

## **Timeline of Vindictive and Unlawful Government Responses to Michael Segal's Efforts to Expose Misconduct by Prosecutors**

The following timeline shows how government failure to investigate federal prosecutorial misconduct in the case of Chicago insurance executive Mike Segal allows prosecutors to punish those who assert their constitutional rights and seek to expose due process abuses that lead to wrongful convictions.

### **Segal firm Near North Insurance Brokerage acts to halt thefts of confidential company documents.**

On January 20, 2002, before Mike Segal was aware of a federal investigation, his company, the Near North Insurance Brokerage (NNIB) acted to protect the company from individuals who were stealing confidential documents by filing a lawsuit against these individuals. NNIB, then a \$250 million company employing 950 people and the fifth largest US independent broker insurance broker, was under siege by a group of recently hired senior employees who had stolen confidential documents and given them to Aon Corporation. Following a plan they memorialized as the "Takeover Plan" in a memo, the group involved itself in multiple tortuous interference with contracts and clients of NNIB and attempted to extort \$40 million in stock that would give them control of the company in return for fixing accounting issues they created. When their demands were rejected by Segal who had built the company, these employees, known as the Takeover Group, arranged their defection to business competitor Aon Corp which had received the stolen documents and which rewarded them with \$1 million stock grants upon their defection. The Takeover Group also used political connections to pave the way to work with a new US Attorney in Chicago, and made false allegation that NNIB was in violation of Illinois accounting insurance regulations.

**Government responds by arresting Segal six days later.** On January 26, 2002 Segal was asked, under false pretenses, to meet with AUSA Polales and FBI Agent Patrick Murphy at the Westin hotel in Chicago. Segal was informed (incorrectly) that his company was in violation of state insurance regulations and he was asked to wear a wire to record unidentified individuals whom the US Attorney had targeted. Segal, who was on his way to fly to London that day to close an insurance deal with the risk manager of Sony Corp. in London, agreed to answer questions without an attorney present for about 45 minutes, but his refusal to make an open ended commitment to wearing a wire led to his arrest. At this time, government witnesses associated with the Takeover Group who were working with the business competitor AON, contacted the Sony Corporation to tell them Segal had been arrested and make their own business pitch. Government parties also informed the media nationwide to induce negative business reactions to the arrest of Segal and profited from the breach of procedures by government parties

A Near North company investigation conducted by Pinkerton agency discovered there were 4 months of cyber-hacking before Segal's arrest and 4 months afterward. The investigation showed that government witnesses had received stolen confidential and attorney client privileged documents. The investigation showed that FBI Agent Patrick Murphy also received documents at his personal home email and that copies of confidential NNIB documents were on the server of the Aon Corporation. The NNIB Independent Board of Directors, including former US Attorney Fred Foreman and a former FBI Manager decided to amend the existing civil suit filed before Segal's arrest to include the proven cyber-crimes that included attorney-client privilege documents to protect the assets of the company.

**Near North informs prosecutors of intent to file lawsuit against cyber-hackers passing confidential documents to government agents and business competitor Aon Corp.** On September 17, 2002, Joshua Buchman, the attorney for Near North, met with AUSA William Hogan as a courtesy to inform him that the company would be filing an amended complaint. According to Buchman's affidavit, Hogan reacted negatively and claimed that the government did its own investigation and government witnesses had nothing to do with the cybercrimes. (Hogan's statement was proven to be false after former FBI

supervisor David Grossman confronted the head of the Chicago FBI office about evidence of FBI collaboration with cyber-hackers. Two weeks later two weeks after FBI Agent Murphy and AUSA Hogan consciously denied the facts from their own records, the agency turned over a file that was supposedly missing for 18 months, that confirmed not only massive cyber-hacking, but also government supervised wiretapping of Segal's defense attorney Harvey Silets.)

**AUSA William Hogan threatens a RICO indictment against Segal if NNIB files civil lawsuit.** Fearing exposure of Government collaboration with cybercriminals and other violations of attorney/client privilege, Hogan told Buchman that if Near North proceeded with an amended civil lawsuit against the cyber-hackers and the Aon Corp.

**Following the filing of the lawsuit, the government issues a vindictive superseding RICO indictment against Segal.** Within days after filing the amended suit, Hogan responded with a vindictive RICO indictment against Segal, noted constitutional law professor Albert Alschuler stated this was a pure denial of due process of the constitutional rights to address the court of our government. The RICO indictment clearly was unorthodox and unlawful and predicated on obscure dishonest service allegation based upon an Illinois accounting statute that had no criminal penalty if there was no economic loss to clients, as Segal's court ultimately held. No reasonable party or attorney could not deny as to the facts of the government covering up a crime was the motivation for the Rico indictment as to the fear of exposing the government's participation when Segal's company would present to the court's the clear and convincing evidence of the massive cybercrimes and protection and use by both the ex-employees and government parties.

**Segal files a motion for a pre-trial evidentiary hearing on government misconduct.** Segal's attorney filed a motion before Judge Ruben Castillo's court for a pre-trial evidentiary hearing to examine the government role in using attorney client privileged documents that were stolen by a confessed cyber-hacker allied with former NNIB employees who had defected to Aon Corp. Based on very substantial evidence submitted by defense attorneys, Judge Castillo initially agrees to hold the hearing, but after a motion by AUSA Hogan to block the hearing, the Judge reverses himself.

**To punish Segal, Hogan files another superseding RICO indictment -- this time against Near North.** The baseless RICO indictment against Near North was a continuation of vindictive punishment against Segal for challenging the multiple due process violations by prosecutors and investigators. A company which had never experienced a regulatory violation in its forty year history would now be destroyed, its assets unlawfully devalued and forfeited. The superseding RICO indictment as to the Corporation with virtually puts company out of business, destroying jobs and eliminating competition while providing benefits and protection to the takeover group and eliminating further exposures of government parties in the cybercrimes and proven multiple attorney-client privilege violations

**A trustee assigned to run the company, was ordered by AUSA Hogan to withdraw the civil lawsuit,** which, according to one law firm estimate could have generated around \$50 million in damages.

**The trustee was also ordered by Hogan to reject offers by qualified buyers for Near North's insurance business** which could have saved hundreds of jobs and generated \$100 million for the government, which now controlled the company.

**In a departure from normal procedure involving white collar crimes, Segal was held for seventeen months in the Metropolitan Correction Center,** after his 2004 trial, instead of the normal procedure of

being released to prepare his appeal. Without offering evidence, prosecutors declared him a flight risk to keep him incarcerated.

**Segal's detailed 2010 filing on misconduct to the Justice Department leads to further vindictive punishments.** On June 8, 2010, Segal's then attorneys James Cole and Will Olson coauthored a 122 page filing with Lanny Breuer, then head of the Criminal Division of the US Attorney's office that detailed egregious and unlawful misconduct before and after the Segal grand jury proceedings, the trial and appeal, as well as post trial forfeiture proceedings. The filing was transmitted under the name of attorney Stanley Brand, because both Cole and Wilson were subsequently nominated for top Department of Justice positions, with Cole becoming First Deputy to Attorney General Eric Holder and Will Olson joining the Civil Division.

When the Office of Professional Responsibility fails to investigate or even to meet with Segal's attorneys to discuss evidence of misconduct that had been vetted by two of DOJ's top officials, AUSA Hogan told Segal's attorney Ed Joyce that **"Segal made a mistake"** by challenging government misconduct in the June 2010 filing.

**Since then, over the past three years, Hogan has vindictively inserted himself into a controlling role in the forfeiture, restitution and tax court proceedings to delay any return of assets to Segal, deplete those assets and force unjustified restitution to Near North clients who suffered no losses.**

AUSA Hogan's vindictive post trial actions include:

- Multiple punitive filings falsely claiming that Near North, which had been expropriated by the government under the controversial RICO statute, owned property which, in fact, belonged to Segal. In one of Hogan's filings, Hogan referred to supposed testimony by Norman Bobbins CEO of LaSalle Bank to support his contention that Segal's Highland Park home was 58 percent owned by Near North instead of 100 percent by Segal. Bobbins actually never testified in court, though based on Hogan fraudulent representations, Segal's Highland Park home was expropriated as part of forfeiture.
- Withheld documents from Segal that show his ownership of properties he purchased. Challenged by Segal's attorneys, Hogan ludicrously claimed that the documents were "old." Hogan repeatedly sought to undervalue Segal assets used for forfeiture.
- Ordered two life insurance companies to withhold necessary documents Segal needed to purchase life insurance for this family.
- At the last minute, prosecutors enlist an unqualified third party, a "straw-man," to prevent Segal from exercising his option to purchase his remaining half share of Chicago Bulls ownership.
- **The government has seized close to \$50 million in actual assets to satisfy a \$15 forfeiture judgment which was, itself, based on proven fraudulent accounting as indicated by the extensive forensic accounting analysis performed by respected independent certified accountant Andrew Lotts.** By tying up Segal's assets for seven years in forfeiture proceedings that are normally handled expeditiously, Hogan used the depletion of Segal's resources and his ability to carry on a protracted legal battle to achieve a forced settlement of forfeiture issues.
- **AUSA Hogan continues to insist that both the government and Segal must pay nearly \$400,000 in restitution to clients who have acknowledged in affidavits that they were never shortchanged by Near North Insurance!** Hogan's claim is based on the government's misrepresentation of Illinois

insurance law governing credit write-offs which was presented to the trial jury. Respected forensic accountant Dennis Czurylo has provided an affidavit showing that the credit write-offs were handled properly within Illinois insurance law, but Hogan continues to pursue restitution, which must come from both Segal and government expropriated Near North Insurance Company. In other words, to satisfy AUSA Hogan's desire to punish Segal, the government, as well as Segal must each pay nearly \$400,000 to wealthy former NNIB clients (Waste Management, Ticketmaster) who have made it clear they are not owed any money from NNIB.

- Hogan meets with IRS attorney to ask them to double the amount of a fine which was based on the original manufactured Klein tax conspiracy charge by prosecutors pursued based on a false signature document. (The office of J. Russell George, Inspector General for the IRS is currently investigating this misconduct.)

- Despite a recent forced "settlement" on largely government terms to bring forfeiture proceedings to a close, AUSA Hogan has now filed a spiteful appeal to deprive Segal of bank stock that he owned according to the court.

And so the pattern continues in which every attempt by Mike Segal to expose and stop the misconduct is met with new vindictive actions by AUSA Hogan. The failure of the Department of Justice's Officer of Professional Responsibility or the US Attorney's office for Northern Illinois to investigate this case has enabled AUSA Hogan and other government officials to act with impunity and punish efforts by Michael Segal to seek justice by piling on with vindictive and unlawful actions. This case, to date, represents an utter failure of the system of checks and balances on which the US constitution is based.