



U.S. Department of Justice

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ROCKFORD FEDERAL JURY FINDS FLORIDA MAN GUILTY OF BANKRUPTCY FRAUD

ROCKFORD – PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois, and ROBERT D. GRANT, Special Agent-In-Charge of the Chicago Office of the Federal Bureau of Investigation, today made the following announcement:

Following a five-day federal jury trial, **JOHN S. MIDDLEBROOK**, 62, of Lake Worth, Florida, formerly of Barrington, Illinois, was found guilty today in federal court on 7 counts of bankruptcy fraud and related false statements. Middlebrook was the majority owner and president of Federal Telecom, Inc., an Illinois corporation, which filed bankruptcy in August of 2001. Federal Telecom's manufacturing facility was located in Hebron, Illinois.

Evidence presented at trial established that Middlebrook filed false documents and made false statements under penalty of perjury by failing to fully disclose all assets and liabilities in the Federal Telecom bankruptcy filed in the United States Bankruptcy Court in Rockford, Illinois, on August 24, 2001. The evidence further established that Middlebrook falsely testified under oath at bankruptcy hearings in order to conceal secret transfers of Federal Telecom assets, product and sales to Polyclosures, Inc., another corporation created and controlled by Middlebrook. In addition, Middlebrook failed to disclose approximately \$1,135,502 he owed to Federal Telecom and fraudulently kept the proceeds of a \$9688 insurance company check belonging to the bankruptcy estate of Federal Telecom.

Sentencing for Middlebrook has been scheduled for December 19, 2007 at 9:00 a.m. Middlebrook faces up to five years of imprisonment, and a fine of \$250,000 on each of the seven charges, as well as any restitution ordered by the court. The actual sentence will be determined by the United States District Court, guided by the federal Sentencing Guidelines and the Federal Rules of Criminal Procedure.

The case was investigated by the Rockford office of the Federal Bureau of Investigation, and is being prosecuted in federal court by Assistant United States Attorneys Michael D. Love and Scott A. Verseman.

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