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WILLIAM F. CELLINI, SR., INDICTED FOR ALLEGED ROLE IN DEFRAUDING TEACHERS RETIREMENT SYSTEM WITH REZKO, LEVINE AND OTHERS

CHICAGO –A longtime political insider in Springfield was indicted today on federal corruption charges for allegedly conspiring with two Chicago businessmen and others to obtain political contributions for a certain public official by shaking down an investment firm that was seeking a \$220 million allocation from the state Teachers Retirement System (TRS.) The defendant, **William F. Cellini, Sr.**, was charged in a four-count indictment returned by a federal grand jury, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois.

Cellini, 73, of Springfield, had longstanding relationships and influence with TRS trustees and staff members and was associated with Commonwealth Realty Advisors, Inc., a real estate asset firm that managed hundreds of millions of dollars on behalf of TRS, according to the indictment. He also raised significant funds for Public Official A, among others. He was charged with one count each of conspiracy to commit mail fraud, extortion conspiracy, attempted extortion and soliciting a bribe. He will be arraigned at a later date in U.S. District Court.

Cellini's alleged crimes – essentially conspiring with others to force Capri Capital, also a real estate investment firm, and Thomas Rosenberg, a principal and part owner of Capri, to raise or

donate substantial political contributions for Public Official A – were the subject of testimony earlier this year at the trial of alleged co-conspirator Antoin “Tony” Rezko. Cellini was charged with conspiring with Rezko, former TRS trustee Stuart Levine, the pension fund’s outside lawyer Steven Loren and others between the spring of 2003 and the summer of 2005 to defraud TRS beneficiaries and the people of Illinois of Levine’s honest services as a TRS trustee. TRS, a public pension plan for teachers and administrators in public schools statewide except in Chicago, serves hundreds of thousands of members and beneficiaries and has assets in excess of \$30 billion.

Cellini is the 13th defendant charged as part of *Operation Board Games*, an ongoing federal public corruption investigation of insider-dealing, influence-peddling and kickbacks involving private interests and public duties related to various state boards and non-profit organizations.

Mr. Fitzgerald announced the charges with Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; Alvin Patton, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago; Thomas P. Brady, Inspector-in-Charge of the U.S. Postal Inspection Service in Chicago; and James Vanderberg, Regional Inspector-in-Charge of the U.S. Department of Labor Office of Inspector General.

According to the indictment, in the spring of 2003, Cellini and Levine agreed to oppose a proposal to consolidate TRS with two other state pension plans because they feared their control and influence at TRS, as well as the profits received by Commonwealth Realty Advisors, would be threatened. Cellini and Levine further agreed to seek help from Rezko and Co-Conspirator A in defeating the consolidation plan, with all four eventually agreeing that Cellini would use his influence at TRS and Levine would use his trustee position to hire investment firms that made contributions for the benefit of Public Official A. Cellini, Rezko, and Co-Conspirator A knew that

Levine agreed to use his influence and position at TRS to help firms that had made contributions for the benefit of Public Official A, even though Levine understood that those firms were being chosen based on their political contributions and not on their merit.

Between February and April 2004 – at the same time Commonwealth Realty Advisors obtained allocations totaling \$220 million from TRS – Cellini, Levine, Rezko, and Co-Conspirator A allegedly conspired to use their influence and Levine’s position at TRS to prevent Capri Capital from receiving a planned \$220 million allocation of TRS funds unless Rosenberg and Capri agreed to raise or donate a substantial amount of funds for the benefit of Public Official A. In early May 2004, after conversations with Levine, Cellini agreed to and did tell Rosenberg that Capri was not going to receive its \$220 million allocation because Rosenberg had not made a significant political contribution for the benefit of Public Official A, the indictment alleges. Once Rosenberg understood the reason Capri was not receiving funds, Cellini and Levine agreed that Cellini would direct Rosenberg to talk with Levine to arrange making the necessary contributions, the charges state.

Cellini allegedly reported back to Levine that Rosenberg would not be extorted and threatened to expose their plan to law enforcement. Cellini, Levine, Rezko, and Co-Conspirator A allegedly agreed it was too risky to continue demanding money from Rosenberg and Capri or blocking the \$220 million allocation. They further agreed that, although Capri would receive the pension funds for investment purposes, Capri and Rosenberg would not receive any further business from the State of Illinois, the charges allege. In late May 2004, just five days after Levine was confronted by federal agents, Levine and the TRS board voted to allocate \$220 million to Capri.

As part of the conspiracy, Cellini, Rezko, and Co-Conspirator A also allegedly agreed to and did engage in secret communications with Levine, other TRS trustees and staff members, including

TRS Staffer A, concerning official actions pending before TRS. Cellini was aware that Levine concealed from and failed to disclose to the TRS board the existence of these secret communications, the charges allege. In the summer of 2004, Cellini, Rezko, Co-Conspirator A, and others allegedly discussed moving TRS Staffer A from his position at TRS into another job with a different state entity in an effort to ensure that TRS Staffer A would not cooperate with the government. And, in or around the summer and fall of 2004, in an effort to conceal the conspiracy, Cellini, Rezko and others discussed the possibility of removing the U.S. Attorney for the Northern District of Illinois in an effort to stop any investigation into the co-conspirators and others, the indictment alleges.

The government is being represented by Assistant U.S. Attorneys Christopher Niewoehner, Carrie Hamilton and Reid Schar.

If convicted, the charges carry the following maximum penalties: conspiracy to commit mail fraud – 5 years in prison; extortion conspiracy and attempted extortion – 20 years in prison; and soliciting a bribe – 10 years in prison, and each count carries a maximum fine of \$250,000. The Court, however, would determine the appropriate sentence to be imposed under the advisory United States Sentencing Guidelines.

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

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