

[Back To Main Index](#)

Press Release

June 4, 2008

GRANT PARK, ILLINOIS POLICE CHIEF CHARGED WITH FRAUD, OBSTRUCTION OF JUSTICE, STRUCTURING AND TAX EVASION

Springfield, Ill. – A federal grand jury has charged the police chief for the village of Grant Park, Illinois, Scott J. Fitts, with conducting a fraud scheme in which individuals arrested during prostitution stings allegedly made payments to resolve their cases. Fitts, 40, of Manteno, Illinois, allegedly pocketed or had control over a significant portion of the proceeds. In addition to wire fraud, the indictment charges Fitts with making false statements to federal investigators, obstruction of justice, income tax evasion and structuring monetary transactions.

Rodger A. Heaton, U.S. Attorney for the Central District of Illinois, announced the charges today with FBI Special Agent in Charge Karen E. Spangenberg and IRS Criminal Investigation Division Supervisory Special Agent Leonard Mitchell.

The indictment alleges that Fitts paid for a woman, identified as “Brooke,” to travel from Texas on five occasions in 2006 to pose as a prostitute to lure individuals to be arrested by the Grant Park police department for solicitation of prostitution. According to the indictment, Fitts met “Brooke” in or about November 15, 2005, related to his employment as a Special Agent with the U.S. Department of Labor when she was arrested in Chicago on allegations of prostitution. As part of the scheme, Fitts allegedly induced “Brooke” to assist the police department by telling her she could “work off her case” and representing that she would be paid a percentage of the fines collected.

According to the indictment, at Fitts’ instruction, prior to and during the dates of the stings, “Brooke” advertised on an Internet website that she would be in the south suburbs of Chicago or Manteno, Illinois, posted photographs of herself, listed an in-call rate of \$300 per hour, and provided a contact telephone number and e-mail address. According to the indictment, “Brooke” met those individuals who had responded to the ad at a motel in Manteno, instructed them to take a shower and when they did, they were arrested. The cash the individuals had with them to pay the prostitute, typically \$300, as well as any other cash the individuals had in their possession was seized. Following their arrest, the individuals were transported from Manteno to Grant Park to the police department.

The indictment alleges that those arrested met with Fitts and other officers and were generally required to post \$100 cash bond to be released from custody, as well as a \$500 cash bond for their vehicle. Defendants were allegedly informed that: they had been arrested for solicitation of prostitution and despite being arrested in Manteno, would be prosecuted by the attorney for the village of Grant Park; their name and address might be posted in the newspaper, on the Internet or on a police department website; it was a joint federal, state and local investigation; and, that “Brooke” was an undercover federal agent.

The indictment alleges Fitts offered individuals what he termed a “plea agreement” if they paid a fine, typically \$3,500, and waived any right to the money seized from them. In exchange, Fitts allegedly advised the defendants that their case would be dismissed, no prosecution would occur, and their names would not be disclosed to media or posted on a website. According to the indictment, most of the individuals provided Fitts with the \$3,500 payment, often in cash; however, the few who refused to pay the “fine” were never charged with any state or local offense. As a result of the stings, no charges were ever filed and no arrests were reported to any other law enforcement agency or otherwise made public.

Over the course of the alleged scheme, approximately 99 individuals were arrested as a result of the stings resulting in approximately \$400,719 in proceeds: \$50,657 cash seized; \$40,450 bond posted; and \$309,612 in fines. However, according to the indictment, records of Grant Park Police Department

account for only \$175,958. According to those records, \$33,382 was forwarded by Fitts to two accounts under the control of the village of Grant Park; \$52,400 was placed in the Grant Park Police Association account, which Fitts controlled; \$38,242 was paid to "Brooke;" \$13,000 was forwarded to the Manteno Police Department for assistance in conducting the stings; and \$38,934 in cash was stored in a cardboard box in the police department vault, which Fitts allegedly controlled.

As a result of the scheme, the indictment alleges Fitts diverted approximately \$224,760 for his own use. From February 14, 2006 to September 7, 2006, as part of the scheme, Fitts allegedly made cash deposits and payments totaling approximately \$198,107 to personal bank accounts, payments on personal loans, at a casino and to a landscaping company.

Fitts enlisted the assistance of Grant Park police officers to conduct the stings as well as on two occasions, officers with the Manteno Police Department. Fitts allegedly told the officers the stings were joint federal, state and local investigations and advised the Chief of the Manteno police department that wages for overtime for his officers would be reimbursed by the federal government.

The indictment alleges Fitts diverted approximately \$20,000 in Grant Park village funds when he submitted fraudulent payroll records reflecting that certain officers had worked certain days. Fitts then allegedly obtained the payroll checks, cashed them and used the proceeds for his own benefit.

The indictment further alleges that after Fitts learned of the grand jury investigation, he attempted to conceal the scheme by making false statements to law enforcement officers conducting the investigation and encouraging witnesses to provide false information to federal agents and the grand jury regarding their knowledge of the facts. Fitts also allegedly caused the omission of records subpoenaed related to the number of individuals arrested and money received during the stings as well as numerous copies of payroll checks generated by alleged fraudulent payroll record submissions.

Fitts is also charged with income tax evasion for allegedly failing to report income received from the stings and payroll checks payable to others; and with structuring financial transactions to evade the legal reporting requirement for cash transactions in excess of \$10,000.

Fitts was arrested this morning without incident and is scheduled to make an initial appearance in federal court in Urbana at 2:30 p.m. today.

If convicted, each offense of wire fraud carries a maximum statutory penalty of 20 years in prison and a fine of \$250,000. For obstruction of justice and structuring as a pattern of illegal activity, the penalty is up to 10 years in prison; for making false statements and structuring, each offense is punishable by up to five years in prison. If convicted of income tax evasion, the maximum penalty is three years in prison.

The Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation Division are conducting the ongoing investigation. The case is being prosecuted by Assistant U.S. Attorney Eugene L. Miller. Anyone with information related to these allegations may call the FBI Champaign office at 217-352-0411.

The Central Illinois Public Corruption Task Force operates a toll-free Tip Line: 1-877-U-Tip-Off (1-877-884-7633.) Allegations or reports of suspected public corruption may also be made at: www.reportcorruption.fbi.gov

Members of the public are reminded that an indictment is merely an accusation; the defendant is presumed innocent unless proven guilty.

IRS CID Contact: 708-503-7585

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