

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

UNITED STATES OF AMERICA,

Plaintiff,

v.

Case No. 18-CR-198

PHILIP REINHART,

Defendant.

**GOVERNMENT MOTION FOR DOWNWARD DEPARTURE
PURSUANT TO U.S.S.G. § 5K1.1**

The United States of America, by and through its attorneys, Matthew D. Krueger, United States Attorney for the Eastern District of Wisconsin, and Adam Ptashkin, Assistant United States Attorney, hereby moves this Court pursuant to U.S.S.G. § 5K1.1¹ for a downward departure from the otherwise applicable sentencing guideline range. As grounds for the motion, the government states as follows:

1. The defendant in this case, Philip Reinhart, cooperated with the government in the investigation and prosecution of criminal activity, as described below. Based upon that

¹ Title 28, United States Code, Section 994(n) requires that the United States Sentencing Commission insure that the guidelines reflect the general appropriateness of imposing a lower sentence than would otherwise be imposed to take into account a defendant's substantial assistance in the investigation or prosecution of another person who has committed an offense. Section 5K1.1 of the United States Sentencing Commission Guidelines Manual provides that, upon motion of the United States stating that defendant has provided substantial assistance in the investigation or prosecution of another person, the Court may exercise its discretion and depart from the guidelines.

cooperation, the government respectfully requests that this Court depart downward by 30% from the otherwise applicable sentencing guideline range, which will decrease the low end of his guidelines range from 10 months to 7 months. The high end of the guidelines range will be decreased from 18 months, to 12 months. The United States agreed to recommend a sentence at the low end of the guidelines range in Mr. Reinhart's plea agreement.

2. This case involved an almost \$9.5 million investment fraud scheme organized by Ronald Van Den Heuvel ("Van Den Heuvel"). The United States recommends a reduction of 30% to the defendant's guidelines range because he was prepared to testify if Van Den Heuvel had gone to trial, and provided significant information to the United States that was integral to the prosecution before Van Den Heuvel was even charged. Reinhart and Tami Phillips (who only signed her plea agreement after the defendant pleaded guilty) both pleaded guilty to bills of information charging conspiracy to defraud the United States through wire fraud, in violation of 18 U.S.C. Section 371.

3. Van Den Heuvel sought funding for his Green Box fraud scheme from numerous sources, including the Wisconsin Economic Development Corp (WEDC). The charges against Reinhart and Tami Philips ("Phillips") concern a \$95,500 WEDC grant. The WEDC awarded Green Box-Green Bay a grant of up to \$95,500 to reimburse the costs of training employees from 2012 to 2014 in the waste sorting, fuel pellet production, and liquefaction manufacturing jobs that the WEDC loan was to help create. To obtain the reimbursements, Green Box-Green Bay had to submit documentation showing that particular individuals were trained on those particular jobs on particular dates.

4. Because Green Box-Green Bay was not actually operating often, it did not actually incur eligible training costs. Nonetheless, Van Den Heuvel directed Reinhart to submit

fraudulent records showing that the training had occurred, and Phillips and Reinhart worked together to create those fraudulent records.

5. Reinhart's debriefs occurred before his guilty plea, and the defendant was prepared to testify against Van Den Heuvel if Van Den Heuvel had not pleaded guilty. The defendant debriefed with the United States on multiple occasions and provided significant information about Van Den Heuvel's actions, in particular in regards to the WEDC wing of the fraud scheme. Phillips also signed her plea agreement only after Reinhart pleaded guilty and Reinhart was prepared to testify against Phillips if necessary. Reinhart began cooperating in advance of the indictment of Van Den Heuvel. His cooperation was thus very timely. Reinhart also provided the United States with very useful information about Van Den Heuvel's continued attempts to raise money for Green Box after Van Den Heuvel pleaded guilty, including sending the United States marketing materials that were created for Van Den Heuvel ventures and sent to potential investors after Van Den Heuvel's guilty plea.

6. It is the opinion of the government that Mr. Reinhart has been truthful and complete in his information. His information was corroborated through documentary evidence and other witness statements.

7. Not only did Reinhart not receive any of the proceeds of the \$9.5 million fraud, but Van Den Heuvel did not even pay him all of his earned wages for significant periods of time. Additionally, numerous witnesses have informed the United States of the constant verbal abuse to which Van Den Heuvel subjected Reinhart. A significant 5K recommendation is warranted by the long term, extremely useful cooperation Reinhart provided.

8. In summary, Mr. Reinhart's assistance meets many of the factors used to assess substantial assistance under U.S.S.G. § 5K1.1: Mr. Reinhart's cooperation was significant and

useful in the government's investigation and prosecution of this case. Reinhart was truthful, reliable and complete in his information. Reinhart provided debriefings, information about the other targets, and he was willing to testify against other individuals, if necessary.

9. Based on the foregoing, the government respectfully requests that this Court depart downward by 30% from the otherwise applicable offense level in this case, which will reduce his exposure from an applicable Guidelines Range of 10 to 18 months, to 7 to 12 months. The government submits that such a departure will reflect the extent and nature of the defendant's assistance, and will at the same time provide significant punishment for Mr. Reinhart's offense.

10. Due to the sensitive nature of the defendant's cooperation, the government requests that this motion be sealed for one year, or until further order of the court. A separate sealing motion and order will accompany this motion.

Dated at Milwaukee, Wisconsin, this 29th day of January, 2019.

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