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**AZTECA SUPPLY, ITS OWNER AND HER HUSBAND INDICTED FOR
ALLEGED MINORITY CONTRACT FRAUD, INCLUDING TWO O'HARE PROJECTS**

CHICAGO – The owner of a Chicago company certified as a minority- and woman-owned business, her husband, and her company were indicted today on federal fraud charges for allegedly steering minority contracts through the company and collecting more than \$9.5 million in fraudulent payments from three projects, including two at O'Hare International Airport. The company, **Azteca Supply Co.**, allegedly fraudulently received \$9,695,168, between 2001 and July 2008 while being hired as a sham contractor on runway and restroom projects at O'Hare for the City of Chicago, and on a landscaping project at a new Metra commuter rail station for the south suburban Village of Orland Park.

As part of the alleged fraud scheme, following an interview between Azteca's owner, **Aurora Venegas**, and an investigator with the City of Chicago's Inspector General's Office in November 2007, Venegas, her husband, **Thomas Masen**, and others allegedly made it appear that Azteca maintained an inventory of concrete pipe at the plant of a Franklin Park company where Masen worked. Venegas allegedly staged Azteca's warehouse to make it appear that she kept inventory of other products, and she asked to borrow inventory from another company so that if an inspection occurred, Azteca could falsely convey that it maintained products that it claimed to sell.

Venegas, 61, president and sole owner of Azteca, and the company itself were each charged with five counts of mail fraud in a six-count indictment returned today by a federal grand jury. Masen, 65, the comptroller and secretary of a Franklin Park concrete pipe manufacturing company, was charged with two counts of mail fraud and one count of making false statements to the federal agents. The couple resides in Aurora. All three defendants will be arraigned at a later date in U.S. District Court in Chicago.

“The use of sham minority contractors cheats not only the governments that provide opportunities to bid on public contracts, but it also deprives legitimate minority and women-owned businesses from competing to obtain work on such projects,” said Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois. “The City of Chicago Inspector General’s Office is a valuable partner with the FBI in this investigation.”

Mr. Fitzgerald announced the charges with Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; and Joseph Ferguson, Inspector General for the City of Chicago. The investigation is continuing, they said.

“Subversion of the M/WBE program strikes at the heart of a critically important engine for the generation of jobs and opportunities in communities long left on the outside looking in. In today’s challenging economic climate, it is even more important to assure that every program dollar reaches its target communities, and that subversion of the program is prosecuted to the fullest extent,” Mr. Ferguson said.

According to the indictment, Azteca was certified by the City of Chicago as a minority business enterprise (MBE), women’s business enterprise (WBE), and a disadvantaged business enterprise (DBE). To obtain and maintain this status, Venegas allegedly falsely represented that she

performed a commercially useful function; that she did not perform brokering services between Azteca and other companies; and that she was the only person who provided estimates for Azteca's contracts. Based on Azteca's status as a MBE, WBE and DBE contractor for the City of Chicago, Metra provided reciprocal status for its contracts.

The indictment alleges that Venegas learned from customers what supplies they needed and caused Azteca to act solely as a broker in shipping those items from actual suppliers to customers in violation of MBE, WBE and DBE contract requirements. Venegas and Azteca allegedly generated invoices to make it appear as though Azteca had complied with contract requirements when, in fact, Venegas and Azteca had played no role whatsoever.

Despite being employed by Company A, the indictment alleges that Masen frequently directed Venegas and Azteca as to how Azteca should charge for certain goods sold to customers and how much Venegas should mark up those items. Masen frequently interacted directly with Azteca's customers and used Azteca as a "pass-through" to make it appear that customers were purchasing goods from Azteca when, in fact, they were purchasing goods directly from Company A, according to the indictment.

The O'Hare Runway Subcontract

Between May 2007 and July 2008, Azteca received more than \$9 million in payments on a City of Chicago contract, offered for bidding in May 2006, described as the South Airfield 10C-28C East Mass Grading Project as part of the O'Hare Modernization Program. The contract required at least 24 percent MBE and 4 percent WBE participation. In February 2007, Venegas and Azteca received the runway subcontract with Company E, a general contractor with a facility in Elgin, and Venegas agreed that Azteca would supply reinforced concrete pipe and not subcontract any portion

of the work.

As part of the alleged fraud scheme, Venegas and Azteca provided no useful services to Company E, which instead dealt directly with Company A for its concrete pipe needs on the runway project, the indictment alleges. Company E received quotes and ordered concrete pipe directly from Company A and Masen, who allegedly directed Azteca regarding how much it should charge Company E for the pipe products as well as how much profit Azteca should make on the sale of each item. An employee of Company E contacted Masen directly to schedule and make arrangements for deliveries of concrete pipe, and Masen directed a trucking company to deliver the goods to Company E's job site and then instructed Azteca to pay the trucking company, the indictment alleges.

Neither Venegas nor Azteca did any substantial part of the estimating, ordering, purchasing or delivery of concrete pipe until after the FBI executed search warrants at Company A and Azteca on July 17, 2008. During the execution of the warrant at Company A, Masen allegedly lied to an FBI agent when he told them that Azteca decided its own markup before bidding on a job and Company A offered no input in Azteca's markup, and that he (Masen) had no input in running Azteca.

The O'Hare Contract

Between October 2001 and September 2007, Venegas and Azteca received approximately \$638,000 in payments on a Chicago contract to supply the women's restrooms at O'Hare with a feminine hygiene product disposal system manufactured by Company B, which has a facility in Naperville. The contract called for a MBE or WBE company to obtain disposal units from Company B and to service, clean and replace them during the life of the contract, and to perform at least 50 percent of the contract with its own workforce. In March 2001, Venegas signed and submitted a bid fraudulently representing that Azteca would provide 95 percent of the value of the O'Hare restroom

contract, the indictment alleges.

After receiving the contract, Venegas and Azteca allegedly did not perform any significant work and all significant portions were performed instead by Company B under an oral subcontract with Azteca.

The Main Street Triangle Project

In 2007, Venegas and Azteca allegedly received approximately \$57,168 in fraudulent payments from a landscaping installation company that itself had been hired as a subcontractor on a Village of Orland Park project to provide landscaping around a new Metra station known as the Main Street Triangle Project. The contract and subcontracts had goals of providing 10 percent MBE and 5 percent WBE participation. According to the indictment, in 2007, Venegas was asked by representatives of Company C, the landscaping installer, and Company D, a landscaping supply company, to act as a pass-through for the landscaping subcontract of the project. Venegas allegedly agreed to act as a fraudulent pass-through in exchange for 5 percent of Company C's subcontract payments.

Venegas and Azteca effectively had no role in the landscaping subcontract, the indictment alleges, and Companies C and D communicated directly regarding the plants that Company C required. Venegas allegedly agreed with both companies that Azteca would generate false invoices and other documents to make it appear as though Azteca had purchased the plants from Company D and supplied them to Company C to comply with the contract requirements. In fact, Venegas and Azteca performed no role in ordering, storing or delivering the plants used in the project.

The government is being represented by Assistant U.S. Attorney April Perry.

Each count of mail fraud carries a maximum penalty of 20 years in prison and a \$250,000 fine. If convicted, Azteca would face a maximum penalty of five years probation and a \$500,000 fine on each count. As an alternative, the Court may impose a maximum fine equal to twice the loss to any victim or twice the gain to any defendant, whichever is greater and restitution is mandatory. Making false statements carries a maximum penalty of five years in prison and a \$250,000 fine. The Court would determine the appropriate sentence under the advisory United States Sentencing Guidelines.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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