

IN THE CIRCUIT COURT
ELEVENTH JUDICIAL CIRCUIT OF ILLINOIS
COUNTY OF McLEAN

GRAND JURY PROCEEDINGS
SEPTEMBER 20, 2017

COPY

RE: JOHN BUTLER

Theft (22 Counts)
Money Laundering (8 Counts)
Filing a Fraudulent Sales and Use Tax Return
(6 Counts)
Wire Fraud (6 Counts)
Tax Evasion
Conspiracy to Commit Tax Evasion

JAY LAESCH

Theft (16 Counts)
Money Laundering (6 Counts)
Filing a Fraudulent Sales and Use Tax Return
(6 Counts)
Wire Fraud (6 Counts)
Tax Evasion
Conspiracy to Commit Tax Evasion

BART ROGERS

Theft (13 Counts)

PAUL GRAZAR

Theft (2 Counts)
Money Laundering (2 Counts)
Tax Evasion
Conspiracy to Commit Tax Evasion

KELLY KLEIN

Theft (8 Counts)
Money Laundering (4 Counts)

WITNESSESPAGE

Special Agent Dan Rossiter 2
Lisa Matheny 48

BE IT REMEMBERED that heretofore, to-wit:
on September 20, 2017, at the McLean County Law &
Justice Center, Bloomington, Illinois, before the
McLean County Grand Jury, the following proceedings
were had.

APPEARANCES:

MR. ADAM GHRIST
Assistant State's Attorney
Law & Justice Center
Bloomington, Illinois 61701
Appearing on behalf of the People.

1 (ALL GRAND JURORS HAVE BEEN DULY SWORN FOR
2 THEIR PRESENT TERM OF SERVICE.)

3 (WHEREUPON THE ASSISTANT STATE'S ATTORNEY
4 ADVISED THE GRAND JURY OF ITS RIGHTS PURSUANT TO
5 THE ILLINOIS COMPILED STATUTES.)

6
7 SPECIAL AGENT DAN ROSSITER

8 called as a witness herein, on behalf of the People
9 of the State of Illinois, after having been first
10 duly sworn on his oath, was examined and testified
11 as follows, to-wit:

12 EXAMINATION

13 BY MR. GHRIST:

14 Q. Can you please tell us your name and spell
15 your last name for us?

16 A. Special Agent Dan Rossiter,
17 R-o-s-s-i-t-e-r.

18 Q. And Special Agent Rossiter, with what law
19 enforcement agency do you work?

20 A. I'm employed by the Illinois State Police.

21 Q. Have you been the lead investigator on the
22 case that we're about to discuss involving Central
23 Illinois -- Central Illinois Arena Management and
24 the five individuals: John Butler, Jay Laesch,

1 Bart Rogers, Paul Grazar, and Kelly Klein?

2 A. Yes.

3 Q. I'd like to start by asking you a little
4 bit of background into the relationship between
5 CIAM, C-I-A-M, the acronym for Central Illinois
6 Arena Management, and the Bloomington Coliseum.
7 Okay?

8 A. Okay.

9 Q. Can you describe to us a little bit about
10 CIAM and its corporate structure and its officers?

11 A. Yes. CIAM is owned and operated by John
12 Butler. He's the president and CEO of the company.
13 The structure, as far as employees are concerned,
14 is Bart Rogers, the vice-president within the
15 company as well as the general manager of the
16 Coliseum itself; Kelly Klein is then the finance
17 director for CIAM as well as some of the other
18 companies associated with John Butler; and then
19 you've got several other part-time and a few other
20 full-time employees that fall underneath those
21 separate divisions.

22 Q. And what is the date range that we're
23 looking at as far as CIAM's involvement with the
24 Bloomington Coliseum?

1 A. CIAM is the original and at the time is
2 the original managing company for the Coliseum.
3 Their first event was April 1st of 2006.

4 Q. And what was the date they ceased to
5 manage the Bloomington Coliseum?

6 A. March 31st of 2016 was their last day
7 within the Coliseum.

8 Q. You told us about Bart Rogers, John
9 Butler, and Kelly Klein. I'd like to ask you
10 what is BMI?

11 A. BMI is the concessions company. BMI is a
12 subsidiary of CIAM, which is also owned by John
13 Butler. It was designed and developed to maintain
14 and provide concessions to the Coliseum.

15 Q. And who worked for -- under the concession
16 aspect of --

17 A. Other than John Butler, there were three
18 full-time employees: Paul Gazar, who is the
19 general manager of the concessions company; Jay
20 Laesch, who is the finance director of the
21 concessions company; and their head chef, Tom
22 Chiavetta.

23 Q. I'd like to ask you about the financial
24 operations of the Coliseum. Can you tell us a

1 little bit about that, please?

2 A. The finances are set up for the Coliseum
3 specifically. There is a Coliseum fund, there's a
4 box office account, and then CIAM also has their
5 own corporate account. The Coliseum fund account
6 is a government account or is registered as a
7 government account.

8 The box office account is -- it's more of
9 a third party account where Ticketmaster money will
10 go in. So anytime you buy a ticket for a concert,
11 that money goes into the box office account, it's
12 held for the promoters; and then once the event is
13 over, that money is divvied up to where it's
14 supposed to go based on the ticket sales
15 themselves. So the box office account is ticket
16 sales.

17 The Coliseum fund account is the operating
18 account for the Coliseum to pay expenses,
19 utilities, anything that's related to the
20 building.

21 Q. And is there a third account that was
22 primarily -- a third bank account that was
23 primarily used by CIAM --

24 A. Yes.

1 Q. -- commonly referred to as CIAM savings
2 account?

3 A. Yes.

4 Q. And what was that, please?

5 A. That was typically used for payroll as
6 well as transfers out from the Coliseum fund into
7 the CIAM corporate account.

8 Q. Did CIAM have full access to all of these
9 three accounts?

10 A. Yes.

11 Q. Was anyone else able to -- other than CIAM
12 and the people that we've discussed thus far, were
13 they able to control the money from those accounts?

14 A. No. No one else had access to any of
15 those three accounts to include the City.

16 Q. And I would like you to explain that a
17 little bit. Since you said the Coliseum fund was
18 the City's account and registered as a government
19 account and therefore tax exempt, can you explain
20 to us how it was that only CIAM had control on the
21 money in that account?

22 A. Yes. So based on the Development and
23 Management Agreement that the City signed with
24 CIAM, they were responsible for establishing and

1 setting up the Coliseum fund account, which they
2 did through CEFCU. The people that were allowed
3 access to that account were also controlled by
4 CIAM, and it was minimized to CIAM personnel only.
5 The City did attempt to receive access to those
6 accounts on multiple occasions which were denied by
7 CIAM personnel.

8 Q. So am I correct that when it came to the
9 Coliseum fund, the government account, the City
10 could and did infuse money into the account but
11 thereafter could not control the money or even see
12 what was going on within that account?

13 A. That's correct.

14 Q. In the day-to-day operations of CIAM, what
15 role did Kelly Klein play, please?

16 A. She was the finance director, so she was
17 responsible for receiving billing statements, she
18 would create invoices, and then she would either
19 cut the checks or create a direct deposit depending
20 on the amount of that transaction.

21 If it was a thousand dollars or more for
22 the invoice, she would be required to get John
23 Butler or Bart Rogers' authorization to complete
24 the transaction. She would then get that

1 authorization, cut a check, or do a direct deposit
2 wire transfer of the money.

3 Q. Can you tell us a little bit about the
4 day-to-day operations of BMI?

5 A. The day-to-day operations of BMI, they
6 were responsible for catering and any concessions
7 within the building. So, for example, if there was
8 a hockey game, BMI Concessions would be responsible
9 for having different areas open for the public --
10 or for the people attending the event to purchase
11 hot dogs, beer, all that sort of stuff.

12 They were also responsible for catering
13 events, which would include business meetings,
14 weddings, backstage catering for concerts, and
15 other such things as that.

16 Q. Did BMI utilize a process for their sales
17 system within the Coliseum?

18 A. Yes. They had a point of sale system
19 called the MICROS System, M-I-C-R-O-S. It's a
20 point of sale system. Once something is scanned or
21 typed in, it enters it as a sale, and it's able to
22 be tracked.

23 They also had cash carts that did not have
24 point of sale systems where cash sales were the

1 only things that were authorized there. They would
2 take the cash, and then that would be completed in
3 the vault as far as counting and checking the
4 numbers, and that would be entered in later through
5 the MICROS System.

6 Q. And so whether it was an electronic point
7 of sale or a cash station, were there spreadsheets
8 reflecting the sales for those different
9 stations --

10 A. Yes.

11 Q. -- in one form or another?

12 A. Yes. Every event had a settlement
13 workbook, which was a Excel document, ranging from
14 16 to 20 separate pages where it would include all
15 the MICROS sale system reports in it. It would
16 also calculate the amount of commission owed to the
17 City based on those sales reported through the
18 MICROS System.

19 Q. Was there a primary person responsible for
20 completing what you described as the settlement
21 workbook?

22 A. Jay Laesch.

23 Q. I want to switch gears a little bit. You
24 previously told us that CIAM's final day in the

1 Coliseum was March 31st, 2016?

2 A. Yes.

3 Q. And I want to just lay a little bit of
4 background here on CIAM's exit from the Coliseum,
5 if we can.

6 A. Okay.

7 Q. Can you tell us what was going on in the
8 months prior to that departure date by CIAM?

9 A. Yes. The City was negotiating with CIAM
10 for an extension and renegotiating the current
11 contract into a new contract.

12 Q. And that extension was to decide if it
13 would be extended beyond that March 31st, 2016?

14 A. Correct.

15 Q. Was there a date in your investigation
16 that you have identified any notification went out
17 to employees of CIAM that negotiations have ceased,
18 we will not be extending our contract, and our last
19 day is on March 31st, 2016?

20 A. Yes. That was on March 7th of 2016.

21 Q. And did it become public at or very near
22 that date as well?

23 A. Yes.

24 Q. In fact, the City issued a press release.

1 Was it the same day?

2 A. Yes. On March 7th, a press release was
3 released.

4 Q. I want to ask you now about contract
5 commissions. During that period of time of
6 contract negotiations, did Kelly Klein send a
7 number of e-mails to the City making financial
8 requests of the City?

9 A. Yes. Starting in February, there was
10 several e-mails back and forth from Kelly Klein to
11 the finance department of the City of Bloomington
12 asking for an infusion of money.

13 Q. What was the rough amount of the infusion
14 requested?

15 A. Approximately \$247,000.

16 Q. In those e-mails, does Kelly Klein on
17 behalf of CIAM and its agents label the need for
18 that money?

19 A. Yes. There was an estimation of the cost
20 that would be required for the fourth quarter that
21 was created by Kelly Klein which itemized each area
22 that was deficient and sent to the City finance
23 department.

24 Q. What was the response from the City

1 finance department when those requests were made by
2 Kelly Klein initially?

3 A. The City -- it was presented to the City
4 as this money was urgently needed. And the City
5 looked at the source documentation that was
6 provided by Kelly Klein as well as their requests
7 of the \$247,000 and estimated approximately 56,000
8 would be required for immediate expenses.

9 Q. Were utilities also discussed, and was
10 there an amount placed on utilities at this stage
11 of things?

12 A. Yes. The urgency -- utilities were
13 specifically mentioned as far as the urgency. It
14 was even stated that shutoff notices were being
15 sent to the Coliseum as far as utilities being
16 owed. And Kelly Klein reported to the City that
17 \$113,000 in utilities was owed.

18 Q. And was it also relayed -- okay. Strike
19 that.

20 After this was initially denied by the
21 City's finance department, were -- from your
22 investigation, were you able to determine if other
23 meetings took place after that denial?

24 A. Yes.

1 Q. And who were those meetings held with?

2 A. On March 9th, John Butler had a one-on-one
3 meeting with the City Manager, David Hales, to
4 discuss the release of the \$247,000.

5 Q. And have you interviewed David Hales?

6 A. Yes.

7 Q. And what did David Hales represent was the
8 nature of the request for cash infusion?

9 A. David Hales recalled the meeting and
10 stated that they expressed an urgency and an
11 immediacy for these funds, and he recalled
12 utilities being discussed as far as the urgency of
13 the matter.

14 Q. And so what happened after that meeting?

15 A. On March 10th, the City approved the
16 \$247,000 cash infusion signed off by David Hales.

17 Q. Now during this period as this was going
18 on and those contract negotiations extension
19 conversations were going on, were there
20 conversations about commissions that John Butler
21 and CIAM wanted from the City?

22 A. Yes.

23 Q. What -- tell us a little more about that.

24 A. Within the documentation that Kelly Klein

1 provided that listed the utilities at \$113,000,
2 also listed on there was \$191,000 in fees and
3 commissions owed to John Butler. Those -- the
4 initial conversations with the finance department
5 and Kelly Klein, the finance department's
6 contention was commissions and fees are not an
7 urgency or an immediate expense, and those could be
8 taken care of after you are outside of the building
9 once they have time to look at the documentation
10 and make sure they are paying the appropriate
11 amount.

12 The -- so once that meeting happened with
13 David Hales, that money was released, a check was
14 cut from the City to the Coliseum fund, and then it
15 was deposited the next day on March 11th.

16 Q. Was there an understanding that the
17 infusion we've talked about was intended for those
18 urgent matters and that the commissions would be
19 dealt with later?

20 A. Yes.

21 Q. From your investigation, were you able to
22 determine if there was a general practice as to how
23 utility bills were paid by CIAM?

24 A. Yes. They were paid from the Coliseum

1 account, the Coliseum fund account.

2 Q. And that is that initial government
3 account that we discussed earlier. Is that right?

4 A. Yes.

5 Q. However, after this infusion in March of
6 2016, what happened with the money after it was
7 infused by the City into the Coliseum fund?

8 A. The infusion was deposited on March 11th
9 into the Coliseum fund account. On the very same
10 day, a check for \$162,000 was then written to the
11 CIAM corporate account.

12 Q. From your investigation, were any of the
13 utilities that had been represented as urgent paid
14 after this infusion?

15 A. No.

16 Q. In fact, did the entire balance of urgent
17 utilities in the amount of approximately \$113,000
18 remain outstanding after CIAM exited the building
19 on March 31st, 2016?

20 A. Yes.

21 Q. Now you had initially told us there was a
22 large transfer from the corporate -- or I'm sorry,
23 from the Coliseum fund account to the CIAM savings
24 account?

1 A. Correct.

2 Q. Thereafter, was any of that money moved
3 from the CIAM savings account, please?

4 A. Yes. March 11th, the cash infusion was
5 deposited in the Coliseum account. March 11th, a
6 check for \$162,000 was written from the Coliseum
7 account to the CIAM savings. And then on
8 March 11th, a \$100,000 check was written to the
9 personal bank account of John Butler.

10 Q. Was there a second check later in March --

11 A. Yes.

12 Q. -- written out of that savings account?

13 A. Yes. On March 14th, another check from
14 the Coliseum fund account was written in the amount
15 of approximately \$42,000 and deposited into the
16 personal account of John Butler.

17 Q. Can you also tell us what happened on
18 March 28th, 2016, just two or three days before
19 they were to vacate the building?

20 A. During the investigation, documentation
21 was recovered from a computer used by Kelly Klein,
22 the finance director, that showed commissions owed
23 to John Butler in the amount of 142,000 --
24 approximately \$142,000 that they estimated was owed

1 to John Butler.

2 Among those commissions was for a
3 marketing contract with State Farm that had a value
4 of a hundred thousand dollars. Based on the
5 contract, John Butler would be issued a 10 percent
6 commission on that contract, which would be a
7 \$10,000 payment. That payment was identified in
8 that spreadsheet and confirmed by Kelly Klein that
9 it was paid through invoicing of that \$142,000,
10 which was reported paid through those first two
11 checks on March 11th and March 14th.

12 Q. Then what -- so we talked about that. And
13 so that \$10,000 was represented as paid through the
14 invoices. What happened on March 28th?

15 A. There was a \$10,000 wire transfer from the
16 Coliseum fund account to the CIAM corporate account
17 in the amount of \$10,000. Invoicing confirmed that
18 it was for the State Farm contract \$10,000
19 commission payment that had already been paid.

20 Q. Now even though it had been represented
21 the infusion was needed for urgent matters and
22 utilities, this approximately \$152,000 that we've
23 talked about that had been deposited out of these
24 funds into John Butler's accounts, was that

1 approximately the same amount of disputed money for
2 commissions that they had been disputing these
3 months before their exit?

4 A. Yes.

5 Q. I want to ask you about some cleaning
6 supplies. Between May 5th of 2010 and March 28th
7 of 2012, did BMI purchase cleaning supplies and
8 equipment from a company called Unisource?

9 A. Yes.

10 Q. During your investigation through a
11 subpoena, did you retrieve original invoices from
12 Unisource for all of those things that had been
13 purchased by BMI?

14 A. Yes.

15 Q. Have you also retrieved a general ledger
16 from BMI that shows some of those payments?

17 A. Yes.

18 Q. Approximately how much -- during that
19 period of time, how much money did BMI pay
20 Unisource for these cleaning supplies and
21 equipment?

22 A. \$18,773.79.

23 Q. Between -- and then was there a practice
24 for BMI and CIAM to invoice that amount to the

1 Coliseum fund to be reimbursed by the City for
2 those expenditures?

3 A. Yes. In 2010, BMI Concessions received an
4 invoice from Unisource. They then paid the
5 Unisource invoice through the BMI Concessions
6 account, that they would then invoice the Coliseum
7 fund account for reimbursement. And in 2010, they
8 would submit the invoice with the invoice number
9 from Unisource on there and would reimburse the
10 exact amount that they were -- that they paid to
11 Unisource.

12 Q. Were you able to use this general ledger
13 and these original invoices to go over the amounts
14 paid from the Coliseum fund; and therefore, from
15 the City over this same period of time to reimburse
16 BMI for this 18 -- approximately \$18,000 amount?

17 A. Yes. In 2010, again, the invoicing
18 documents, the Unisource invoice numbers, so I was
19 able to match up every one of those to the invoices
20 reimbursed by the Coliseum fund. In 2011 and '12,
21 their invoicing practices changed, and they stopped
22 listing the Unisource invoice number and simply
23 every month would charge the Coliseum fund for
24 reimbursement for Unisource Cleaning Supplies &

1 Equipment.

2 Q. And it was labeled Unisource Cleaning
3 Supplies & Equipment in the invoicing?

4 A. Yes.

5 Q. Over that same period of time, that being
6 May 5th, 2010 to March 28th, 2012, how much money
7 did CIAM/BMI invoice to the City to reimburse that
8 just over \$18,000?

9 A. \$52,707.70.

10 Q. And does that amount to a difference of
11 \$33,973.91 over the original purchase price for
12 those items?

13 A. Yes.

14 Q. And who was negotiating the purchases with
15 Unisource?

16 A. Bart Rogers was the point of contact on
17 all invoices, who is a CIAM employee. He is not
18 affiliated with BMI Concessions as far as
19 employment is concerned.

20 Q. Were there other instances throughout your
21 investigation where the lines between corporate
22 entities and the employees of those corporations
23 between CIAM and BMI were blurry from time to time?

24 A. Yes.

1 Q. So for instance, did Kelly Klein make
2 invoices for both companies?

3 A. Yes.

4 Q. Who authorized the invoices that we've
5 talked about to invoice the City for these
6 reimbursements?

7 A. John Butler.

8 Q. Now during this period of time we're
9 talking about with CIAM exiting the Coliseum, were
10 these -- were cleaning supplies an aspect of the
11 negotiation?

12 A. Yes, they were.

13 Q. Tell us about that, please.

14 A. The -- once it was determined that the
15 City and CIAM would not have a new contract, they
16 began to negotiate a purchase price for the
17 equipment to include walk-in freezers and a bunch
18 of other BMI Concessions equipment that they
19 purchased in 2006.

20 A part of that negotiation was also the
21 cleaning supplies and equipment, which CIAM
22 representatives estimated the value of \$10,174.44.
23 In that estimate -- estimation, they told the City
24 that these cleaning supplies and equipment were

1 owned by BMI Concessions.

2 Q. And from your investigation, did it appear
3 these were the exact same cleaning supplies and
4 equipment that had previously been reimbursed by
5 the City and therefore owned by the City?

6 A. Yes.

7 Q. I want to switch gears a little bit and
8 ask you about legal fees -- legal fees and
9 extraordinary expenses. In the contract between
10 the City of Bloomington and CIAM, was the term
11 extraordinary expenses dealt with?

12 A. Yes.

13 Q. And what was to be the practice when CIAM
14 requested a reimbursement for something labeled an
15 extraordinary expense?

16 A. The extraordinary expenses as defined in
17 the contract as any extraordinary expense requires
18 the approval of the City. So the working practice
19 of the extraordinary expenses, if there was an
20 emergency, for example, a burst pipe, CIAM would
21 hire whoever they needed to come in to replace that
22 pipe, they would then submit receipts and the
23 documentation for that cost. It would be submitted
24 to the City through an extraordinary expense

1 binder. The City would then reimburse CIAM.

2 If it was, for example, a blown compressor
3 that can take time where you don't need to replace
4 it right away, CIAM would then submit quotes for
5 the item, the purchase price, all that stuff to the
6 City in the extraordinary expense binder for their
7 approval. Once it was approved, the City would
8 then cut a check to the Coliseum fund, and then
9 they would make that replacement or fix.

10 Q. Was there a separate budget line for legal
11 fees?

12 A. Yes.

13 Q. What was the annual budget allocation for
14 legal fees?

15 A. Approximately \$6,000 annually.

16 Q. Now did they -- did CIAM account for legal
17 fees and invoice legal fees above and beyond that
18 budget annually?

19 A. Yes.

20 Q. However, was extraordinary -- the
21 extraordinary expense label used for legal fees
22 from August 1st, 2008 through February 29th, 2016?

23 A. Yes. Multiple invoices created by Kelly
24 Klein invoiced legal fees as an extraordinary

1 expense.

2 Q. Now can you describe to us what was going
3 on in the presentation of these extraordinary
4 expenses and the allocation of legal fees as
5 extraordinary expenses, and was there a difference
6 in those in how they were presented to the City,
7 please?

8 A. Yes. All the extraordinary expenses were
9 put in this extraordinary expense binder other
10 than legal fee extraordinary expenses. The binder
11 was submitted to the City monthly; and then if
12 reimbursements needed to be made, they would be
13 made.

14 The legal fee extraordinary expenses were
15 labeled as extraordinary expenses by CIAM staff.
16 Kelly Klein would receive the invoice from the
17 attorney's office. She would indicate on the
18 invoicing whether it was an extraordinary expense
19 or legal fee. She would then have John Butler
20 and/or Bart Rogers approve the -- the invoice. She
21 would then cut a check to the attorney's office.
22 And all of these documentations were internal, and
23 the City never had view of any of these
24 extraordinary expense invoices.

1 Q. And just so it's clear, am I correct that,
2 for example, a burst pipe might be labeled
3 extraordinary expense, invoiced, and included in
4 this binder. But there were actual invoices for
5 legal fees labeled extraordinary expenses that were
6 filled out, but none of those were put in the
7 binder?

8 A. Correct.

9 Q. Over that period of time August 1st, 2008
10 to February 29th, 2016, is there an amount that's
11 been identified as legal fees that were invoiced
12 and expensed as extraordinary expenses?

13 A. Approximately \$140,000.

14 Q. And based on what you told us earlier, is
15 it correct that any invoice over a thousand dollars
16 needed to be approved by either John Butler or Bart
17 Rogers?

18 A. Yes.

19 Q. And in your interview with Kelly Klein,
20 did she discuss what was going on with this?

21 A. Kelly Klein described the legal fees as
22 John Butler would indicate to her what legal fees
23 would be documented as an extraordinary expense,
24 which ones would be documented as legal fees. She

1 would not allude to the specific process of which
2 ones were which. However, she was directed by John
3 Butler to invoice certain legal fees as
4 extraordinary expenses.

5 Q. I want to ask you about commissions -- is
6 there anything else to add to that aspect of
7 things, the legal fees and extraordinary expenses?

8 A. I don't believe so.

9 Q. Okay. Commissions on concessions. I'd
10 like to talk about that.

11 A. Okay.

12 Q. Was there a difference between -- well,
13 there's a few different items we want to get into
14 here with the commissions on concessions. The
15 first thing I'd like to do is third party sales.
16 Can you describe to us what a third party sale is?

17 A. A third party sale within the Coliseum
18 would be, for example, if Avanti's is selling
19 gondolas or they've got Papa Johns or maybe
20 Biaggi's has a booth within the Coliseum, that
21 would be considered a third party concession.

22 Q. Now I'd like to ask you generally about
23 the contract between Bloomington and CIAM and then
24 BMI through CIAM and the commissions and how that

1 was set up, if you could tell us about that,
2 please?

3 A. The City does not have a contract with BMI
4 Concessions. However, the Development and
5 Management Agreement through the City and CIAM
6 establishes that -- states that the City will not
7 pay commissions on food and beverage sales less the
8 sales tax, sales, and other taxes, service charges,
9 employee meals, and reduced or at cost items.

10 So in this contract, CIAM with the City,
11 it stipulates what is considered a commissionable
12 sale to the City excluding those items I just read.
13 It also indicates what the percentage of commission
14 would be owed to the City based on the total sales
15 amount for the fiscal year as well as the location
16 of those sales.

17 Q. And so were there a couple of different
18 commission percentages that were -- are relevant to
19 our conversation right now?

20 A. Yes.

21 Q. Tell us about those.

22 A. The general commissions would be a
23 32 percent commission to the City. Premium or
24 catering commissions would be 15 percent. So the

1 premium would be the premier bar or the suite
2 sales. Everything else would be general
3 commission, which would be 32 percent.

4 Q. During the course of this investigation,
5 have you consulted with outside experts in this
6 area of business that have provided information and
7 opinion as to what common practice in this area is
8 when it relates to items of reduced or at cost
9 sales?

10 A. Yes.

11 Q. I want to ask you now about BMI's practice
12 of third party sales. What were they doing?

13 A. In -- beginning in 2008 all the way
14 through 2016, all third party sales were subtracted
15 out of the total commissionable sales reported to
16 the City.

17 Q. However, would they maintain their own
18 profits from those sales?

19 A. Yes. Every contract with a third party
20 sale -- or excuse me, a third party vendor gave BMI
21 some sort of split whether it was 40, 60, or
22 25 percent. In one instance, they received a
23 hundred percent commission off of the sales.

24 Q. And were these things documented in the

1 settlement workbooks we've previously discussed?

2 A. Yes.

3 Q. And were those used -- the same workbooks
4 used to determine the commissions that were
5 supposed to go to the City?

6 A. Yes.

7 Q. Between January 4th of 2008 and 3-27 -- or
8 I'm sorry, March 27th of 2016, is there a total on
9 commissions that should have been paid to the City
10 from the sales that CIAM labeled as third party and
11 therefore should not have -- or they were saying
12 were not -- commissions not payable to the City?
13 Is there an amount attributable to that?

14 A. Yes. BMI Concessions unreported several
15 hundred thousand in sales which would correlate to
16 over \$229,000 in commissions owed to the City.

17 Q. And during your investigation and the
18 expert in the field, how should that third party
19 sale have been conducted under the language of this
20 contract and to be consistent in this area?

21 A. Based on the language of the contract and
22 industry standards, the third party concessions,
23 100 percent of those sales would have been a
24 commissionable sale owed to the City.

1 Q. So is that just a way of saying there
2 really should be no difference between a third
3 party sale and a regular commission item when it
4 relates to how commissions are assessed?

5 A. Correct.

6 Q. Who completed the settlement workbook that
7 pulled these sales out of concessions payable to
8 the City?

9 A. Jay Laesch.

10 Q. And what was Kelly Klein's role, please?

11 A. Jay Laesch at the end of each event would
12 complete a settlement workbook. After that was
13 completed, there's a separate tab or a separate
14 page within that workbook that will calculate the
15 exact amount owed to the City on a 32 and
16 15 percent commission. Jay Laesch would then
17 e-mail those numbers to Kelly Klein, who would then
18 invoice for commission payment purposes.

19 Q. And did you interview Jay Laesch?

20 A. I did.

21 Q. Did he make statements regarding this
22 practice of third party concessions?

23 A. Yes.

24 Q. And did he say why he proceeded this way

1 with third party sales?

2 A. Jay Laesch initially was hired by BMI
3 Concessions in 2008 around the -- prior to 2008,
4 the third party concessions, only part of those
5 sales were subtracted. In 2008 when Jay Laesch was
6 hired, the full amount was then subtracted from the
7 commissionable sales. Jay Laesch explained that he
8 did not recall changing the workbook, but he would
9 have had to have, and that he would have only done
10 it under John Butler's direction.

11 Q. I want to ask you now about concession
12 commissions as it relates to what we'll call
13 discounted items. We previously talked about the
14 contract and that language of reduced or at cost
15 items. Is there an industry standard for what that
16 means for an item to be sold at reduced or at cost
17 and therefore no commissions be due?

18 A. Yes. Industry standards suggest that
19 reduced or at cost -- more specifically at cost
20 would be BMI Concessions is providing a luncheon
21 for a City of Bloomington event. They would then
22 only charge the City of Bloomington the cost of the
23 items that BMI Concessions would accrue, which
24 means they make zero profit. So they would not be

1 required to pay a commission on an item that they
2 did not make any profit on.

3 Q. Would an item of merchandise that had, you
4 know, been in inventory for a long time and
5 therefore was clearanced or something like that,
6 would that be another example?

7 A. Yes.

8 Q. Tell us what was going on as far as then
9 what was being labeled as discounted items as it
10 relates to a combo package?

11 A. The majority of concessions discounted
12 items were labeled as combo meals. If you've ever
13 been in the Coliseum, you'll see that they had
14 several different combination meals that were sold
15 at specific prices. These prices would probably
16 give you a reduction of about 50 cents to a dollar
17 if you bought all these items separately. Well,
18 the combo meal was then put together and priced and
19 sold at that price at the concession stands.

20 Q. And what accounting practice was BMI and
21 CIAM using for what these were labeled for the
22 purpose of commissions due to the City?

23 A. They were labeling it as a discounted item
24 because based on the contract language, if they

1 deemed something a discounted item, they can then
2 reduce that from the commissionable sales to the
3 City.

4 So the investigation concluded that they
5 were able to make more of a profit on a discounted
6 item because they did not have to pay the
7 commission than they would have if they had to pay
8 the commission and sold it at full price.

9 Q. So they were marking that as discounted
10 and therefore labeling it for accounting purposes
11 under the reduced or at cost items?

12 A. Yes.

13 Q. And what is industry standard when it
14 comes to combo packages, combo meals?

15 A. The industry standard would not -- would
16 not conclude that that would be a discounted item.
17 In fact, documentation was recovered that showed
18 that BMI Concessions on a combo meal was making
19 anywhere from 35 to 55 percent profit.

20 Q. And in your interview with Jay Laesch,
21 did he make reference to pricing these things in a
22 way that obviously maximized profit for BMI and
23 CIAM?

24 A. Yes. Further documentation provides that

1 John Butler was directing BMI concession staff to
2 create -- to use the discounted item so that they
3 could be whole with the City and not have to pay as
4 much to them and make more of a profit.

5 Q. And so was it also used to disguise this
6 money that was coming into the Coliseum?

7 A. Yes.

8 Q. Was this also completed through the
9 settlement workbooks that Jay Laesch maintained?

10 A. Yes.

11 Q. And between November 4th of 2007 and
12 March 27th of 2016, is there an amount for how much
13 BMI withheld on these discount -- what they had
14 labeled discounted items from the City's
15 commissions?

16 A. Yes. The withheld discounted items would
17 equate to \$151,000 in commissions owed to the City.

18 Q. To be specific, was that \$151,404.50?

19 A. Yes.

20 Q. Within -- under the concession
21 commissions, was there also a label called Kelly
22 discount?

23 A. Yes.

24 Q. Can you please describe to us what the

1 Kelly discount was?

2 A. Yes. Through interviews of John Butler,
3 Kelly Klein, and Jay Laesch, they all gave an
4 explanation of the Kelly discount. Several years
5 prior to this Kelly discount starting, it was
6 described that invoices were misreported, and CIAM
7 paid invoices that the Coliseum fund should have
8 paid. So in order to pay themselves back several
9 years later, they decided to create a Kelly
10 discount. And each event, approximately 51 events,
11 were identified with this Kelly discount. Several
12 of the reductions in sales were the exact same
13 number on several different events.

14 And what they were doing is they were
15 subtracting the amount of 32 percent commissions to
16 the City to equal approximately \$37,000 in what
17 they believed was paying CIAM back. They were not
18 able to explain how BMI Concessions withholding
19 money owed to the City would pay CIAM back the
20 \$37,000 that they reported to be owed.

21 Q. And was the City ever consulted or made
22 aware of this specialty accounting slot titled
23 Kelly discount?

24 A. No.

1 Q. And did you say over how many different
2 events this took place?

3 A. 51 events.

4 Q. And was that between January 18th, 2013
5 and March 20th of 2015?

6 A. Yes.

7 Q. Did you give us the amount?

8 A. Yes. The actual amount is \$34,761.17 in
9 commissions owed to the City. These -- the
10 Kelly -- the Kelly discount reduced the amount of
11 sales by over \$108,000.

12 Q. And you previously told us that Jay Laesch
13 maintained this settlement workbook and the Kelly
14 discount at the direction of John Butler?

15 A. Yes.

16 Q. And was that confirmed through your
17 interview -- the interviews you conducted?

18 A. Yes. Jay Laesch further reported in his
19 interview that two sets of books were completed for
20 the Kelly discount, one with it and one without.
21 Both were submitted to Kelly Klein, and she would
22 choose on those events which one would be reported
23 to the City.

24 Q. So there were some events over this period

1 of time where there was no Kelly discount taken
2 out?

3 A. Correct.

4 Q. And others where it was?

5 A. Yes.

6 Q. And the amounts varied?

7 A. Yes.

8 Q. Based on your investigation, did this
9 appear to be -- the purpose anyway behind it was
10 some events made more money; and therefore, there
11 was more margin to use the Kelly discount?

12 A. Yes. It was described to me that they
13 picked certain events so it wouldn't be obvious
14 because too much from -- reducing too much from an
15 event could -- would alert people to see that
16 something isn't right.

17 Q. From your investigation, was it also
18 determined that there was a practice of cash
19 skimming from the cash concessions?

20 A. Yes.

21 Q. And did this involve John Butler, Jay
22 Laesch, and Paul Grazar?

23 A. Yes.

24 Q. Now you previously explained to us that

1 during events, portable cash carts or stands would
2 be utilized for cash sale of different concessions
3 and alcohol. Is that right?

4 A. Correct.

5 Q. That these stands did not have point of
6 sale systems and were just cash transactions?

7 A. Correct.

8 Q. What would happen at the end of an event
9 to account for the cash that accumulated at these
10 various stands?

11 A. A cash sheet would be completed for the
12 amount of money taken in by each stand. The money
13 would then be given to the vault custodians who
14 would then count the cash at the end of the night,
15 they would confirm the cash sheets, they would
16 confirm the cash received, they would sign off on
17 it, they would put it in deposit bags, and put it
18 into the vault, the actual safe, and then they
19 would leave for the evening.

20 Once all that was done, Jay Laesch's
21 responsibility would be to enter all of those cash
22 sales manually into the MICROS System for tracking
23 and inventory purposes.

24 Q. And at whose direction was he maintaining

1 these cash sheets?

2 A. John Butler.

3 Q. And what role did Paul Grazar play?

4 A. Paul Grazar was reported to have been in
5 meetings where this cash skimming procedure was
6 discussed. Once these -- once the cash sales were
7 collected, the vault custodians confirmed, Jay
8 Laesch would then -- he reported to us that there
9 were often cash needs for BMI Concessions. For
10 example, on some shows, it may be contracted that
11 the entertainer's bus receive \$600 in catered food.
12 There were times where the promoter would say we
13 don't need the food, just give us the \$600 cash,
14 and we'll call it even. So oftentimes, this cash
15 was skimmed from the cash sales of the concessions
16 to pay business expenses.

17 So what Jay Laesch would do is he would
18 take the cash out, he would then manipulate the
19 MICROS System to reflect the cash going into the
20 bank account so the MICROS would match the bank
21 account statements of cash going in.

22 Q. And then given that practice, was the
23 commission on the sale of concessions that was owed
24 to the City therefore not paid?

1 A. Yes, as well as sales tax and other
2 appropriate taxes.

3 Q. In your investigation, were you able to
4 recover documents that showed the two sets of books
5 on the cash skimming, the initial cash sheets and
6 then the reporting in the MICROS System?

7 A. Yes.

8 Q. And did those confirm in fact there had
9 been cashed skimmed off from the initial reporting
10 into the vault?

11 A. Yes.

12 Q. And those were -- those documents were
13 recovered in a search warrant of a CIAM storage
14 unit. Is that right?

15 A. Yes.

16 Q. When you compared the original cash sheets
17 that were recovered and what was reported after the
18 skimming between the dates of January 4th of 2013
19 and March 29th of 2016, was there \$102,571.45
20 removed utilizing this method?

21 A. Yes.

22 Q. Of that, based on a conservative
23 percentage of the commissions used at a 15 percent
24 level, was the City due \$4,005 in commissions?

1 A. \$14,005, yes.

2 Q. Thank you for the correction. And that
3 again is only looking at it from a 15 percent, not
4 accounting for the higher 32 percent from general
5 concessions. Is that right?

6 A. Correct. To be conservative, we used the
7 15 percent to calculate it because it would be
8 almost impossible to be able to determine what was
9 32 percent and what was 15.

10 Q. During your investigation, was there a
11 phone call between Jay Laesch and Paul Grazar that
12 is relevant to what we're talking about now?

13 A. Yes. Jay Laesch reported having a
14 conversation with Paul Grazar after this
15 investigation was reported in the media. They were
16 discussing what they believed we would find in this
17 investigation. And Jay Grazar asked Paul -- or
18 excuse me. Paul Grazar asked Jay Laesch if he had
19 changed the cash sheets.

20 Q. In your interview with Grazar, did he also
21 admit knowledge that money had been removed from
22 the vault for other purposes?

23 A. Yes. He stated that sometime in December
24 or possibly January, he, Jay Laesch, and Tom

1 Chiavetta were all owed a \$4,000 payment. Jay
2 Laesch was authorized by John Butler to remove
3 \$12,000 in cash sales and paid the three of them
4 \$4,000 apiece for their bonuses owed prior to
5 Christmas.

6 MR. GHRIST: We have one more section to
7 cover, and I'm going to call a different witness
8 for tax and wire fraud. But before I move on, I
9 want to do a couple things. I want to go back over
10 a couple of points and then also give you an
11 opportunity to ask any questions you have at this
12 time.

13
14 BY MR. GHRIST:

15 Q. First, going back to the contract
16 commissions that we discussed early on, was Bart
17 Rogers involved in those contract negotiations and
18 the meetings that happened involving the infusion
19 of money that was represented to be needed for
20 urgent utilities?

21 A. Yes.

22 Q. What specifically was his role, please?

23 A. Bart Rogers was responsible for
24 negotiating every one of these contracts. Of

1 those, numerous of them -- numerous contracts
2 passed the March 31st deadline of CIAM's contract,
3 which made the negotiation of those contracts
4 illegal based on the contract. They would have had
5 to seek Bloomington City approval to sign off on
6 those contracts that would extend past CIAM's
7 March 31st of 2016 date.

8 Q. Okay. And so whether they were illegal or
9 not, was he part of the meetings that dealt with
10 representing to the City that this infusion that
11 was needed was for these urgent needs and these
12 utilities?

13 A. It was reported that he was involved in
14 several meetings that included those topics.

15 Q. Regarding the Kelly discount that we
16 discussed, what was John Butler's role, please?

17 A. It was reported that John Butler had a
18 meeting with Kelly Klein and Jay Laesch to discuss
19 the reimbursement of what he believed were invoices
20 that he should not have paid. It was then
21 determined that this was going to be the process.
22 Kelly Klein reported asking John why don't you just
23 invoice the amount owed, and he believed that this
24 was a more appropriate way to pay themselves for

1 the invoices that he believed that he should not
2 have paid.

3 Q. And so did they ever, aside from in
4 this deceptive -- I'll use the term deceptive way
5 of this Kelly discount, did they ever broadcast
6 to the City that this is how they were going to
7 do it?

8 A. No. This was a private meeting between
9 John, Kelly, and Jay Laesch.

10 Q. And then on -- we talked about cash
11 skimming. And when I gave that total amount, that
12 \$102,000, I believe I misspoke and said January 4
13 of '14. It was actually beginning January 4 of
14 '13?

15 A. Yes, that's correct.

16 Q. To March 29th of '16?

17 A. Yes.

18 MR. GHRIST: Okay. Now regarding what we
19 have discussed to this point, does anyone have any
20 questions?

21 GRAND JUROR: I have a question.

22 MR. GHRIST: Yes.

23 GRAND JUROR: With all of the red flags
24 and everything, what was the initial thing that

1 actually raised the brow?

2 THE WITNESS: When the new company took
3 over, VenuWorks, that is when the City was able to
4 see the accounts and have access to the
5 documentation. VenuWorks then started doing their
6 procedures for management turnover and discovered
7 that there was a significant amount of money
8 missing. Excuse me. There was a significant
9 amount of money unaccounted for in the accounts
10 which stemmed the City to contract an auditing
11 company which then found several red flags. And
12 then we were notified that there was a potential
13 of criminal activity.

14

15 BY MR. GHRIST:

16 Q. So they weren't -- the City was not able
17 to even see a Coliseum fund until after CIAM
18 released control?

19 A. Correct.

20 GRAND JUROR: So they never got to go to
21 the bank or CEFCU and see where any of the money
22 was going to?

23 THE WITNESS: They had no authorization to
24 see them. So they could have gone to the bank, but

1 the bank would not have been able to allow them
2 access to those -- that information.

3 GRAND JUROR: Who in the City would agree
4 to that?

5 MR. GHRIST: I'm sorry?

6 GRAND JUROR: Who in the City would agree
7 to that?

8 MR. GHRIST: Well, that's -- I'm not -- I
9 don't know if the special agent here can answer
10 that question or not, but I don't know if it's
11 relevant for our consideration here today.

12 GRAND JUROR: Well, I know it's not
13 relevant.

14 MR. GHRIST: I understand, and I
15 appreciate your indulgence in letting me jump in
16 there. Yes, sir.

17 GRAND JUROR: Do you have comparisons for
18 like before March 30th to after March 30th what the
19 City's net profit or loss was?

20 THE WITNESS: Well, so it would -- the
21 contract with CIAM is completely different than the
22 contract with the new management company to include
23 the concessions is almost the complete reverse of
24 what it was with CIAM. So it would take a forensic

1 auditor to be able to sit down and be able to
2 compare the two to show you a difference. But
3 based on the significant differences in the
4 contracts, I couldn't sit here and tell you what
5 the differences were and why.

6 MR. GHRIST: And so everybody is clear,
7 the theories that are pursued in the indictments
8 we are requesting are those of deception and
9 unauthorized control. Okay? And so we are
10 alleging they deceived the City and that they
11 gained unauthorized control over money.

12 Does anyone else have any other questions
13 for Special Agent Rossiter? Okay.

14
15 (WHEREUPON THE WITNESS WAS EXCUSED.)
16

17 LISA MATHENY

18 called as a witness herein, on behalf of the People
19 of the State of Illinois, after having been first
20 duly sworn on her oath, was examined and testified
21 as follows, to-wit:

22 EXAMINATION

23 BY MR. GHRIST:

24 Q. Can you please tell us your name and spell

1 your last name?

2 A. Lisa Matheny, M-a-t-h-e-n-y.

3 Q. And please tell us your title and who you
4 work for.

5 A. I am special agent with the Illinois
6 Department of Revenue, Criminal Investigation
7 Division.

8 Q. And did you come alongside Special Agent
9 Rossiter and work with him throughout the course of
10 this investigation?

11 A. I did, yes.

12 Q. I would like to ask you about a number of
13 charges -- indictments we are seeking regarding tax
14 offenses and wire fraud. To lay some foundation
15 for that, I'd like to ask you a little bit about
16 pricing and sales tax and if you can explain that
17 on how the prices are set up and the way the sales
18 tax are reported.

19 A. Sure. All concessions in the Coliseum had
20 sales tax included in them, so you would see one
21 price when you purchased an item versus a price and
22 then tax added onto that. Catering that was done
23 within the Coliseum had a tax added on at
24 18 percent. I'm sorry. Those are -- their

1 gratuity was 18 percent. Sorry.

2 Q. So for each sale of an item, any item in
3 the Coliseum, a sales tax is due. Is that right?

4 A. Correct.

5 Q. And what was BMI doing? Were they
6 improperly using any type of status as it resulted
7 from their catering sales?

8 A. In regards to catering, when they had an
9 event show, they would include a catering rider
10 into the contract. Based on that, they would bill
11 the Coliseum fund for reimbursement for that
12 catering.

13 Q. And did they use tax exempt status on any
14 of these catering?

15 A. For events that were booked through the
16 show, they would bill the Coliseum fund as a tax
17 exempt catering.

18 Q. And was that something that is consistent
19 with what should be done under the law even --
20 understanding, of course, that the City enjoys tax
21 exempt status?

22 A. Sure. BMI is a private entity, and the
23 individuals who were receiving that catering were
24 basically private entities. It was not the City of

1 Bloomington who was receiving the catering.

2 Q. And therefore, was it improper to use the
3 tax exempt status?

4 A. Correct.

5 Q. We previously talked about \$102,000 in
6 what we labeled as -- or we titled for purposes of
7 this as cash skimming. Were any sales ever --
8 sales taxes ever reported for those cash
9 transactions?

10 A. All of the cash that was removed from the
11 deposits and not put into the POS system, all those
12 sales included tax, city and state. So when it was
13 not put into the POS system, those sales were never
14 reported for taxing purposes.

15 Q. And therefore, were taxes ever paid on
16 that amount?

17 A. No.

18 Q. Who was responsible for the monthly tax
19 payments?

20 A. Jay Laesch was responsible for preparing
21 and filing those returns.

22 Q. And would -- how would he do that?

23 A. Each and every month, he would
24 electronically file the sales tax return to the

1 Department of Revenue.

2 Q. And each month, that return would be for
3 the previous month's due taxes. Is that right?

4 A. Correct. So for January, say, of '15,
5 that return would be due on or about February 20th
6 of the following month.

7 Q. And is there -- when you file them
8 electronically, how is -- how does one sign?

9 A. It's an electronic signature. And
10 specific to this case, we had a system with the
11 Department of Revenue called My Tax. And so you
12 have an electronic signature. It's your own
13 sign-in, login that you go and you file your
14 returns through.

15 Q. And for each of the months we are going to
16 discuss, was Jay Laesch the electronic signature on
17 the return?

18 A. Yes.

19 Q. And were those returns electronically
20 filed from within the state of Illinois?

21 A. Yes.

22 Q. And who does the Department of Revenue's
23 paperwork show is the person responsible for the
24 sales taxes payable that we're talking about?

1 A. For our registration is John Butler who is
2 the person responsible for sales taxes.

3 Q. And is that consistent with your
4 investigation as to who had knowledge of what was
5 going on in this instance with the not reporting
6 taxes for the cash payment?

7 A. Yes.

8 Q. And again, was Paul Grazar also aware of
9 the cash skimming and the nonreporting in the
10 MICROS system; therefore, the nonreporting of taxes
11 due?

12 A. Yes, he was.

13 Q. And on that form, are they required to
14 disclose those taxable sales on line 4a of the
15 form?

16 A. Yes.

17 Q. And have you through the investigation
18 gone back to the year 2014 and compared the tax
19 forms that were reported from sales and the cash
20 that was taken from the vault to determine the
21 deficiencies in tax for those various months?

22 A. Yes. I compared the cash that was removed
23 from the vault and not reported on the POS and also
24 the catering that was incorrectly billed to the

1 Coliseum fund as tax exempt.

2 Q. And so I want to ask you about a series of
3 months of these two years from 2014 -- well, I
4 guess, three years: 2014, 2015, and what was 2016
5 while they were there. March of 2014, what was the
6 amount that was deficient on the tax form that was
7 submitted by BMI?

8 A. There would have been an additional tax
9 due of \$880.

10 Q. December of '14, what was the tax due for
11 the -- again, we're talking about the previous
12 month's sales?

13 A. It would have been an additional \$1,007.

14 Q. For March of '15?

15 A. It would have been an additional 1,041.

16 Q. For May of '15?

17 A. An additional 1,241.

18 Q. For January of '16?

19 A. An additional 1,212.

20 Q. And for March of '16?

21 A. An additional 1,978.

22 Q. So all together for the time period that
23 we're talking about for 2014, '15, and '16 until
24 they left, was there a total amount that your

1 investigation has shown was unreported through
2 the -- on taxable sales to the State of Illinois?

3 A. Yes. And for the years 2014 and '15, the
4 tax rate for the state of Illinois was 7.75
5 percent. But then in '16, it changed to 8.75
6 percent. So the total is a mix of the two tax
7 rates.

8 Q. Okay.

9 A. It was 19,770.

10 Q. And for each one of these months that we
11 have discussed with this electronic filing, given
12 that this is a fraudulent filing, those are the
13 months in which we are requesting indictments for
14 wire fraud as well. Is that correct?

15 A. Yes.

16 Q. Does anyone have -- is there anything I've
17 failed to ask you that I should have?

18 A. I don't think so. Taxes are pretty
19 straightforward.

20 MR. GHRIST: Do any of the grand jurors
21 have any questions? No? Okay. Yes, ma'am.

22 GRAND JUROR: I just want to clarify for
23 me.

24 MR. GHRIST: Okay. Go ahead.

1 GRAND JUROR: When they did the catering,
2 that would be like for a wedding like something
3 like that, and the tax on that would be different
4 than if they had another catering or --

5 THE WITNESS: They did different kinds of
6 catering. They did weddings, they did City of
7 Bloomington meetings, and they did backstage
8 catering. So if someone were to have a wedding,
9 they would charge the appropriate tax rate and the
10 gratuity, and that would be invoiced out. Certain
11 things like City of Bloomington meetings, the City
12 of Bloomington is a tax exempt organization, so
13 they would properly put that as a tax exempt.

14 Now the backstage catering when your end
15 user, the people who actually book that event, they
16 are not tax exempt. But the way that they were
17 billing it to the Coliseum fund, they would then
18 reduce that as a tax exempt.

19 GRAND JUROR: Okay.

20 THE WITNESS: Therefore not paying the
21 appropriate taxes.

22 GRAND JUROR: Okay.

23 MR. GHRIST: If there are no other
24 questions, we will leave you to vote. If there are

1 other questions, just knock, and we'll come in.
2

3 (WHEREUPON THE GRAND JURY DELIBERATED.)
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1 STATE OF ILLINOIS)
2 COUNTY OF McLEAN) SS.
3)

4 I, LYNN J. WATSON, a Certified Shorthand
5 Reporter in and for the County of McLean and State
6 of Illinois, do hereby certify that the foregoing
7 pages constitute all of the testimony offered and
8 considered by the aforementioned Grand Jury on the
9 aforementioned date as to said cause, and that said
10 testimony was on said date taken stenographically
11 by me and afterwards transcribed by me, and that
12 the foregoing is a true and accurate transcript of
13 the testimony so given on said date.

14 Dated September 22, 2017.

15 Lynn J. Watson
16 C.S.R., R.P.R.

17 C.S.R. License No. 84-001744
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