

INTAKE

JUL 11 2019

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FILED

JUL 11 2019

**MAGISTRATE JUDGE
SHEILA M. FINNEGAN**

UNITED STATES OF AMERICA)

v.)

EDWARD LEE FILER,)
ROBERT JOSEPH GEREG and)
PAUL MICHAEL KELLY)

No.)

Violations: Title 18, United States)
Code, Sections 152(3), (4) and (9),)
157(1), (2) and (3), and 1343.)

19CR 565

COUNT ONE

JUDGE LEINENWEBER

The SPECIAL JULY 2018 GRAND JURY charges:

MAGISTRATE JUDGE ROWLAND

1. At times material to this indictment:

a. Defendant EDWARD LEE FILER was an attorney licensed to practice in the State of Illinois and partner at a Chicago Law Firm (Law Firm A), which also employed Attorneys A, B and C;

b. Defendant ROBERT JOSEPH GEREG represented himself to be in the business of providing "Investment and Mortgage Banking Services," to have obtained hundreds of millions of dollars in financing for clients world-wide, and to have expertise in "Business Turn-Around, Crisis Management & Corporate Restructuring." Defendant GEREG did business under the name of Capital Resource Associates and was president and owner of Force 5 Holdings, Inc., with offices at 678 Clear Creek Drive, Osprey, Florida;

c. Defendant PAUL MICHAEL KELLY was president and owner of Barsanti Woodwork Corporation (Barsanti Woodwork), which designed, milled and installed woodwork and was located at 3838 West 51st Street, Chicago, Illinois;

d. Barsanti Woodwork employed union carpenters and entered into a series of

Collective Bargaining Agreements with the Chicago Regional Council of Carpenters, which required Barsanti Woodwork to pay benefit contributions to the union carpenters' retirement, pension, welfare and training funds (the Carpenters' Trust Funds);

e. Barsanti Woodwork had a Line of Credit of up to \$1.6 million and a \$155,625 Loan from Harris Bank of Chicago, Illinois (collectively, the Harris Bank Line of Credit and Loan are referred to as the Harris Bank Debt). Barsanti Woodwork entered into a Security Agreement with Harris Bank and agreed to the filing of a UCC Financing Statement, which gave Harris Bank a senior lien on all of Barsanti Woodwork's assets, including its machinery and accounts receivable (the Harris Bank Lien). Defendant KELLY gave Harris Bank a Personal Guarantee of Barsanti Woodwork's performance of its obligations under the Line of Credit and Loan. (Collectively, the Notes for the Line of Credit and Loan, Security Agreement, UCC Financing Statement and Personal Guarantee are referred to as the Harris Bank Loan Documents);

f. In or about February 2012, Barsanti Woodwork ceased to make payments to Harris Bank, thereby defaulting on the Harris Bank Debt;

g. In or about August 2012, Barsanti Woodwork ceased to make the required contributions to the Carpenters' Trust Funds;

h. On or about December 11, 2012, Harris Bank, as it was entitled to do under the Security Agreement, instructed entities that owed Barsanti Woodwork money to pay Harris Bank, instead of paying Barsanti Woodwork;

i. On or about December 14, 2012, the Carpenters' Trust Funds filed a lawsuit against Barsanti Woodwork seeking to enforce the Collective Bargaining Agreements and ultimately to collect approximately \$352,000 owed to the Carpenters' Trust Funds;

j. On or about December 11, 13, and 27, 2012, Harris Bank swept funds from Barsanti Woodwork's accounts at Harris Bank and applied approximately \$435,600 to pay down the Harris Bank Debt;

k. On or about January 4, 2013, Harris Bank filed lawsuits against Barsanti Woodwork and defendant KELLY seeking to enforce its rights under the Harris Bank Loan Documents and to collect the approximately \$1.1 million Harris Bank Debt, the outstanding principal of which was approximately \$984,233 on the Harris Bank Line of Credit and approximately \$46,687 on the Harris Bank Loan (the Harris Bank Lawsuits);

l. On or about February 13, 2013, defendant KELLY retained Law Firm A to represent Barsanti Woodwork and defendant KELLY in the Harris Bank Lawsuits, with defendant FILER, who was defendant KELLY's friend and neighbor, as the primary partner responsible for legal services. Defendant FILER caused Attorneys A, B and C to be engaged in the representation of Barsanti Woodwork;

m. On or about March 7, 2013, defendant KELLY, on behalf of Barsanti Woodwork, and defendant GEREK, on behalf of defendant GEREK, Capital Resource Associates and Force 5 Holdings, entered into an agreement under which defendant GEREK, Capital Resource Associates and Force 5 Holdings agreed to provide "investment-banking services that shall result in financing and development services acceptable to [Barsanti Woodwork]," in return for which Barsanti Woodwork agreed to pay a fee based upon a percentage of the financing provided, with "financing" defined to include "discounted debt obligations;"

n. In or about March, 2013, Barsanti Woodwork owed federal and state taxes totaling approximately \$400,000;

o. Defendant GREG never obtained financing for or made any financial contribution to Barsanti Woodwork;

p. A Confession of Judgment was an agreement by a debtor to the entry of a default judgment;

q. The service of a Citation to Discover Assets by a judgment creditor on a judgment debtor created a lien on behalf of the judgment creditor on the judgment debtor's personal property;

r. A debtor filing a bankruptcy case was required to file a Petition, Statement of Financial Affairs setting out the debtor's financial history, including transactions outside the ordinary course of its business, and Schedules of its assets and creditors;

s. Upon the filing of a Chapter 7 bankruptcy case, the United States Trustee appointed a bankruptcy trustee and placed the bankruptcy trustee in control of the debtor's assets;

t. A creditor was a person, corporation, or other entity to whom a debtor owed a debt incurred before the date of the bankruptcy filing;

u. A claim was the creditor's right to receive payment for a debt owed by the debtor on the date of the bankruptcy filing;

v. A secured creditor had a lien on property of the debtor up to the value of the debt owed to the creditor and had the right to enforce its lien against the property to obtain payment of the debt;

w. The filing of a bankruptcy petition automatically stayed collection activity by creditors, including secured creditors; and

x. On or about March 19, 2014, the bankruptcy trustee served a subpoena on

Law Firm A seeking production of any all documents relating in any way to Barsanti Woodwork and anyone acting or purporting to act on its behalf.

2. Beginning in or about March 2013, and continuing until in or about August 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

EDWARD LEE FILER,
ROBERT JOSEPH GEREG and
PAUL MICHAEL KELLY,

defendants herein, together with persons known to the grand jury, devised, intended to devise, and participated in a scheme to defraud and to obtain money and property by means of false and fraudulent representations and material omissions and, for the purpose of executing this scheme, caused wire transmissions in interstate commerce.

Overview Of The Scheme

3. It was part of the scheme that defendants FILER, GEREG and KELLY attempted to and did defraud creditors and later the bankruptcy trustee of Barsanti Woodwork by creating a sham secured creditor with a fraudulent senior lien on all of Barsanti Woodwork's assets for the purpose of fraudulently shielding the assets from legitimate creditors.

4. It was further part of the scheme that defendant FILER took actions to ensure that the sham secured creditor obtained control over Barsanti Woodwork's assets for the purpose of deceiving and falsely representing to Barsanti Woodwork's creditors and later to the bankruptcy trustee that Barsanti Woodwork's assets had been taken by a secured creditor in arms-length transactions and that collection activities by legitimate creditors against Barsanti Woodwork would be futile.

Steps In The Scheme

5. It was further part of the scheme that defendants FILER, GREG and KELLY created sham limited liability companies and engaged in fraudulent agreements, assignments, transfers, transactions and state and bankruptcy court actions designed to make it appear that the fraudulent transactions involving Barsanti Woodwork's assets were non-collusive and arms-length, as follows:

a. First, defendants created BWC Capital LLC (BWC Capital) to serve as a sham secured creditor and falsely represented BWC Capital to be defendant GREG's company, when, in reality, defendant GREG's role was to conceal defendant KELLY's control of and interest in BWC Capital;

b. Second, defendants used Barsanti Woodwork's funds to purchase the Harris Bank Debt at a discount and caused Harris Bank to assign the Harris Bank Lien to BWC Capital, giving defendant KELLY control through defendant GREG of the senior lien on Barsanti Woodwork's assets;

c. Third, defendants fraudulently transferred Barsanti Woodwork's assets to BWC Capital through a state court action using fraudulent back-dated confessions of judgment and defendant GREG's false affidavit which inflated the amount Barsanti Woodwork purportedly owed to BWC Capital;

d. Fourth, defendants created Barsanti Millwork LLC (Barsanti Millwork), a sham entity under whose name Barsanti Woodwork continued to operate at the same location, and falsely represented Barsanti Millwork to be defendant GREG's company, when, in reality, defendant GREG's role was to conceal defendant KELLY's control of and interest in Barsanti

Millwork; and

e. Fifth, defendants put Barsanti Woodwork into a bankruptcy in which defendants: (1) attempted to conceal the fraudulent transfer of Barsanti Woodwork's assets, including the use of Barsanti Woodwork's funds to purchase the Harris Bank Debt; (2) made and caused false representations to be made, including that BWC Capital was a creditor with a claim against Barsanti Woodwork; (3) concealed records from creditors and the bankruptcy trustee; and (4) testified falsely under oath.

Creating BWC Holdings –
a Sham Secured Creditor to Purchase the Harris Bank Debt

6. It was further part of the scheme that, beginning on or about March 7, 2013, defendants FILER, GEREG and KELLY began negotiations with Harris Bank to purchase the Harris Bank Debt, with GEREG pretending to be a third-party unaffiliated with either defendant KELLY or Barsanti Woodwork, and offering to purchase the Harris Bank Debt at a discount in return for Harris Bank's assigning its rights under the Harris Bank Loan Documents to defendant GEREG or defendant GEREG's nominee.

7. It was further part of the scheme that, on or about March 17, 2013, defendant GEREG explained to defendants FILER and KELLY a plan to deal with Barsanti Woodwork's debt using sham companies referred to as "Newco #1" and "Newco #2." In defendant GEREG's plan "Newco #1" would purchase the Harris Bank Debt at a discount using funds collected from Barsanti Woodwork's receivables, "Newco #2 would be formed to operate the business with Newco #1 as the lender," and one of the outcomes for Barsanti Woodwork would be a Chapter 7 Bankruptcy.

8. It was further part of the scheme that, in and about March and April, 2013,

defendant FILER gave instructions to Attorney A that caused Attorney A to review and edit an Assignment of Loan Documents Agreement between Harris Bank and an entity to be named BWC Holdings, during which instructions defendant FILER characterized defendant GEREK as “the front guy.”

9. It was further part of the scheme that, on or about March 22, 2013, defendant FILER caused the formation of BWC Holdings LLC (BWC Holdings), the sole member of which was the purported K Family Trust with defendant KELLY as the trustee and the defendant KELLY’s residence as the trust’s address, for the purpose of using BWC Holdings as defendant GEREK’s nominee to which Harris Bank would assign its rights under the Harris Bank Loan Documents.

10. It was further part of the scheme that, on or about April 3, 2013, defendant GEREK reached an agreement with Harris Bank under which Harris would accept \$575,000 as payment in full of the approximately \$1.1 million Harris Bank Debt, in return for which Harris Bank would assign its rights under the Harris Bank Loan Documents to defendant GEREK or defendant GEREK’s nominee, BWC Holdings.

Creating BWC Capital –
a Second Sham Secured Creditor to Conceal KELLY’s Involvement

11. It was further part of the scheme that, on or about April 4, 2013, after Harris Bank required documentation that defendant GEREK was authorized to sign on behalf of BWC Holdings, defendants FILER, GEREK and KELLY agreed that they could not use BWC Holdings as the entity to which Harris Bank assigned its rights under the Harris Bank Loan Documents, because defendant KELLY would have to sign the documentation authorizing defendant GEREK to sign on behalf of BWC Holdings, which would reveal to Harris Bank and other creditors defendant KELLY’s connection to BWC Holdings.

12. It was further part of the scheme that, on or about April 4, 2013, defendant FILER, caused the formation of BWC Capital, with defendant GEREK as the sole member and nominee owner for defendant KELLY, for the purpose of using BWC Capital as the entity to which Harris Bank assigned its rights under the Harris Bank Loan Documents pursuant to the Assignment of Loan Documents Agreement.

Ensuring that KELLY Maintained Control of BWC Capital –
the Sham Secured Creditor Purchasing the Harris Bank Debt

13. It was further part of the scheme that, on or about April 4, 2013, in response to defendant KELLY's concern that using defendant GEREK as BWC Capital's nominee owner left defendant KELLY vulnerable to losing control of BWC Capital and Barsanti Woodwork's assets to defendant GEREK, defendant FILER advised having defendant GEREK assign his ownership of BWC Capital to a purported trust defendant KELLY controlled, namely, The K Family Trust.

14. It was further part of the scheme that, on or about April 4, 2013, defendant FILER, caused Attorney A. to prepare an LLC Membership Interest Assignment Agreement, an Assignment of Membership Units and related documents through which defendant GEREK agreed to assign and assigned all of his ownership interest in BWC Capital to The K Family Trust with defendant KELLY as the trustee.

15. It was further part of the scheme that, on or about April 5, 2013, to ensure that defendant KELLY retained control of Barsanti Woodwork's assets and contrary to the advice of Attorney A, defendant FILER instructed defendants GEREK and KELLY to sign the LLC Membership Interest Assignment Agreement, Assignment of Membership Units and related documents through which defendant GEREK agreed to assign and assigned all of his ownership interest in BWC Capital to The K Family Trust with defendant KELLY as the trustee before

defendant GREG signed the Assignment of Loan Documents Agreement between Harris Bank and BWC Capital.

16. It was further part of the scheme that, on or about April 5, 2013, defendant FILER advised KELLY to sign as the trustee of The K Family Trust the documents through which defendant GREG assigned his ownership interest in BWC Capital to The K Family Trust, well knowing that he, defendant FILER, had never caused the trust to be formed, but that defendant KELLY's signature on behalf of the non-existent trust would be sufficient to ensure that defendant GREG did not double cross defendant KELLY by asserting control of BWC Capital and Barsanti Woodwork's assets.

17. It was further part of the scheme that, on or about April 5, 2013, defendants GREG and KELLY signed the LLC Membership Interest Assignment Agreement, Assignment of Membership Units and related documents through which defendant GREG agreed to assign and assigned all of his ownership interest in BWC Capital to The K Family Trust with defendant KELLY as the trustee.

18. It was further part of the scheme that, beginning on or about April 5, 2013, defendant FILER held the executed Assignment of Membership Units, purportedly to delay its effectiveness in order to enable defendants FILER, GREG and Kelly to conceal from Harris Bank and other creditors defendant KELLY's connection to and interest in BWC Capital and to facilitate defendant GREG's continued utility as defendant KELLY's nominee to enter into the Assignment of Loan Documents Agreement with Harris Bank.

19. It was further part of the scheme that, on or about April 5, 2013, defendant GREG signed the Assignment of Loan Documents Agreement between Harris Bank and BWC Capital

which provided BWC Capital with the benefit of the discounted payment of the Harris Bank Debt. In entering into the agreement with Harris Bank, defendant GEREK represented to Harris Bank that he was the sole member of BWC Capital, knowing that he, defendant GEREK, had previously executed the assignment of his ownership interest in BWC Capital to The K Family Trust.

20. It was further part of the scheme that, on or about May 1, 2013, defendant GEREK reminded defendants FILER and KELLY of BWC Capital's continuing usefulness as a sham secured creditor after the transaction with Harris Bank was completed, in that defendant KELLY could "leave BWC Capital as the replacement for Harris to the outside world" and use the Harris Bank Lien that would be assigned to BWC Capital as leverage against "the Unions and the IRS."

21. It was further part of the scheme that, on or about May 1, 2013, defendant GEREK, in connection with seeking payment of a fee from defendant KELLY, told defendant KELLY that the assignment of the Harris Bank Loan Documents to BWC Capital cancelled defendant KELLY's personal guarantee of the Harris Bank Debt.

Using Barsanti Woodwork's Assets to Purchase the Harris Bank Debt
for the Benefit of BWC Capital - the Sham Secured Creditor

22. It was further part of the scheme that, on or about May 2, 2013, defendants FILER, GEREK and KELLY paid off the Harris Bank Debt at a discount solely using funds provided by Barsanti Woodwork through the collection of its accounts receivable and caused Harris Bank to assign its rights under the Harris Bank Loan Documents to BWC Capital. Defendants FILER, GEREK and KELLY then knew that any representation that BWC Capital had an enforceable lien on the assets of Barsanti Woodwork was fraudulent in that BWC Capital had acquired its interests in the Harris Bank Loan Documents and the Harris Bank Lien through the fraudulent transfer of Barsanti Woodwork's funds for BWC Capital's benefit.

23. It was further part of the scheme that, beginning on or about May 2, 2013, and continuing through August 2015, defendants FILER, GEREK and KELLY concealed from Barsanti Woodwork's creditors, and later from the bankruptcy trustee, defendant KELLY's interest in and connection to BWC Capital.

24. It was further part of the scheme that, on or about May 2, 2013, after defendant GEREK asserted that defendant KELLY owed him approximately \$46,000 for serving as defendant KELLY's nominee owner of BWC Capital and negotiating with Harris Bank, defendant FILER instructed defendant KELLY that, because defendant GEREK did not obtain any financing, defendant KELLY should only pay defendant GEREK \$20,000, and that, if defendant GEREK did not find this lower amount acceptable, defendant KELLY should instruct defendant GEREK to call defendant FILER.

25. It was further part of the scheme, that on or about May 21, 2013, defendant FILER caused a UCC Financing Statement to be recorded on behalf of BWC Capital that asserted a fraudulent lien on all of the assets of Barsanti Woodwork.

Deciding to Create Barsanti Millwork - a Sham Successor to Barsanti Woodwork

26. It was further part of the scheme that, on or about May 22, 2013, after the Carpenters' Trust Funds began contacting customers of Barsanti Woodwork to collect money the customers owed to Barsanti Woodwork in order to satisfy a Carpenters' Trust Funds judgment against Barsanti Woodwork, defendants FILER, GEREK and KELLY discussed sending letters to Barsanti Woodwork customers asserting that BWC Capital's fraudulent lien was superior to the Carpenters' Trust Funds judgment and directing the Barsanti Woodwork customers to send to BWC Capital any money owed Barsanti Woodwork. However, defendants FILER, GEREK and

KELLY determined instead to transition Barsanti Woodwork's assets and business opportunities to a sham successor.

27. It was further part of the scheme that, on or about May 22, 2013, defendant GREG cautioned defendants FILER and KELLY that to increase the likelihood of the success of the scheme it was important to take measures to conceal defendant KELLY's control of and interest in BWC Capital and the new entity which would operate as a successor to Barsanti Woodwork: "Please remember for obvious reasons – there needs to be a lot of daylight between the various entities."

Creating Back-Dated Documents to Facilitate an Expedited Judgment by Sham Secured
Creditor BWC Capital Against Barsanti Woodwork

28. It was further part of the scheme that, on or about May 29, 2013, for the purpose of enabling BWC Capital to expeditiously take control of Barsanti Woodwork's assets, defendant FILER caused Attorney B to create Change in Terms Agreements between Barsanti Woodwork and BWC Capital under which BWC Capital purportedly extended the terms of the Notes for the Line of Credit and Loan to May 20, 2013, in return for Barsanti Woodwork agreeing to confession of judgment clauses for each Harris Bank Note. In the course of instructing Attorney B to draft the Confession of Judgment Clauses, defendant FILER further explained to Attorney B that the plan was to wait until the judgment was final "and then take Barsanti into BK [bankruptcy]."

29. It was further part of the scheme that, on or about May 29, 2013, defendant FILER instructed defendants GREG and KELLY to sign and back-date the Change in Terms Agreements to April 5, 2013, so as (a) to allow the immediate use of the confession of judgment clauses by BWC Capital to obtain an expedited judgment against Barsanti Woodwork; and (b) to conceal that the purported extension of the Harris Bank Notes until May 20, 2013, had already passed before

the Change in Terms Agreements were entered into and that, therefore, the Change in Terms Agreements lacked consideration and were unenforceable.

30. It was further part of the scheme that, on or about May 29, 2013, defendant GEREG suggested to defendants FILER and KELLY that BWC Capital obtain a judgment based on the fraudulently back-dated Change in Terms Agreements containing the confession of judgment clauses and that they then put Barsanti Woodwork into a Chapter 7 Bankruptcy.

Preparing a Fraudulent State Court Lawsuit
by Sham Secured Creditor BWC Capital Against Barsanti Woodwork

31. It was further part of the scheme that, on or about May 29, 2013, defendants FILER and GEREG caused Attorney B to draft a Complaint and Confession of Judgment on the Harris Bank Notes on behalf of BWC Capital, utilizing the fraudulently back-dated Change in Terms Agreements containing the confession of judgment clauses and seeking an inflated judgment against defendant FILER's own client, Barsanti Woodwork.

32. It was further part of the scheme that, on or about May 30, 2013, defendants FILER and GEREG fraudulently caused Attorney B to draft the Complaint and Confession of Judgment and defendant GEREG's supporting Affidavit falsely representing:

(a) that the Change in Terms Agreements containing the confession of judgment clauses were entered into on the date appearing on the documents, April 5, 2013, when defendants FILER and GEREG knew that the Change in Terms Agreement containing the confession of judgment clauses were not entered into until May 29, 2013; and

(b) that the principal amounts of the Harris Bank Debt under the Line of Credit and Note were \$1.6 million and \$155,625, respectively; when defendants FILER and GEREG knew that the principal amounts of the Harris Bank Debt under the Line of Credit and Note were

only approximately \$984,233 and \$46,687, respectively, prior to the \$575,000 payment to Harris Bank, and that, therefore, the principal amount of the Harris Bank Debt was only approximately \$456,000.

33. It was further part of the scheme that, on or about June 5, 2013, defendant GREG signed under oath the Complaint and Confession of Judgment and an Affidavit in support of the Complaint and Confession of Judgment in which defendant GREG falsely represented that the Change in Terms Agreements containing the confession of judgment clauses were entered into on April 5, 2013, when defendant GREG knew that the Change in Terms Agreements containing the confession of judgment clauses were entered into on May 29, 2013, and falsely represented that the principal amounts of the debt under the Line of Credit and Note were \$1.6 million and \$155,625; respectively, when defendant GREG knew that the principal amounts of the Harris Bank Debt under the Line of Credit and Note were only approximately \$984,233 and \$46,687, respectively, prior to the \$575,000 payment to Harris Bank, and that, therefore, the principal amount of the Harris Bank Debt was only approximately \$456,000.

Creating Barsanti Millwork - a Sham Successor to Barsanti Woodwork

34. It was further part of the scheme that, beginning on or about June 6, 2013, defendants GREG and KELLY began soliciting customers of Barsanti Woodwork to enter into contracts with sham successor entity, Barsanti Millwork, falsely representing that defendant GREG was a partner in and held a first position lien on the assets of Barsanti Millwork via defendant GREG's investment in Barsanti Millwork through BWC Capital, when neither defendant GREG nor BWC Capital had invested any money in Barsanti Woodwork or Barsanti Millwork.

35. It was further part of the scheme that, on or about June 6, 2013, defendant GEREK asked defendant FILER to create Barsanti Millwork.

36. It was further part of the scheme that, on or about June 7, 2013, defendant FILER caused the formation of Barsanti Millwork, with defendant GEREK as the sole member and defendant FILER's elderly father-in-law as the manager, unbeknownst to defendant FILER's elderly father-in-law.

37. It was further part of the scheme that, on or about June 11, 2013, defendant GEREK applied with the Internal Revenue Service on behalf of Barsanti Millwork for an Employer Identification Number, representing that he was "the responsible party."

38. It was further part of the scheme that, on or about June 12, 2013, defendant GEREK provided defendants FILER and KELLY with what defendant GEREK called a "road map to prosperity" which described how to further insulate Barsanti Woodwork's assets from its creditors by obtaining a judgment to enforce BWC Capital's fraudulently obtained lien, transferring Barsanti Woodwork's assets first to BWC Capital and then from BWC Capital to Barsanti Millwork, and creating a lien on behalf of BWC Capital in all of the assets of Barsanti Millwork.

Ensuring that KELLY Maintained Control Over Barsanti Millwork –
the Sham Successor to Barsanti Woodwork

39. It was further part of the scheme that, on or about June 13, 2013, defendant FILER, caused Attorney A to prepare a LLC Membership Interest Assignment Agreement, an Assignment of Membership Units and related documents through which defendant GEREK agreed to assign and assigned all of his ownership interest in Barsanti Millwork to The K Family Trust with defendant KELLY as the trustee.

40. It was further part of the scheme that, on or about June 13, 2013, defendants

GEREG and KELLY signed, but did not date, the LLC Membership Interest Assignment Agreement, Assignment of Membership Units and related documents through which defendant GREG agreed to assign and assigned all of his ownership interest in Barsanti Millwork to The K Family Trust with defendant KELLY as the trustee.

Fraudulently Obtaining a State Court Judgment By Sham Secured Creditor BWC Capital
Against Barsanti Woodwork

41. It was further part of the scheme that, on or about June 17, 2013, defendant FILER caused Attorney D, who was not in Law Firm A, to represent BWC Capital, and caused Attorney B to forward to Attorney D for signature and filing the Complaint and Confession of Judgment, defendant GREG's supporting Affidavit and a draft Order of Confession against Barsanti Woodwork.

42. It was further part of the scheme that, on or about June 18, 2013, defendant KELLY, on the advice of defendant FILER, gave \$5,000 to defendant GREG to be paid to Attorney D as attorney's fees for filing the Complaint and Confession of Judgment against defendant KELLY's own business, Barsanti Woodwork.

43. It was further part of the scheme that defendant FILER billed to Barsanti Woodwork the time for legal work done by attorneys at Law Firm A on behalf of BWC Capital.

44. It was further part of the scheme that, on or about June 18, 2013, defendants FILER, GREG and KELLY fraudulently caused Attorney D to file in the Cook County Circuit Court the Complaint and Confession of Judgment against Barsanti Woodwork and defendant GREG's supporting Affidavit each containing false representations concealing that the Change in Terms Agreements containing the confession of judgment clauses were back-dated to make them appear effective and inflating the amount of the Harris Bank Debt which had been assigned to BWC

Capital.

45. It was further part of the scheme that, in or about June and July 2013, defendant FILER and then defendant FILER, GREG and KELLY, respectively, met with Attorney C concerning filing a Chapter 7 bankruptcy on behalf of Barsanti Woodwork, during which meetings defendants did not inform Attorney C that the Harris Bank Debt was purchased solely using funds provided by Barsanti Woodwork, that BWC Capital made no financial contribution to paying off the Harris Bank Debt or that defendant GREG had executed an assignment of his interest in BWC Capital to The K Family Trust with defendant KELLY as the trustee.

46. It was further part of the scheme that, on or about July 3, 2013, defendants FILER, GREG and KELLY fraudulently caused the Cook County Circuit Court to enter a judgment in favor of BWC Capital and against Barsanti Woodwork in the amount of \$1,582,995 (the July 3rd Judgment).

Enforcing Sham Secured Creditor BWC Capital's Fraudulently Obtained State Court
Judgment Against Barsanti Woodwork

47. It was further part of the scheme that, on or about July 8, 2013, defendant FILER caused Attorney C to provide to defendants GREG and KELLY blank copies of the Petition, Schedules and Statement of Financial Affairs that needed to be completed in order to file a Chapter 7 bankruptcy case on behalf of Barsanti Woodwork.

48. It was further part of the scheme that, on or about July 10, 2013, for the purpose of strengthening the appearance of BWC Capital's fraudulent claim to Barsanti Woodwork's assets prior to Barsanti Woodwork filing bankruptcy, defendants FILER, GREG and KELLY caused Attorney B to draft a Citation to Discover Assets on behalf of BWC Capital to be served on Barsanti Woodwork by Attorney D in order to initiate the post-judgment collection process against

Barsanti Woodwork under the fraudulent July 3rd Judgment.

49. It was further part of the scheme that, on or about July 10, 2013, for the purpose of strengthening the appearance of BWC Capital's fraudulent claim to Barsanti Woodwork's assets prior to Barsanti Woodwork filing bankruptcy, defendants FILER, GEREG and KELLY caused Attorneys B and C to draft a Motion For Assignment and Conveyance of Title and draft Order to be filed by Attorney D on behalf of BWC Capital and against Barsanti Woodwork in order to transfer the assets of Barsanti Woodwork pursuant to the fraudulent July 3rd Judgment.

50. It was further part of the scheme that, on or about July 11, 2013, for the purpose of strengthening the appearance of BWC Capital's fraudulent claim to Barsanti Woodwork's assets prior to Barsanti Woodwork filing bankruptcy, defendants FILER and KELLY caused Attorney B to accept service from Attorney D on behalf of Barsanti Woodwork of the Citation to Discover Assets under the fraudulent July 3rd Judgment.

51. It was further part of the scheme that, on or about July 11, 2013, for the purpose of strengthening the appearance of BWC Capital's fraudulent claim to Barsanti Woodwork's assets prior to Barsanti Woodwork filing bankruptcy, defendants FILER, GEREG and KELLY caused Attorney D to file with the Cook County Circuit Court the Motion For Assignment and Conveyance of Title on behalf of BWC Capital and against Barsanti Woodwork.

52. It was further part of the scheme that, on or about July 18, 2013, for the purpose of strengthening the appearance of BWC Capital's fraudulent claim to Barsanti Woodwork's assets prior to Barsanti Woodwork filing bankruptcy, defendants FILER, GEREG and KELLY fraudulently caused the Cook County Circuit Court to enter an Order granting the Motion For Assignment and Conveyance of Title on behalf of BWC Capital and against Barsanti Woodwork.

Fraudulently Transferring Barsanti Woodwork's Assets to the Sham Secured Creditor

53. It was further part of the scheme that, on or about July 19, 2013, for the purpose of strengthening the appearance of BWC Capital's fraudulent claim to Barsanti Woodwork's assets prior to Barsanti Woodwork filing bankruptcy, defendants FILER, GEREK and KELLY caused Attorney A to prepare an Assignment and Conveyance of Title to transfer Barsanti Woodwork's assets to BWC Capital purportedly in partial satisfaction of the fraudulent July 3rd Judgment.

54. It was further part of the scheme that, on or about August 12, 2013, for purposes of concealing defendant KELLY's control of and interest in Barsanti Millwork, defendants FILER, GEREK and KELLY agreed that defendant GEREK would sign contracts on behalf of Barsanti Millwork in order, as defendant GEREK described it, "to maintain daylight for now" between defendant KELLY and Barsanti Millwork.

55. It was further part of the scheme that, on or about August 12, 2013, defendants FILER, GEREK and KELLY began drafting and reviewing documents through which BWC Capital would transfer Barsanti Woodwork's Assets to Barsanti Millwork as set out in defendant GEREK's "road map to prosperity."

56. It was further part of the scheme that, on or about August 21, 2013, for the purpose of strengthening the appearance of BWC Capital's fraudulent claim to Barsanti Woodwork's assets prior to Barsanti Woodwork filing bankruptcy, defendants FILER, GEREK and KELLY caused Attorney B to send to defendants FILER, GEREK and KELLY the Assignment and Conveyance of Title to transfer Barsanti Woodwork's assets to BWC Capital, back-dated to July 3, 2013, as defendant FILER instructed, in order to conceal that Barsanti Woodwork transferred its assets to BWC Capital days before filing bankruptcy.

57. It was further part of the scheme that, on or about August 21, 2013, for the purpose of strengthening the appearance of BWC Capital's fraudulent claim to Barsanti Woodwork's assets prior to Barsanti Woodwork filing bankruptcy, defendant KELLY sent to defendant GEREK the executed back-dated Assignment and Conveyance of Title to transfer Barsanti Woodwork's assets to BWC Capital, leaving Barsanti Woodwork without assets.

58. It was further part of the scheme that, on or about August 22, 2013, for the purpose of strengthening BWC Capital's fraudulent claim to Barsanti Woodwork's assets prior to Barsanti Woodwork filing bankruptcy, defendant GEREK sent an email to defendants FILER and KELLY in which defendant GEREK suggested diverting accounts receivable payments from Barsanti Woodwork customers to BWC Capital based on the back-dated Assignment and Conveyance of Title to Barsanti Woodwork's assets. In response, defendant FILER inquired of Attorney C "should we tell Bob to stop communicating with us like this? I.E. all verbal?"

Filing a Fraudulent Bankruptcy on Behalf of Barsanti Woodwork

59. It was further part of the scheme that, on or about August 26, 2013, in anticipation of another larger Carpenters' Trust Funds judgment becoming final against Barsanti Woodwork, defendants FILER, GEREK and KELLY caused Attorney C to file a Chapter 7 bankruptcy Petition along with Schedules and Statement of Financial Affairs on behalf of Barsanti Woodwork in the Bankruptcy Court for the Northern District of Illinois, *In re Barsanti Woodwork Corporation*, 13-33965, (the Barsanti Woodwork Bankruptcy Case).

60. It was further part of the scheme that, on or about August 26, 2013, defendants FILER, GEREK and KELLY caused the Schedules filed on behalf of Barsanti Woodwork to falsely represent that BWC Capital was a creditor of Barsanti Woodwork owed approximately

\$1,582,955, when defendants FILER, GEREK and KELLY knew that BWC Capital was not a legitimate creditor of Barsanti Woodwork, in that BWC Capital was not owed a debt by Barsanti Woodwork, and had fraudulently acquired its claim against Barsanti Woodwork through the use of Barsanti Woodwork's assets. Defendants FILER, GEREK and KELLY further knew that, even had BWC Capital not acquired its claim by fraud, any claim based on the assignment of the Harris Bank Loan Documents was not \$1,582,955, but instead was only approximately \$456,000, minus the value of the assets transferred from Barsanti Woodwork to BWC Capital on August 21, 2013.

61. It was further part of the scheme that, on or about August 26, 2013, defendants FILER, GEREK and KELLY caused the Statement of Financial Affairs filed on behalf of Barsanti Woodwork to falsely represent that Barsanti Woodwork had made no transfers of property outside the ordinary course of its business in the two years prior to filing bankruptcy, when defendants knew that, less than four months prior to filing bankruptcy, Barsanti Woodwork had engaged in a transfer of property outside the ordinary course of its business, namely transferring \$575,000 to pay off the Harris Bank Debt in a transaction that resulted in BWC Capital receiving all of the benefit and Barsanti Woodwork receiving no benefit.

Filing a False Claim Against Barsanti Woodwork

62. It was further part of the scheme that, on or about January 22, 2014, defendant GEREK caused Attorney D to file a false proof of claim in the amount of approximately \$982,955 on behalf of BWC Capital in the Barsanti Woodwork Bankruptcy Case. Defendant GEREK then knew that BWC Capital neither was owed a debt by Barsanti Woodwork, nor had any legitimate claim against Barsanti Woodwork, but instead obtained its claim by fraud, and that, even had BWC Capital not acquired its claim by fraud, any claim based on the assignment of the Harris Bank Loan

Documents was not approximately \$982,955, but only approximately \$456,000, minus the value of the assets transferred from Barsanti Woodwork to BWC Capital on August 21, 2013.

Concealing Records From Barsanti Woodwork's Bankruptcy Trustee

63. It was further part of the scheme that, for purposes of concealing the scheme, on or about April 9, 2014, defendant FILER instructed Attorney B to withhold documents from Law Firm A's response to the bankruptcy trustee's subpoena which were within the scope of the subpoena's request to produce documents relating in any way to Barsanti Woodwork and anyone acting or purporting to act on its behalf. Specifically, defendant FILER instructed Attorney B to withhold emails and documents relating to defendant GREG's assignment of his ownership interests in BWC Capital and Barsanti Millwork to The K Family Trust.

64. It was further part of the scheme that, for purposes of concealing the scheme, on or about April 9, 2014, defendant FILER signed and sent to the bankruptcy trustee a discovery cover letter falsely representing that all documents responsive to the bankruptcy trustee's subpoena were produced.

65. It was further part of the scheme that, for purposes of concealing the scheme, after Attorney B expressed concern about inconsistencies between defendant GREG's execution of assignments of his interests in BWC Capital and Barsanti Millwork to the K Family Trust and "representations we may have already put on the record with the trustee or Harris stating that Paul has no ownership interest in BWC/Millwork," defendant FILER attempted to convince Attorney B that records relating to defendant GREG's assignment of his interests in BWC Capital and BWC Millwork to The K Family Trust did not have to be produced because The K Family Trust had never been formed.

Testifying Falsely Under Oath in Barsanti Woodwork's Bankruptcy Case

66. It was further part of the scheme that, for purposes of concealing the scheme, on or about July 1, 2015, defendant GEREG, while testifying under oath at an examination by the bankruptcy trustee administering the Barsanti Woodwork Bankruptcy Case, made false representations, including:

a. that agreements to extend the Harris Bank Notes to May 20, 2013, and to include confession of judgment clauses in the Notes, which are purportedly memorialized in the Change in Terms Agreements dated April 5, 2013, were reached on April 5, 2013, when defendant GEREG knew that the Change in Terms Agreements had been signed on May 29, 2013, and back-dated to April 5, 2013, and that there was no agreement to the terms contained in the Change in Terms Agreements on or about April 5, 2013; and

b. that defendant KELLY's personal guarantee of the Harris Bank Debt was still in effect, when defendant GEREG knew that on May 1, 2013, defendant GEREG notified defendant KELLY in writing that defendant KELLY's personal guarantee of the Harris Bank Debt was cancelled.

67. It was further part of the scheme that, for purposes of concealing the scheme and defendant FILER's participation in the scheme, on or about August 17, 2015, defendant FILER, while testifying under oath at an examination by the bankruptcy trustee administering the Barsanti Woodwork Bankruptcy Case, made false representations, including:

a. that he, defendant FILER, did not sign the April 9, 2014, discovery cover letter which falsely represented that all responsive records had been produced to the bankruptcy trustee and had first seen the letter the week before the deposition, when defendant FILER knew

that he had reviewed and signed the letter on the day it was sent;

b. that he, defendant FILER, did not know who prepared the back-dated Change in Terms Agreements or whether anyone at Law Firm A rendered any legal services relating to the Change in Terms Agreements, when defendant FILER knew that he had instructed Attorney B to draft the Change in Terms Agreements and that Attorney B had drafted the Change in Terms Agreements; and

c. that defendant GEREK suggested the use of a confession of judgment clause on or before April 5, 2013, when defendant FILER knew that defendant GEREK had not suggested the use of a confession of judgment clause on or about April 5, 2013, and that it was defendant FILER who had suggested the use of a confession of judgment clause on or about May 29, 2013.

68. It was further part of the scheme that defendants FILER, GEREK and KELLY, did misrepresent, conceal and hide, and cause to be misrepresented, concealed and hidden, acts done in furtherance of the scheme and the purposes of those acts.

69. On or about August 21, 2013, at Chicago, in the Northern District of Illinois, Eastern Division,

EDWARD LEE FILER,
ROBERT JOSEPH GEREK and
PAUL MICHAEL KELLY,

defendants herein, for the purpose of executing the scheme and attempting to do so, caused to be transmitted by means of wire communication in interstate commerce an email from defendant KELLY to defendants FILER and GEREK, to which was attached the executed Assignment and Conveyance of Title;

In violation of Title 18, United States Code, Section 1343.

COUNT TWO

The SPECIAL JULY 2018 GRAND JURY further charges:

1. The allegations of paragraphs 1 through 68 of Count One are realleged here.
2. On or about August 22, 2013, at Chicago, in the Northern District of Illinois,

Eastern Division,

EDWARD LEE FILER,
ROBERT JOSEPH GEREG and
PAUL MICHAEL KELLY,

defendants herein, for the purpose of executing the scheme and attempting to do so, caused to be transmitted by means of wire communication in interstate commerce an email from defendant GEREG to defendants FILER and KELLY, as described in paragraph 58;

In violation of Title 18, United States Code, Section 1343.

COUNT THREE

The SPECIAL JULY 2018 GRAND JURY further charges:

1. The allegations of paragraph 1 of Count One are realleged here.
2. Beginning in or about March 2013, and continuing until in or about August 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

EDWARD LEE FILER,
ROBERT JOSEPH GEREK and
PAUL MICHAEL KELLY,

defendants herein, together with persons known to the grand jury, devised, intended to devise and participated in a scheme to defraud, and for the purpose of executing and concealing the scheme, and attempting to do so, filed and caused to be filed a petition in a proceeding under Title 11.

3. The allegations of paragraphs 3 through 68 of Count One are realleged here.
4. On or about August 26, 2013, at Chicago, in the Northern District of Illinois, Eastern Division,

EDWARD LEE FILER,
ROBERT JOSEPH GEREK and
PAUL MICHAEL KELLY,

defendants herein, for the purpose of executing and concealing the above described scheme and attempting to do so, filed and caused to be filed a Petition in a proceeding under Title 11, namely, a Chapter 7 bankruptcy case, *In re Barsanti Woodwork Corporation*, 13-033965;

In violation of Title 18, United States Code, Section 157(1).

COUNT FOUR

The SPECIAL JULY 2018 GRAND JURY further charges:

1. The allegations of paragraph 1 of Count One are realleged here.
2. Beginning in or about March 2013, and continuing until in or about August 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

EDWARD LEE FILER,
ROBERT JOSEPH GEREG and
PAUL MICHAEL KELLY,

defendants herein, together with persons known to the grand jury, devised, intended to devise and participated in a scheme to defraud, and for the purpose of executing and concealing the scheme, and attempting to do so, filed and caused to be filed a document in a proceeding under Title 11.

3. The allegations of paragraphs 3 through 68 of Count One are realleged here.
4. On or about August 26, 2013, at Chicago, in the Northern District of Illinois, Eastern Division,

EDWARD LEE FILER,
ROBERT JOSEPH GEREG and
PAUL MICHAEL KELLY,

defendants herein, for the purpose of executing and concealing the above described scheme and attempting to do so, filed and caused to be filed a document, namely a Statement of Financial Affairs and Schedules, in a proceeding under Title 11, namely, a Chapter 7 bankruptcy case, *In re Barsanti Woodwork Corporation*, 13-33965;

In violation of Title 18, United States Code, Section 157(2).

COUNT FIVE

The SPECIAL JULY 2018 GRAND JURY further charges:

On or about August 26, 2018, at Chicago, in the Northern District of Illinois, Eastern Division,

EDWARD LEE FILER,
ROBERT JOSEPH GEREK and
PAUL MICHAEL KELLY,

defendants herein, knowingly and fraudulently made and caused to be made a false statement under penalty of perjury in relation to a case under Title 11, namely, a Chapter 7 bankruptcy case, *In re Barsanti Woodwork Corporation*, 13-33965; to wit:

(a) that BWC Capital was a creditor of Barsanti Woodwork that was owed approximately \$1,582,955; and

(b) that Barsanti Woodwork had made no transfers of property outside the ordinary course of its business in the two years prior to filing bankruptcy;

In violation of Title 18, United States Code, Section 152(3).

COUNT SIX

The SPECIAL JULY 2018 GRAND JURY further charges:

1. The allegations of paragraph 1 of Count One are realleged here.
2. Beginning in or about March 2013, and continuing until in or about August 2015,

in the Northern District of Illinois, Eastern Division, and elsewhere,

EDWARD LEE FILER,
ROBERT JOSEPH GEREK and
PAUL MICHAEL KELLY,

defendants herein, together with persons known to the grand jury, devised, intended to devise and participated in a scheme to defraud, and for the purpose of executing and concealing the scheme, and attempting to do so, filed a document in a proceeding under Title 11.

3. The allegations of paragraphs 3 through 68 of Count One are realleged here.

4. On or about January 22, 2014, at Chicago, in the Northern District of Illinois, Eastern Division,

EDWARD LEE FILER and
ROBERT JOSEPH GEREK,

defendants herein, for the purpose of executing and concealing the above described scheme and attempting to do so, filed and caused to be filed a document, namely a proof of claim to be filed on behalf of BWC Capital, in a proceeding under Title 11, namely, a Chapter 7 bankruptcy case, *In re Barsanti Woodwork Corporation*, 13-33965;

In violation of Title 18, United States Code, Section 157(2).

COUNT SEVEN

The SPECIAL JULY 2018 GRAND JURY further charges:

On or about January 22, 2014, at Chicago, in the Northern District of Illinois, Eastern Division,

EDWARD LEE FILER, and
ROBERT JOSEPH GEREG

defendants herein, knowingly and fraudulently made and caused to be made a claim in the amount of approximately \$982,955 on behalf of BWC Capital against the estate of Barsanti Woodwork in a case under Title 11, namely, a Chapter 7 bankruptcy case, *In re Barsanti Woodwork Corporation*, 13-33965; which claim was false in that BWC Capital neither was owed a debt by Barsanti Woodwork, nor had a legitimate claim against Barsanti Woodwork;

In violation of Title 18, United States Code, Section 152(4).

COUNT EIGHT

The SPECIAL JULY 2018 GRAND JURY further charges:

On or about April 9, 2014, at Chicago, in the Northern District of Illinois, Eastern Division,

EDWARD LEE FILER

defendant herein, knowingly and fraudulently withheld and caused to be withheld from the bankruptcy trustee in a case under Title 11, namely, a Chapter 7 bankruptcy case, *In re Barsanti Woodwork Corporation*, 13-33965, records relating to the financial affairs of the debtor and which the bankruptcy trustee had subpoenaed and demanded to be produced;

In violation of Title 18, United States Code, Section 152(9).

COUNT NINE

The SPECIAL JULY 2018 GRAND JURY further charges:

1. The allegations of paragraph 1 of Count One are realleged here.
2. Beginning in or about March 2013, and continuing until in or about August 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

EDWARD LEE FILER,
ROBERT JOSEPH GEREG and
PAUL MICHAEL KELLY,

defendants herein, together with persons known to the grand jury, devised, intended to devise and participated in a scheme to defraud, and for the purpose of executing and concealing the scheme, and attempting to do so, made and caused to be made false and fraudulent representations concerning and in relation to a proceeding under Title 11.

3. The allegations of paragraphs 3 through 68 of Count One are realleged here.
4. On or about July 1, 2015, at Chicago, in the Northern District of Illinois, Eastern Division,

EDWARD LEE FILER and,
ROBERT JOSEPH GEREG,

defendants herein, for the purpose of executing and concealing the above described scheme and attempting to do so, made and caused to be made a false and fraudulent representation in a proceeding under Title 11, namely, a Chapter 7 bankruptcy case, *In re Barsanti Woodwork Corporation*, 13-33965, namely, defendant GEREG, falsely represented:

- (a) that the terms of the Change in Terms Agreements were agreed to on April 5, 2013;
and

(b) that defendant KELLY's personal guarantee of the Harris Bank Debt was still in effect;

In violation of Title 18, United States Code, Section 157(3).

COUNT TEN

The SPECIAL JULY 2018 GRAND JURY further charges:

1. The allegations of paragraph 1 of Count One are realleged here.
2. Beginning in or about March 2013, and continuing until in or about August 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

EDWARD LEE FILER,
ROBERT JOSEPH GEREG and
PAUL MICHAEL KELLY,

defendants herein, together with persons known to the grand jury, devised, intended to devise and participated in a scheme to defraud, and for the purpose of executing and concealing the scheme, and attempting to do so, made and caused to be made false and fraudulent representations concerning and in relation to a proceeding under Title 11.

3. The allegations of paragraphs 3 through 68 of Count One are realleged here.
4. On or about August 17, 2015, at Chicago, in the Northern District of Illinois, Eastern Division,

EDWARD LEE FILER and,
ROBERT JOSEPH GEREG,

defendants herein, for the purpose of executing and concealing the above described scheme and attempting to do so, made and caused to be made a false and fraudulent representation in a proceeding under Title 11, namely, a Chapter 7 bankruptcy case, *In re Barsanti Woodwork Corporation*, 13-33965, namely, defendant FILER falsely represented:

- (a) that he, defendant FILER, did not sign the April 9, 2014, discovery cover letter and had first seen the letter the week before the deposition;

(b) that he, defendant FILER, did not know who prepared the back-dated Change in Terms Agreements or whether anyone at Law Firm A rendered any legal services relating to the Change in Terms Agreements; and

(c) that defendant GEREG suggested the use of a confession of judgment clause in the Change in Terms Agreements on or before April 5, 2013;

In violation of Title 18, United States Code, Section 157(3).

A TRUE BILL:

FOREPERSON

SCOTT C. BLADER
United States Attorney
For the Western District of Wisconsin