



Joseph M. Ferguson  
*Inspector General*

## OFFICE OF INSPECTOR GENERAL *City of Chicago*

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March 20, 2018

Rahm Emanuel  
Mayor  
City of Chicago  
121 North LaSalle Street, Suite 500  
Chicago, Illinois 60602

### **Re: Significant Activity Report**

Mayor Emanuel:

On March 19, 2018, John Balzano and Natalie Balzano were arraigned on criminal charges for stealing nearly \$1 million from the City of Chicago through a contracting pass-through scheme. The indictment charged the Balzanos with one Class X felony of theft of government property (720 ILCS 5/16-1(a)(2)), one Class 2 felony of fraudulently obtaining money reserved for disadvantaged business enterprises (720 ILCS 5/17-10.3(d)), and one Class 3 felony of wire fraud and mail fraud (720 ILCS 5/17-24(a)(b)). Natalie Balzano was also charged with two counts of Class 3 forgery (720 ILCS 5/17-3(a)(1)).

The indictment alleges that the Balzanos defrauded the City of Chicago by working with a Minority Business Enterprise (MBE) subcontractor, the owner of Oak Park-based PJ's Ace Hardware, who generated false invoices for car wash products that were sold and delivered by non-MBE suppliers. John Balzano placed the orders directly with the non-MBE suppliers and PJ's Ace Hardware created new invoices, marked up by 15 to 20 percent, which Balzano paid to make it appear that J&J Car Wash was complying with the city's MBE contract goal to spend at least 16.9 percent of the total contract price with MBEs. J&J President Natalie Balzano then submitted bids to the city for car wash contracts.

The Balzanos are scheduled to appear before Judge Wadas on April 27, 2018. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

Please do not hesitate to direct any questions or requests for additional information to me or Natalie A. Kuriata, Communications Coordinator, at (773) 478-8417.

Respectfully,

A handwritten signature in blue ink, appearing to read 'J. Ferguson', with a stylized flourish at the end.

Joseph M. Ferguson  
Inspector General  
City of Chicago