

MATT

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/31/2001

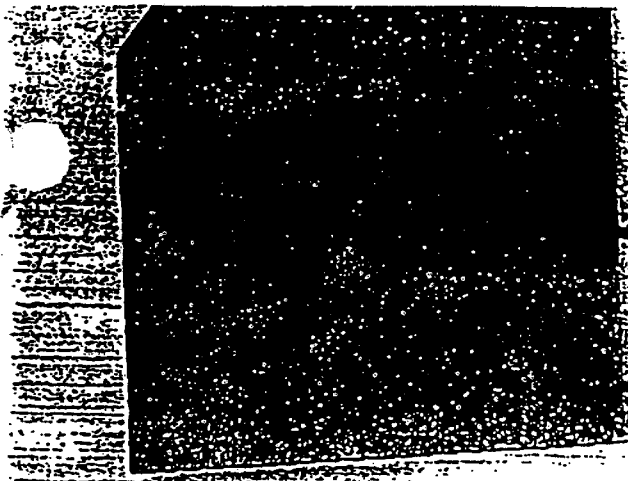
Source, who is in a position to testify, provided the following information:

Source provided the attached copy of an e-mail which was sent from Mike Segal to the employees of Near North Insurance Brokerage (NNIB). Segal references a recent article in Crain's Chicago Business which was written about NNIB's internal audit and the resulting report to the Department of Insurance. Segal's e-mail assures NNIB employees that NNIB is in full compliance with an action plan presented to the Department of Insurance and adds that NNIB expects no further action by the Department of Insurance.

Investigation on 10/31/01 at Chicago, IL (telephonically)
File # 270D-CG-116749, 194B-CG-116706 SUB 302 Date dictated 10/31/01
by [REDACTED]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency.

CIB000002759



AM
@ameritech.net on 10/30/2001 08:45:25 PM

Subject: Fw: [Virus Checked]

This fell off a truck into my email
>
> From the desk of Mike Segal
>
> On Monday, October 29, 2001 an article about Near North Insurance Brokerage, Inc. appeared in Crain

Chicago Business. It referenced a letter sent to us by the Illinois Department of Insurance in response to an issue we brought to the Department's attention under the insurance compliance self-evaluative privilege. This provision of the insurance code encourages companies conducting insurance related activities to conduct voluntary internal audits of their compliance programs and to report the results of those audits to the Director of Insurance on a confidential basis. Near North, in the ordinary course of conducting its business, discovered a regulatory compliance issue and voluntarily brought it to the attention of the Department of Insurance along with our plan to take corrective action to eliminate any non-compliance. The Director acknowledged receipt of our report as well as our action plan in his letter dated October 19, 2001. While the nature of the regulatory issue is kept confidential as a matter of law, we want you as employees of Near North to be assured that Near North has acted in full compliance with its action plan since it was provided to the Department of Insurance on September 1, 2001 and is expecting no further action by the Department of Insurance. Fortunately, this situation was limited to our Illinois brokerage company.

As many of you know, the company has been working to resolve many ongoing issues related to our conversion to the Sagitta accounting system in 1999 as

well as the restructuring of our financial department. Even while working on improving our infrastructure, the company is experiencing terrific increases in growth of revenue and profitability. We continue to explore exciting opportunities to partner in new ventures with several of our major carriers, more information on which will be provided to you shortly.

It is unfortunate that we have to deal with the rumors and innuendoes that are being spread about our company in the market place, but be assured that we are monitoring the situation closely and are prepared to take any and all actions necessary to protect the reputation of Near North. If you become aware of any disparaging comments being made about Near North, or about its clients, or if you simply have questions about this situation, we ask that you communicate directly with Sherril Stanton, our general counsel.

We are committed to maintaining our place in the industry as a nationwide boutique brokerage firm providing only the highest quality service to our clients.

POSTED BY: Denise Grogan
CREATED: 29-OCT-01
RUNS UNTIL: 03-NOV-01

Dave Chiela
 Shiele
 sending
 enough
 e-mails
 to these
 3 (?)
 (live at)
 Dewitt + Pearson
 (?) (840 Dewitt)

GOVERNMENT
 EXHIBIT
A

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hacker

told
that he
never heard ~~was~~
was out of
trust.

Universal Case File Number 270D-C6-116749

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 2/21/02

From _____
(Name of Contributor)

(Address of Contributor)

(City and State)

By **REDACTED**

To Be Returned Yes No

Receipt Given No

Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)
Federal Rules of Criminal Procedure

Yes No

Federal Taxpayer Information (FTI)

Yes No

Title: CG-20045-CW-WC

Reference: _____
(Communication Enclosing Material)

Description: Original notes re interview of

VARIOUS DOCUMENTS - PRIMARILY
E-MAILS FROM SOURCE RE:
NEAR NORTH INSURANCE - MICHAEL SEGAL

notes6.txt

LaPerch', View '(\$Inbox)')

since Mariah recently delivered her final obligation to us - the All that Glitters soundtrack for our release in Japan, we are pretty much done. I think she still has an obligation to approve some recompilation albums but not to deliver additional product. On that basis, I assume it would be difficult to justify an insurable interest and we should cancel the policy. Agree?

Patricia LaPerch
07/31/2001 04:47 PM

To: Andrea Finkelstein@Sony_Music
cc: John Pierce@SCA, Lisa Winter@SCA
Subject: Mariah Carey - Confidential

Andrea,
FYI - Mariah Carey remains on our confidential artist life/PTD program with limits of \$15M on each. Do you wish to continue or should I cancel and obtain a return premium?
Regards,
Tricia

Memo - ~~From: Bill O'Neill, on 08/28/2001 05:09 PM~~

~~To: Michael Segal/NNIB/NNNG@NANG~~
cc.

Subject: Kim Auchstetter
I just spent forty minutes talking to Kim. Here is a bullet point summary of what she and I discussed:

she has been approached by what she qualified as four major brokers seeking her services;
I asked point blank if one of them was Aon and she demurred;
I asked who the other ones were (assuming Aon is one of the four) and she again demurred;
she said actually met with one of them (wouldn't say who) and was unimpressed with the structure and organization in general;
she wants to stay at Near North;
she also wants you to give her an explanation of the Premium Trust Fund issue; all she's been hearing is that it was a criminal act;
I immediately refuted that suggestion and explained that's only true if money is used for personal use, which it was not;
she interrupted and said "I know, we used it to invest in technology";
I feel you need to sit down and explain what happened and what is taking place to correct the Trust Fund issue;
I told her she could carve out the structure she wants if she agreed to take over the Entertainment Unit;
I mentioned that she would have significant freedom to run the Unit as she saw fit and that an increase in salary is likely, given the expanded responsibility (NOTE: I don't know what Kim earns and it's not my business. I just don't think she realizes that there is no limit to earnings for a good producer. Not as intellectual proposition, but as an emotional issue. Sort of like the fear of success.);
she said that she has often thought about running Entertainment but didn't expect the opportunity to come this quick;
I told her that she could and would perform successfully;
I explained I would run "interference" with you on issues she didn't want to deal with;

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notes6.txt

interestingly, she said that you have been great to deal with lately and if that remains the case, things will be fine;
she's heard so-called horror stories about your temper and doesn't want to deal with that;
I explained that you told me you are more interested in mentoring people such as Kim and me, and that it is happening, right now;
she had to run and I told her I want to keep the dialogue open, every day if necessary, until she's comfortable about her future here;
her greatest fear is that Near North may fold and that she made the wrong choice by staying;
I'm also fairly certain that money is not her primary motivation;
she needs to feel comfortable and supported;
I personally told her that she is exceptionally talented and has my full support and that of Mike Segal;
I relayed your line to me about choosing between losing her and keeping Sony (i.e. you choose her); and
I explained that I worked at Marsh and it is not nearly as exciting nor does one get a look at serious opportunities for growth as one does here, i.e., you don't have to pay your dues for ten years if you are doing the job right now.

Bottom line: she wants and intends to stay (she said that to me) but needs assurances that we're not going broke, out of business, did something criminal, etc.

From: Matt Walsh on 02/16/2001 09:23 AM
• To: Jeff Ludwig/NNIB/NNNG@NNNG, Devra Gerber/NNIB/NNNG@NNNG
cc:
Subject: Re: Vance Taylor's 2/6 communication re: suspense liabilities

----- Forwarded by Matt Walsh/NNIB/NNNG on 02/16/2001 09:32 AM -----
From: Matt Walsh on 02/13/2001 10:37 AM
To: Michael Segal/NNIB/NNNG@NNNG
cc: Dana Berry/NNIB/NNNG@NNNG
Subject: Re: Vance Taylor's 2/6 communication re: suspense liabilities

REDACTED

REDACTED

From: Matt Walsh on 05/03/2001 04:46 PM
To: Sherri Stanton/NNIB/NNNG@NNNG
cc: Tom McNichols/NNIB/NNNG@NNNG, Jeff Ludwig/NNIB/NNNG@NNNG, Dana
Berry/NNIB/NNNG@NNNG
Subject:

REDACTED

From: Matt Walsh on 04/23/2001 08:49 AM
To: Diane Faulkner/NNIB/NNNG@NNNG
cc:
Subject: AMTG/NPG Development Expenses

please print attachments

Forwarded by Matt Walsh/NNIB/NNNG on 04/23/2001 09:01 AM

From: Jack Schultz on 04/23/2001 08:20 AM
To: Matt Walsh/NNIB/NNNG@NNNG
cc: Tom McNichols/NNIB/NNNG@NNNG
Subject: AMTG/NPG Development Expenses

REDACTED

FEDERAL BUREAU OF INVESTIGATION

Date of transcription N/A

DANA BERRY advised that on or about March 4, 2002, he received an unsolicited e-mail from a Lisa Fisher. Berry noted that the e-mail opens with "Here is another FYI on some of the plans..." Berry did not recall having received an e-mail from this person before, so he did not know why Fisher implied he/she had sent him others. The body of the e-mail appeared to Berry to be a communication between Michael Segal and attorney Harvey Silets regarding Segal's civil litigation against Berry, Matt Walsh and Tim Gallagher.

Berry sent an e-mail back to Fisher asking he/she stop sending him e-mails to him and stating that he is not reading them.

The next day he received another e-mail from Fisher apologizing and stating he/she would stop immediately.

Berry faxed a copy of the aforementioned e-mails to investigating agent after redacting the portion which contained a possible communication between Segal and Silets.

Investigation on 9/19/02 at Chicago, IL (telephonically)

file # 194B-CG-116706-302

Date dictated _____

by _____

CIB000001764



"Lisa Fisher" <lhasno16@hotmail.com> on 01/04/2001 12:52:25 PM

To: Dana Berry/ASC/US/AON/AONNA

cc:

Subject: Another FYI [Mrs Checked]

Here is another FYI on some of the plans... If it's possible, can you let me know if you've received this? I have access to lots of interesting information and I want to make sure it gets to the right person.

NN 06981

SPECIAL MAY 2001 GRAND JURY - 01 GJ 1557

United States District Court

NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

TO:

Near North Insurance Brokerage, Inc.; Near North National Group, Inc.; Near North National Professional Group Risk Management Services, Inc.; and Near North Entertainment Insurance Services, LLC,
c/o Joshua Buchman, McDermott Will and Emery

SUBPOENA TO TESTIFY BEFORE GRAND JURY

SUBPOENA FOR:
 PERSON DOCUMENTS OR OBJECT(S)

YOU ARE HEREBY COMMANDED to appear and testify before the Grand Jury of the United States District Court at the place, date, and time specified below.

PLACE Dirksen Federal Building 219 South Dearborn Chicago, Illinois 60604 SPECIAL MAY 2001 GRAND JURY - 01 GJ 1557	ROOM
	DATE AND TIME 1625 October 10, 2002 at 9:30 A.M.

YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):*

Any and all documents, materials, interviews, and evidence that support the allegations in the civil complaint filed in the Circuit Court of Cook County, case no. 02 CH 01595 on or about October 2, 2002, including but not limited to the following:

- e-mails,
- correspondence,
- reports of interview,
- notes of interview,
- financial documents, including but not limited to the Due Diligence Report referred to in paragraph 89,
- all evidence supporting Near North's claim of computer breaches by the defendants listed in the complaint.

Please see additional information on reverse

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

CLERK MICHAEL W. DOBBINS	DATE
(BY) DEPUTY CLERK <i>Lydia Boyko</i>	October 3, 2002

This subpoena is issued upon application of the United States of America

NAME, ADDRESS AND PHONE NUMBER OF ASSISTANT U.S. ATTORNEY
VIRGINIA M. KENDALL, AUSA
219 South Dearborn - 500
Chicago, Illinois 60604
(312) 886-7627

*If not applicable, enter "none"

To be used in lieu of AO110

FORM OBD-277
Revised April 2000

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 vs.) Case No. 02 CR 112
)
 MICHAEL SEGAL,)
)
 Defendant.)

DECLARATION OF DAVID GROSSMAN

David Grossman, declaring under penalty of perjury, attests to the following:


1. I am the Managing Director of Pinkerton Consulting and Investigations, Inc., ("Pinkerton"). Pinkerton provides professional consulting and investigative services to a wide range of public and private companies, individuals, and government agencies.
2. Prior to my employment at Pinkerton, I served for 21 years with the Federal Bureau of Investigation. Among other positions at the FBI, I served as Supervisor of the Public Corruption Squad, and later, as Assistant Special Agent in Charge of the Chicago Field Office of the FBI.
3. On approximately April 18, 2002, Pinkerton was retained through counsel for Near North Insurance Brokerage ("NNIB") and Michael Segal to consult on an investigation of an extensive and complex hacking scheme into the computer network system at NNIB.
4. Between approximately May 8 and May 21, 2002, I had several telephonic conferences with FBI Supervisory Special Agent Robert Shields ("SSA Shields"), Supervisor of the Cybercrime Squad for the Chicago Field Office of the FBI, regarding the government's investigation of unauthorized hacking into NNIB's systems.

5. On May 21, 2002, I met face-to-face with SSA Shields to discuss the status of the government's investigation of the hacking of NNIB's systems. Over the course of my telephonic and face-to-face meetings with the FBI from May 8 through May 21, 2002, SSA Shields advised me that the government was aware of the unauthorized computer hacking activity at NNIB, and that by May 21, 2002, the government had "opened a file" with respect to the hacking scheme at NNIB. Among other issues we discussed, SSA Shields also advised me that the FBI would need to "run things by" AUSA James Conway, the attorney supervising the investigation, and that NNIB would need to establish that it suffered a minimum of \$5,000.00 in losses from the hacking intrusion to reach the federal jurisdictional threshold for purposes of the Computer Fraud and Abuse Act.

6. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

FURTHER AFFIANT SAYETH NOT.

Dated: July 25, 2003


David Grossman

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 06/18/2002

DAVID KENNETH CHELEY, date of birth 01/01/1971, SSAN 112-76-7825, 222 E. Pearson, #2706, Chicago, Illinois, residence telephone number 312-988-7774, cellular telephone number 312-933-8814, was interviewed at the Lake Forest Oasis, Interstate 94, Lake Forest, Illinois. After being advised of the identities of the interviewing agents and the nature of the interview, CHELEY provided the following information:

CHELEY was asked if he knew the reason why the agents wanted to speak with him. CHELEY stated he could guess the reason and that it probably had something to do with NEAR NORTH, aka NEAR NORTH INSURANCE BROKERAGE, hereafter known as NNIB.

CHELEY stated he first began working at NNIB as a consultant approximately three to four years ago. CHELEY stated he came to work at NNIB through a company called SMARTSOURCE as a contract employee. CHELEY stated he was given the option after six months to continue his association with SMARTSOURCE or to become an independent contractor. CHELEY stated he chose to become an independent contractor.

CHELEY stated he initially worked in the Benefits Department at NNIB as a technical consultant. CHELEY stated he was hired to implement on-line benefit enrollment systems. CHELEY stated a few months prior to leaving NNIB he was hired as permanent employee in NNIB's Information Technology (IT) Department. CHELEY stated he completed tasks related to programming, network administration, and network security. CHELEY stated he was terminated by NNIB in October 2001. CHELEY stated NNIB personnel told him he was being terminated due to financial reductions.

CHELEY stated while employed in NNIB's IT Department he had domain level administrative access. CHELEY stated he was able to provide network access to new NNIB employees and was responsible for setting up new accounts. CHELEY stated a new employee's account was issued with a generic password which the employee had to change during their first login session to NNIB's network. CHELEY stated he could also reset and change passwords.

Investigation on 06/18/2002 at Lake Forest, IL

File # 288A-CG-118108

Date dictated 06/18/2002

by SA Justin L. Kolenbrander;jlk
SA Bryant C. Jones

288A-CG-118108

Continuation of FD-302 of David K. Cheley , On 06/18/2002 , Page 2

CHELEY stated NNIB's network implements the Microsoft Windows 2000/NT operating system. CHELEY stated he suspects the system was not always fully patched with security patches provided by Microsoft but that he himself was not responsible for applying security patches to the network. CHELEY stated an individual named RALPH TARANTINO was in charge of patching the network but that TARANTINO is no longer employed by NNIB. CHELEY stated when he left NNIB an individual named TONY Last Name Unknown was acting as the IT Director for NNIB.

CHELEY stated NNIB had approximately a dozen servers that he was aware of at their downtown Chicago location. CHELEY stated while employed at NNIB he had domain level administrative access to all of NNIB's servers for administrative purposes. CHELEY stated he did not have access to the SUN Microsystems (SUN) servers operated by NNIB. CHELEY stated approximately four to five servers were web servers, one server was for payroll, approximately three servers were mail servers and approximately three servers were application servers where employees could store their work product. CHELEY stated all employee e-mail would be stored on one of the mail servers.

CHELEY stated an individual could access some areas of NNIB's network from the Internet. CHELEY stated NNIB's internal network may or may not be secure from external access depending on what part of the system an individual was trying to access. CHELEY stated for some parts of the system an individual would need physical access to the system to be able to compromise it.

CHELEY stated employee log-in identifications are linked so that an employee can use the same network ID for both internal and external access to NNIB's network. CHELEY stated the ID and password must be stored and configured in different places on the network for authentication purposes. CHELEY stated despite having domain level administrative access to NNIB's network he would have to go through the authentication process like any other employee to access the NNIB internal network from the Internet

CHELEY stated there is one main telephone access number to access NNIB's network. CHELEY stated a router routes the telephone connection through a randomly assigned number to the NNIB network in order to free up the main telephone access number.

CHELEY stated there was no set process in place in the IT Department at NNIB for when an employee left NNIB's employment.

FD-302a (Rev. 10-6-95)

288A-CG-118108

Continuation of PD-302 of David K. Cheley, On 06/18/2002, Page 3

CHELEY stated he was not in charge of this process but that they were working on setting up an exit process regarding network access and IT issues when he was leaving the company. CHELEY stated he was aware that individuals who had left NNIB's employment continued to access NNIB's network.

CHELEY stated he has a wireless network at his residence and a Sprint Broadband Wireless Internet Connection bearing a static Internet Protocol (IP) address. CHELEY stated his IP address was recently changed due to the fact someone was hacking his IP address. CHELEY stated when he installed the network he did not apply the proper encryption and discovered that an unknown individual was surfing the Internet through his network.

CHELEY stated this unauthorized activity occurred over approximately a four month period from January 2002 through mid-May 2002. CHELEY stated he recently installed a proxy, or firewall, on his system as well as changing his IP address.

After displaying several IP logs provided by KEMPER and NNIB to CHELEY, he identified his home office telephone number of "312-988-9608" on the log files. CHELEY also identified his former Sprint Broadband IP address of "66.1.214.97" on the log files. CHELEY stated it could have been possible that he attempted to access his old account at NNIB to see if it was still active. CHELEY was then asked specifically why he logged into NNIB's network on 04/11/2002 and 04/19/2002. CHELEY stated again he was checking to see if his old NNIB account was still active.

CHELEY was asked specifically why he accessed NNIB's network numerous times from August 2001 through April 2002. CHELEY admitted he accessed NNIB's network initially because he could easily attain access to their system. CHELEY stated he kept checking NNIB's system to see if his old NNIB account was active and eventually began "looking around the system to see if it was locked down." CHELEY stated he held no animosity for NNIB. CHELEY stated NNIB even provided him with a severance package when they terminated his employment.

CHELEY stated he accessed NNIB's network for two reasons. CHELEY stated the first reason was that he wanted to check the status of NNIB's IT personnel. CHELEY stated the second reason was that he wanted to know what was going on at NNIB following the federal indictments. CHELEY stated he wanted to see if the IT Department had the "smarts" to lock down their network. CHELEY

FD-302a (Rev. 10-6-95)

288A-CG-118108

Continuation of FD-302 of David K. Cheley , On 06/18/2002 , Page 4

stated after discovering the system was not secured he intended to write a letter to MICHAEL SEGAL informing him of the matter and the failure of the IT Department. CHELEY stated it was never his intention to cause any harm to NNIB or to pass any information he gained from accessing NNIB's network to any individuals or companies.

CHELEY stated because of the high level of administrative access to NNIB's network that he was given while employed at NNIB, he was able to gain continued access to the network through other employee's accounts. CHELEY stated a web based table stored on the NNIB network contains individual employee's names and their system passwords in plain text. CHELEY stated the passwords were not encrypted.

CHELEY stated while accessing NNIB's network he read e-mail messages belonging to upper management personnel and those pertaining to NNIB's IT Department. The interviewing agents informed CHELEY the log files in their possession indicated on multiple occasions CHELEY accessed the e-mail accounts of at least eight different individuals employed at NNIB and often for extensive periods of time. CHELEY stated he did read e-mail messages belonging to TONY SWIANTEK, MICHAEL SEGAL, KAREN GRUCA and JOY SEGAL. CHELEY stated he did not read e-mail messages belonging to BRUCE WOLL, JON SEGAL, LEE JACKSON and PERNILLE KJOLBY. CHELEY stated two of these individuals have left NNIB and since become employed by AON.

CHELEY was asked about the content of the e-mail messages he read. CHELEY stated he "did not find anything" of specific interest. CHELEY stated he would often access NNIB's network during down times while compiling software. CHELEY stated he knows that he "did something wrong", meaning his accessing of NNIB's network.

CHELEY stated he never provided any information he obtained while accessing NNIB's network to any other individuals or companies. CHELEY stated he did not save or copy any of the information he accessed to his computer or to any type of recordable media. CHELEY stated there is no reason why anyone would state he provided them with information regarding NNIB. CHELEY stated every conversation he had with various individuals regarding NNIB stemmed only from information gained from local news coverage.

288A-CG-118108

Continuation of FD-302 of

David K. Cheley

On 06/18/2002

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CHELEY was shown a copy of a written statement admitting his accessing of NNIB's network from IP addresses assigned to KEMPER INSURANCE. The statement was provided by KROLL INC. to KEMPER INSURANCE. KROLL INC. is a risk consulting company that examined the KEMPER computer system for possible security compromises.

CHELEY read the document and stated the signature on the last page was in fact his signature. After reading the statement, CHELEY referred to the document and stated "That's the truth". CHELEY stated he has never before accessed someone else's network without authorization prior to these incidents involving NNIB's network. CHELEY stated has never hacked a computer system.

CHELEY stated he has a website called www.aboutdave.com that is hosted by HOSTWAY COMMUNICATIONS. CHELEY stated this website was hacked and the log files indicated the IP address was assigned to NNIB. CHELEY stated the hacker changed some wording on his resume that was posted on the site and added some derogatory words aimed at CHELEY. CHELEY stated the hack occurred in late April 2002. CHELEY stated in response he wrote two lines of code that redirected any IP addresses assigned to NNIB, which attempted to access his website, to an FBI website.

CHELEY stated at home he has a server which runs his firewall and also hosts two web sites. These web sites are called www.cheley.net and www.license71.com. CHELEY stated he also has his laptop computer and that his wife has her own computer. CHELEY stated he used his laptop computer to access NNIB's network from home. CHELEY stated he used his laptop and various KEMPER INSURANCE computer's to access NNIB's network while employed at KEMPER INSURANCE.

CHELEY stated he is currently employed by a company called ALLSCRIPTS. CHELEY stated the company is in the medical software business and is located in Libertyville, Illinois. CHELEY stated he uses JAVA-based and Microsoft Windows-based applications in his current employment. CHELEY stated he programs in JAVA, Visual Basic, C++, HTML and XML computer languages

CHELEY stated after leaving NNIB's employment he began working at KEMPER INSURANCE. CHELEY stated he had no administrative access other than normal user access to KEMPER's network. CHELEY stated while at KEMPER INSURANCE he was contracted through DHS CONSULTING. CHELEY stated after being terminated by KEMPER

FD-302a (Rev. 10-6-95)

288A-CG-118108

Continuation of FD-302 of David K. Cheley, On 06/18/2002, Page 6

INSURANCE in April 2002 due to his accessing of NNIB's network from their location, DHS never contacted him again. CHELEY stated he has not attempted to gain access to NNIB's network since being terminated by KEMPER INSURANCE.

CHELEY was asked by the interviewing agents about a password cracking program called LOPHT CRACK that was found on his assigned NNIB computer by NNIB IT Department personnel. CHELEY stated he obtained that program via a download from the Internet to be used as an administrative tool by NNIB IT Department personnel to obtain lost passwords on NNIB's system. CHELEY stated a former systems administrator employed by NNIB had left the company without revealing passwords and the IT personnel had to crack the system using LOPHT CRACK to implement new passwords.

CHELEY was provided with a Grand Jury subpoena to provide any computer and/or laptop computers to the U.S. Attorney's Office via the interviewing agents. CHELEY was also provided with an FD-26 Consent to Search form. CHELEY agreed to comply with the subpoena by providing the laptop computer to the interviewing agents. CHELEY read and completed the FD-26 form and also verbally agreed to allow FBI personnel to search his laptop computer.

CHELEY's laptop computer is a COMPAQ M700 laptop computer bearing Serial #3J07DM746C8C. CHELEY stated the password for his laptop computer is asd=-0_`12. CHELEY stated the user name is "dcheley".

CHELEY was provided with a copy of a completed FD-597 Receipt of Property form detailing the receipt of his laptop computer. The original FD-26 and FD-597 were placed in 1-A envelopes and secured in the case file.

Attorney Client Privilege Hacked Documents

Thursday, November 01, 2001

Date	Time	From	To	Description
11/1/2001	11:39 AM	David Cheley	Near North Email System	ACP, Bachrach Litigation
11/1/2001	11:40 AM	David Cheley	Near North Email System	ACP, Tim Gallagher BOR health care opportunity involving Homer Ryan
11/1/2001	11:42 AM	David Cheley	Near North Email System	ACP, Bob Lohr conversation with Marsh employee

Friday, November 02, 2001

Date	Time	From	To	Description
11/2/2001	1:40 PM	David Cheley	Near North Email System	ACP, Complaint against Lori Shaw
11/2/2001	1:40 PM	David Cheley	Near North Email System	ACP, Dave O'Gara, Sherri Stanton re: Andrew Canning
11/2/2001	1:40 PM	David Cheley	Near North Email System	ACP, Dave O'Gara, Sherri Stanton additional info re: Andrew Canning
11/2/2001	1:41 PM	David Cheley	Near North Email System	ACP, Attached Lori Shaw complaint
11/2/2001	1:41 PM	David Cheley	Near North Email System	ACP, "Due Dilligence" memo from Sherri Stanton, reporting compliance

ssday, November 06, 2001

Date	Time	From	To	Description
11/6/2001	9:19 AM	David Cheley	Near North Email System	ACP, 10/29/2001, Matt Walsh Jupiter Solicitation
11/6/2001	9:21 AM	David Cheley	Near North Email System	ACP, Bachrach BOR Business

11/19/2001	2:28 PM	David Cheley	Near North Email System	ACP, Drafts of AIG documents, Subsidiary Guaranty, Pledge Agreement, Security Agreement
11/19/2001	2:28 PM	David Cheley	Near North Email System	ACP, Disability attachment
11/19/2001	2:30 PM	David Cheley	Near North Email System	ACP, changing signatories for Kaercher and THB
11/19/2001	2:31 PM	David Cheley	Near North Email System	ACP, clean blacklined copy of AIG/FFIC Loan Agreement
11/19/2001	2:31 PM	David Cheley	Near North Email System	ACP, Loan Collateral Documents
11/19/2001	2:33 PM	David Cheley	Near North Email System	ACP, Subject: Unfair Competition, CA Insurance, Department of Regulation and Vigorous Pursuit of Filing Complaint
11/19/2001	2:36 PM	David Cheley	Near North Email System	ACP, MS to Sherri Stanton, Nevada Title
11/19/2001	2:38 PM	David Cheley	Near North Email System	ACP, California Employment Department Complaints

Wednesday, November 28, 2001

Date	Time	From	To	Description
11/28/2001	5:55 PM	David Cheley	Near North Email System	ACP, Bachrach litigation, Subject: House
11/28/2001	5:58 PM	David Cheley	Near North Email System	ACP, Grodsky, Bachrach subpoenas
11/28/2001	6:02 PM	David Cheley	Near North Email System	ACP, Bachrach contempt motion
11/28/2001	6:04 PM	David Cheley	Near North Email System	ACP, Stanton, Brinson, Crain's article and Assante
11/28/2001	6:05 PM	David Cheley	Near North Email System	ACP, 11/19/2001, MS To Sherri Stanton;cc. Rakowski, dnovoselsky: Gallagher called Laurence Marx
11/28/2001	6:05 PM	David Cheley	Near North Email System	ACP, 11/19/2001 Tim Gallagher call to Laurence Marx (NAR account)
11/28/2001	6:05 PM	David Cheley	Near North Email System	ACP, 11/12/2001, AON Litigation-Strategy, Tim Gallagher/Pepsi case

11/28/2001	6:05 PM	David Cheley	Near North Email System	ACP, 10/1/2001, Sheila Kelly to Sherri Stanton, MS; Subject: AON; (Confidential File) Jim Carey from McGladrey Pullen and Abris. solicitation by Tim Gallagher
11/28/2001	6:08 PM	David Cheley	Near North Email System	ACP, 11/19/2001 clean draft Loan documents
11/28/2001	6:08 PM	David Cheley	Near North Email System	ACP, 11/19/2001, AIG Loan documents "opinions"
11/28/2001	6:12 PM	David Cheley	Near North Email System	ACP, 11/12/2001, AON Litigation Strategy, Tim Gallagher/Pepsi case
11/28/2001	6:12 PM	David Cheley	Near North Email System	ACP, 8/9/2001, NN August Litigation Report
Thursday, November 29, 2001				
11/29/2001	12:49 PM	David Cheley	Near North Email System	ACP, Sherri response to MS RE: Department of Insurance Conversation
11/29/2001	12:50 PM	David Cheley	Near North Email System	ACP, Stuart Korshak, Bachrach update
11/29/2001	12:50 PM	David Cheley	Near North Email System	ACP, Bachrach litigation, subpoena USI employees
11/29/2001	12:51 PM	David Cheley	Near North Email System	ACP, MS to Sherri Stanton, Department of Insurance Conversation
Friday, December 28, 2001				
12/28/2001	9:52 AM	David Cheley	Near North Email System	ACP, Stanton to Clint Francis and MS; Collateral assignments
12/28/2001	2:14 PM	David Cheley	Near North Email System	ACP, MS to Stanton, Rakowski, Novoselsky; Jupiter/Ross affidavit, complaint to DOI, Bachrach, etc.

Thursday, February 07, 2002

Date	Time	From	To	Description
2/7/2002	2:41 PM	David Cheley	Near North Email System	ACP, Stanton to Mackey, Francis, Harney, MS; re: Las Vegas

Thursday, February 14, 2002

Date	Time	From	To	Description
2/14/2002	8:54 AM	David Cheley	Near North Email System	ACP, MS, Fred Foreman, Clint Francis; Shareholder consent rights
2/14/2002	8:55 AM	David Cheley	Near North Email System	ACP, Lipton's comments on lender's proposed term sheet
2/14/2002	8:57 AM	David Cheley	Near North Email System	ACP, MS to Stanton, resignation from IFG board
2/14/2002	8:57 AM	David Cheley	Near North Email System	ACP, MS to Stuart Shulruff; "Make sure Harvey is kept in the loop"

Monday, March 04, 2002

Date	Time	From	To	Description
3/4/2002	1:46 PM	David Cheley	Near North Email System	ACP, Fred Foreman, NN Board, scanned document attachment
3/4/2002	1:47 PM	David Cheley	Near North Email System	ACP, MS to Harvey Silets, re: civil litigation
3/4/2002	1:49 PM	David Cheley	Near North Email System	ACP, MS to Stanton, Thomas Kelly letter
3/4/2002	1:54 PM	David Cheley	Near North Email System	ACP, MS to Stanton, Confidential File, Dana and Diane Brinson
3/4/2002	1:54 PM	David Cheley	Near North Email System	ACP, 2/28/2002, MS to Novoselsky, Rakowski, Confidential File, Dana and Diane Brinson
3/4/2002	1:54 PM	David Cheley	Near North Email System	ACP, 2/25/02 MS to Stanton, Rakowski, Novoselsky; Lori Shaw/Christie Mattul

3/4/2002	1:55 PM	David Cheley	Near North Email System	ACP, 2/25/02 MS to MS, Confidential File, Dana and Diane Brinson
3/4/2002	1:55 PM	David Cheley	Near North Email System	ACP, 2/18/02 also hacked 3/11/02 MS to Harvey Silets, Tim Gallagher VIP list, Bill Redinger solicitation from Ealy
3/4/2002	5:21 PM	David Cheley	Near North Email System	ACP, Stuart Shulruff to MS; Segal Family employment contracts
3/4/2002	5:23 PM	David Cheley	Near North Email System	ACP, _segal2.txt file, contains Shulruff memo, similar file that is found inside the ZIP files sent to Horsemen

Wednesday, March 06, 2002

Date	Time	From	To	Description
3/6/2002	8:37 AM	David Cheley	Near North Email System	ACP, Stephen Mick to MS; Bachrach litigation settlement strategy
3/6/2002	5:37 PM	David Cheley	Near North Email System	ACP, John Krol (from KMZ) to MS and Stuart Shulruff; AIG and FFIC stock transfer

Thursday, March 07, 2002

Date	Time	From	To	Description
3/7/2002	3:15 PM	David Cheley	Near North Email System	ACP, MS forwards to Novoselsky the memo sent to Silets back on 3/4/2002; re: civil litigation
3/7/2002	3:16 PM	David Cheley	Near North Email System	ACP, MS to Stanton, Bartholomay, Harney; Subject: Leinheiser Risk Resources

Friday, March 08, 2002

Date	Time	From	To	Description
3/8/2002	10:39 AM	David Cheley	Near North Email System	ACP, David Schaffer to MS and Kitty Kurth; relates conversation with Steve Rhodes of Chicago Magazine

3/8/2002	11:16 AM	David Cheley	Near North Email System	ACP, 3/4/02 Robin Segal to Joy Segal; forwarded Howard Pearl email about scheduling time to meet
3/8/2002	11:17 AM	David Cheley	Near North Email System	ACP, 3/5/2002, Stuart Shulruff to Joy Segal and Jon Segal; Segal Properties I Family LLC
3/8/2002	11:25 AM	David Cheley	Near North Email System	ACP, MS to Harvey Silets, Sherri Stanton, Clint Francis, John Harney; Subject: Hales Contact
3/8/2002	11:26 AM	David Cheley	Near North Email System	ACP, 2/1/02 MS to Silets, Stanton, Francis, Harney; Hales Contact

day, March 11, 2002

Date	Time	From	To	Description
3/11/2002	9:56 AM	David Cheley	Near North Email System	ACP, Sherri Stanton to MS, Subject: Complaint against AON; contains Zack Stamp's letter to DOJ on behalf of NN

Tuesday, March 12, 2002

Date	Time	From	To	Description
3/12/2002	9:58 AM	David Cheley	Near North Email System	ACP, MS to Sherri Stanton, "Do you have another copy of the AIG CFO requirement?"
3/12/2002	9:58 AM	David Cheley	Near North Email System	ACP, MS to Sherri Stanton; send Tom McNichols' settlement agreement to Gil Soffer
3/12/2002	9:59 AM	David Cheley	Near North Email System	ACP, MS to Sherri Stanton and PR individuals, Subject: Privileged & Confidential Communication; State of Illinois Unfair Competition Complaint

Wednesday, March 13, 2002

Date	Time	From	To	Description
3/13/2002	4:31 PM	David Cheley	Near North Email System	ACP, Clint Francis to MS, New Cap Proposal attachment

3/13/2002	5:20 PM	David Cheley	Near North Email System	ACP, 2/20/02 Sherri Stanton to Carol Newman (FFIC), MS, Robin Segal; Re: Near North Board; IFG
3/13/2002	5:21 PM	David Cheley	Near North Email System	ACP, 2/19/2002 email Stuart Shulruff to MS; Subject: employment arrangement; restriction on Segal salaries
3/13/2002	5:22 PM	David Cheley	Near North Email System	ACP, 2/9/2002 email Dick Lipton to MS; Subject: Segal/Company Agreement; Segal resignation and election of new board members
3/13/2002	5:24 PM	David Cheley	Near North Email System	ACP, 2/15/2002 email Larry Kloc to FFIC, AIG, MS; Subject: Monthly Financial Statements
3/13/2002	5:25 PM	David Cheley	Near North Email System	ACP, 2/14/2002 email Stuart Shulruff to MS, Subject: Re: PJ Clarkes
3/13/2002	5:26 PM	David Cheley	Near North Email System	ACP, 2/14/2002 email Mickey Brazeal to MS; Subject: CONFIDENTIAL. WRITTEN AT DIRECTION OF COUNSEL; contains attachments
3/13/2002	5:51 PM	David Cheley	Near North Email System	ACP, 2/20/2002 email Stuart Shulruff to MS, Stanton, Lipton; Subject: Consent; summary of documents needed to be signed

Monday, March 25, 2002

Date	Time	From	To	Description
3/25/2002	6:52 PM	David Cheley	Near North Email System	ACP, Karen Gruca to Sherri Stanton, forwards Tormeden email and asks for advice
4/5/2002	6:57 PM	David Cheley	Near North Email System	ACP, Stuart Korshak to Harvey Silets, MS, Sherri Stanton; Bachrach settlement agreement
3/25/2002	6:57 PM	David Cheley	Near North Email System	ACP, Sherri Stanton's response to MS, Fred Foreman, Sandy Takiff, Subject: Re: Near North Plan
3/25/2002	6:58 PM	David Cheley	Near North Email System	ACP, Sherri Stanton to MS, Fred Foreman, Takiff, Mr. B; Near North Plan

4/22/2002	1:35 PM	David Cheley	Near North Email System	ACP, Sherri Stanton to Roger Tormeden, Diane Brinson, MS; Bachrach litigation
4/22/2002	1:36 PM	David Cheley	Near North Email System	ACP, MS to Cindie Jamison; Kaercher Agreement -- Allen Kaercher
4/22/2002	1:37 PM	David Cheley	Near North Email System	ACP, MS to Gil Soffer; Subject: Two prior employees that have been called with helpful information and potential specific information as to our key issues.
4/22/2002	1:37 PM	David Cheley	Near North Email System	ACP, MS to Harvey Silets; Subject: Two prior employees that have been called with helpful information and potential specific information as to our key issues.
4/22/2002	1:37 PM	David Cheley	Near North Email System	ACP, MS to Robin Segal, Harvey Silets; MS statement

Tuesday, April 23, 2002

Date	Time	From	To	Description
4/23/2002	10:27 AM	David Cheley	Near North Email System	ACP, Stuart Korshak to MS; Canadian investor and board member

Wednesday, April 24, 2002

Date	Time	From	To	Description
4/24/2002	10:18 AM	David Cheley	Near North Email System	ACP, Diane Brinson to MS, Sherri Stanton; Grace called looking for letter
4/24/2002	10:18 AM	David Cheley	Near North Email System	ACP, Sherri Stanton to John Harney, MS; Subject: DOI Response; contains fax Zack Stamp received from IL DOI
4/24/2002	10:19 AM	David Cheley	Near North Email System	ACP, MS to Harvey Silets; Subject: Michael Stevens Inquiry