

looking for another job. They had a general conversation over a cup of coffee. Ludwig maintains he has not received e-mail from Cheley or through anyone else from Cheley. (p. 141-2).]

@mid-August, 2001 - MS and Stanton, with the knowledge of McNichols, decide to immediately self-disclose NN's PFTA account situation to the IDOI, recognizing that an immediate remedy to the account imbalance had to be obtained.

8/15/01 – David Cheley terminated from NN. At the time of this termination he attempts to take the following Near North proprietary information:

- Near North Employee Benefits Enrollment Systems along with the system's hidden web administrative tools and specially-designed versions of this web-based application for Near North clients including Carlson, LTD, Xpedior and other clients; and custom designed Adobe Acrobat forms for Near North's entire Employee Benefits Technology Division;
- a complete copy of Near North's BenefitsAccents, (Near North's benefit communication web site service), which files included all of the "Best Practices" templates that were developed and refined by Near North personnel over a three-year period, including proprietary documents used to systematically collect data and client information;
- copies of the source code developed to generate automatic e-mails to clients on the status of enrollment elections. This event-specific, e-mail function is not widely available in the employee benefit enrollment system market;
- a copy of the customized source code written for enrollment in a universal life insurance product. This source code was custom written to show examples based on income and family status. This feature was not available from the insurance carrier and was specifically designed by Near North to increase enrollment;
- a complete listing of all Near North Employee Benefits Technology Division's deployed websites, their Active Server Page (ASP), HTML, Visual Basic (VB), JAVA codes and component objects, and the related external IP addresses;
- a copy of the specially-developed application for Near North National Title known as the Commercial Transaction Management System (CTMS) web-based application files;
- a copy of Near North's Settlement Planning Associates website and its HTML codes;
- a confidential Near North employee database including names, addresses, phone numbers, social security numbers, and salary information for Near North associates;
- a complete list of Near North's data network user IDs and passwords including confidential administrator accounts.

8/17/01 – Matt Walsh resigns from NN.

Saturday, August 18, 2001

08/18/01,22:07, Cheley hacks into RAS (Dial-In Server), 3129889608,0.6 minutes
08/18/01,22:08, Cheley hacks into RAS (Dial-In Server), 3129889608,2.3 minutes
08/18/01,22:19, Cheley hacks into RAS (Dial-In Server), 3129889608,6.3 minutes
08/18/01,22:30, Cheley hacks into RAS (Dial-In Server), 3129889608,1.7 minutes
08/18/01,22:37, Cheley hacks into RAS (Dial-In Server), 3129889608,76.1 minutes

Sunday, August 19, 2001

08/19/01,00:00, Cheley hacks into RAS (Dial-In Server), 3129889608,9.6 minutes
08/19/01,07:52, Cheley hacks into RAS (Dial-In Server), 3129889608,19.9 minutes
08/19/01,08:18, Cheley hacks into RAS (Dial-In Server), 3129889608,5.1 minutes

8/20/01 – Cheley begins working at Kemper on behalf of new employer DHS & Associates. (On April 24, 2002, Cheley will tell Kroll investigators that he started accessing Near North’s secure website immediately after he started working for Kemper as a contractor and accessed Near North’s network at least twice a day since beginning at Kemper.)

8/20/01 - Segal sends an e-mail to Stanton and others indicating that Near North was contacting attorney Zack Stamp (“Stamp”) to have Stamp represent Near North in a self-reporting procedure before the Illinois Department of Insurance.

8/21/01 - Segal e-mailed Stanton and others twice, discussing Near North’s retention of Stamp to represent Near North, the facts supporting Near North’s presentation and the plans for making the self-reporting presentation to the Illinois Department of Insurance.

8/23/01- Near North self-reported to the Illinois Department of Insurance, pursuant to 215 ILCS 5/155.5, certain accounting problems, and the actions taken by Near North to correct the problems and clarify Near North’s reporting obligations.

Between 8/20 & 8/29/01 – On information and belief, while illegally accessing Near North’s network, Cheley accessed Mike Segal’s e-mail account and attorney-client privilege communications being stored there. This account contained e-mail regarding Near North’s self-reporting to the Illinois Department of Insurance (IDOI) and the company’s retention of Zack Stamp to represent it before the IDOI. This belief is founded on Cheley’s admissions on April 24, 2002. (See entry for 8/18/01).

8/29/01 - Walsh contacted Near North’s CFO McNichols and stated, “I heard you guys have everything covered with the State, but the Feds won’t be so easy.” Near North’s first public acknowledgement of its contact with the Illinois Department of Insurance did not occur until October 29, 2001.

8/29/01 – Joe Messina sends MS an e-mail supporting MS and critical of Walsh and Berry. (On September 20, 2001, Walsh calls Messina and verbally abuses and threatens Messina for his derogatory comments about Walsh. Messina immediately determines that someone has been intercepting his e-mails to MS.)

9/01 to 1/20/02 – NN begins challenging the conduct of Walsh, Berry and Gallagher related to their departure from NN. Negotiations continue until January 20, 2002 between Rakowski and Novoselsky for NN and Brandfonbrenner for Gallagher, Walsh and Berry. Brandfonbrenner asserts that his clients are not bound by their agreements with NN due to NN’s violations of the PFTA regulations.

9/4/01 – Ludwig begins at USI.

9/08/01 8:50 AM Walsh calls Calling Card (888-271-5734) for 2 minutes
9/08/01 9:33 AM Walsh calls Calling Card for 3 minutes
9/08/01 10:16 AM Walsh calls Calling Card for 2 minutes
9/08/01 10:31 AM Walsh calls Calling Card for 20 minutes
9/08/01 10:52 AM Walsh calls Calling Card for 3 minutes
9/08/01 11:15 AM Walsh calls Calling Card for 2 minutes
9/08/01 11:56 AM Walsh calls Calling Card for 6 minutes
9/08/01 12:05 PM Walsh calls Marisa-Homme Thielen at home (703-698-4433) for 1 minute