

FILED

UNITED STATE DISTRICT COURT
NORTHERN DISTRICT OF INDIANA 2014 APR 16 PM 5:11
HAMMOND DIVISIONROBERT H. TROGAVICH
U.S. DISTRICT COURT
FOR THE NORTHERN DISTRICT
OF INDIANA

| | | | |
|--------------------------|---|--------------------------------|---------------|
| UNITED STATES OF AMERICA |) | CAUSE NO: | 2 : 14 CR 031 |
| v. |) | | |
| KEITH SODERQUIST |) | 18 U.S.C. §§ 2, 1343, and 1349 | |
| DEBORAH SODERQUIST |) | 26 U.S.C. § 7206(1) | |
| |) | | |

INDICTMENT**THE GRAND JURY CHARGES:****COUNT 1**
(Conspiracy to Commit Wire Fraud)

At all times relevant to this indictment:

Background

1. KEITH SODERQUIST was an elected official in Lake County, Indiana, serving as Mayor of the City of Lake Station. KEITH SODERQUIST was first elected Mayor of the City of Lake Station in 2008 and then re-elected Mayor in 2012.
2. DEBORAH SODERQUIST, the wife of KEITH SODERQUIST, was an employee of the City of Lake Station and served as an administrative assistant to the Mayor.
3. The Committee to Elect Keith Soderquist (“Campaign Committee”) was organized under Indiana law which required all campaign committees to have a chairman and treasurer. Indiana law also required the chairman or treasurer to authorize expenditures made by the committee and contributions for or on behalf of the committee.
4. KEITH SODERQUIST served as the chairman of the Campaign Committee.
5. DEBORAH SODERQUIST served as the treasurer of the Campaign Committee.
6. The Campaign Committee had an account with JP Morgan Chase Bank (“Campaign Committee Account”).

7. Indiana law restricted the use of expenditures made by a campaign committee. Money received by a committee could only be used “to defray any expense reasonably related to the person’s or committee’s campaign for federal state, legislative, or local office, continuing political activity, or activity related to service in an elected office” or to make contributions to “national, state, or local committee[s] of any political party or other candidate’s committee.”
8. Indiana law also placed certain obligations on a treasurer for a campaign committee. All money and property collected by a committee or by a member of a committee, for a political purpose, had to be paid over to and pass through the hands of the treasurer. Similarly, the treasurer was required to disburse all money or other property. Likewise, the treasurer had to obtain approval from the committee to spend or disburse the committee’s money and property.
9. Indiana law also required a campaign committee to file truthful and accurate periodic reports concerning its receipts and expenditures on forms prepared by the Indiana Elections Commission known as CFA-4 Forms.
10. The CFA-4 Forms for the Campaign Committee were signed by KEITH SODERQUIST as the candidate and DEBORAH SODERQUIST as the treasurer of the Campaign Committee. These signatures appeared with the following affirmation:

“I CERTIFY THAT I HAVE EXAMINED THIS STATEMENT. TO THE BEST OF MY KNOWLEDGE IT IS TRUE, CORRECT, AND COMPLETE.”
11. The Lake Station Food Pantry (“Food Pantry”) was an entity designed to provide food to those in need in the Lake Station area. The Food Pantry received donations from the Indiana Department of Health, City of Lake Station, local food banks, private businesses, and citizens.
12. The Food Pantry had an account with JP Morgan Chase ending in 345 (“Food Pantry

Account").

13. The Food Pantry Account was kept separate from funds belonging to the City of Lake Station. The City of Lake Station transferred money to the Food Pantry Account on multiple occasions during KEITH SODERQUIST's tenure as Mayor. These transfers occurred in one of two ways; 1) pursuant to approvals from the Common Council of the City of Lake Station and 2) from the Lake Station General Fund when requested by the Mayor, KEITH SODERQUIST.

14. DEBORAH SODERQUIST was involved in the operations of the Food Pantry, had access to an ATM card issued to the Food Pantry, and was listed as a contact person for the Food Pantry in an agreement between the Indiana Department of Health and the Food Pantry.

15. Bank statements for the Food Pantry account were sent directly to the Mayor's Office.

The Conspiracy to Defraud

16. Beginning approximately no later than the Spring of 2010, and continuing through about December of 2012, in the Northern District of Indiana and elsewhere, the defendants,

**KEITH SODERQUIST and
DEBORAH SODERQUIST,**

together with others known and unknown to the Grand Jury, did conspire, confederate, and agree with each other, and did attempt to conspire, confederate, and agree with each other, to devise and participate in a scheme and artifice to defraud, and for obtaining money and property by false and fraudulent pretenses, representations, or promises, from various public and private entities for KEITH AND DEBORAH SODERQUIST's own personal use and enjoyment.

Manner and Means of the Conspiracy

18. KEITH SODERQUIST and DEBORAH SODERQUIST participated in this scheme and artifice to defraud in the following manner and means:

- a. KEITH SODERQUIST and DEBORAH SODERQUIST did make materially false and fraudulent pretenses, representations, and promises, concerning the acquisition and disbursement of Campaign Committee funds by misrepresenting the true use of these funds and then converting these funds to the defendants' own personal use, including gambling activities that were unrelated to any legitimate official duties, and political or campaign work.
- b. In order to conceal and cover up the fraudulent acquisition and disbursement of funds for the Campaign Committee, and to allow the scheme to continue, KEITH SODERQUIST and DEBORAH SODERQUIST submitted to the Indiana Elections Commission false and fraudulent periodic reports concerning the Campaign Committee regarding its receipts and expenditures (CFA-4 Forms).
- c. KEITH SODERQUIST and DEBORAH SODERQUIST participated in the scheme and artifice to defraud, by making materially false and fraudulent pretenses, representations, and promises, concerning the acquisition and disbursement of the City of Lake Station Food Pantry funds by misrepresenting the true use of these funds and then converting these funds to their own personal use, including gambling activities, unrelated to any legitimate use of food pantry funds.

Overt Acts

In furtherance of the conspiracy, KEITH SODERQUIST and DEBORAH SODERQUIST did engage in the following overt acts;

19. KEITH SODERQUIST AND DEBORAH SODERQUIST did portray the Food Pantry as a charity run by DEBORAH SODERQUIST that focused on providing food items to those in need. While the Food Pantry did provide some assistance to those in need, it was also used as a means to divert contributions and city funds from legitimate purposes to the defendants' own personal use and gambling activities.
20. Contributors to the food bank, including private donors and the City of Lake Station, were told by KEITH SODERQUIST and DEBORAH SODERQUIST of the good work done by the Food Pantry, including the use of funds donated to the Food Pantry Account to feed needy area residents. KEITH SODERQUIST and DEBORAH SODERQUIST failed to inform donors to the Food Pantry Account that a portion of the Food Pantry funds were being converted to the defendants' own personal use and gambling activities.
21. Once donations were contributed to the Food Bank Pantry Account, a portion of the funds available in those accounts were withdrawn for the personal use of KEITH SODERQUIST and DEBORAH SODERQUIST. The funds withdrawn for the personal use of KEITH SODERQUIST and DEBORAH SODERQUIST were utilized for purposes that were unrelated to the publically advertised purposes of the Food Pantry Account (feeding those in need). KEITH SODERQUIST and DEBORAH SODERQUIST's personal use of the funds donated to the Food Pantry Account included, but was not necessarily limited to, gambling at casinos in Indiana and Michigan.
22. KEITH SODERQUIST and DEBORAH SODERQUIST did portray the Campaign Committee as an entity designed and created to help elect and re-elect KEITH SODERQUIST as mayor of Lake Station, Indiana. While the Campaign Committee funds were used to provide some financial assistance in compliance with Indiana election law, such as paying for some necessary campaign related expenses, the Campaign Committee

funds were also used as a means to divert legitimate political contributions to the defendants' own personal use and gambling activities.

23. Emails were sent from an account associated with the SODERQUISTS soliciting donations to the Campaign Committee.
24. Additionally, fundraising activities for the Campaign Committee were designed to convey to donors of the Campaign Committee Account that funds contributed to the Campaign Committee Account were only to be used for campaign-related or political expenses in accordance with existing laws of the State of Indiana. KEITH SODERQUIST and DEBORAH SODERQUIST failed to inform donors to the Campaign Committee Account that they converted Campaign Committee Account funds to their own personal use, including gambling at area casinos.
25. KEITH SODERQUIST and DEBORAH SODERQUIST further concealed the nature of their theft of Campaign Committee Account funds to their own personal use by filing CFA-4 forms that omitted any mention of the tens of thousands of dollars of funds that were withdrawn from ATMs linked to the Campaign Committee Account just prior to trips KEITH SODERQUIST and DEBORAH SODERQUIST took to area casinos.
26. KEITH SODERQUIST and DEBORAH SODERQUIST certified those CFA-4 forms as being true and accurate, knowing that they did not disclose the ATM withdrawals for cash that were converted to their personal use.
27. On approximately twelve different days in 2010, cash was removed via an ATM from the Campaign Committee Account within one day of KEITH SODERQUIST and DEBORAH SODERQUIST travelling to the Four Winds Casino in New Buffalo, Michigan and engaging in gambling activities. The total amount withdrawn on these days exceeded \$3,500. Both KEITH SODERQUIST and DEBORAH SODERQUIST later

signed false and misleading 2010 Indiana Elections Commission CFA-4 forms that failed to identify these transfers out of the Campaign Committee Account.

28. On approximately thirty different days in 2011, cash was removed via an ATM from the Campaign Committee Account within one day of KEITH SODERQUIST and DEBORAH SODERQUIST travelling to the Four Winds Casino in New Buffalo, Michigan and engaging in gambling activities. The total amount withdrawn on these days exceeded \$10,000. Both KEITH SODERQUIST and DEBORAH SODERQUIST later signed false and misleading 2011 Indiana Elections Commission CFA-4 forms that failed to identify these transfers out of the Campaign Committee Account.
29. On approximately twenty-five different days in 2012, cash was removed via an ATM from the Campaign Committee Account within one day of KEITH SODERQUIST and DEBORAH SODERQUIST travelling to the Four Winds Casino in New Buffalo, Michigan and engaging in gambling activities. The total amount withdrawn on these days exceeded \$5,000. Both KEITH SODERQUIST and DEBORAH SODERQUIST later signed false and misleading 2012 Indiana Elections Commission CFA-4 forms that failed to identify these transfers out of the Campaign Committee Account.
30. KEITH SODERQUIST and DEBORAH KEITH SODERQUIST caused a check from the City of Lake Station to be issued to the food pantry on or about July 12, 2011. On or about July 13, 2011, \$300 in cash was withdrawn via ATM from the Food Pantry Account. Approximately two hours later, KEITH SODERQUIST and DEBORAH SODERQUIST were at the Four Winds Casino in New Buffalo, Michigan, engaging in gambling activities.
31. KEITH SODERQUIST and DEBORAH SODERQUIST initiated ATM intestate wire transactions by the withdrawal of funds from the Food Pantry Account and the Campaign

Committee Account from an ATM in Lake Station, Indiana. Those ATM transactions caused funds to be made available through the use of interstate wires. KEITH SODERQUIST and DEBORAH SODERQUIST caused funds to be released from the Campaign Committee Account or Food Pantry Account via an ATM on various dates, including but not limited to on or about June 18, 2010, June 19, 2010, August 28, 2010, August 31, 2010, February 11, 2011, February 25, 2011, March 6, 2011, July 13, 2011, July 16, 2011, August 13, 2011, October 22, 2011, November 19, 2011, April 23, 2012 and May 5, 2012.

32. In 2010, KEITH SODERQUIST and DEBORAH SODERQUIST incurred gambling losses of approximately \$45,000. In 2011, KEITH SODERQUIST and DEBORAH SODERQUIST incurred gambling losses of approximately \$32,000. In 2012, KEITH SODERQUIST and DEBORAH SODERQUIST incurred gambling losses of approximately \$27,000.
33. KEITH SODERQUIST and DEBORAH KEITH SODERQUIST hosted fundraisers for the Campaign Committee throughout 2010, 2011, and 2012. These fundraisers contained phrases such as “Elect Keith Soderquist” and solicited funds for the Campaign Committee Account. This manner of solicitations led donors to believe that the funds were used for legitimate campaign expenses and properly accounted for under Indiana law.

All in violation of Title 18, United States Code, Sections 1343 and 1349.

COUNTS 2-8
(Wire Fraud)

1. Paragraphs 1-16, and 18-32, of Count 1 are realleged and incorporated by reference herein.
2. Beginning approximately no later than the Spring of 2010, and continuing through about December of 2012, in the Northern District of Indiana and elsewhere, the defendants,

**KEITH SODERQUIST and
DEBORAH SODERQUIST,**

together with others known and unknown to the Grand Jury, did devise and participate in a scheme and artifice to defraud, and for obtaining money and property by false and fraudulent pretenses, representations, or promises, to obtain funds from various public and private entities for KEITH AND DEBORAH SODERQUIST'S own personal use and enjoyment.

3. On the following dates, in the Northern District of Indiana and elsewhere, for the purposes of executing the above described scheme and artifice, did cause the following interstate wire transmissions:

| COUNT | DATE | Description |
|-------|--------------------|--|
| 2 | July 13, 2011 | ATM withdrawal from Food Pantry Account |
| 3 | July 16, 2011 | ATM withdrawal from Food Pantry Account |
| 4 | July 16, 2011 | ATM withdrawal from Campaign Committee Account |
| 5 | October 22, 2011 | ATM withdrawal from Campaign Committee Account |
| 6 | November, 19, 2011 | ATM withdrawal from Campaign Committee Account |
| 7 | April 23, 2012 | ATM withdrawal from Campaign Committee Account |
| 8 | May 5, 2012 | ATM withdrawal from Campaign Committee Account |

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

THE GRAND JURY FURTHER CHARGES:

COUNT 9
(2010 False Filing)

On or about April 11, 2012, in the Northern District of Indiana, the defendants

KEITH SODERQUIST and DEBORAH SODERQUIST

residents of Lake Station, Indiana, did willfully make and subscribe a United States Department of the Treasury, Internal Revenue Service Form 1040 Individual Tax Return ("Form 1040") for the tax year 2010 which was verified by a written declaration that it was made under the penalties of perjury and which KEITH and DEBORAH SODERQUIST did not believe to be true and correct as to every material matter. That the Form 1040, which was filed with the Director, Internal Revenue Service Center, understated the total taxable income by approximately \$5,000 by failing to disclose funds taken from the Campaign Committee Account, while both KEITH and DEBROAH SODERQUIST knew that they had in fact taken such funds as personal income for their own personal use and enjoyment.

All in violation of Title 26, United States Code, Section 7206(1).

THE GRAND JURY FURTHER CHARGES:

COUNT 10
(2011 False Filing)

On or about August 16, 2012, in the Northern District of Indiana, the defendants

KEITH SODERQUIST and DEBORAH SODERQUIST

residents of Lake Station, Indiana, did willfully make and subscribe a United States Department of the Treasury, Internal Revenue Service Form 1040 Individual Tax Return (“Form 1040”) for the tax year 2011 which was verified by a written declaration that it was made under the penalties of perjury and which KEITH and DEBORAH SODERQUIST did not believe to be true and correct as to every material matter. That the Form 1040, which was filed with the Director, Internal Revenue Service Center, understated the total taxable income by approximately \$10,000 by failing to disclose funds taken from the Campaign Committee Account and Food Pantry Account, while both KEITH and DEBROAH SODERQUIST knew that they had in fact taken such funds as personal income for their own personal use and enjoyment.

All in violation of Title 26, United States Code, Section 7206(1).

THE GRAND JURY FURTHER CHARGES:

COUNT 11
(2012 False Filing)

On or about April 15, 2013, in the Northern District of Indiana, the defendants

KEITH SODERQUIST and DEBORAH SODERQUIST,

residents of Lake Station, Indiana, did willfully make and subscribe a United States Department of the Treasury, Internal Revenue Service Form 1040 Individual Tax Return (“Form 1040”) for the tax year 2012 which was verified by a written declaration that it was made under the penalties of perjury and which KEITH and DEBORAH SODERQUIST did not believe to be true and correct as to every material matter. That the Form 1040, which was filed with the Director, Internal Revenue Service Center, understated the total taxable income by approximately \$8,000 by failing to disclose funds taken from the Campaign Committee Account, while both KEITH and DEBROAH SODERQUIST knew that they had in fact taken such funds as personal income for their own personal use and enjoyment.

All in violation of Title 26, United States Code, Section 7206(1).

A TRUE BILL:

Foreperson
FOREPERSON

DAVID CAPP
UNITED STATES ATTORNEY

By: S/Joshua P. Kolar
Joshua P. Kolar
Assistant United States Attorney

S/Philip C. Benson
Philip C. Benson
Assistant United States Attorney