

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA

CRIMINAL COMPLAINT

v.

CASE NUMBER:

DANIEL RANKINS, aka "Little D"

UNDER SEAL

I, the undersigned complainant, being duly sworn on oath, state that the following is true and correct to the best of my knowledge and belief: From in or about August 2012 and continuing until in or about March 2013, at Chicago, in the Northern District of Illinois, Eastern Division DANIEL RANKINS, aka "Little D," defendant herein:

devised and intended to devise and participated in a scheme to defraud the City of Chicago by causing to be filed bankruptcy petitions, schedules, and statement of financial affairs, under Title 11, in the United States Bankruptcy Court for the Northern District of Illinois;

in violation of Title 18, United States Code, Sections 157 and 2. I further state that I am a Special Agent with the Federal Bureau of Investigation, and that this complaint is based on the facts contained in the Affidavit which is attached hereto and incorporated herein.

Signature of Complainant
CRAIG HENDERSON
Special Agent, Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,

April 23, 2013 at Chicago, Illinois
Date City and State

Mary M. Rowland, U.S. Magistrate Judge
Name & Title of Judicial Officer

Signature of Judicial Officer

UNITED STATES DISTRICT COURT)
) ss
NORTHERN DISTRICT OF ILLINOIS)

AFFIDAVIT

I, CRAIG HENDERSON, being duly sworn, state as follows:

1. I am a Special Agent with the Federal Bureau of Investigation (FBI), and have been so employed since 1994. My current responsibilities include the investigation of public corruption offenses.

2. This affidavit is submitted in support of a criminal complaint alleging that DANIEL RANKINS, aka “Little D” (RANKINS), has violated Title 18, United States Code, Sections 157 and 2. Because this affidavit is being submitted for the limited purpose of establishing probable cause in support of a criminal complaint charging RANKINS with bankruptcy fraud, I have not included each and every fact known to me concerning this investigation. I have set forth only the facts that I believe are necessary to establish probable cause to believe that the defendant committed the offense alleged in the complaint.

3. This affidavit is based on my personal knowledge, information provided to me by other law enforcement agents, my review of court records, interviews of witnesses, my experience and training, and the experience of other agents.

4. As set forth below, the FBI and the City of Chicago Office of Inspector General are conducting an investigation of bankruptcy fraud schemes in the Northern District of Illinois. In these schemes, individuals file false Chapter 7 bankruptcy petitions in order to obtain their impounded vehicles from the City of Chicago (the City) without paying the associated fines or fees. As part of the investigation, the FBI has identified various individuals, including RANKINS, who, in exchange for cash payments, orchestrate and assist in the filing of false bankruptcy petitions in

order to obtain the release of vehicles impounded by the City. As a result of the these bankruptcy fraud schemes, the City has suffered the loss of the fines and fees due and owing for each impounded vehicle, while the U.S. Bankruptcy Court suffers the loss of the \$306 bankruptcy filing fee for each fraudulent bankruptcy petition.

5. As discussed below, on January 7, 2013, the FBI conducted an undercover operation during which RANKINS solicited and accepted a cash payment of \$600 in exchange for assisting an undercover law enforcement officer (UC) with filing a false bankruptcy petition under the guise of obtaining the release of the UC's vehicle from the City's auto pound. When confronted by FBI agents, RANKINS admitted that he was paid \$600 to facilitate the filing of the false bankruptcy petition in order to get the UC's vehicle released from impoundment.

Chapter 7 Bankruptcy Proceedings

6. The filing of a bankruptcy petition creates a "bankruptcy estate" consisting of all legal or equitable interests of the debtor in property as of the commencement of the bankruptcy case. The person filing the petition is known as a "debtor."

7. Chapter 7 of the Bankruptcy Code (Title 11, United States Code) provides for "liquidation," meaning the sale of a debtor's nonexempt property and the distribution of the proceeds to creditors.

8. According to Rule 1007(b) of the Federal Rules of Bankruptcy Procedure, a Chapter 7 case begins with the debtor filing a petition with the bankruptcy court serving the area in which the individual lives. In addition to the petition, the debtor must also file with the court: (1) schedules of assets and liabilities; (2) a schedule of current income and expenses; (3) a statement of financial affairs; and (4) a schedule of executory contracts and unexpired leases. Individual debtors with

primarily consumer debts must also file a certificate of credit counseling and a copy of any debt repayment plan developed through credit counseling; evidence of payment from employers, if any, received 60 days before filing; a statement of monthly net income and any anticipated increase in income or expenses after filing; and a record of any interest the debtor has in federal or state qualified education or tuition accounts. 11 U.S.C. § 521.

9. In order to complete the Official Bankruptcy Forms that make up the petition, statement of financial affairs, and schedules, the debtor must provide the following information: (1) a list of all creditors and the amount and nature of their claims; (2) the source, amount, and frequency of the debtor's income; (3) a list of all of the debtor's property (Schedule B); and (4) a detailed list of the debtor's monthly living expenses, *i.e.*, food, clothing, shelter, utilities, taxes, transportation, medicine, etc. In particular, debtors are required to disclose personal property, including cash on hand, and other personal property of any kind.

10. Pursuant to Title 11, United States Code, Section 362, filing a petition under Chapter 7 "automatically stays" most collection actions against the debtor or the debtor's property. The stay arises by operation of law and requires no judicial action. As long as the stay is in effect, creditors generally may not initiate or continue lawsuits, wage garnishments, or even telephone calls demanding payments. The bankruptcy clerk gives notice of the bankruptcy case to all creditors whose names and addresses are provided by the debtor.

11. The debtor signs the bankruptcy petition, attesting under penalty of perjury that the information contained in the petition is true and correct.

12. Pursuant to Title 11, United States Code, Section 110, a bankruptcy petition preparer who prepares a document for filing shall sign the document and print on the document the preparer's name and address.

13. The courts must charge a \$245 case filing fee, a \$46 miscellaneous administrative fee, and a \$15 trustee surcharge. Normally, the fees must be paid to the clerk of the court upon filing. With the court's permission, however, individual debtors may pay in installments. 28 U.S.C. § 1930(a); Fed. R. Bankr. P. 1006(b); Bankruptcy Court Miscellaneous Fee Schedule, Item 8. If, however, the debtor's income is less than 150% of the poverty level (as defined in the Bankruptcy Code), and the debtor is unable to pay the Chapter 7 fees even in installments, the court may waive the requirement that the fees be paid, pursuant to 28 U.S.C. § 1930(f).

14. Upon the filing of a Chapter 7 petition, the U.S. Trustee appoints a case trustee to administer the case and liquidate the debtor's nonexempt assets. 11 U.S.C. §§ 701, 704.

City of Chicago Auto Pound Bankruptcy Filings

15. According to a representative of the U.S. Trustee for the Northern District of Illinois (the "U.S. Trustee"), in May 2012, a representative of the City of Chicago's Department of Revenue (CCDR) alerted the U.S. Trustee to a significant increase in the number of individuals who appeared to be using bankruptcy as a mechanism to obtain the release of their vehicles from the City auto pounds without paying any of the associated fines or fees.

16. According to the U.S. Trustee, the CCDR explained that individuals whose vehicles are impounded by the City must first go to the CCDR to pay what is owed before the City will release their vehicles from the pound. At the CCDR, individuals present their impoundment paperwork and receive a hot desk sheet, which details the amount owed to the City on the vehicle.

The CCDR explained to the U.S. Trustee that it appeared as though individuals with hot desk sheets at the CCDR were being approached by individuals and then assisted with the filing of false Chapter 7 bankruptcy petitions in order to secure the release of their vehicles without paying the fines or fees.

17. Since May 2012, the U.S. Trustee has reviewed and identified more than 1,000 *pro se* Chapter 7 bankruptcy petitions filed in the U.S. Bankruptcy Court for the Northern District of Illinois in which the only creditors identified in the bankruptcy petitions are the CCDR and the City's auto pounds. In almost all of these cases, the debtors filed *in forma pauperis* applications with their bankruptcy petitions.

18. According to the U.S. Trustee, most of these *pro se* bankruptcy petitions are incomplete and/or contain numerous false statements, including false statements concerning the debtors' financial position, social security number, and statement of compliance with the Chapter 7 credit counseling requirement.

19. According to the U.S. Trustee, most of the *pro se* bankruptcy petitions also contain a pre-printed Schedule B, an official form that requires the debtor to list all personal property, in which the debtor identifies no cash on hand or assets other than a specific vehicle located at the City's auto pound.

20. According to the U.S. Trustee, none of the *pro se* bankruptcy petitions identify the individual who assisted the debtor in filing the bankruptcy petition.

21. According to the U.S. Trustee, almost all of these debtors fail to appear at court hearings ordered by the bankruptcy judges to review their *in forma pauperis* applications. Eventually, the bankruptcy judges, on the motion of the U.S. Trustee, dismisses nearly all of these

cases for failure by the debtors to file the required documents, and the bankruptcy court does not collect the \$306 filing fee.

The Undercover Operation

22. On January 7, 2013, FBI agents conducted an undercover operation in order to identify individuals who accepted cash payments in exchange for their assistance in securing the release of impounded vehicles through the filing of false Chapter 7 bankruptcy petitions.

23. At approximately 9:15 a.m., agents established surveillance in the area of the CCDR, located at 400 West Superior Street in Chicago. Based on information developed during the investigation, agents believed that the perpetrators of the bankruptcy fraud schemes approach individuals at the CCDR with hot desk sheets and offer to get their vehicles released from the auto pound for a fraction of what is owed to the City.

24. At approximately 10:08 a.m., surveillance observed a white four-door Chevrolet car, bearing Illinois license plate P35 8999 and registered to RANKINS (the Chevrolet), driving eastbound on Superior Street.

25. At approximately 10:15 a.m., the UC, who was equipped with a concealed audio recorder and given \$600 in pre-recorded law enforcement funds, entered the CCDR. According to the UC and as observed by surveillance, the UC remained in the area of the CCDR, for about thirty minutes. During that time, the UC spoke to an unknown male (UM1) outside of the CCDR. On prior surveillance of the CCDR as part of the investigation, agents observed UM1 standing outside the CCDR soliciting passers-by for work. According to the UC, UM1 told the UC that the guy who helped people get their cars out of the auto pound had left the area a few minutes earlier. The UC

gave the UC's telephone number to UM1, who said that he would call the UC if the guy returned in the afternoon, which, according to UM1, he usually did.

26. At approximately 1:05 p.m., surveillance observed the Chevrolet parked in a lot at the corner of Sedgwick Street and Chicago Avenue, near the CCDR.

27. According to the UC, at approximately the same time, the UC received a telephone call from an individual who identified himself as "Little D," later identified as RANKINS. In an unrecorded conversation, RANKINS and the UC discussed the UC's need to retrieve his car from the auto pound. According to the UC, RANKINS told the UC that he had heard that the UC was trying to get the UC's car out of the auto pound, and he asked the UC how much the UC owed to the City to get the car out of the pound, to which the UC responded, "\$4,200." RANKINS told the UC that he usually charged half of what a person owed to the City to get their car out of the pound. The UC told RANKINS that the UC only had \$600. RANKINS told the UC to meet him at the CCDR and that he would be there until 3:30. RANKINS instructed the UC to call him when the UC was near that location. The UC and RANKINS arranged to meet within the hour at the CCDR.

28. At approximately 1:30 p.m., the UC arrived in the area of the CCDR. A few minutes later, surveillance observed the UC speaking with an unknown African-American male, later identified as RANKINS.

29. According to the UC and as captured in the audio recording, the UC met RANKINS, who identified himself as "Little D," as the UC approached the CCDR. During the conversation and as captured in the audio recording, RANKINS asked the UC how much the UC owed on his vehicle. The UC confirmed that it was \$4,200 and that the UC had \$600 in the UC's possession.

30. As captured on the audio recording, RANKINS explained the process to the UC. RANKINS said that the UC was going to file bankruptcy. RANKINS told the UC that he, RANKINS, had the paperwork, that the UC would bring the paperwork to the federal building at Dearborn and Jackson, and then return the paperwork to the City. RANKINS said that the process would take about thirty minutes.

31. At approximately 1:36 p.m., according to the UC and as observed by surveillance, the UC and RANKINS walked over to the Chevrolet, where RANKINS entered the driver's seat while the UC sat in the front passenger seat. According to the UC and as observed by surveillance, the UC and RANKINS were joined by two unknown African-American males and two unknown African-American females. The UC moved from the front passenger seat to the rear passenger seat, as the other unknown individuals entered the Chevrolet. Surveillance then observed the Chevrolet exit the parking lot and proceed southbound on Clark Street. A few minutes later, surveillance observed the Chevrolet park near the corner of Financial Place and Jackson Boulevard, across from a bank. Surveillance then observed the two unknown African-American males and the two unknown African-American females exit the Chevrolet, cross the street, and enter the bank.¹ The UC then entered into the front passenger seat of the Chevrolet.

32. According to the UC and as captured on the audio recording, RANKINS provided Chapter 7 bankruptcy paperwork to the UC once they were alone. The UC observed that the paperwork was already completed except for the UC's personal information, the UC's vehicle information, and the UC's signature. For example, the UC observed that hand-written on the

¹As discussed below, these individuals, later identified as Individuals C, D, E, and F, went into the bank so that Individual D could obtain cash to pay RANKINS for his assistance in filing Individual D's bankruptcy earlier in the day.

certification of credit counseling services was the following: “I will be seeking counseling within the next hours and will request a reduced [*sic*]fee.” Additionally, the UC observed that the Schedule B - Personal Property was pre-printed with representations that the UC had no cash on hand, savings, household goods, wearing apparel, etc. The UC further observed that handwritten on the list of creditors were the CCDR and the City auto pound. According to the UC and as captured on the audio recording, RANKINS directed the UC to complete the UC’s personal identifying information and information about the UC’s vehicle, including model year and VIN, and then told the UC where to initial and sign the bankruptcy paperwork. RANKINS explained to the UC that the UC was “wiping out” the City as a creditor by filing the bankruptcy.

33. At approximately 2:08 p.m., surveillance observed the Chevrolet, with RANKINS driving and the UC in the front passenger seat, parking on Plymouth Court, just south of the Dirksen Federal Building, located at 219 S. Dearborn Street in Chicago. Surveillance then observed the UC enter the Dirksen Federal Building alone.

34. According to the UC, upon entering the Dirksen Federal Building, the UC proceeded to file the bankruptcy paperwork at the U.S. Bankruptcy Court.

35. A few minutes later, at approximately 2:12 p.m., surveillance observed RANKINS walking in the area of the Dirksen Federal Building. At approximately 2:21 p.m., surveillance observed RANKINS, who was again driving the Chevrolet, turn around on Plymouth Court and face southbound. Surveillance then observed the UC enter the Chevrolet, which drove back in the direction of the CCDR.

36. According to the UC, the UC paid RANKINS \$600 in pre-recorded law enforcement funds as they drove back to the CCDR. As captured on the recording device, RANKINS asked the

UC for his, Rankins', money. As captured on the recording device, RANKINS then confirmed with the UC that the UC had the bankruptcy paperwork with the case number on it, the "hot desk" sheet, and the title and vehicle registration to present to the CCDR. RANKINS instructed the UC to enter the east side of the building and speak with a CCDR employee.

37. At approximately 2:36 p.m., surveillance observed the Chevrolet in the same parking lot near the CCDR where surveillance had seen it earlier in the day.

38. At approximately 2:40 p.m., surveillance observed the UC enter the building occupied by the CCDR as RANKINS entered the Chevrolet in the parking lot. According to the UC, the UC entered the CCDR and asked to speak with a CCDR employee, who accepted the UC's bankruptcy paperwork. Surveillance observed RANKINS drive the Chevrolet into a gas station at the corner of Orleans Street and Chicago Avenue. At about the same time, the UC notified surveillance agents that the UC had paid the \$600 in pre-recorded law enforcement funds to RANKINS in exchange for RANKINS' assistance in filing a false bankruptcy petition.

39. At approximately 2:43 p.m., FBI agents approached and temporarily detained RANKINS. Agents advised RANKINS that he was not under arrest but told him that he was being detained until agents determined his involvement in the bankruptcy scheme. In conducting a protective pat-down of RANKINS for weapons or contraband, agents located the \$600 in the pre-recorded law enforcement funds, verified by serial numbers, in the pocket of RANKINS' pants. Agents advised RANKINS that he had facilitated the filing of the bankruptcy petition on behalf of the person who provided him with the \$600. In response, RANKINS stated, "I did it."

RANKINS' Admissions

40. After locating the \$600 on RANKINS, agents again informed RANKINS that he was not under arrest. RANKINS, who had identified himself as DANIEL DEVON RANKINS, said that he wanted to cooperate. He then volunteered information regarding the bankruptcy fraud scheme.

41. According to RANKINS, he first learned about filing bankruptcy in order to retrieve a vehicle impounded by the City approximately three months earlier. At that time, his vehicle was impounded by the City. He said that he went to the CCDR building and spoke to two individuals, Individual A and Individual B, who were outside the CCDR. They approached him and asked him if his vehicle had been impounded.

42. According to RANKINS, Individual A and Individual B told RANKINS how to file bankruptcy in order to get his vehicle out of the auto impound lot. Individual A and Individual B provided RANKINS with pre-printed bankruptcy paperwork and, in return, he paid them \$700 for their assistance.

43. RANKINS stated that Individual B brought RANKINS to the federal building, where RANKINS filed a bankruptcy petition. After filing the petition, RANKINS returned to the CCDR and entered on the east side of the building, which is located on the Sedgwick side. RANKINS said that he then met with an attorney from the CCDR.

44. RANKINS acknowledged that he filed his own bankruptcy petition in order to retrieve his car from the City's auto pound. RANKINS said that he did not show up for his bankruptcy court date or list all of his creditors.

45. According to RANKINS, he started working with Individual A and Individual B recruiting people who had their vehicles towed by the City and who were willing to file bankruptcy in order to retrieve their vehicles from the auto impound. RANKINS said that he used a portion of

the money that he was paid to purchase the bankruptcy paperwork from Individual A and Individual B.

46. RANKINS said that he helps people file for bankruptcy in order to get their vehicles out of the auto pound approximately twice a week, twice a day. RANKINS said that he charges at least \$400 per person. RANKINS acknowledged that he made two trips to the federal building earlier that day, at approximately 9:00 a.m. and again at 2:30 p.m.

47. RANKINS explained that he solicited individuals willing to file bankruptcy in return for getting their vehicles out of the auto pound through “word of mouth.” RANKINS said that no City employees or attorneys were involved in the scheme and that the CCDR attorneys required the paperwork to be correctly done.

48. RANKINS admitted that he was told by UM1 that the UC needed help getting the UC’s vehicle out of the auto pound. According to RANKINS, UM1 gave him the UC’s telephone number, which RANKINS called in order to meet the UC at the CCDR. RANKINS admitted that he drove the UC to the federal building along with Individual C, Individual D, Individual E, and Individual F (the previously unidentified African-American males and females discussed above in paragraph 31). RANKINS said that he dropped Individual D and the others off at the bank because Individual D owed RANKINS money for his assistance in filing Individual D’s bankruptcy earlier that day.

49. RANKINS said that he provided the UC with the bankruptcy paperwork and the creditor paperwork. RANKINS admitted that he accepted \$600 from the UC in return for his assistance showing the UC how to file bankruptcy so that the UC could get the UC’s car out of the auto pound.

50. RANKINS further explained that he charged the UC \$600 because that was what the UC had on his person. RANKINS said that he normally charges an individual wishing to file bankruptcy one-third of the total amount owed to the City for the vehicle impoundment.

CONCLUSION

51. Based on the foregoing, there is probable cause to believe that DANIEL RANKINS violated 18 U.S.C. §§ 157 and 2 by devising or intending to devise a scheme and participating in a scheme to defraud the City of Chicago by causing to be filed bankruptcy petitions, schedules, and statement of financial affairs, under Title 11, in the United States Bankruptcy Court for the Northern District of Illinois.

Further Affiant sayeth not,

CRAIG HENDERSON
Special Agent
Federal Bureau of Investigation

SUBSCRIBED AND SWORN TO BEFORE ME
this 23rd day of April, 2013.

MARY M. ROWLAND
United States Magistrate Judge