

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

UNITED STATES OF AMERICA

v.

LUCIAN MURESAN

CRIMINAL COMPLAINT

CASE NUMBER:

I, the undersigned complainant, being duly sworn, state the following is true and correct to the best of my knowledge and belief.

Between on or about October 3, 2007 and on or about October 17, 2007, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere, defendant, Lucian Muresan, corruptly gave, offered and agreed to give anything of value to any person, namely \$1000 cash, with intent to influence and reward an agent of the City of Chicago, a local government, in connection with any business, transaction, and series of transactions, involving anything of value of \$5,000 or more, the City of Chicago being a local government that received in excess of \$10,000 in federal funding in a twelve month period from October 17, 2006, through October 17, 2007;

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

I further state that I am a Postal Inspector, United States Postal Inspection Service, and that this complaint is based on the following facts:

See Attached Affidavit

Continued on the attached sheet and made a part hereof: X Yes ___ No

Signature of Complainant

Sworn to before me and subscribed in my presence,

May 21, 2008
Date

at Chicago, Illinois
City and State

Hon. Martin Ashman, U.S. Magistrate Judge
Name & Title of Judicial Officer

Signature of Judicial Officer

AFFIDAVIT

I, David B. Hodapp, being duly sworn under oath, depose and state as follows:

I. BACKGROUND OF AFFIANT

1. I am a Postal Inspector with the United States Postal Inspection Service and have been so employed since September 1987. In connection with my official duties, I have investigated violations of federal criminal law, including violations relating to public officials. I have received training and participated in all normal methods of investigation, including, but not limited to, visual and electronic surveillance, the general questioning of witnesses, the use of informants, and undercover operations. I have also received training in the enforcement of laws concerning, among other things, public corruption and white-collar crime.

II. PURPOSE OF AFFIDAVIT

2. This affidavit is made for the limited purpose of establishing probable cause in support of a criminal complaint charging LUCIAN MURESAN with a violation of Title 18, United States Code, Section 666 (a)(2), charging that between on or about October 3, 2007 and on or about October 17, 2007 MURESAN corruptly gave, offered, and agreed to give anything of value to any person, with intent to influence or reward an agent of the City of Chicago, a local government, in connection with any business, transaction, and series of transactions of the City of Chicago, involving any thing of value of \$5,000 or more, the City of Chicago being a local government that received in excess of \$10,000 in federal funding in a twelve month period from October 17, 2006 through October 17, 2007.

3. More specifically, during 2007, MURESAN was the owner of two buildings located at 857 North Hermitage Avenue and 859 North Hermitage Avenue in Chicago. As more fully described below, on two occasions, MURESAN paid cash through a cooperating witness (CW1) to City officials, believing that CW1 was passing on the bribes to a zoning inspector in order to either expedite the scheduling of zoning inspections in a manner unavailable to the general public or obtain a favorable zoning inspection report. Specifically, MURESAN paid \$500 to CW1 on July 18, 2007, to obtain an expedited zoning inspection needed for issuance of a Certificate of Occupancy for the building located at 857 North Hermitage and paid \$1000 to CW1 on October 17, 2007, to obtain a favorable zoning inspection report needed for the issuance of a Certificate of Occupancy for the building located at 859 North Hermitage.

4. This investigation has been jointly conducted by the United States Postal Inspection Service (“USPIS”), the City of Chicago Office of the Inspector General (“IG”) and the Federal Bureau of Investigation (“FBI”). The information contained in this Affidavit is based on my personal observations and experience in addition to information obtained from other law enforcement agents participating in this investigation, witnesses, documents, and my review of recorded conversations. Since this Affidavit is being submitted for the limited purpose of establishing probable cause in support of a criminal complaint, I have not included each and every fact known to me concerning this investigation. I have set forth only the facts that I believe are necessary to establish probable cause to believe MURESAN committed a violation of 18 U.S.C. § 666.

III. EXPLANATION OF THE BUILDING PERMIT PROCESS AND CITY DEPARTMENTS

5. The process for issuing building permits and monitoring construction projects is governed by several departments within the City of Chicago, including the Department of Zoning (“Zoning”), the Department of Construction and Permits (“DCAP”), the Department of Buildings (“Buildings”) and the Department of Administrative Hearings (“AH”).

6. The principal role of Zoning is to enforce Chicago's Zoning Ordinance, to implement the city's land use policies and to maintain and update the city's official zoning maps. Developers seeking to obtain a building permit for new construction and renovation projects which require architecture plans receive an initial review of their architectural plans in Zoning to assure that the project conforms to the official zoning and land use policies of the City of Chicago. Zoning reviews the survey plats, parking lot layouts and site plans to ensure that projects conform to the Zoning Ordinance. When a proposed development is not in compliance with the Zoning Ordinance or permitted use, a developer has the option of seeking an administrative adjustment or a zoning variance. The administrative adjustment process is a streamlined procedure for minor modifications of selected zoning standards. The zoning variance procedures involve review and approval of the requested changes by the Zoning Board of Appeals. Zoning is also responsible for administering the landscape ordinance within the zoning code which governs landscaping of all business, commercial and large residential projects. In addition, zoning is responsible for issuing Certificates of Occupancy (a certificate from the City certifying that a structure is fit for human habitation) for construction projects

containing between one to three dwelling units and for issuing Zoning Compliance Certificates (a certificate from the City certifying that a structure meets the applicable zoning requirements) for the occupancy, use, or change of use of any property in the city. Projects receive an initial review in Zoning by a zoning plan examiner (“ZPE”). On-site investigation of projects to ensure compliance with the Zoning Ordinance, including the landscape ordinance, and Certificate of Occupancy reviews are performed by zoning inspectors.

7. DCAP is responsible for issuing construction permits. Prior to the creation of DCAP in April 2003, construction permits were issued by Buildings. A permit application must include the names and City license numbers of the general contractor and each subcontractor who intends to work on the construction project. To obtain a general contractor’s license from the City, an applicant must mail a license application to an address maintained by the Department of Buildings. License applications must be renewed by mail every year. Generally, the construction permit application process follows one of three different tracks: the Easy Permit Process (“EPP”), Standard Review Plan process, or Developer Services process. EPP is used to obtain construction permits for repair or replacement of existing elements of a building, when no structural changes to the building will be made. Standard Review Plan (also referred to as Open Plan Review) is used to obtain construction permits for small to mid-sized construction and renovation projects requiring architectural drawings. The Standard Review Plan process involves an initial assessment of a construction project by a DCAP project manager. After the project manager review, the architectural plans receive technical reviews of appropriate disciplines which include, among others,

electrical, plumbing, ventilation, structural, architectural, landscape and fire prevention. The purpose of each discipline review is to ensure that the proposed project is in conformance with the building codes and regulations of the City of Chicago. The Developer Services process is used to obtain construction permits for large and complex projects. In January 2008, DCAP merged back into the Buildings Department.

8. Buildings is responsible for the enforcement of the Chicago Building Code governing the construction, rehabilitation and maintenance of structures within the City of Chicago. Within Buildings is the New Construction Bureau. New construction inspectors' primary role is to perform inspections to ensure that construction and renovation work conforms to the permits that have been issued by DCAP. Building inspectors can also respond to complaints regarding structures, including emergencies that occur after working hours, and they can issue violation notices to building owners when a structure is not in conformance with the Building Code. Inspections can also be generated by the public by dialing 311, the non-emergency number for city services. Inspectors can also issue "stop work orders" to stop any construction that is done without a permit, contrary to an approved permit, and other forms of construction that poses a threat to the health and safety of the public. A stop work order is a directive from the Department of Buildings, addressed to the owner of property on which construction or demolition work is proceeding without proper authorization. The stop work order prohibits further work, and in some cases requests the removal of work already completed, until or unless an appropriate construction permit has been obtained. There are different procedures for releasing each kind of stop work order, which can include paying fines and/or paying additional permit fees. Some releases can occur at the City's

satellite offices (additional offices located in various neighborhoods for the convenience of property owners and developers), while others involve the applicant presenting the plans and application to the DCAP or to another Department, usually at City Hall. Inspectors sign the back of a contractor's construction permit when an inspection is performed and the inspector determines that the completed work is within the requirements of the Building Code and the scope of the construction permit. Certificates of Occupancy for construction and renovation projects involving four or more units are also issued by Buildings. Building Inspectors conduct inspections of projects prior to the issuance of Certificates of Occupancy. Finally, Buildings has historically maintained a mainframe computer database that contains information about buildings in the City of Chicago, including the number of original units in each building.

9. AH serves as a quasi-judicial tribunal for the expedient, independent and impartial adjudication of municipal ordinance violations. AH has several divisions, including a Building Division. The purpose of the Building Division is to adjudicate cases initiated by the Buildings, Fire and Zoning departments.

10. Contractors, developers, and homeowners may hire a permit expediter to facilitate the construction permit application process. The services performed by a permit expediter include, among other things: completing construction permit application forms; collecting and submitting relevant documents to DCAP and Zoning; waiting in line at City Hall for plan reviews; scheduling building inspections; meeting with architects, contractors, developers, homeowners, City of Chicago inspectors and other City of Chicago officials; resolving building code violations; and obtaining Certificates

of Occupancy. City of Chicago employees are prohibited from acting as permit expeditors.

11. Obtaining timely reviews, approvals, and permits is important to developers. Waiting for a lengthy period of time for a review, failing to pass an inspection, or the issuance of a stop work order can have significant financial consequences for developers. These circumstances can preclude developers from starting or completing the work that needs to be done on a project (thereby lengthening the period of time for a project which may add costs or at least delay the time at which a developer can recoup capital tied up in a project), or require developers to do additional work on a project (thereby increasing the cost of the project). For example, as described in detail below, MURESAN paid bribes through CW1 intended for City officials in exchange for providing favorable zoning inspection reports more expeditiously than through the normal process in order to obtain two Certificates of Occupancy for a property located at 857 North Hermitage Avenue and a property located at 859 North Hermitage. A Certificate of Occupancy is significant from a financial standpoint for the developer because typically banks will require the Certificate of Occupancy before agreeing to lend money to a buyer for the purchase of the property. Thus, until the Certificate of Occupancy is issued, a developer is unable to sell the property or units in the property and recoup capital put into the project.

IV. THE INVESTIGATION

12. This phase of the criminal investigation began in April 2007, when investigators obtained information concerning a shakedown scheme involving certain individuals, including a particular “expediter,” who assisted contractors and developers

in the permit application process. Specifically, evidence indicated that a certain building inspector was posting stop work orders on properties and agreeing to lift the order only if the property's owner used this particular expediter. In May 2007, law enforcement agents interviewed the expediter (hereinafter referred to as CW1).¹

13. CW1 admitted to paying bribes to City employees for a variety of actions, non-actions, favorable reports or to facilitate a quicker-than-normal inspection or review from approximately 2001 through May 2007. CW1 also admitted to CW1's role in accepting bribes from developers and contractors, which CW1 would pass on to City employees.

14. CW1 began actively cooperating with the government in May 2007. CW1's cooperation has included conducting consensually recorded calls and meetings, as well as playing the role of "bagman" (collecting bribe money from developers and contractors seeking some official act from a City employee or a "priority" handling of a project and paying the bribes to City of Chicago employees).²

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CW1 has not been charged with any crime. CW1 understands that he/she will be charged with a violation of federal criminal law. No promises have been made regarding what charges will be brought or what sentence CW1 will receive. CW1 is cooperating with the government in the hopes of receiving a benefit in the determination of what charges will be brought and what sentence will be recommended by the government. CW1 has no previous arrests or convictions. Investigators believe CW1 to be reliable. Although CW1 lied to agents during the initial interview about the nature and scope of CW1's relationship with City employees, CW1 has subsequently spoken with investigators numerous times under proffer protection, and is believed to have provided truthful information. CW1 has provided information about bribery activities by over thirty individuals. This information has been corroborated for a number of those individuals by recorded conversations and/or controlled bribe payments.

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On June 1, 2007, CW1 entered into a consent agreement with the USPIS to allow the government to autorecord all communications transmitted or received on CW1's cellular telephone in which CW1 participated (including voicemail messages left for CW1). This agreement allowed CW1 to make and receive calls during the course of this investigation

15. CW1 has advised law enforcement that it was the practice of developers and contractors with whom CW1 has worked to express a willingness to bribe a City official for actions typically by using coded language, such as “do whatever it takes” (to get an action accomplished). CW1 would also use coded language by asking a developer or contractor if CW1 has a “budget” to work with or if this action is a “priority.” CW1 would also use coded language in communicating with the City official, by saying, for example, that an “incentive” is available. In other instances, City officials would solicit bribe payments from CW1 initially, and CW1 would then communicate this to the developer or contractor. The developer or contractor would then pay CW1 for expediting services in addition to the amount of any bribes that CW1 was to pay to City officials.

16. According to CW1, developers and contractors will pay bribes to employees in Zoning for: a) overlooking violations of the Zoning Ordinance; b) increasing the reported number of existing dwelling units in a building being rehabbed to avoid a costly and time-consuming zoning variance process; c) providing a favorable or expedited inspection for a Certificate of Occupancy; and d) expediting a Zoning Compliance Certificate faster than the normal process. CW1 has admitted to paying bribes to zoning inspectors for these actions.

outside of the presence of a Postal Inspector and to conduct CW1’s business as an expediter. Under the agreement, CW1 was not allowed to let anyone other than CW1 use the cellular telephone and CW1 was also limited to using the cellular telephone for conducting business as an expediter. All calls were recorded. CW1 had no control over the autorecord and could not manipulate whether a call was recorded or not. Pursuant to court orders issued approximately every thirty or sixty days, beginning on June 4, 2007 and continuing to March 28, 2008, (with the exception of a period of time in January 2008 during which the autorecord was not renewed) signed by either the Chief Judge or Acting Chief Judge, all calls sent or received from CW1’s cellular telephone for a period of thirty or sixty days were recorded using the same technology employed in a Title III wiretap but without the requirement of contemporaneous monitoring by law enforcement agents.

17. CW1 has told investigators that developers and contractors will pay bribes to DCAP employees for: a) speeding up the Standard Plan Review process; and b) obtaining quicker review appointments. CW1 has admitted to paying bribes to certain clerical employees and technical reviewers in DCAP for these actions.

18. CW1 has told investigators that developers and contractors will pay bribes to Buildings employees for: a) overlooking construction work which does not conform to City building codes; b) overlooking work performed beyond the scope of a construction permit; c) removing building code violations; d) lifting stop work orders; e) signing off on construction permits without performing an inspection; f) providing favorable or expedited inspections for a Certificate of Occupancy; and g) changing information in the City's mainframe computer system. CW1 has admitted to paying bribes to inspectors in Buildings for these actions.

19. CW1 has told investigators that developers and contractors will pay bribes to AH employees for: a) expediting the AH process, and b) negotiating a settlement. CW1 has admitted to paying bribes to Buildings employees assigned to AH to facilitate adjudication of Buildings cases in AH in a manner favorable to CW1's clients.

V. PROBABLE CAUSE³

20. According to the City of Chicago Department of Buildings HANSEN Database system, MURESAN is a general contractor, doing business as LUCIAN MURESAN located at 2454 West Berteau Avenue, Chicago, Illinois.

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Throughout this Affidavit, I describe various conversations that were consensually recorded. All times listed are approximate. The summaries of the recorded conversations set forth in this Affidavit are based on draft – not final – transcriptions. Finally, the summaries below do not include all potentially criminal consensually recorded conversations, or all statements or topics covered during the course of the conversations.

Historical Bribe Payment Information From CW1

21. According to CW1, MURESAN has paid bribes in the past through CW1 to City inspectors. Specifically, CW1 recalled passing two such bribe payments of \$500 each approximately two years ago from MURESAN to a certain individual in the Department of Zoning for favorable zoning inspections related to two Certificates of Occupancy, although CW1 cannot remember precisely when the bribe payments occurred or the properties involved.

Earlier Controlled Bribe Payment Pertaining to 857 North Hermitage Avenue

22. On May 30, 2007, at approximately 12:39 p.m., at the direction of agents, CW1 made a consensually recorded telephone call to MURESAN, in response to a voicemail message left by MURESAN earlier that same day. I have reviewed the recording of this conversation. During the conversation, CW1 and MURESAN discussed CW1 setting up a rough electrical inspection for his property located at 857 North Hermitage and obtaining a Certificate of Occupancy. (A rough inspection is an inspection done before drywall is installed – thereby allowing the inspector to see the infrastructure inside the wall – and are required for certain types of inspections, including electrical, before the property can pass the specific inspection.) MURESAN told CW1, “I need the CO if you can still do it.” MURESAN and CW1 then agreed that they would speak once CW1 was back at work.

23. On June 6, 2007, at approximately 12:00 p.m., at the direction of agents, CW1 placed a telephone call to MURESAN. CW1 left MURESAN a voicemail message. The message was consensually recorded and I have reviewed the recording. In the message, CW1 told MURESAN that CW1 was calling to get an update on the

electrical inspection CW1 had scheduled for Hermitage and whether MURESAN was ready to apply for the Certificate of Occupancy. CW1 told MURESAN to give CW1 a call.

24. On July 2, 2007, at approximately 2:13 p.m., CW1 received a telephone call from MURESAN.⁴ MURESAN left CW1 a voicemail message. The message was consensually recorded, and I have reviewed the recording. In the message, MURESAN wanted CW1 to give him a call. MURESAN wanted to know if CW1 could “expedite” the “CO” for 857 Hermitage.

25. On July 2, 2007, at approximately 2:22 p.m., CW1 received a telephone call from MURESAN. MURESAN left CW1 a voicemail message. The message was consensually recorded, and I have reviewed the recording. In the message, MURESAN left CW1 information pertaining to the Certificate of Occupancy for 857 North Hermitage, including the construction permit number 100147882, the fact the permit was issued under his name, the date on the permit, January 16, 2007, and the fact that the permit was for new construction, a three-unit building with garage.

26. On July 3, 2007, at approximately 12:51 p.m., at the direction of agents, CW1 placed a call to MURESAN. Due to a malfunction associated with the autorecord on CW1 telephone, the conversation between CW1 and MURESAN was not recorded. The call was made in the presence of agents and monitored by the investigating agents. In summary, CW1 and MURESAN discussed making the inspection for the Certificate of Occupancy for 857 North Hermitage a “priority” [which, as stated above, according to

⁴It is likely that MURESAN had not completed the work until this time, accounting for the lag time from the previous call on June 6.

CW1 was a code word used by CW1 and developers to refer to the fact that a developer is willing to pay a bribe through CW1 to a City official].

27. On July, 11, 2007, at approximately 11:12 a.m., at the direction of agents, CW1 placed a telephone call to MURESAN. Due to a malfunction associated with the autorecord on CW1's telephone, the conversation between CW1 and MURESAN was not recorded. The call was made in the presence of agents and monitored by the investigating agents. In summary, CW1 and MURESAN discussed the zoning inspection relating to the Certificate of Occupancy for 857 North Hermitage. MURESAN informed CW1 that the zoning inspector had not called him to set up the inspection.

28. That same day, at approximately 11:55 a.m., at the direction of agents, CW1 placed a call back to MURESAN. Due to a malfunction associated with the autorecord on CW1's telephone, the conversation between CW1 and MURESAN was not recorded. The call was made in the presence of agents and monitored by the investigating agents. In summary, CW1 and MURESAN discussed the zoning inspection relating to the Certificate of Occupancy for 857 North Hermitage. CW1 informed MURESAN that CW1 had spoken with the zoning inspector. CW1 told MURESAN that the inspector would be out there today to "take care" of the inspection.⁵

29. On July 12, 2007, at approximately 12:05 p.m., at the direction of agents, CW1 placed a telephone call to MURESAN. Due to a malfunction associated with the autorecord on CW1's telephone, the conversation between CW1 and MURESAN was not recorded. The call was made in the presence of agents and monitored by the

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Zoning inspector, Bill Wellhausen, performed a favorable zoning inspection at 857 West Hermitage in exchange for an agreement from CW1 that he would receive a bribe. Wellhausen has been charged in a separate federal criminal complaint.

investigating agents. In summary, CW1 told MURESAN that the Certificate of Occupancy for 857 North Hermitage was ready. CW1 told MURESAN that he would have to pick up the Certificate of Occupancy from a particular employee at the Department of Zoning. CW1 then told MURESAN that it would be \$2000, "\$1500" for CW1's expediting fee and "\$500" for the inspector since it was a "priority." CW1 and MURESAN then discussed meeting sometime the following week to settle the payment.

30. On July 17, 2007, at approximately 12:14 p.m., at the direction of agents, CW1 placed a telephone call back to MURESAN. (MURESAN had called CW1 earlier in the morning but did not leave a message.) Due to a malfunction associated with the autorecord on CW1's telephone, the conversation between CW1 and MURESAN was not recorded. The call was made in the presence of agents and monitored by the investigating agents. In summary, MURESAN informed CW1 that he had picked up the Certificate of Occupancy for 857 North Hermitage from the particular employee at the Department of Zoning. MURESAN and CW1 discussed meeting the following day.

31. On July 18, 2007, at approximately 10:27 a.m., at the direction of agents, CW1 placed a call back to MURESAN. Due to a malfunction associated with the autorecord on CW1's telephone, the conversation between CW1 and MURESAN was not recorded. The call was made in the presence of agents and monitored by the investigating agents. In summary, CW1 and MURESAN agreed to meet in thirty minutes. At approximately 11:10 a.m., at the direction of agents, CW1 placed a call back to MURESAN. The call was consensually recorded. I have reviewed the recording of this conversation. During the conversation, CW1 and MURESAN confirmed plans to meet that day at the Starbucks on Washington across from City Hall.

32. On July 18, 2007, CW1 met with agents at the briefing location.⁶ An audio recording device was placed on CW1. CW1 was driven by agents in agents' vehicle to the meeting location at the Starbucks located at 111 West Washington Street in Chicago to pick up the expediting fee and the bribe payment from MURESAN for the Certificate of Occupancy for the Hermitage building. At approximately 11:17 a.m., MURESAN met with CW1 inside the Starbucks. The meeting was audio and video recorded.

33. Shortly after CW1 arrived at the meet location, agents observed and video recorded MURESAN approach CW1 inside the Starbucks. Agents then observed and video recorded MURESAN handing a manila folder to CW1.

34. I have reviewed the audiorecording of the meeting. During the meeting, MURESAN and CW1 discussed briefly the Certificate of Occupancy and the \$2000 payment from MURESAN to CW1, \$500 of which, as previously agreed, was bribe money for the city official for obtaining the inspections for 857 North Hermitage more quickly than through the normal process in order to obtain the Certificate of Occupancy more expeditiously. Specifically, MURESAN advised CW1, "Here are the papers." CW1 later informed agents that at this point in the conversation MURESAN handed CW1 the bribe payment and the copy of the Certificate of Occupancy that CW1 had told MURESAN to pick up from a certain city employee. CW1 asked MURESAN if he made

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For this and each controlled bribe meeting described in this affidavit, agents searched CW1's personal effects but not CW1's person or vehicle.

a “copy of the certificate” [Certificate of Occupancy] and asked “and there’s two” [\$2000]. MURESAN answered “yes” to both questions.⁷

35. Shortly after the conversation concluded, agents observed and video recorded MURESAN shaking CW1’s hand before he departed the Starbucks. Agents then observed and video recorded MURESAN outside the Starbucks talking on a cellular telephone. Shortly after, agents picked up CW1 and drove CW1 in the agents’ vehicle, to a briefing location. Agents had maintained continuous surveillance of CW1 during the meeting with MURESAN and following that meeting while CW1 met with another individual in the Starbucks, until agents picked up CW1. CW1 provided agents with a manila envelope that MURESAN had handed to CW1. It contained a copy of the Certificate of Occupancy for 857 Hermitage and a letter sized envelope containing \$2000, which based on prior conversations was \$1,500 for CW1’s expediting fee and \$500 for the bribe for the inspector.

Controlled Bribe Payment Pertaining to 859 North Hermitage Avenue

36. On October 3, 2007, at approximately 1:40 p.m., CW1 received a telephone call from MURESAN. MURESAN left a message on CW1’s voicemail. The message was consensually recorded. I have reviewed the recording. MURESAN wanted CW1 to give him a call.

37. On October 3, 2007, at approximately 1:51 p.m., CW1 made a consensually recorded telephone call to MURESAN. Due to malfunction associated with

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CW1, acting at the direction of agents, paid a controlled cash bribe in the amount of \$500 to zoning inspector Wellhausen, in exchange for obtaining a more expeditiously scheduled inspection at 857 West Hermitage. CW1 represented to zoning inspector Wellhausen that the cash bribe money came from the developer on the property (MURESAN).

the autorecord on CW1 telephone, the conversation between CW1 and MURESAN was not recorded. The telephone call was not made in the presence of investigating agents. CW1 told agents about the conversation the following day during an interview of CW1. CW1 told agents that in the conversation MURESAN told CW1 that he wanted CW1 to expedite a Certificate of Occupancy for a property located on Hermitage.

38. On October 3, 2007, at approximately 3:19 p.m., CW1 received a telephone call from MURESAN. MURESAN left CW1 a voicemail message. The message was consensually recorded and I have reviewed the recording. In the message, MURESAN left CW1 the information pertaining to 859 North Hermitage for the Certificate of Occupancy, specifically the address, the construction permit number 100147884, the date the permit was issued January 16, 2007, the fact that it was in his name LUCIAN MURESAN, and the fact that it was three units. MURESAN instructed CW1 to give him a call.

39. On October 4, 2007 at approximately 11:19 a.m., at the direction of agents, CW1 attempted to make a consensually recorded telephone call to MURESAN. Due to a malfunction associated with the autorecord on CW1's telephone, the conversation between CW1 and MURESAN was not recorded. The telephone call, however, was made in the presence of agents and monitored by the investigating agents. In summary, CW1 informed MURESAN that CW1 had arranged the inspection for 859 North Hermitage on October 16. MURESAN informed CW1 that all the work would not be completed by that date. MURESAN asked CW1 if that was going to be a problem. CW1 told MURESAN that CW1 would find out who the inspector would be. CW1 then asked MURESAN for his "budget" [which as stated above, according to CW1, is a code

word used by CW1 and developers to refer to how much a developer is willing to provide as bribe for the inspector]. MURESAN told CW1 “two, one and one,” [which CW1 told investigators CW1 understood to mean that he was willing to pay CW1 \$1000 for CW1's expediting fee and \$1000 for the bribe payment to the zoning inspector to conduct the inspection sooner than would take place in the normal course and to pass the property at that point]. MURESAN asked CW1 if the same City zoning inspector that conducted the inspection on his other property [857 North Hermitage], would also be conducting this inspection. CW1 confirmed that it would be the same individual who would conduct the inspection. CW1 told MURESAN that CW1 would arrange it.⁸

40. On October 12, 2007 at approximately 2:02 p.m., at the direction of agents, CW1 made a telephone call to MURESAN. CW1 left a message on MURESAN's voicemail. The call was consensually recorded. I have reviewed the recording of this conversation. CW1 asked MURESAN to call CW1 back. Approximately one minute later, CW1 received a call from MURESAN. The telephone call was consensually recorded. I have reviewed the recording of this conversation. During the call, CW1 provided the name and phone number for the individual at the City from whom MURESAN could pick up the Certificate of Occupancy for 859 North Hermitage. CW1 and MURESAN confirmed that they would talk the following week to meet up.

41. On October 15, 2007, at approximately 10:11 a.m., at the direction of agents, CW1 called MURESAN. Due to a malfunction associated with the autorecord on CW1's telephone, the conversation between CW1 and MURESAN was not recorded. The

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Zoning inspector, Bill Wellhausen, performed a favorable zoning inspection at 859 West Hermitage in exchange for an agreement that he would receive a bribe. Wellhausen has been charged in a separate criminal complaint.

telephone call was made in the presence of agents and monitored by the investigating agents. In summary, MURESAN and CW1 discussed meeting up on Wednesday at 10:00 a.m. near City Hall.

42. On October 17, 2007, at approximately 8:59 a.m., at the direction of agents, CW1 called MURESAN. Due to a malfunction associated with the autorecord on CW1's telephone, the conversation between CW1 and MURESAN was not recorded. The telephone call was made in the presence of agents and monitored by the investigating agents. In summary, MURESAN agreed to meet CW1 at the Starbucks located at 111 West Washington Street in Chicago an hour later at 10:00 a.m.

43. CW1 than met with agents at the briefing location. An audio recording device was placed on CW1. CW1 was driven by agents in agents' vehicle to the meeting location at the Starbucks located at 111 West Washington Street in Chicago to meet with MURESAN to pick up the \$2000 payment that included both CW1's expediting fee and the bribe money from MURESAN. At approximately 10:02 a.m., MURESAN met with CW1 inside the Starbucks. The meeting was audio recorded.

44. Shortly after CW1 arrived at the meet location, agents observed MURESAN approach CW1 inside the Starbucks. I have reviewed an audio recording of the meeting. During the meeting, MURESAN and CW1 discussed the Certificate of Occupancy and the \$2000 payment from MURESAN to CW1, \$1000 of which as previously agreed was bribe money in exchange for a favorable zoning inspection in connection with the Certificate of Occupancy for 859 North Hermitage. Specifically, CW1 confirmed with MURESAN, "There's two in here, One for Bill, too, right?" to which MURESAN responded "Yeah, yeah" [which CW1 informed investigators CW1

understood as confirming that there was \$2000 in the envelope, \$1000 of which was to be paid to the zoning inspector].⁹

45. Due to the location of surveillance agents, agents were unable to observe the interaction between CW1 and MURESAN during the meeting. Agents observed MURESAN departing the Starbucks. Agents observed and video recorded MURESAN driving away in a Jeep Cherokee, which was double parked in front of the Starbucks on Washington Street. Shortly after, CW1 was picked up by agents and driven in the agents' vehicle to a briefing location. CW1 provided agents with \$2000 that CW1 said had been provided by MURESAN, of which \$1000 was for CW1's expediting fee and \$1000 was the bribe for the zoning inspector.

46. Investigators obtained information from two confidential sources who are both professionals in the marketing and sales of new construction and condominium rehabilitations in Chicago with fourteen years of experience. The sources informed investigators that the typical profit margin for a developer on the sale of a project that is a multi-unit condominium rehabilitation or new construction condominium building located in Chicago is at least 20%. The profit margin range can vary based upon variables including the original cost of the land, construction costs, and time on the market before sale. One of the sources, who is familiar with the underlying financing of such projects, informed investigators that lenders generally require that the developer establish a minimum of a 20% profit cushion before the lender will finance the project. Based upon

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CW1, acting at the direction of agents, paid a controlled cash bribe in the amount of \$500 to zoning inspector Wellhausen, in exchange for obtaining a fraudulent favorable zoning inspection at 859 West Hermitage. CW1 represented to zoning inspector Wellhausen that the cash bribe money came from the developer on the property (MURESAN).

a review of publicly available information, the property at 859 North Hermitage is a three flat new construction condominium building. One of the units in the building has been sold for \$539,000.

47. Based on the facts described above, I submit that there is probable cause to believe that LUCIAN MURESAN between on or about October 3, 2007 and on or about October 17, 2007 corruptly gave, offered, or agreed to give anything of value to any person, with intent to influence or reward an agent of the City of Chicago, a local government, in connection with any business, transaction, and series of transactions of the City of Chicago, involving any thing of value of \$5,000 or more, the City of Chicago being a local government that received in excess of \$10,000 in federal funding in a twelve month period from October 17, 2006 through October 17, 2007, in violation of Title 18, United States Code, Section 666 (a)(2).

David Hodapp
Postal Inspector
United States Postal Inspection Service

Subscribed and sworn to me this
____ day of May, 2008:

Martin C. Ashman
U.S. Magistrate Judge