

Former Wildwood Plant Manager, 2 Others Plead Guilty in Ponzi Scheme

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The Wildwood Industries building at 903 Morrissey Drive, Bloomington, is shown Thursday March 11, 2010. (The Pantagraph/STEVE SMEDLEY)

BLOOMINGTON -- The former plant manager of Bloomington's Wildwood Industries and two others pleaded guilty Thursday to federal charges in connection with a Ponzi scheme that officials said swindled 85 lenders of more than \$213 million.

Former plant manager Dominic Propersi, 59, of Bloomington, waived indictment and pleaded guilty to conspiracy to commit money laundering before U.S. District Judge Michael Mihm in Peoria's federal court. In addition, former employee Kimberly J. Hill, 37, of Bloomington, and retired accountant Doyle F. Fry, 74, of Stockton, Mo., also waived indictments and both pleaded guilty to one count of conspiracy to commit fraud.

Propersi's charge carries a sentence of up to 10 years in prison and fines of up to \$500,000 or more. He has been released on bond. Hill and Fry could each face five years in prison and a fine of up to \$250,000.

The three will be sentenced July 29. According to the plea agreements, all three are eligible for possible reductions in their sentences if they cooperate with authorities in the ongoing investigation into Wildwood's activities. Assistant U.S. Attorney Darilynn Knauss, prosecuting the case, declined comment on the status of former owners Gary and Toni Jo Wilder of Bloomington.

Propersi, Hill and Fry were part of a scheme to defraud lenders that began about 10 years ago and used a New York firm to falsify invoices for the purchase of manufacturing equipment that was never bought, according to the U.S. Attorney's office, which worked with the FBI, the Internal Revenue Service and other agencies on the case. At the time, the company was owned by the Wilders and manufactured lawn, leaf and vacuum bags, among other things.

Propersi provided the New York business with information to use on the invoices, which were later given to lenders to obtain funding for the fictitious equipment. The business is not identified in court records, but related litigation identifies the firm as W.S. Hudson Converting Machinery.

The New York firm took a cut of the loans, and the rest was transferred to Wildwood.

If lenders sent inspectors to see the equipment, they were shown machinery already owned by Wildwood. Propersi made false serial plates to further the scam; one machine was used as collateral on five separate loans.

Hill, a 12-year employee of the company, added to the deception by signing documents that indicated machinery had been delivered, when in fact it had not, according to the U.S. Attorney's office. She also admitted to falsifying financial records when money arrived from New York. Fry, who worked as Wildwood's accountant for nearly 30 years, suspected money was being improperly used, but still falsified records and federal income tax returns for the business, after being told to do so.

From 2004 to 2009, Wildwood obtained more than \$213 million from 85 lenders, according to court records. No equipment was ever purchased.

The scheme came to a halt a year ago, when four large creditors forced Wildwood Industries into involuntary bankruptcy and the U.S. Bankruptcy Court in Springfield appointed trustee Alex Moglia of suburban Schaumburg to oversee the business, ousting the Wilders.

Dozens of lawsuits were subsequently filed, and last May the bankruptcy court approved the sale of the 31-year-old business to a North Carolina firm, Flanders Corp., for \$3.6 million. Flanders, in turn, sold part of it to RPS Products of Hampshire, Ill., for \$2.25 million. Before the troubles, Wildwood employed more than 700 people.

Moglia expects it will take another one to two years to resolve the bankruptcy case because Wildwood Industries is also a "major creditor" in the personal bankruptcy of the Wilders. Creditors of the business also forced the former owners into bankruptcy in April and Moglia estimated he could seek \$50 million from the Wilders on their behalf.

"Corporate funds were used for personal purposes, we believe," Moglia said.

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