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MICHAEL T. MASON
UNITED STATES MAGISTRATE JUDGE
UNITED STATES DISTRICT COURT

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA	)	No.
	)	
v.	)	Violations: Title 18, United States Code,
	)	Sections 666(a)(1)(A) and 1343
LAWRENCE WYLLIE	)	

JUDGE FEINERMAN

The SPECIAL FEBRUARY 2016 GRAND JURY charges:

1. At times material to this indictment:

MAGISTRATE JUDGE KIM

a. Lincoln-Way Community High School District 210 (Lincoln-Way) operated high schools in Illinois, which were located in the towns of New Lenox, Frankfort, Mokena, Manhattan, Tinley Park, and Orland Park. These high schools were named Lincoln-Way East, Lincoln-Way West, Lincoln-Way North and Lincoln-Way Central. Lincoln-Way's primary source of revenue was from property taxes.

b. Defendant LAWRENCE WYLLIE was the Superintendent of Lincoln-Way. As Superintendent, WYLLIE had the authority to direct the use of school district funds only for legitimate school district purposes.

c. Lincoln-Way had a publicly-elected school board consisting of seven members who, among other things, voted on major school district initiatives and personnel matters, including the issuance of debt and the retention and compensation of the Superintendent.

d. WYLLIE's compensation as Superintendent was governed by a contract that was voted on and renewed by the school board in or about May 2010. One of the factors the school board considered in renewing WYLLIE's contract was the financial performance of the school district. The terms of the contract identified all of WYLLIE's compensation, including his base salary and a district-funded annuity. WYLLIE's contract did not provide for a retirement

stipend and did not provide a payout for unused vacation days upon his retirement.

e. In 2006, residents of the district voted in a public referendum to approve the issuance of a maximum of $225 million in bonds for the purpose of funding the building of two new high schools (North and West) and renovating and equipping two existing high schools (Central and East). After the referendum passed, Lincoln-Way, at the request of WYLLIE and with the approval of the school board, issued bonds in the amount of $52 million in 2006 and $123 million in 2007.

f. In or about 2009, at the request of WYLLIE and with the approval of the school board, Lincoln-Way issued a total of $29 million in bonds pursuant to the remaining authority granted from the 2006 public referendum. WYLLIE represented to the school board, the bond purchasers, and the public that $10 million of the bonds would be used in accordance with the 2006 public referendum limiting the use of the funds to capital expenditures, and not for the general operating expenses of the school district. The remaining $19 million was a refinancing of a portion of the district's existing bond obligations.

g. Purchasers of the 2009 bonds included various financial institutions in the United States. These bond purchasers received disclosures from Lincoln-Way that the 2009 bond proceeds would be used in accordance with the terms of the 2006 public referendum.

h. Lincoln-Way paid general operating expenses from an account at Old Second Bank while the 2009 bond funds were maintained at a U.S. Bank account.

i. Lincoln-Way generated annual audited financial statements after the close of the fiscal year and made these financial statements publicly available on its website. Lincoln-Way also publicly reported its cost-per-pupil for the fiscal year.

j. Vendors A and B were vendors that provided general operating and maintenance services to Lincoln-Way and who received payment for services from Lincoln-Way that derived from the 2009 bond proceeds. Vendor C was a vendor that provided general operating services for Superdog dog obedience school, which was located at Lincoln-Way North.

2. Beginning in or about January 2009, and continuing until in or about July 2013, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE WYLLIE,

defendant herein, devised, intended to devise, and participated in a scheme to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and by concealment of material facts, which scheme is further described below.

3. It was part of the scheme that defendant WYLLIE fraudulently misused school district funds and resources, including by: (i) making materially false statements and representations to the school board, the bond purchasers, and the public about the purpose and use of the 2009 bond proceeds so that he could fraudulently conceal the school district's true financial condition; and (ii) fraudulently misappropriating school district funds and resources for his own personal benefit.

4. It was further part of the scheme that defendant WYLLIE represented to the school board, the bond purchasers, and the public that, consistent with the 2006 public referendum, the 2009 bond proceeds would be used for capital expenditures and not for the school district's general operating expenses, when WYLLIE knew that was false because he intended to and did use at least $7 million of the 2009 bond proceeds to fund the school district's general operating expenses.

5. It was further part of the scheme that defendant WYLLIE represented to the school

board and the public that the 2009 bond proceeds would not be used to fund payroll for school district employees, when WYLLIE knew that was false because, from the at least $7 million of bond proceeds that he used to fund operating expenses, he intended to and did use at least $1 million of those bond funds to fund payroll for the school district.

6. It was further part of the scheme that, in or about December 2009, when explaining the financial challenges of the school district to the school board and the public, WYLLIE represented that the State of Illinois was behind approximately $5 million in payments to the school district, when he knew that was false because the State of Illinois was not delinquent in the amount of $5 million and that the school district's financial challenges were a result of its expenditures exceeding its revenues.

7. It was further part of the scheme that between approximately March 2010 and October 2012, defendant WYLLIE fraudulently and repeatedly (i) reclassified millions of dollars in general operating expenditures as purported bond expenditures in the school district's general ledger, and (ii) transferred millions of dollars from the U.S. Bank account where the district maintained its bond funds to the Old Second Bank account which the district used to pay general operating expenses. In this manner, defendant concealed the scheme and the true financial health of Lincoln-Way from the school board and the public by fraudulently appearing to lower the district's net operating expenditures in its audited financial statements and its reported cost-per-pupil calculation. The understatement of operating expenditures and misuse of bond funds during this time period totaled at least $7,000,000.

8. It was further part of the scheme that defendant WYLLIE fraudulently misappropriated school district funds and resources for personal projects that were not for the

benefit of the school district, such as WYLLIE's fraudulent use of at least $50,000 in school district funds, including the 2009 bond funds, to build and operate Superdog, a dog obedience training school.

9. It was further part of the scheme that defendant WYLLIE, upon retirement in or about June 2013, misappropriated at least $16,500 of school district funds by falsely representing that these funds were a retirement stipend.

10. It was further part of the scheme that defendant WYLLIE misappropriated over $14,000 of school district funds by falsely representing that these funds were unused vacation days.

11. It was further part of the scheme that defendant WYLLIE did misrepresent, conceal, and hide, and caused to be misrepresented, concealed, and hidden, acts done in furtherance of the scheme and the purpose of those acts.

12. As a result of the scheme, defendant WYLLIE fraudulently caused Lincoln-Way to assume at least $7 million in additional debt by the fraudulent issuance of bonds, on which Lincoln-Way continues to pay interest, as well as suffer a loss of at least $80,000 in school district funds that were misappropriated and misused by WYLLIE for his own personal benefit.

13. On or about October 17, 2012, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE WYLLIE,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer of approximately $403,391 from U.S. Bank, through the Federal Reserve System, to Old Second Bank;

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

COUNT TWO

The SPECIAL FEBRUARY 2016 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 12 of Count One of this indictment are incorporated here.

2. On or about October 8, 2012, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE WYLLIE,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transmission processed at the Federal Reserve Processing Center, which wire transmission credited the amount of $23,969.82 to a bank account at Old Plank Trail Community Bank, and which wire transmission was sent in response to a check deposit drawn on Lincoln-Way's bank account at Old Second National Bank to pay for general operating services provided by Vendor A to Lincoln-Way.

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

COUNT THREE

The SPECIAL FEBRUARY 2016 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 12 of Count One of this indictment are incorporated here.

2. On or about October 17, 2012, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE WYLLIE,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transmission processed at the Federal Reserve Processing Center, which wire transmission credited the amount of $941.50 to a bank account at Schaumburg Bank and Trust, and which wire transmission was sent in response to a check deposit drawn on Lincoln-Way's bank account at Old Second National Bank to pay for general operating services provided by Vendor B to Lincoln-Way.

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

COUNT FOUR

The SPECIAL FEBRUARY 2016 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 12 of Count One of this indictment are incorporated here.

2. On or about February 20, 2013, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE WYLLIE,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transmission processed at the Federal Reserve Processing Center, which wire transmission credited the amount of $540 to a bank account at First National Bank, and which wire transmission was sent in response to a check deposit drawn on Lincoln-Way's bank account at Old Second National Bank to pay Vendor C for the general operating services of SuperDog;

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

COUNT FIVE

The SPECIAL FEBRUARY 2016 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 12 of Count One of this indictment are incorporated here.

2. On or about July 19, 2013, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE WYLLIE,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate Automated Clearing House ("ACH") transaction from Old Second Bank processed through the Federal Reserve System to Old Plank Trail Community Bank in the amount of approximately $19,588, which funds represented part of defendant's misappropriation of school district funds;

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

COUNT SIX

The SPECIAL FEBRUARY 2016 GRAND JURY further charges:

1. The allegations in paragraphs 1(a) through 1(d) of Count One of this indictment are incorporated here.

2. On or about July 19, 2013, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAWRENCE WYLLIE,

defendant herein, as an agent of the Lincoln-Way School Community High School District 210, a local government that received in excess of $10,000 in federal funding in the twelve-month period from January 1, 2013 through December 31, 2013, embezzled, stole, obtained by fraud, and otherwise without authority knowingly converted to his own use, approximately $30,878 in school district funds that were under the care, custody and control of Lincoln-Way, which defendant fraudulently represented were payments for a retirement stipend and unused vacation days;

In violation of Title 18, United States Code, Section 666(a)(1)(A).

A TRUE BILL:

_____
FOREPERSON

_____
ACTING UNITED STATES ATTORNEY