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FEDERAL INDICTMENT CHARGES FORMER DIXON COMPTROLLER RITA CRUNDWELL WITH ENGAGING IN \$53 MILLION FRAUD SINCE 1990

*U.S. files lawsuit seeking civil forfeiture of 311 quarter horses
in addition to seeking criminal forfeiture of seized assets*

ROCKFORD — The former comptroller of the City of Dixon, Ill., **Rita A. Crundwell**, was indicted today for allegedly fraudulently obtaining more than \$53 million from the town since 1990 and using the proceeds to finance her horse breeding business and lavish lifestyle. A federal grand jury returned a single-count indictment charging Crundwell with one count of wire fraud, announced 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. Since Crundwell was arrested on April 17 and accused of misappropriating more than \$30 million since 2006, further investigation resulted in the indictment's expanded allegation that the fraud exceeded \$53 million and spanned more than two decades.

Crundwell, 59, of Dixon, who served as comptroller since 1983 and handled all of the city's finances, was released on her own recognizance on April 18. She will be arraigned at 10:30 a.m. on May 7 before U.S. Magistrate Judge P. Michael Mahoney in U.S. District Court in Rockford.

The indictment seeks criminal forfeiture of \$53 million as well as numerous assets that were seized from Crundwell when she was arrested. On a parallel track, the United States today filed a civil lawsuit alleging that 311 quarter horses owned by Crundwell are subject to civil forfeiture

because she purchased and/or maintained them with criminal fraud proceeds. The government will seek eventually to sell the horses and apply the proceeds toward restitution to the City of Dixon.

“The government is pursuing both criminal and civil forfeiture proceedings to ensure that every available tool is being used to recover proceeds of the alleged fraud in order to recoup as much money as possible for the City of Dixon, its residents and taxpayers,” Mr. Fitzgerald said. The investigation is continuing, he added.

Dixon, with a population of approximately 15,733, is located about 100 miles southwest of Chicago.

Crundwell owns RC Quarter Horses, LLC, and keeps her horses at her ranch on Red Brick Road in Dixon and at the Meri-J Ranch in Beloit, Wis., as well as with various trainers across the country. In addition to 311 registered quarter horses, dozens of foals are expected to be born this spring. As part of the civil lawsuit, the government requested a pretrial restraining order that will secure the government’s interest in the horses and allow officials to take necessary steps to ensure the animals’ health and well-being, including veterinary and dietary care, which has been ongoing. The U.S. Marshals Service is expected to hire a contractor to manage the horses.

The indictment seeks criminal forfeiture of two residences and the horse farm in Dixon, a home in Englewood, Fla., a \$2.1 million luxury motor home, more than a dozen trucks, trailers and other motorized farm vehicles, a 2005 Ford Thunderbird convertible, a 1967 Chevrolet Corvette roadster, a pontoon boat, approximately \$224,898 in cash from two bank accounts, and other assets allegedly purchased with fraud proceeds. Many of these assets were seized when Crundwell was arrested, and the government today requested a restraining order on the real estate that is allegedly subject to criminal forfeiture.

According to the indictment, on Dec. 18, 1990, Crundwell opened a bank account in the

name of the City of Dixon and RSCDA, known as the RSCDA account. Between December 19090 and April 2012, Crundwell used her position as comptroller to transfer funds from the Dixon's Money Market account to its Capital Development Fund account, as well as to various other city bank accounts. Crundwell allegedly repeatedly transferred city funds into the RSCDA account and used the money to pay for her own personal and private business expenses, including horse farming operations, personal credit card payments, real estate and vehicles.

As part of the fraud scheme, Crundwell allegedly created fictitious invoices purported to be from the State of Illinois to show the city's auditors that the funds she was fraudulently depositing into the RSCDA account were being used for a legitimate purpose. To conceal the scheme, Crundwell told the mayor and City Council members that the state was late in its payments to the city, when, in fact, she knew that she had fraudulently transferred the funds for her own use, the indictment alleges.

Wire fraud carries a maximum penalty of 20 years in prison, and a \$250,000 fine, or an alternate fine totaling twice the loss or twice the gain, whichever is greater. If convicted, the Court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

The government is represented in the criminal case by Assistant U.S. Attorney Joseph C. Pedersen, and in the civil case by Assistant U.S. Attorney Scott Paccagnini.

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

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