officials to promote and advance the positions of his clients. (Id. Count 1 ¶ 1J.) Scott Fawell served as Ryan's Chief of Staff from February 1992 to January 1999, making personnel, policy, strategic, and business decisions binding the SOS Office. He was also a principal operating officer, advisor, and decisionmaker for Citizens For Ryan, a private, state-wide political campaign committee established to support Ryan's campaign efforts. (Id. Count 1 ¶¶ 1K, L.) Associate 2 owned a commercial building in South Holland, Illinois which was leased to the SOS Office in May 1997. Through an entity called Seven Seas Villa, Associate 2 also co-owned a vacation home in Jamaica and personally owned a home in Palm Springs, California. (Id. Count 1 ¶ 1N.)

The second superseding indictment alleges that Ryan performed and authorized official actions to benefit his own financial interests and those of Warner, Associate 1, Associate 2, and "certain Associates and designated third parties, including Ryan family members and Citizens For Ryan." (Id. Count 2 ¶ 4.) Ryan and certain third parties affiliated with him allegedly received personal benefits from Warner, Associate 1, and certain other Associates, which Ryan understood were provided to influence and reward him in the performance of official acts. In addition, from the early 1990s to at least 2002, Ryan, Warner, and certain Associates concealed their financial relationships with each other. (Id. Count 2 ¶¶ 5, 6.) The specific allegations are detailed below.

B. Official Actions Related to Warner and Udstuen

According to the second superseding indictment, Ryan gave Warner and Udstuen access to material non-public information relating to government decisions, which enabled them to engage in transactions for their personal benefit. In early 1991, Warner told Udstuen that, as a reward for Udstuen's past service to Ryan, Ryan had approved of a plan to provide Udstuen with one-third of the proceeds that Warner obtained from certain vendors doing business

with the SOS Office (American Decal Manufacturing ("ADM") and International Business Machines ("IBM")). To conceal the flow of proceeds from Warner to Udstuen, the two agreed that Warner would use American Management Resources ("AMR"), a company owned by Udstuen's personal associate Alan Drazek, as "a conduit for the purpose of passing payments from Warner to Udstuen relating to ADM and IBM." Warner issued checks to Drazek who, in turn, gave a substantial portion of the proceeds back to Udstuen in the form of cash. (Id. Count 2 ¶¶ 7-10.)

1. Validation Stickers Contract

Up to and including 1991, ADM held the contract to manufacture and print vehicle registration validation stickers for the State of Illinois. As of 1991, the contract required that validation stickers bear a "metallic security mark," a product created and manufactured by ADM. (Id. Count 2 ¶ 14.) In July 1991 and continuing thereafter, Warner made unsolicited contacts with officials of ADM and pressured them to make monthly payments to him in exchange for his assurance that the metallic security mark would remain a requirement for the validation stickers contract. (Id. Count 2 ¶¶ 15, 16.) In 1993, a committee of the SOS Office Vehicle Services Department unanimously recommended to a high-ranking official of the Department ("SOS Official A") that the metallic security mark requirement be removed from the specifications for the validation stickers contract. SOS Official A did in fact remove that requirement but at some point Warner directed that it be reinstated. In an effort to assist Warner in his efforts on behalf of ADM, Ryan also instructed SOS Official A in April 1993 to put the metallic security mark requirement back in the contract specifications. (Id. Count 2 ¶¶ 17, 20-22.) Between 1991 and 2000, Warner received approximately \$332,000 in payments from ADM and, with Ryan's approval, gave one-third of the proceeds to Udstuen through payments made to American Management Resources. (Id. Count 2 ¶ 23.)

2. Title Laminates Contract

In August 1991, Warner told an official of ADM that in exchange for \$67,000, he would cause the SOS Office title laminates contract, then held by 3M, to be awarded to ADM. At Warner's direction, and with the understanding that Warner was acting with Ryan's authority, SOS Official A "took official actions to materially benefit ADM and to the competitive disadvantage of 3M." As a result, ADM was awarded the title laminates contract between 1991 and September 1998. (Id. Count 2 ¶¶ 25-27.)

3. Computer Contracts

Also in 1991, Warner and Udstuen learned information pertaining to the SOS Office's mainframe computer upgrade contract. That summer, they and Associate 1 met with representatives of Honeywell/Bull ("Honeywell"), which held the existing computer contract, and conveyed to them that in exchange for total payments of up to \$1,000,000, Honeywell "would be awarded one or more computer-related contracts with the SOS Office, including the prospective mainframe computer upgrade contract." (Id. Count 2 ¶¶ 28-30.) Honeywell managers declined to make the payments and on September 24, 1991, reported the solicitation activities to Ryan, who said that he would "get to the bottom of it." Instead, Ryan authorized Warner and Udstuen to assist in hiring a Director of the SOS Office Information Systems Services Department who would be responsible, in part, for helping in the selection and implementation of the computer upgrade contract. (Id. Count 2 ¶¶ 2A, 31-33.)

In or about February 1992, Warner and Udstuen learned that SOS Official B would support selecting IBM for the mainframe computer upgrade contract and recommended that Ryan hire Official B for the Director position. Ryan did so and in March 1993, Warner entered into a written contract with IBM, retroactive to July 1, 1992, in which IBM agreed to pay Warner a percentage of all revenues, up to \$1,000,000, received in connection with SOS Office contracts. Based in part on the actions taken by Warner, Ryan awarded the mainframe computer upgrade contract to IBM. (Id. Count 2 ¶¶ 34-38.)

In 1995, the SOS Office considered a pilot project that would use computerized kiosks within certain SOS license facilities to allow citizens to renew vehicle registration, obtain validation stickers, and perform other vehicle titling and registration operations. On April 24, 1995, a high-ranking SOS Office official who supported the use of kiosks ("SOS Official C") notified Ryan and Fawell in writing that the SOS Office could view kiosk demonstrations by several vendors at an upcoming event in Columbus, Ohio. (Id. Count 2 ¶ 39.) The next day, Ryan, Warner, Fawell, SOS Official B, and SOS Official C traveled to Columbus to view the demonstrations, including ones by IBM and a competing vendor. Upon their return to Illinois, SOS Official C recommended to other SOS Office officials that the kiosk project be awarded to IBM's competitor. In response, Warner instructed Udstuen to direct SOS Official C to drop his opposition to IBM's selection. "Understanding that Warner and Udstuen acted with the authority of defendant Ryan, SOS Official C did as Udstuen advised." (Id. Count 2 ¶¶ 40-42.) In January 1996, Ryan selected IBM for the kiosk project contract. (Id. Count 2 ¶ 43.)

Between 1993 and early 1999, Warner received approximately \$1,000,000 in payments under his contract with IBM, principally related to the mainframe computer upgrade contract. Per their agreement, Warner directed one-third of the proceeds to Udstuen, routing the funds through American Management Resources. Warner "filed false and

misleading lobbyist registration statements relating to IBM and failed to disclose all of his Ryan-related expenditures." (Id. Count 2 ¶¶ 44, 46.) 4. Digital Licensing Contract

In 1996, the SOS Office began an initiative to switch to a "digital licensing" system such that all State of Illinois automobile and truck drivers' licenses would be created and maintained through digital technology. Warner learned about the digital licensing system initiative in August 1996. Around the same time, Warner learned that a high-ranking SOS Office official who would have a role in implementing the system ("SOS Official D") preferred Viisage Technologies, a Massachusetts-based company that provides "advanced technology identity solutions," as a vendor for the system. (Id. Count 2 ¶¶ 47, 48.) (See also <http://www.viisage.com>.) In October 1996, Warner and Viisage entered into a lobbying contract. Pursuant to that contract, Warner agreed to assist Viisage in its efforts to obtain the digital licensing contract; in exchange, Viisage agreed to pay Warner a percentage of all gross revenues received by Viisage if it won the digital licensing contract. To conceal his involvement with Viisage, Warner kept his own name off the lobbying contract, presumably to avoid the reporting and registration requirements of the Illinois Lobbyist Registration Act, 25 ILCS 170/3, 170/6. (Id. Count 1 ¶ 3B and C; Count 2 ¶¶ 49, 50.)

In December 1996, before the SOS Office began the bidding process on the digital licensing contract, Warner guaranteed Associate 1 payments totaling \$36,000 in 1997 if Associate 1 agreed to assist Warner on behalf of Viisage. Warner also purchased Viisage stock and advised another SOS Office employee to do the same. On June 2, 1997, Ryan awarded the digital licensing contract to Viisage through approximately 2004 and, shortly thereafter, Warner "caused the financial interest in the lobbying contract with Viisage to be assigned explicitly to Warner's business."*fn3 Between 1999 and November 2002, Warner received approximately \$800,000 in revenues related to the lobbying contract. In addition, beginning in 1999, Warner paid Associate 1 \$36,000 from Warner's Viisage proceeds. Neither Warner nor Associate 1 registered as lobbyists for Viisage. (Id. Count 2 ¶¶ 47B, 51-56.)

5. Automated System Consulting Contract

In 1991, the SOS Office decided to install a heating and cooling system for certain State Capitol Complex buildings in Springfield, Illinois. Between early 1992 and October 1994, the SOS Office "sought to award a series of engineering consulting contracts for assistance with preparing the specifications and consultations with regard to the contractual process related to the automated heating and cooling system." (Id. Count 2 ¶ 57.) Warner learned about the automated system consulting contract and, in December 1991, solicited a Northbrook-based company, Affordable Temperature Control ("ATC"), to provide the consulting services. Warner then told a high-ranking SOS Office official in the Physical Services Department ("SOS Official E") that ATC was to receive the automated system consulting contract. SOS Official E followed Warner's instruction, understanding him to be acting with Ryan's authority. (Id. Count 2 ¶¶ 58-60.) Thereafter, Warner notified ATC that he expected to recover 8% of ATC's revenues under the automated system consulting contract. Between June 1992 and October 1994, Warner received approximately \$8,240 from ATC. Warner was identified as the company's "sponsor" on Fawell's "master list" of official acts performed on behalf of, or relating to, particular "sponsors." (Id. Count 2 ¶¶ 62-64.)

6. Photocopier Leases

The SOS Office had leases with one or more vendors for the use and service of photocopier machines. In mid-1991, Warner learned that Modern Business Systems, Inc., which held several of the photocopier leases, was attempting to win future additional leases with the SOS Office. On July 16, 1991, Warner, representing that he was an agent of the SOS Office, solicited Modern Business Systems to pay him \$2,000 per month in return for his guarantee that the company would be awarded additional business with the SOS Office. An official with Modern Business Systems declined. (Id. Count 2 ¶¶ 65-67.)

7. Real Property Leases

The second superseding indictment also charges Ryan and Warner with influencing SOS Office leasing and purchasing of real property for personal gain. In 1991, Warner learned that the SOS Office was seeking to relocate certain of its administrative office facilities then located at 188 West Randolph Street in Chicago. In April, Warner "caused a contract to be entered into" with an individual associated with property at 17 North State Street in Chicago ("Property Manager 1"). The contract, executed by a third party to conceal Warner's involvement, gave Warner a 6% commission interest in any SOS Office lease relating to 17 North State Street. (Id. Count 2 ¶¶ 69-72.) On October 22, 1991, Ryan and Warner arranged for a six-year lease on the 17 North State Street property, which was renewed for an additional six-year term in 1998, again with a 6% commission for Warner. Between October 1991 and at least October 2001, Warner received approximately \$383,276 in commission payments relating to the 17 North State Street lease. He was also identified on Fawell's "master list" as the lease's "sponsor." (Id. Count 2 ¶¶ 73-76.)

On October 15, 1992, Warner obtained an ownership interest in a building at 405 North Mannheim Road in Bellwood, Illinois, concealing the interest through a third-party nominee. On December 15, 1992, Ryan authorized the SOS Office to enter a five-year lease of the Bellwood facility and to renew the lease in March 1998 for another five-year term. Between December 1992 and March 2003, Warner received approximately \$171,000 in proceeds related to the Bellwood lease. (Id. Count 2 ¶¶ 80-82.) On October 31, 1994, Warner also obtained a substantial ownership interest in a building at 605 Maple Road in Joliet, Illinois, again concealing his interest by using a third-party nominee. On January 1, 1995, Ryan, who had instructed a high-ranking SOS Office official to help Warner find a building for the

new lease, authorized the SOS Office to enter a four-year lease of the Joliet facility. Between January 1995 and March 1999, Warner received approximately \$387,500 in proceeds relating to that lease. (Id. Count 2 ¶¶ 84, 86-88.)

C. Lease Involving Associate 2

Between 1993 and at least 2002, Associate 2 provided personal and financial benefits to Ryan, including "annual vacation-related benefits." (Id. Count 2 ¶ 89.) Specifically, Ryan received free lodging each year at Associate 2's Jamaican vacation home and, on at least two occasions, at Associate 2's Palm Springs, California home. All told, Associate 2 gave Ryan \$1,000 □ \$2,000 in lodging benefits each year. (Id.) Fawell received similar lodging benefits from Associate 2 between 1994 and 1998. (Id. Count 2 ¶ 90.) To conceal these benefits, Ryan would tender a check to Associate 2 in the amount of the lodging benefit and Associate 2 would give him back an equal amount in cash.*fn4 (Id. Count 2 ¶ 95.)

In 1997, Ryan contacted Associate 2 and proposed that the SOS Office lease a commercial building located in South Holland, Illinois which was owned by an entity controlled by Associate 2. Ryan was directly involved in negotiating the lease, and both he and Fawell approved final terms and conditions that were not standard in SOS Office leases but which benefitted Associate 2. (Id. Count 2 ¶¶ 91-93.) Between May 1997 and June 2002, Associate 2 received approximately \$600,000 in lease payments from the SOS Office. (Id. Count 2 ¶ 94.) Between August 26, 1997 and January 2002, Ryan and Fawell continued to receive free lodging benefits from Associate 2, which Ryan intentionally concealed by (1) failing to disclose them as gifts and financial benefits "as required by law," and (2) making false and misleading statements to federal investigators when they asked him about "financial arrangements involving his vacations with Associate 2" during a January 2000 interview. (Id. Count 2 ¶¶ 96-97.) D. Official Acts Relating to Associate 1

According to the second superseding indictment, Associate 1 also provided personal and financial benefits to Ryan and his family members between mid-1990 and 2002. These included "[m]onetary payments and gifts on multiple occasions to defendant Ryan which payments and gifts exceeded the \$50 threshold" allowed by SOS Office policy (Id. Count 1 ¶ 2J); "[v]acation benefits to defendant Ryan, including benefits associated with a 1995 trip to Cancun, Mexico"; and "[g]ifts and personal service benefits to Ryan's family members, including a \$2,200 vacation benefit to a Ryan daughter's family in 1999." (Id. Count 2 ¶ 98.) In exchange for these benefits, Ryan allegedly took official action to benefit Associate 1, described below.

In 1995 and again in 1997, Ryan authorized the SOS Office to enter into leases of certain property in Springfield, Illinois, with commission payments exceeding \$38,000 going to Associate 1. (Id. Count 2 ¶ 101.) In addition, in late 2000, the Governor's Office, together with the Illinois Department of Corrections ("IDOC"), began searching for a location to construct a maximum security prison. On February 23, 2001, Ryan chose the town of Grayville, Illinois as the prison site. He did not notify the public but did inform Associate 1. Shortly thereafter, Associate 1 entered into an agreement with a representative of a business group affiliated with Grayville to lobby for the selection of Grayville as the prison site in exchange for \$50,000 in lobbying fees. Ryan announced the Grayville site selection at a public ceremony on April 12, 2001. (Id. Count 2 ¶¶ 102-07.)

In mid-1999, Wisconsin Energy was seeking to hire a lobbyist in Illinois to handle various regulatory and governmental issues in connection with a proposed project in the state. An "intermediary" acting on behalf of Wisconsin Energy solicited Udstuen's recommendation for an Illinois lobbyist. Udstuen conferred with Ryan, who agreed that Udstuen should recommend Associate 1. After Associate 1 was hired as Wisconsin Energy's lobbyist, he gave Udstuen a \$4,000 cash payment while in the men's bathroom of a Chicago restaurant. Associate 1 told Udstuen that he was also "taking care" of Ryan. (Id. Count 2 ¶¶ 108-12.)

Finally, in 1999, Ryan directed that Associate 1 be hired as a lobbyist for the Metropolitan Pier and Exposition Authority ("MPEA"), an entity that received annual public funding and had officers and directors that were jointly appointed by the Governor and the Mayor of the City of Chicago. MPEA and its principal lobbying firm ("Firm A") were not looking for additional lobbyists at the time. Nevertheless, on January 1, 2000, Firm A hired Associate 1 as a "sub-lobbyist" with an annual retainer of \$60,000. This relationship continued for three years until December 31, 2002. (Id. Count 2 ¶¶ 113-15.)

E. Awarding of Low Digit Plates

The SOS Office was responsible for issuing license plates to qualifying individuals, including certain low-digit or specialty license plates that were not generally available to the public. From January 1991 to January 1999, Ryan personally approved the award of the most coveted low-digit plates. For example, in October 1990, shortly before Ryan's election as Secretary of State in November, Ryan solicited a \$75,000 loan from "an individual known to Ryan" ("Individual 3"). Individual 3 arranged for such a loan to be paid to Citizens For Ryan through a friend of his; the loan was repaid in full within two weeks, with no interest ...

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