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NOV 14 2023

CLERK U.S. DISTRICT COURT
WEST. DIST. OF PENNSYLVANIA

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA)	Criminal No. 3:23-cr-19
)	
v.)	(18 U.S.C. §§ 371, 666(a)(1)(A), and 2)
)	
JOHN "HERM" SUPLIZIO)	[UNDER SEAL]
ROBERTA SHAFFER)	

INDICTMENT

COUNT ONE

The grand jury charges:

GENERAL ALLEGATIONS

Unless otherwise indicated, at all times relevant to this Indictment:

A. Relevant Entities and Individuals

1. The City of DuBois was a "city of the third class," which is a city in the Commonwealth of Pennsylvania with a population of less than 250,000. This designation allowed the City of DuBois to adopt a "council-manager plan" form of government, under which elected City Council members appointed a City Manager to run the day-to-day business of the city. A City Treasurer and a Controller were also elected positions. The City of DuBois operated under this council-manager plan.

2. In each of the calendar years 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021, the City of DuBois received more than \$10,000 in federal assistance in the form of grants, subsidies, loans, guarantees, insurance, and other forms of assistance.

3. Defendant JOHN "HERM" SUPLIZIO ("SUPLIZIO") resided in the Western District of Pennsylvania and was the City Manager for the City of DuBois.

4. Defendant ROBERTA SHAFFER ("SHAFFER") resided in the Western District of Pennsylvania and was the Secretary for the City of DuBois.

5. In DuBois, the City Manager oversaw all city business except for the operations of the fire department.

6. When SUPLIZIO became City Manager in 2010 (he was previously the Mayor), he was given a salary that was approximately \$23,000 per year more than his predecessor. His yearly salary exceeded \$80,000. He also received substantial bonuses at the end of each year from the City Council and the Mayor. For example, in 2020, he received a \$30,000 bonus.

7. SHAFFER received an annual salary as an employee of the City of DuBois.

8. Company 1 was a waste management company with a place of business in the Western District of Pennsylvania.

B. City of DuBois Financial Controls

9. All expenditures for the City of DuBois were required to be reviewed and approved by the City Council, which comprised five elected members. Under Pennsylvania law, the City Treasurer was required to keep public funds in banks or financial institutions as directed by the City Council and under the restrictions and safeguards provided by the City Council. In the City of DuBois, the Treasurer and Deputy Treasurer prepared a monthly report with the balances of all City bank accounts. This report was reviewed and approved by the City Council every month.

10. The City Council met twice per month on the second and fourth Mondays of the month. The Council meeting was a public meeting in which city expenditures were approved or denied. The City Council received a packet of information regarding expenditures at a work session on the Thursdays before each Council meeting. The packet generally included a list of all bills requiring payment by the city and supporting documentation, if any.

11. At the public meeting, one of the City Council members would make a motion to approve or deny the expenditures in the packet. Packets of approved expenditures were sent to the Finance Director to print the checks. Next, the checks were sent to the Controller for final review. The Treasurer then signed the checks.

12. All money paid to the City of DuBois was initially deposited into a “General Fund” and then transferred to the appropriate city account. A monthly report was generated by the Deputy Treasurer that reflected the current balances for each of the city’s bank accounts. The report was provided to City Council members for their review. The City of DuBois bank accounts were audited every year as required by Pennsylvania law. Auditors relied on the city to provide a complete and accurate list of city bank accounts.

13. The Controller, Treasurer, and Deputy Treasurer were signatories on all authorized City of DuBois bank accounts.

C. Company 1 Contract and Payments

14. On or about January 8, 2007, the City of DuBois entered into a contract with Company 1 for waste removal. The bid specifications for the contract, which were incorporated into the final contract, provided for a \$4,400 per month (\$13,200 quarterly) “administrative fee” to be paid to the City of DuBois by Company 1. SUPLIZIO was one of the signatories for the City of DuBois on this 2007 contract. That initial contract was extended through March 31, 2028.

1. SUPLIZIO changes the payee of the administrative fee.

15. On or about January 2, 2008, the City of DuBois and Company 1 entered into a contract addendum, which changed the payee for the payment of the \$4,400 administrative fee from the City of DuBois to “DuBois Community Days.” SUPLIZIO initiated this payee change and was one of the signatories for the City of DuBois on this 2008 contract addendum.

16. On or about November 23, 2009, the City of DuBois and Company 1 entered into another contract addendum, which raised the administrative fee to \$5,000 per month, for a total of \$15,000 per quarter and \$60,000 per year.

17. Community Days was an event that occurred in the City of DuBois over a weekend in the summer. The event was free to the public and typically included a parade, entertainment, and fireworks.

18. Community Days was funded by local businesses, the City of DuBois, and donations from members of the community.

2. SUPLIZIO opens three “Community Days” bank accounts without the knowledge of the City Council.

19. Before 2008, there was one bank account associated with the Community Days event that is relevant to this Indictment. That bank account was the DuBois Volunteer Fire Department (“DVFD”) Parade Committee Checking Account xxx7394, opened at S&T Bank on or about September 24, 1990 (“Parade Account 7394”). As of June 13, 2002, SUPLIZIO and SHAFFER were among the signatories on this account.

20. Despite referencing the DVFD in its name, Parade Account 7394 was opened with and utilized the Employee Identification number (“EIN”) of the City of DuBois. The City of DuBois owned the funds deposited into this account.

21. After the 2008 contract addendum between Company 1 and the City of DuBois had been executed—which changed the payee of the administrative fee to “DuBois Community Days”—SUPLIZIO opened three bank accounts with DVFD and “Community Days” in the names of the accounts using the City of DuBois EIN.

22. As with Parade Account 7394, the DVFD did not own or have control over the funds in these accounts, nor did “Community Days,” which was an event and not a corporate

entity. As with funds in Parade Account 7394, the City of DuBois owned the funds deposited into these three additional accounts associated with “Community Days.”

23. SUPLIZIO opened these three new accounts without the knowledge of the City Council. He then funneled the administrative fee payments from Company 1 into these accounts, as explained below.

24. The first newly opened bank account was the DVFD Community Days Checking Account xxxx4754, opened by SUPLIZIO at Clearfield Bank & Trust (“CBT”) on or about August 12, 2008, using the City of DuBois EIN (“Checking Account 4754”). From the date the account was opened, SUPLIZIO and SHAFFER were the only signatories on this account.

25. The second newly opened bank account was the DVFD Community Days CD Account xxxx1660, opened by SUPLIZIO at CBT on or about February 10, 2009, using the City of DuBois EIN (“CD Account 1660”). From the date the account was opened, SUPLIZIO and SHAFFER were the only signatories on this account.

26. The third newly opened bank account was the DVFD Community Days Money Market Account xxxx0920 at Riverview Bank (formerly CBT), opened by SUPLIZIO at Riverview Bank (formerly CBT) on or about February 10, 2021, using the City of DuBois EIN (“Money Market Account 0920”). SUPLIZIO opened this account to replace CD Account 1660, which had closed on December 31, 2020.

27. Parade Account 7394, Checking Account 4754, CD Account 1660, and Money Market Account 0920 will be referred to collectively herein as the “Community Days Accounts.”

28. Because of the way that the Community Days Accounts were opened and structured, they were not included in the City of DuBois Treasurer’s report or tracked in the City

of DuBois's financial computer system. The accounts were also not audited as required by Pennsylvania law.

3. SUPLIZIO funnels the administrative fee payments to the Community Days Accounts.

29. Company 1 made quarterly administrative payments pursuant to the contract with the City of DuBois and addendums. The payments were not deposited into the City's General Fund, as was the city's standard practice. Rather, they were deposited into the Community Days Accounts, which were not subject to oversight by the City Council and auditors.

30. For example, five \$15,000 checks made payable to the City of DuBois from Company 1 were deposited into CD Account 1660 on or about January 14, 2014, March 24, 2014, June 25, 2014, September 10, 2014, and December 11, 2014.

31. From in and around March 2015 to in and around June 2016, quarterly \$15,000 payments continued to be deposited into CD Account 1660. The checks were made payable to the "Parade Committee" or the "DuBois Community Days."

32. In and around July 2016, Company 1 began wiring the quarterly \$15,000 payments to Checking Account 4754.

33. From in and around February 2018 and continuing through in and around June 2021, the quarterly \$15,000 payments from Company 1 were deposited into either Checking Account 4754 or CD Account 1660, with one exception. On or about March 29, 2019, Company 1 issued a \$15,000 quarterly payment that was deposited in Parade Account 7394. On or about April 23, 2019, that payment was removed from Parade Account 7394 and deposited into Checking Account 4754 with a memo line "deposited in error."

34. On or about January 24, 2022, a \$30,000 check from Company 1 made payable to the City of DuBois for two quarterly payments was deposited into Money Market Account 0920.

THE CONSPIRACY

35. From in and around February 2014, and continuing thereafter to in and around February 2022, in the Western District of Pennsylvania and elsewhere, defendants JOHN “HERM” SUPLIZIO and ROBERTA SHAFFER, agents of the City of DuBois, knowingly conspired, confederated, and agreed together and with each other, to embezzle, steal, obtain by fraud, and otherwise without authority knowingly convert to the use of any person other than the rightful owner, and intentionally misapply, property worth \$5,000 or more, and that was owned by, and was under the care, custody, and control of the City of DuBois, a local government which during each relevant one-year period received federal benefits in excess of \$10,000, by a variety of means, in violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2.

MANNER AND MEANS OF THE CONSPIRACY

36. It was a manner and means of the conspiracy that SUPLIZIO and SHAFFER exploited their roles as signatories on the Community Days Accounts to make large cash withdrawals, write checks to themselves and others, obtain cashier’s checks with themselves listed as payees, and make payments to SUPLIZIO’s personal credit card. The purchases on SUPLIZIO’s credit card included SUPLIZIO’s vacation expenses, utility expenses for SUPLIZIO’s residence, department store purchases, jewelry store purchases, political dinners, and other personal expenses.

37. It was a further manner and means of the conspiracy that the Community Days Accounts were not subject to proper oversight by the City Council of the City of DuBois.

38. It was a further manner and means of the conspiracy that the Community Days Accounts were not audited as required by Pennsylvania law.

39. It was a further manner and means of the conspiracy that neither the Controller, the Treasurer, nor the Deputy Treasurer of the City of DuBois were signatories on the Community Days Accounts. Rather, SUPLIZIO and SHAFFER were the only signatories on three of the four bank accounts—Checking Account 4754, CD Account 1660, and Money Market Account 0920.

40. It was a further manner and means of the conspiracy that SUPLIZIO and SHAFFER did not obtain the authorization of the City Council to conduct financial transactions involving the Community Days Accounts.

41. It was a further manner and means of the conspiracy that, in setting up the Community Days Accounts outside of the oversight of the City Council, SUPLIZIO and SHAFFER circumvented city financial controls.

42. It was a further manner and means of the conspiracy that SUPLIZIO and SHAFFER caused Company 1's administrative fee payments to be deposited into the Community Days Accounts, rather than into the General Fund for the City of DuBois.

43. It was a further manner and means of the conspiracy that SUPLIZIO and SHAFFER concealed their misuse of the Company 1 fees from the City of DuBois by failing to disclose to city officials the existence of the Community Days Accounts and the use of city funds deposited into such accounts for, among other things, SUPLIZIO's personal financial benefit.

ACTS IN FURTHERANCE OF THE CONSPIRACY

44. In furtherance of the conspiracy, and to effect the objects of the conspiracy, SUPLIZIO and SHAFFER committed and caused to be committed, in the Western District of Pennsylvania and elsewhere, at least one of the following overt acts, among others:

A. Parade Account 7394

45. From in and around April 2014 to in and around June 2019, SUPLIZIO and SHAFFER wrote 15 checks from Parade Account 7394 totaling \$131,003.17 to pay SUPLIZIO's personal JP Morgan Chase Visa credit card bills. SUPLIZIO's JP Morgan Chase Visa account was not issued by the City of DuBois and the authorized users on the account were only SUPLIZIO and certain of his family members.

46. On or about June 9, 2015, SHAFFER used a countercheck to withdraw \$25,000 in cash from Parade Account 7394. SHAFFER and SUPLIZIO signed the check and SHAFFER cashed it. A countercheck (or starter check) is typically only used when the account has just been opened prior to checkbooks being issued on the account.

B. CD Account 1660

47. From in and around July 2015 to in and around May 2018, SUPLIZIO obtained five cashier's checks totaling \$47,149.56 from CD Account 1660 to pay his personal credit card bills. The checks were written to Visa with SUPLIZIO identified as the remitter on four of the checks, and DVFD as the remitter on one.

48. On or about February 26, 2014, SHAFFER withdrew \$30,000 from CD Account 1660 and deposited \$10,000 into Checking Account 4754. SHAFFER then obtained a \$20,000 cashier's check with the remainder of the withdrawal, made payable to S&T Bank with the remitter listed as CBT. The \$20,000 cashier's check was cashed.

49. On or about March 27, 2014, SUPLIZIO obtained a \$12,000 cashier's check from CD Account 1660. The remitter on the check was listed as DVFD and the payee was identified as SUPLIZIO. On or about December 15, 2014, that check was deposited into SUPLIZIO's personal savings account at S&T Bank.

50. On or about March 27, 2014, SUPLIZIO obtained a \$2,500 cashier's check from CD Account 1660 made payable to SHAFFER with DVFD listed as the remitter.

51. On or about May 23, 2014, SUPLIZIO withdrew \$35,000 in cash from CD Account 1660.

52. On or about March 27, 2015, SUPLIZIO withdrew \$20,000 in cash from CD Account 1660.

53. On or about April 6, 2015, SUPLIZIO withdrew \$20,000 in cash from CD Account 1660.

54. SUPLIZIO also made several withdrawals to obtain cashier's checks from CD Account 1660 to make political contributions to local elected officials. For example:

a. On or about September 10, 2014, SUPLIZIO obtained a cashier's check with funds from CD Account 1660 made payable to Elected Official 1 in the amount of \$2,000.

b. On or about September 10, 2014, SUPLIZIO obtained a cashier's check with funds from CD Account 1660 made payable to Elected Official 2 in the amount of \$1,000.

c. On or about September 10, 2014, SUPLIZIO obtained a cashier's check with funds from CD Account 1660 made payable to Elected Official 3 in the amount of \$1,000.

d. On or about November 2, 2017, SUPLIZIO obtained a cashier's check with funds from CD Account 1660 made payable to Elected Official 1 in the amount of \$2,000.

55. On or about June 14, 2016, SUPLIZIO obtained a \$65,000 cashier's check with funds from CD Account 1660. The remitter was listed as "DVFD Comm Fund" and the

payee was SHAFFER. The check was cashed the next day by SHAFFER.

56. On or about June 5, 2018, SUPLIZIO obtained a \$35,000 cashier's check from CD Account 1660 and it was deposited into Parade Account 7394. On that same day, a check for \$35,000 was written from Parade Account 7394 to "Cash-Community Days," and signed by SUPLIZIO and SHAFFER. SUPLIZIO endorsed and cashed the check on the same day.

57. On or about April 12, 2019, SUPLIZIO withdrew \$4,500 from CD Account 1660.

C. Checking Account 4754

58. From in and around March 2014 to in and around February 2022, SUPLIZIO and SHAFFER wrote 88 checks from Checking Account 4754 totaling \$290,163.56 to pay SUPLIZIO's personal credit card bills.

59. On or about June 16, 2017, a check was written for \$40,000 from Checking Account 4754 and signed by SUPLIZIO and SHAFFER. The remitter for the check was listed as DVFD and the payee was SUPLIZIO. SUPLIZIO endorsed the back of the check and cashed it.

60. On or about June 17, 2019, a check was written from Checking Account 4754 for \$30,000 and made payable to SUPLIZIO with "Cash-Comm Days" written in the memo section. The check was signed by SUPLIZIO and SHAFFER. SUPLIZIO endorsed the back of the check and cashed it.

61. On or about June 8, 2021, a check was written for \$28,000 and signed by SUPLIZIO and SHAFFER. It was made payable to SUPLIZIO with "Community Days-Performers/Expenses" written in the memo section. SUPLIZIO endorsed the back of the check and cashed it.

62. In sum, from in and around February 2014 to in and around February 2022, SUPLIZIO and SHAFER caused more than approximately \$450,000 in money from the

Community Days Accounts to be used to pay SUPLZIO's personal credit card bills. In addition, from in and around February 2014 to in and around February 2022, SUPLIZIO and SHAFER made cash withdrawals, wrote checks to themselves and others, and obtained cashier's checks with themselves listed as payees for over \$350,000 from the Community Days Accounts.

In violation of Title 18, United States Code, Section 371.

COUNT TWO

63. The allegations set forth in paragraphs 1-62 are incorporated by reference herein.

64. The City of DuBois, a local government, received federal assistance in the form of grants, subsidies, loans, guarantees, insurance, and other forms of assistance in excess of \$10,000 during the one-year period beginning on or about January 1, 2018, and ending on or about December 31, 2018.

65. SUPLIZIO and SHAFFER were at all relevant times agents of the City of DuBois.

66. Between on or about January 1, 2018, and ending on or about December 31, 2018, defendants SUPLIZIO and SHAFFER did embezzle, steal, obtain by fraud, and otherwise without authority knowingly convert to the use of any person other than the rightful owner, and intentionally misapply, property worth \$5,000 or more, and that was owned by, and was under the care, custody, and control of the City of DuBois.

In violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2.

COUNT THREE

67. The allegations set forth in paragraphs 1-62 are incorporated by reference herein.

68. The City of DuBois, a local government, received federal assistance in the form of grants, subsidies, loans, guarantees, insurance, and other forms of assistance in excess of \$10,000 during the one-year period beginning on or about January 1, 2019, and ending on or about December 31, 2019.

69. SUPLIZIO and SHAFFER were at all relevant times agents of the City of DuBois.

70. Between on or about January 1, 2019, and ending on or about December 31, 2019, defendants SUPLIZIO and SHAFFER did embezzle, steal, obtain by fraud, and otherwise without authority knowingly convert to the use of any person other than the rightful owner, and intentionally misapply, property worth \$5,000 or more, and that was owned by, and was under the care, custody, and control of the City of DuBois.

In violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2.

COUNT FOUR

71. The allegations set forth in paragraphs 1-62 are incorporated by reference herein.

72. The City of DuBois, a local government, received federal assistance in the form of grants, subsidies, loans, guarantees, insurance, and other forms of assistance in excess of \$10,000 during the one-year period beginning on or about January 1, 2020, and ending on or about December 31, 2020.

73. SUPLIZIO and SHAFFER were at all relevant times agents of the City of DuBois.

74. Between on or about January 1, 2020, and ending on or about December 31, 2020, defendants SUPLIZIO and SHAFFER did embezzle, steal, obtain by fraud, and otherwise without authority knowingly convert to the use of any person other than the rightful owner, and intentionally misapply, property worth \$5,000 or more, and that was owned by, and was under the care, custody, and control of the City of DuBois.

In violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2.

COUNT FIVE

75. The allegations set forth in paragraphs 1-62 are incorporated by reference herein.

76. The City of DuBois, a local government, received federal assistance in the form of grants, subsidies, loans, guarantees, insurance, and other forms of assistance in excess of \$10,000 during the one-year period beginning on or about January 1, 2021, and ending on or about December 31, 2021.

77. SUPLIZIO and SHAFFER were at all relevant times agents of the City of DuBois.

78. Between on or about January 1, 2021, and ending on or about December 31, 2021, defendants SUPLIZIO and SHAFFER did embezzle, steal, obtain by fraud, and otherwise without authority knowingly convert to the use of any person other than the rightful owner, and intentionally misapply, property worth \$5,000 or more, and that was owned by, and was under the care, custody, and control of the City of DuBois.

In violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2.

FORFEITURE ALLEGATIONS

The United States hereby gives notice to the defendants charged in Counts One through Five that, upon their conviction of such offenses, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offenses to forfeit any property constituting or derived from proceeds obtained directly or indirectly as a result of such offenses, including, but not limited to, the following described property:

a. A sum of money in United States currency for each defendant in an amount to be determined by the Court, representing the amount of proceeds obtained as a result of each offense.

b. Approximately \$18,800.00 in United States currency seized from defendant JOHN "HERM" SUPLIZIO.

c. All United States currency, funds or other monetary instruments credited to the following accounts:

i. S&T Bank account number xxxx3364, \$113,001.26, in the name of John Suplizio, located at 800 S. Philadelphia Street, Indiana, PA 15701;

ii. Janney Montgomery Scott LLC account number xxxx8601, \$261,729.76, in the name of John Suplizio, located at 1801 Market Street, Philadelphia, PA 19103; and

iii. Ameriprise Financial account number xxxx3-001, \$437,907.13, in the name of John Suplizio, located at 70100 Ameriprise Financial Center, Minneapolis, MN 55474.

If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

(a) cannot be located upon the exercise of due diligence;

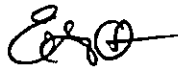
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of the defendants up to the value of the forfeitable property described above.

A True Bill,



FOREPERSON



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