



January 1, 2013, January 23, 2014, and January 23, 2015, NICHOLS signed a Uniform Conflict of Interest Disclosure Statement (Indiana Form 236) indicating that he had a financial interest in contracts awarded to AWC.

d. Since June 30, 2015, NICHOLS has also been the de facto owner of Capitol Consulting and Property Management (“CCPM”), which NICHOLS promotes as an asbestos inspection and removal, and demolition company. CCPM is not an Indiana-licensed asbestos inspector. CCPM’s business address is P.O. Box 2824, Muncie, Indiana. On or about June 30, 2015, and at NICHOLS’ instruction, Individual A registered CCPM with the Indiana Secretary of State. The registration claimed that Individual A was the owner and registered agent of CCPM. Individual A and NICHOLS are the signatories on the CCPM business bank account at Star Financial Bank. On or about March 22, 2016, Nichols signed a Uniform Conflict of Interest Disclosure Statement (Indiana Form 236) indicating that he had a financial interest in contracts awarded to CCPM.

e. The Muncie Board of Works (“BOW”) and the Muncie Sanitary District Board (“MSDB”) request, review, and approve quotes from contractors who wish to perform certain public works projects for Muncie.

f. Before entering into a contract or agreement for a public works project that is expected to cost less than \$25,000, Muncie officials must obtain at least three quotes from responsive contractors, and open and read aloud those quotes in a public forum (the “Three-Quote Requirement”). Upon declaration of an emergency, the BOW or MSDB may contract for a public works project if it obtains quotes from at least two contractors known to perform the kind of work to be completed. In either scenario, the rules require the BOW or MSDB to award the contract or

agreement to the lowest responsive contractor who submitted a quote. When Muncie conducts or sponsors demolitions, the Indiana Department of Environmental Management (“IDEM”) requires Muncie to show that the property to be demolished has been inspected for asbestos. In most cases, the identified asbestos must be abated by an Indiana-licensed asbestos abatement contractor.

g. Payments to contractors who perform public works projects are drawn from Muncie’s bank account at First Merchant’s Bank (“Muncie’s City Account”). Checks drawn from Muncie’s City Account and deposited into AWC’s and CCPM’s business bank accounts were processed through the Federal Reserve Bank Check Processing Centers located in Cincinnati, Ohio, or Chicago, Illinois, and traveled in interstate commerce. Star Financial Bank, First Merchants Bank, and Chase Bank (discussed herein) are financial institutions engaged in activities that affect interstate commerce, and their deposits are insured by the Federal Deposit Insurance Corporation.

h. Beginning in or about 2014, the Muncie Sanitary District began a public works project to improve Muncie’s levee system so that it could be recertified by the Federal Emergency Management Agency (the “Levee Recertification Project”). The Levee Recertification Project included plans to demolish homes and businesses along the White River to make way for the construction of new levees.

i. In or about April 2015, Muncie announced a multi-year public works project to redevelop a brownfield site located on the east side of Muncie called Kitselman Pure Energy Park (the “Kitselman Pure Energy Park Project”). The Kitselman Pure Energy Park Project involved the reclamation and redevelopment of a deserted manufacturing site and the expansion of the park through the acquisition of adjacent lots.

j. Between July 30, 2015, and May 18, 2016, and associated in part with the Levee Recertification and Kitselman Pure Energy Park Projects, Muncie awarded AWC and CCPM demolition and asbestos inspection and abatement work resulting in \$376,625 in checks drawn on Muncie's City Account to be deposited into AWC and CCPM's bank accounts at Star Financial Bank.

k. In total, and between 2012 and 2016, Muncie paid AWC and CCPM \$788,471 for various construction, demolition, and asbestos inspection and abatement work.

2. Beginning in or about July 2015, and continuing until in or about June 2016, in the Southern District of Indiana, Indianapolis Division, and elsewhere,

CRAIG NICHOLS,

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, through the following means and methods:

**NICHOLS Bills Muncie for Sham Demolitions**

3. It was part of the scheme that defendant NICHOLS abused his position as Muncie Building Commissioner to enrich himself through his company, AWC, by steering Muncie public works projects and associated payments to AWC through sham bidding practices and fraudulent invoices.

4. It was further part of the scheme that defendant NICHOLS, and others acting at NICHOLS' direction, instructed contractors to submit false and fraudulent quotes for the same public works projects to ensure the success of AWC's sham bidding practices and to conceal inflated prices in AWC's own quotes.

5. It was part of the scheme that between August 7, 2015, and October 5, 2015, NICHOLS, and others acting at NICHOLS' direction, submitted false and fraudulent invoices to Muncie for the following (the "first set of invoices"):

a. 527 South Elliot ("the Elliott property"), dated July 30, 2015, for \$22,000, including the description, "1. Demolish all structures on property";

b. 746 North Elm Street ("the Elm property"), dated August 14, 2015, for \$18,500, including the description, "1. Demolish all structures on property; 2. Remove all debris; 3. Backfill Lot; 4. Seed and Straw";

c. 1000 North Wolf Street ("the Wolf property"), dated September 15, 2015, for \$21,500, including the description, "1. Demolish all structures on property; 2. Remove all debris; 3. Backfill Lot; 4. Seed and Straw"; and

d. 439 South Proud Street ("the Proud property"), dated October 5, 2015, for \$19,500, including the description, "1. Demolish all structures on property; 2. Remove all debris; 3. Backfill Lot; 4. Seed and Straw".

6. It was further part of the scheme that defendant NICHOLS falsely claimed on the AWC invoices that the structures on the properties listed in Paragraph 5 were demolished in the summer and early fall of 2015, when in fact, there were no structures on the properties to demolish, and AWC performed no work.

7. As a result of NICHOLS' scheme to defraud, NICHOLS caused Muncie to issue the following checks that were drawn from Muncie's City Account and deposited into AWC's business bank account at Star Financial Bank:

a. Check number 196956 in the amount of \$22,000, deposited on or about August 7,

2015, and endorsed by Craig Nichols (for the Elliott property);

b. Check number 197211 in the amount of \$18,500, deposited on or about August 25, 2015, and endorsed by Craig Nichols (for the Elm property);

c. Check number 197790 in the amount of \$21,500, deposited on or about September 18, 2015, and endorsed by Craig Nichols (for the Wolf property);

d. Check number 198266 in the amount of \$19,500, deposited on or about October 9, 2015, and endorsed by Craig Nichols (for the Proud property);

8. In total, and as a result of this portion of the scheme to defraud, NICHOLS received \$81,500 from Muncie for demolition work AWC never performed on the Elliott, Elm, Wolf, and Proud properties.

9. It was further part of the scheme that defendant NICHOLS and others attempted to conceal NICHOLS' sham demolition of the Elliott, Elm, Wolf, and Proud properties by falsely defending the first set of invoices to Muncie as merely unintentionally erroneous, when in fact, they were intentionally false.

10. It was further part of the scheme that defendant NICHOLS attempted to conceal NICHOLS' sham demolition of the Elliott, Elm, Wolf, and Proud properties by submitting a second set of false and fraudulent invoices to Muncie. In these invoices (the "second set of invoices"), NICHOLS intentionally altered the descriptions of the locations of the properties in the first set of invoices, by describing the locations of the properties by city block rather than by specific addresses.

11. It was further part of the scheme that defendant NICHOLS and others attempted to conceal NICHOLS' sham demolition of the Elliott, Elm, Wolf, and Proud properties by submitting

the following false and fraudulent invoices (the “third set of invoices”):

- a. 527 West Wilson, dated July 30, 2015, for \$22,000, including the description, “1. Demolish all structures on property; 2. Remove all debris; 3. Backfill Lot; 4. Seed and Straw”;
- b. 320 South Beacon, dated August 14, 2015, for \$19,500, including the description, “1. Demolish all structures on property; 2. Remove all debris; 3. Backfill Lot; 4. Seed and Straw”;
- c. 909 South Wolf Street, dated September 15, 2015, for \$21,500, including the description, “1. Demolish all structures on property; 2. Remove all debris; 3. Backfill Lot; 4. Seed and Straw”); and,
- d. 424 South Proud St., dated October 5, 2015, for \$19,500, including the description, “1. Demolish all structures on property; 2. Remove all debris; 3. Backfill Lot; 4. Seed and Straw”.

12. The third set of invoices falsely claimed that AWC demolished the structures listed in Paragraph 11 in or about the summer and early fall of 2015, when in fact, they were demolished between November and December, 2015.

13. It was further part of the scheme that defendant NICHOLS and others attempted to conceal NICHOLS’ sham demolition of the Elliott, Elm, Wolf, and Proud properties by falsely claiming that the structures listed in Paragraph 11 were demolished on an emergency basis to circumvent the Three-Quote Requirement.

14. It was further part of the scheme that defendant NICHOLS, another City Official, and others, attempted to conceal NICHOLS’ sham demolition of the Elliott, Elm, Wolf, and Proud properties by enlisting another contractor to prepare backdated quotes for work at the properties set forth in Paragraph 11 to create the false impression that the minimum two-quote threshold for emergency work had been met, and to conceal inflated prices in AWC’s invoices.

15. It was further part of the scheme that defendant NICHOLS and others attempted to conceal NICHOLS' sham demolition of the Elliott, Elm, Wolf, and Proud properties by instructing Muncie Officials to create fraudulent documents which falsely claimed that Muncie had requested bids from other contractors before awarding the demolition contract for the properties set forth in Paragraph 11 to AWC.

**NICHOLS Conceals His Ownership of CCPM**

16. It was further part of the scheme that defendant NICHOLS abused his position as Muncie Building Commissioner to enrich himself through his company, CCPM, by steering public works projects and associated payments to CCPM through sham bidding practices and fraudulent invoices.

17. It was further part of the scheme that defendant NICHOLS intentionally concealed his ownership interest in CCPM so that CCPM would be awarded public works projects from Muncie without revealing that NICHOLS had a financial interest in the projects.

18. As part of the scheme, NICHOLS concealed his ownership interest in CCPM in the following ways:

a. On or about June 30, 2015, defendant NICHOLS induced Individual A to be a nominee owner of CCPM, and to register CCPM in Individual A's name, and CCPM's business address as P.O. Box 2824, in Muncie, Indiana, instead of NICHOLS' home address.

b. Defendant NICHOLS used Individual A's and NICHOLS' names as signatories on CCPM's business bank account at Star Financial Bank, while NICHOLS controlled the checkbook, ATM card, and P.O. Box associated with CCPM's business bank account.

c. Defendant NICHOLS took possession of Individual A's signature stamp so that

NICHOLS could endorse Individual A's name on checks issued from Muncie to CCPM, deposit them in CCPM's business bank account, and withdraw the funds in cash or via bank transfer without using his own signature or name. Defendant NICHOLS delivered invoices from subcontractors to Individual A, and instructed Individual A to electronically sign checks from CCPM payable to its subcontractors who had performed work on CCPM's behalf. Defendant NICHOLS induced Individual A to file a false tax return on CCPM's behalf.

d. Defendant NICHOLS instructed Individual B to answer CCPM correspondence, obtain checks from the Muncie Controller's office, and interact with CCPM's subcontractors.

e. Defendant NICHOLS intentionally failed to file a Uniform Conflict of Interest Disclosure Statement (Indiana Form 236) indicating that he had a financial interest in contracts awarded to CCPM, until March 22, 2016, after the Federal Bureau of Investigation issued a March 14, 2016 subpoena for records to CCPM.

NICHOLS Bills Muncie for Demolishing 507 South Elliott at an Inflated Price

19. It was further part of the scheme that in or about August 2015, NICHOLS, and others acting at NICHOLS' direction, agreed to have CCPM perform demolition work at 507 South Elliott, in Muncie.

20. It was further part of the scheme that defendant NICHOLS, and others acting at NICHOLS' direction, instructed contractors to submit false and fraudulent quotes to demolish the property at 507 South Elliott, to ensure that CCPM would be the lowest responsive contractor and would thus be awarded the work, and to conceal price inflation built into CCPM's quote.

21. It was further part of the scheme that NICHOLS submitted an invoice to Muncie for \$22,000 which falsely inflated the cost of demolishing the structure at 507 South Elliott. On

or about August 28, 2015, NICHOLS caused Muncie to issue a check in the amount of \$22,000 drawn from Muncie's City Account, which NICHOLS deposited into CCPM's business bank account.

NICHOLS Bills Muncie for Asbestos Inspection and Abatement Work at Inflated Prices

22. It was further part of the scheme that beginning in or about early Fall 2015, NICHOLS agreed to perform asbestos inspection and abatement work for numerous properties in Muncie that were to be demolished as part of the Levee Recertification Project (the "Muncie Asbestos Abatement Job").

23. It was further part of the scheme that defendant NICHOLS concealed from various Muncie Officials that he was the de factor owner of CCPM, and that CCPM was not licensed to perform asbestos inspection or abatement.

24. It was further part of the scheme that defendant NICHOLS subcontracted the inspection and abatement work associated with the Muncie Asbestos Abatement Job to Company A, which was licensed to perform the work. During this time period, Company A maintained a business bank account at Chase Bank.

25. It was further part of the scheme that between on or about July 26, 2015, and May 6, 2016, NICHOLS, and others acting at NICHOLS' direction, caused Muncie to issue checks for the Muncie Asbestos Abatement Job totaling \$184,175, which were drawn from Muncie's City Account and deposited into CCPM's business bank account. NICHOLS fraudulently billed Muncie for the Asbestos Abatement Job at an inflated price. NICHOLS further billed Muncie approximately \$19,450 for the abatement of approximately 17 properties in which no asbestos was found, and approximately \$16,800 for duplicative inspections.

NICHOLS Bills Muncie for Demolition Work at Kitselman Pure Energy Park at an Inflated Price

26. It was further part of the scheme that defendant NICHOLS falsely claimed to Muncie Officials that he had obtained at least three quotes from responsive contractors for the Kitselman Pure Energy Park project before awarding it to CCPM, when in fact, NICHOLS, and others acting at NICHOLS' direction, instructed contractors to submit false and fraudulent quotes for the project to ensure the success of CCPM's sham bidding practices and to conceal inflated prices in CCPM's own quotes.

27. It was further part of the scheme that NICHOLS caused CCPM to submit inflated invoices to Muncie totaling \$88,950 for demolition work at Kitselman Pure Energy Park, and caused Muncie to issue four checks totaling \$88,950 drawn on the Muncie City Account in payment of the invoices. NICHOLS deposited the checks into CCPM's business bank account.

28. It was further part of the scheme that defendant NICHOLS and others 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.

**COUNTS ONE THROUGH SIXTEEN**  
**(Wire Fraud, 18 U.S.C. § 1343)**

29. Paragraphs 1 through 28 of the General Allegations in this Indictment are incorporated here as if set out in full.

30. On or about the dates specified below, CRAIG NICHOLS, the defendant, for the purpose of executing the aforesaid scheme and artifice, and attempting to do so, did knowingly transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, certain writings, signs, and signals, as more particularly described below, pertaining to

the clearing of checks drawn on the Muncie City Account and deposited into AWC's business bank account:

<u>Count</u>	<u>Approximate Date</u>	<u>Amount of Check</u>
1	August 7, 2015	\$22,000 check
2	August 25, 2015	\$18,500 check
3	September 18, 2015	\$21,500 check
4	October 9, 2015	\$19,500 check
5	August 28, 2015	\$22,000 check
6	August 12, 2015	\$5,050 check
7	September 8, 2015	\$29,400 check
8	October 2, 2015	\$44,600 check
9	October 23, 2015	\$25,750 check
10	December 4, 2015	\$18,000 check
11	January 12, 2016	\$16,950 check
12	January 26, 2016	\$29,200 check
13	February 2, 2016	\$14,000 check
14	April 15, 2016	\$4,500 check
15	May 9, 2016	\$3,275 check
16	May 18, 2016	\$17,450 check

Each Count in violation of Title 18, United States Code, Sections 1343 and 2.

**COUNT SEVENTEEN**  
**(Theft of Government Funds, 18 U.S.C. § 666)**

31. Paragraphs 1 through 28 of the General Allegations in this Indictment are incorporated here.

32. Beginning in or about July 2015, and continuing until in or about June 2016, CRAIG NICHOLS, and others embezzled, stole, obtained by fraud, or otherwise converted, at least \$376,625 in funds owned by, or in the care, custody, and control of Muncie, a State or local government, that receives, in any one-year period, benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, loan guarantee, insurance, or other form of Federal assistance.

In violation of Title 18, United States Code, Sections 666 and 2.

**COUNTS EIGHTEEN THROUGH THIRTY-THREE**  
**(Money Laundering, 18 U.S.C. § 1956(a)(1)(B)(i))**

33. Paragraphs 1 through 28 of the General Allegations in this Indictment are incorporated here as if set out in full.

34. On or about the dates described below, in the Southern District of Indiana, defendant CRAIG NICHOLS did knowingly conduct and attempt to conduct a financial transaction affecting interstate and foreign commerce, which involved the proceeds of a specified unlawful activity, that is wire fraud and theft of government funds, in violation of Title 18, United States Code, Sections 666 and 1343, knowing that the financial transaction was designed in whole and in part to conceal and disguise the source and ownership of the proceeds of said specified unlawful activity, and that while conducting and attempting to conduct such financial transaction knew that the property involved in the financial transaction represented the proceeds of some form

of unlawful activity, by causing checks drawn on CCPM's account at Star Financial Bank to be deposited into Company A's bank account at Chase Bank, as more particularly described below:

<u>Count</u>	<u>Approximate Date</u>	<u>Amount of Check</u>
18	August 17, 2015	\$1,500 check
19	September 16, 2015	\$3,525 check
20	September 29, 2015	\$6,800 check
21	November 20, 2015	\$1,875 check
22	November 20, 2015	\$5,300 check
23	November 20, 2015	\$2,250 check
24	January 5, 2016	\$8,100 check
25	January 5, 2016	\$11,970 check
26	February 3, 2016	\$2,250 check
27	February 3, 2016	\$1,625 check
28	February 3, 2016	\$3,875 check
29	February 3, 2016	\$6,050 check
30	February 3, 2016	\$6,500 check
31	March 31, 2016	\$3,650 check
32	May 31, 2016	\$2,100 check.
33	June 8, 2016	\$6,925 check

All in violation of Title 18 United States Code Sections 1956(a)(1)(B)(i) and 2.

**FORFEITURE ALLEGATIONS**

35. The allegations of Counts One through Thirty-Three are incorporated here for the purpose of alleging forfeiture to the United States pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

36. As a result of the violations as alleged in Counts One through Thirty-Three of the foregoing Indictment,

CRAIG NICHOLS

defendant herein, shall forfeit to the United States any and all right, title, and interest he may have in any property, real and personal, which constitutes and is derived from proceeds traceable to the offenses charged in Counts One through Thirty-Three.

37. The interests of defendant subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) as incorporated by Title 28, United States Code, Section 2461(c), include but are not limited to, the payments NICHOLS and others received from Muncie, and items purchased using those payments totaling at least \$376,625.

38. If any of the forfeitable property described above, as a result of any act or omission by defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

the United States of America shall be entitled to forfeiture of substitute property pursuant to the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c);

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

A TRUE BILL:

  
FOREPERSON

JOSH J. MINKLER  
UNITED STATES ATTORNEY

By:   
Tiffany J. McCormick  
Assistant United States Attorney