



## U. S. Department of Justice

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### **NILES MAYOR NICHOLAS BLASE AND TWO INSURANCE AGENTS INDICTED IN FRAUD SCHEME TO SPLIT PREMIUMS AND FEES FROM NILES CLIENTS**

CHICAGO – Village of Niles Mayor **Nicholas B. Blase** was indicted today on federal corruption charges for allegedly using his public office for more than three decades to steer local business owners to purchase insurance through an insurance agency that paid him bribes and kickbacks from the revenue it collected from insurance clients in Niles. Since 1997, these bribes and kickbacks totaled more than \$420,000. Also indicted were **Steven Weiner**, president of the Ralph Weiner & Associates insurance agency, and **Paul Zdon**, who was a state licensed insurance producer at the agency. All three were charged in a five count-indictment returned today by a federal grand jury, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois.

Blase, 78, of Niles, who was initially arrested and charged in a complaint in June, was charged with five counts of honest services mail fraud. He was first elected Niles mayor in 1961 and has served continuously for the last 45 years, during which he was the local liquor commissioner and responsible for the appointment of village officers. He is also an attorney and operates the law

offices of Nicholas B. Blase, Ltd. in Niles. The village has approximately 30,000 residents and is located 15 miles north of downtown Chicago.

Weiner, 53, of Glenview, who was charged previously with Blase, was also indicted on five counts of mail fraud. From approximately 1974 to April 2005, Weiner worked for the Weiner agency in various capacities, including insurance producer. He became president and chief operating officer of the firm in April 2005, following the death of his father, Ralph Weiner, who founded the agency in 1955.

Three counts of mail fraud were brought against Paul Zdon, 61, of Lisle, a Weiner agency insurance producer from 1996 to 2004 who was charged for the first time in today's indictment.

Both Steven Weiner and Zdon have authorized the government, through their attorneys, to disclose that they are cooperating and expect to plead guilty. All three defendants will be arraigned at later dates in U.S. District Court.

Mr. Fitzgerald announced the charges with Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation, and Byram Tichenor, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago. The investigation is continuing, they said.

The indictment alleges that beginning about 1974 through June 2006, the defendants, together with Ralph Weiner and others, engaged in a scheme to deprive Niles and its citizens of Blase's honest services as mayor and to fraudulently obtain money. According to the indictment, Blase used his mayoral post to promote the Weiner agency and directly and indirectly steer village businesses to purchase insurance from the firm in exchange for Ralph Weiner, and

later Steven Weiner, paying approximately 25 percent of the agency's commissions from Niles clients to a purported insurance agency, S.M.P. Insurance Service Inc., a shell corporation controlled by Blase. As part of the scheme, from 1997 to 2006, Ralph and Steven Weiner made payments, and caused payments to be made, to SMP totaling approximately \$421,450.

As part of the fraud scheme, Blase allegedly took, and failed to take, actions in his capacity as mayor to benefit the interests of Niles businesses that purchased their insurance through the Weiner agency. Blase allegedly provided material information to Ralph and Steven Weiner and Zdon concerning the village's regulation of Niles businesses, and they, in turn, touted their ability to provide access to and receive favors from Blase to potential and existing insurance clients to advance their solicitation and sale of insurance.

Blase also allegedly concealed his payment relationship with the Weiner agency, and failed to disclose the payments on his Statements of Economic Interest. While failing to disclose the payments, he continued to participate in Niles' regulation of village businesses, including presiding over liquor commission hearings involving alleged violations of local ordinances. As an example, Blase allegedly directed Ralph Weiner to disguise the source of insurance payments from the Niles Public Library that were funneled to Blase. Weiner caused the payments to be mis-identified as coming from "Four Doves," a commercial establishment, according to the indictment.

Blase caused SMP to be incorporated in 1974 to act as a conduit to secretly transfer money from Ralph and Steven Weiner to two employees of Blase's law firm for the benefit of Blase, and to disguise the payments by making it appear that they were receiving shared

commissions on insurance-related work when, in fact, the two Blase law firm employees were not licensed to perform such insurance work, could not receive such payments under state law, and did not perform such work. Blase then used the SMP funds to pay all or part of the salaries that the two employees earned for work they performed for Blase's law practice, including negotiating the settlements of personal injury claims, the indictment alleges.

It further alleges that in late 2005, when one of Blase's law firm employees reduced his work schedule, Blase instructed him to share funds from the SMP checks with Blase's relative who worked as an attorney in conjunction with Blase's law firm. To disguise these payments, Blase devised a cover story such that, if questioned by authorities, the Blase employee was to falsely state that the attorney performed investigative work for SMP.

The government is being represented by Assistant U.S. Attorneys Daniel Collins and Laurie Barsella.

If convicted, each count of mail fraud carries a maximum penalty of 20 years in prison and a \$250,000 fine. The Court, however, would determine the appropriate sentence to be imposed.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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