



U.S. Department of Justice

United States Attorney
Northern District of Illinois

Patrick J. Fitzgerald
United States Attorney

327 South Church Street, Suite 3300
Rockford, Illinois 61101

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PRESS CONTACT:
AUSA Joseph C. Pedersen (815) 987-4444

DIXON COMPTROLLER ARRESTED ON FEDERAL CHARGE FOR ALLEGEDLY MISAPPROPRIATING MILLIONS OF DOLLARS IN CITY FUNDS FOR OWN USE

ROCKFORD — The Comptroller for the City of Dixon, Ill., was arrested today by FBI agents on a federal charge for allegedly defrauding the City of Dixon of more than \$3.2 million in public funds since just last fall. In addition, a federal criminal complaint alleges that the defendant, **Rita A. Crundwell**, 58, of Dixon, has misappropriated more than \$30 million in city funds since 2006 to finance her own lavish lifestyle, including operating a horse farm. Crundwell handles all finances for the city and has held the appointed position of Dixon comptroller since the early 1980s. She is paid an annual salary of \$80,000, according to the complaint charging her with one count of wire fraud that was filed last Friday and unsealed today following her arrest.

Also today, agents executed search and seizure warrants at various locations including, Crundwell's home, office, and farms in Dixon and Beloit, Wis., and seized the contents of two bank accounts she controlled. Among other items seized were seven trucks and trailers, three pickup trucks, a \$2.1 million motor home, and a Ford Thunderbird convertible, all of which were allegedly purchased with illegal proceeds.

Crundwell is scheduled to appear at 3 p.m. today before U.S. Magistrate Judge P. Michael Mahoney in U.S. District Court in Rockford, where the issue of bond will be addressed. Dixon has a population of approximately 15,733 and is located in Lee County, about 42 miles southwest of Rockford. The arrest was announced by 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.

Dixon Mayor James Burke reported Crundwell to law enforcement authorities last fall after a city employee assumed Crundwell's duties during Crundwell's extended unpaid vacation. After reviewing bank statements for September 2011 through March 2012, the FBI expanded the investigation and began reviewing the city's finances dating back to 2006. The investigation is continuing, officials said.

According to the complaint, Crundwell receives four weeks of paid vacation annually and she took an additional 12 weeks of unpaid vacation in 2011. In October last year, while Crundwell was away from work, a Dixon employee who served as her replacement requested all of the city's bank statements. After reviewing them, the employee brought the records of a particular account to Mayor Burke's attention. The September 2011 statement for that account showed three deposits totaling \$785,000, as well as 84 checks drawn totaling \$360,493, and 40 withdrawals totaling \$266,605. Mayor Burke was unaware that this account existed, the complaint states, adding that he then went to law enforcement since none of the withdrawals appeared to be related to any legitimate business of the City of Dixon. Although the bank records show that the primary account holder is the City of Dixon, a joint account holder is listed as RSCDA, and the checks written on this account list the account holder as "R.S.C.D.A., C/O Rita Crundwell."

The City of Dixon maintains numerous bank accounts, including a Capital Development Fund. Between September 2011 and February 2012, approximately \$2,783,912 in various tax funds were electronically deposited into one of the City's accounts. Crundwell allegedly caused these funds to be moved around to other bank accounts held by the city, and eventually transferred most of these monies into the Capital Development Fund account. Between September 2011 and March

2012, in her capacity as comptroller, Crundwell wrote 19 checks totaling \$3,558,000 on the Capital Development Fund account payable to "Treasurer," and deposited these checks into the account listing RSCDA as the joint account holder. She then allegedly took \$3,311,860 from the RSCDA account by checks and online withdrawals, using only \$74,274 for the city's operations. Crundwell allegedly used the remainder of those funds, more than \$3.2 million, for her own personal and business expenses, including approximately \$450,000 relating to her horse farming operations, \$600,000 in online credit card payments, and \$67,000 to purchase a 2012 Chevy Silverado pickup truck.

After discovering that Crundwell allegedly had recently transferred \$3,558,000 in city funds to the RSCDA account, the FBI obtained additional bank records showing that between July 2006 and March 2012, Crundwell allegedly deposited a total of \$30,236,503 in city funds into the RSCDA account, and paid out more than \$30 million for her own personal and business expenses. The complaint alleges that she used fraudulently obtained funds to make additional purchases, including a 2009 Liberty Coach Motor Home for \$2,108,000, a 2009 Kenworth T800 Tractor Truck for \$146,787, a 2009 Freightliner Truck for \$140,000, a 2009 Chevrolet Silverado pickup truck for \$56,646, and a 2009 Featherlite Horse Trailer for \$258,698. Between January of 2007 and March of 2012, Crundwell incurred charges of more than \$2.5 million on her personal American Express credit card account, including more than \$339,000 on jewelry alone, and allegedly used Dixon funds to pay the entire amount of charges.

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 by Assistant U.S. Attorney Joseph C. Pedersen.

The public is reminded that a criminal complaint 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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