

The State of Ohio, } SS.

Summit County

DRAFT INDICTMENT FOR: Engaging in a Pattern of Corrupt Activity with Specifications (ORC 2923.32) (F1) (1 Count); Bribery (ORC 2921.02) (F3) (1 Count); Bribery (ORC 2921.02) (F3) (1 Count); Aggravated Theft of One Million Five Hundred Thousand Dollars or More (ORC 2913.02) (F1) (1 Count); Aggravated Theft of One Million Five Hundred Thousand Dollars or More (ORC 2913.02) (F1) (1 Count); Telecommunications Fraud (ORC 2913.05) (F1) (1 Count); Money Laundering (ORC 1315.55) (F3) (4 Counts); Money Laundering (ORC 1315.55) (F3) (4 Counts); Tampering with Records (ORC 2913.42) (F3) (8 Counts); Aggravated Theft (ORC 2913.02) (F2) (1 Count); Aggravated Theft (ORC 2913.02) (F2) (1 Count); Telecommunications Fraud (ORC 2913.05) (F1) (2 Counts); Grand Theft (ORC 2913.02) (F4) (1 Count). Total: 27 Counts.

Grand Jury Term

Beginning

Count One

Engaging in a Pattern of Corrupt Activity, §2923.32, F1

Defendants

Samuel Randazzo, Michael J. Dowling, Charles E. Jones, IEU-Ohio Administration Co. LLC, Sustainability Funding Alliance of Ohio, Inc.

Date of Offense

On or about 1/18/2010 through 1/22/2021

The Jurors of the Grand Jury of the State of Ohio, duly selected, impaneled, sworn and charged to inquire of crimes and offenses committed within the body of Summit County and/or Franklin County, in the State of Ohio, upon their oath do find and present that in a continuing course of conduct Samuel Randazzo, Michael J. Dowling, Charles E. Jones, IEU-Ohio Administration Co. LLC, and Sustainability Funding Alliance of Ohio, Inc. late of said County/s, on or between 1/18/2010 through 1/22/2021, within the County/s aforesaid, in violation of 2923.32(A)(1), 2923.32(B)(1) of the Ohio Revised Code in a continuing course of conduct, while employed by, or associated with, any enterprise did conduct or participate in, directly or indirectly, the affairs of the enterprise through a pattern of corrupt activity or the collection of an unlawful debt, to wit:

During the period January 18, 2010 through January 22, 2021, the individuals listed below engaged in criminal activity by acting individually and collectively in a largescale covert scheme to corrupt the Chairman of the Ohio Public Utilities Commission (“PUCO”), steal millions of dollars of cash from a large publicly traded electric utility, forge a spurious contract to conceal a cash “side deal” in a PUCO ratemaking case, steal millions of dollars from a non-profit trade group representing large industrial energy users, and tamper with government records involving financial public disclosures and disclosures of the identities of paid lobbyists.

CAST OF CHARACTERS

FirstEnergy Corporation (“*FirstEnergy*”) was and is one of the largest and most powerful corporations in America. Its ten companies stretch from the Ohio-Indiana border to New Jersey and Maryland. When it set out to buy the part of Ohio government that it cared about the most in 2018, it was #216 on the Fortune 500.

At that time, FirstEnergy included similarly named companies, including *FirstEnergy Solutions* (*FE Solutions*) and *FirstEnergy Service* (*FE Service*). FE Solutions owned two nuclear power plants that generated huge amounts of electricity, but were losing money. FE Services was a business unit that handled administrative matters for the ten different FE companies in various states.

Charles “Chuck” Jones was the CEO of FirstEnergy Corporation.

Michael Dowling was the Senior Vice President of External Affairs. His job was to direct lobbying and strategy for FirstEnergy, dealing with the federal and multiple state governments.

Sam Randazzo was a high-powered lawyer who was paid millions of dollars by FirstEnergy during the 2010s. He eventually became the Chairman of the Public Utilities of Ohio and served inside the government as a clandestine lobbyist for FirstEnergy.

Industrial Energy Users-Ohio (*IEU-Ohio*) was a non-profit trade association made up of large energy users focused on lowering their energy costs. Sam Randazzo was the general counsel and controlled their books.

Sustainability Funding Alliance of Ohio, Inc. (*SFA*) was a shell company, solely owned by Sam Randazzo. It had no other employees. Randazzo used it to carry out and conceal the crimes in this indictment. Its income went to him and his wife.

IEU-Ohio Administration Company, LLC (*IEU Administration*) was another shell company solely owned by Sam Randazzo, and like SFA, it was used to commit and conceal the crimes in this indictment. Also, like SFA, its income was Randazzo’s income.

The Public Utilities Commission of Ohio (“*PUCO*”) is a five-member governmental board, appointed by the governor, that regulates utilities and their operational and financial affairs. Its most powerful member is the Chairman, who is a full-time executive that directs staff and controls the meeting agenda. Sam Randazzo would take that seat and use the power of the government to commit some of the crimes in this indictment.

INTRODUCTION

Charles “Chuck” Jones, Michael Dowling and Sam Randazzo were literally as thick as thieves. Together, they would steal money from FirstEnergy, write legislative provisions worth unearned millions of dollars to FirstEnergy, legally guarantee continued FirstEnergy’s profitability and take over the state government in a way that allowed FirstEnergy to regulate itself.

Sam Randazzo would further steal money from his clients, structure financial transactions in such a way as to avoid detection, lie during testimony to the General Assembly, and put a halt to a scheduled rate case before the PUCO that would have produced unwelcome scrutiny of FirstEnergy's profitability, and likely would have resulted in an order to decrease FirstEnergy's rates.

It all began with a well-lawyered theft in 2010.

Randazzo at the time was representing IEU-Ohio, a group of companies that bought large amount of electricity from FirstEnergy, and who felt they were paying too much. He would eventually settle the companies' claims against FirstEnergy, but in 2010, he transferred their rights to his two shell companies—a document called an “assignment.” The legal language of the assignment made it clear that FirstEnergy wanted it this way, and implied that there would be no money unless it went through Randazzo's two shell companies. It also made the assignment “irrevocable.”

Sam Randazzo signed the assignment three times: once for IEU-Ohio--the trade association of companies he was supposed to be representing--and once for each of his shell companies. Randazzo was on all sides of the transaction.

His clients, the industrial members of IEU-Ohio, did not know he was a consultant for FirstEnergy. Randazzo did not tell them. Years later, some of the money would make its way to IEU-Ohio. Some of it would end up in Randazzo's pocket.

Randazzo worked in the background with FirstEnergy through the decade, receiving millions of dollars for “consulting services.” An agreement of 2013 provided for Randazzo's shell company SFA to receive \$2,100,000 between 2013 and 2017. It was amended in 2015 to increase the amount of money and the length of time Randazzo would serve FirstEnergy until 2024.

The 2015 amended agreement also required FE Service executives and SFA—that is, Randazzo—to lobby the President of the Ohio Senate and the Speaker of the Ohio House of Representatives.

In 2018, with a newly elected Governor, FirstEnergy saw the opportunity to put its loyally corrupt agent inside the new government, running the very agency designed to keep FirstEnergy accountable. In January 2019, FirstEnergy agreed to pay out in full Randazzo's consulting services contract just before he was nominated to run the PUCO. It was not a gift: Randazzo would work hard for FirstEnergy from inside the government. He did not disclose his relationship, going so far as to lie about it in testimony to the General Assembly and failing to disclose to the Ohio Ethics Commission the massive sums of money he'd received from the company he would soon regulate.

Randazzo took the helm of the PUCO on April 11, 2019, while continuing to serve as an unregistered lobbyist for his former employer. He would write parts of a law that would send millions of dollars in subsidies to FirstEnergy for its nuclear power plants, which FirstEnergy claimed were losing money. He wrote other parts of the same law that would legally guarantee the investor-owned FirstEnergy's profits at the level of 2018—a very good year for FirstEnergy. Both these provisions were contained in the law known as House Bill 6.

And he used his powerful chairmanship of the PUCO to scuttle a rate case that was scheduled for 2024. If that case had gone forward, it would have likely resulted in a PUCO order to lower FirstEnergy's rates.

Through it all, Jones and Dowling directed and funded Randazzo and FirstEnergy's squad of other lobbyists. They reveled in their access to power and their ability to corrupt the legislature and their regulators.

Both men profited personally as the price of their FirstEnergy Stock rose from a low of \$28.83 on May 5, 2017 to \$50.47 on January 23, 2020—a 57% increase in less than three years. During that time, the nuclear subsidy and guaranteed-profit provisions had become law, and Randazzo had killed the 2024 rate case.

On November 22, 2019 Chuck Jones texted Randazzo a screen shot of FirstEnergy's stock price and thanked him. "My mom taught me to say Thank You," he wrote.

These three men and their organizations formed the core of a corrupt enterprise that operated in violation of Ohio law, and their actions are the basis for the twenty-seven counts that follow in this indictment.

THE ENTERPRISE

This Enterprise is an association and/or organization and/or a group of persons and/or companies associated in fact, although not a legal entity, including but not limited to Charles Jones (former CEO of FirstEnergy Corp.), Michael Dowling (former Senior Vice President of External Affairs for FirstEnergy Corp.), Samuel C. Randazzo (former General Counsel of Industrial Energy Users of Ohio, Chairman of the PUCO, and owner of shell companies Sustainability Financing Alliance of Ohio, Inc. and IEU-Ohio Administration Company, LLC), Sustainability Funding Alliance of Ohio, Inc. (a for-profit company wholly owned by Randazzo that functioned as an S Corporation), and IEU-Ohio Administration, LLC (a Limited Liability Corporation wholly owned by Randazzo that functioned as a Schedule C Corporation), and others known and not known all of whom are persons associated with the Enterprise (collectively, "Persons associated with the Enterprise" or "Persons"). This Enterprise existed as an "Association in Fact Enterprise" under R.C. Section 2932.32 because it: (1) was an ongoing organization with a commonality of purpose or a guiding mechanism to direct the organization or (2) was a continuing unit with an ascertainable structure and/or (3) had an organizational structure that was distinct from the pattern of predicate acts. As an alternative to point (3), this Enterprise is an illicit enterprise under R. C. Section 2932.32 because it had an organizational structure distinct from the pattern of predicate acts whether or not this enterprise performed any legal acts. The persons and/or companies associated with the Enterprise performed, from time to time, some lawful acts while working for entities connected with the Enterprise, and as a result, this Enterprise existed separate and apart from the pattern of corrupt activity described in this Indictment.

THE PLAN OF THE ENTERPRISE AND ITS HIERARCHY

The plan of the Enterprise and its function was to further the interests and profits of FirstEnergy Corp. and to corrupt and enrich Samuel C. Randazzo, first as general counsel for Industrial Energy Users of Ohio and later, as Chairman of the Public Utilities of Ohio. Jones and Dowling worked as key decisionmakers for FirstEnergy and Randazzo, SFA-Ohio, and Industrial Energy Users Administration, LLC. worked to achieve the plan of the Enterprise. Together, Jones, Dowling, Randazzo and his shell companies worked in concert to steal the power of government and bend it to the will of FirstEnergy.

One of the primary tools used to further the schemes of the enterprise was a spurious 2015 amended “consulting agreement” between FirstEnergy Service Co., a wholly owned subsidiary of FirstEnergy Corp, and Sustainability Funding Alliance of Ohio, Inc., a Randazzo owned for profit corporation with no other employees. Here’s one example of how it worked: Randazzo had FirstEnergy send money that was supposed to go to IEU-Ohio—the bona fide trade group—through his shell companies first. Before he sent the money from his shell companies to the trade group, he skimmed money off the top and never told them. Since he was the general counsel for IEU-Ohio and had sole control of the trade group’s bank accounts, he was able to hide his theft.

Randazzo negotiated the 2015 amended “consulting agreement” with Michael Dowling on behalf of FirstEnergy. The 2015 agreement, which does not appear to have ever been signed by anyone, purported to describe FirstEnergy Service Corp. making payments totaling \$8,483,332 to SFA-Ohio between 2016 and 2024 in exchange for “consulting services.”

The 2015 amended “consulting agreement” also contained a term requiring FirstEnergy Service Corporation Executives and SFA-Ohio (Randazzo) to lobby the President of the Ohio Senate and the Speaker of the Ohio House of Representatives.

Instead of consulting services, however, the amended “consulting agreement” was a subterfuge for Randazzo and FirstEnergy Corp to conceal a cash “side deal” between Randazzo’s client, the Industrial Energy Users of Ohio, and FirstEnergy companies in a PUCO Electric Security Plan Case, “In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. 4928.143 in the Form of an Electric Security Plan,” PUCO Case No. 14-1297-EL-SSO (or “ESP-IV”). IEU-Ohio intervened in the ESP-IV to object to FirstEnergy’s rate proposals on behalf its members. By settling with IEU-Ohio, FirstEnergy removed a significant roadblock to achieving its goals of beneficial pricing in ESP-IV. Although FirstEnergy did file a stipulated agreement with the PUCO in ESP-IV describing a settlement between IEU-Ohio and FirstEnergy for favorable rate terms as part of a “pilot project,” the stipulation made no mention of the cash payments for IEU-Ohio that Randazzo negotiated with FirstEnergy. Although Randazzo told his IEU-Ohio client that they would receive funds from ESP-IV, he never disclosed any written cash “side deal” and never disclosed to IEU-Ohio that he had arranged to funnel the settlement payments through his own shell company first. Randazzo likewise did not disclose the 2015 agreement to the members of his own law firm, McNees, Wallace and Nurick, LLC whose membership agreement barred Randazzo from outside employment. Randazzo’s “consulting agreement” with FirstEnergy also would not have been permitted under McNees, Wallace and Nurick’s conflict check because the

“consulting agreement” between Randazzo and FirstEnergy was a conflict of interest with the firm’s representation of IEU-Ohio.

The spurious 2015 “consulting agreement” came on the heels of a January 8, 2013 agreement between FirstEnergy Service Corp. and SFA-Ohio for “consulting services.” The 2015 “consulting agreement” purported to “amend” the 2013 agreement, which had provided for SFA-Ohio to receive \$2,100,000 between 2013 and 2017. Randazzo had also entered into a spurious January 18, 2010 “Invoice Agreement” between FirstEnergy Corp. and IEU Administration Company, LLC and “Sustainability Funding Alliance, Inc.”—a company which did not yet exist because Randazzo did not register the company until two months later, on March 15, 2010. That 2010 “invoice agreement” provided for FirstEnergy Corp. to pay Randazzo’s two entities a combined total of \$1,500,000.00. As part of that agreement, Randazzo also signed an “Irrevocable Assignment of Claims” on behalf of his client, the Industrial Energy Users of Ohio, to SFA-Ohio and IEU-Ohio Administration Company, LLC. That document, which Randazzo signed on behalf of all three entities, is depicted below:

IRREVOCABLE ASSIGNMENT OF CLAIMS

FOR GOOD AND VALUABLE CONSIDERATION, AND INTENDING TO BE LEGALLY BOUND, Industrial Energy Users-Ohio (“IEU-Ohio”) hereby irrevocably assigns to Sustainability Funding Alliance of Ohio, Inc., and IEU-Ohio Administration Company LLC (collectively, “Contractors”) all right, title, and interest, if any, that IEU-Ohio has in and to the FirstEnergy Claims, effective as of the date of this Assignment. As used herein, “FirstEnergy Claims” means any and all causes of action, claims, liabilities, obligations, losses, damages, expenses, judgments, levies and executions of any kind, which IEU-Ohio has or may have, against FirstEnergy Corp., or any subsidiary, affiliate, successor, or assign of FirstEnergy Corp. (the “FirstEnergy Parties”) by reason of, arising out of, or related in any way to any transaction, act, or agreement between IEU-Ohio and any of the FirstEnergy Parties prior to the date of this Assignment. IEU-Ohio acknowledges and agrees that this irrevocable assignment of all claims is a material inducement by FirstEnergy Corp. to enter into an Invoice, dated January 18, 2010, between FirstEnergy and Contractors, and further acknowledges and agrees that IEU-Ohio has a material interest in the execution and performance of such Invoice by FirstEnergy and Contractors.

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Industrial Energy Users-Ohio

By: Samuel C. Randazzo
Title: General Counsel
Date: January 29, 2010

Sustainability Funding Alliance of Ohio,
Inc.

By: Samuel C. Randazzo
Title: CEO
Date: January 30, 2010

IEU-Ohio Administration Company LLC

By: Samuel C. Randazzo
Title: Owner
Date: January 30, 2010

In the above document, Randazzo signed in three different capacities, despite the clear existence of a conflict of interest. As lawyer for IEU-Ohio, Randazzo gave away his client's rights to his own shell companies. At no time did the trade group or its members ever know about or consent to the assignment of their rights. Randazzo never disclosed to his client, the members of IEU-Ohio, the existence of either the 2013 agreements that he made with FirstEnergy Service Company or the 2010 Invoice Agreement with FirstEnergy Corp. / Assignment of Claims, nor did he ever get his client's consent to enter into those agreements or "assign" their right to claims against FirstEnergy.

Skimming and Stealing

The secret "consulting agreements" that Randazzo entered into with FirstEnergy allowed him to skim for himself a large portion of the payments FirstEnergy made to his two shell companies, SFA-Ohio and IEU-Ohio Administration Company, LLC. Between 2016 and 2019, FirstEnergy paid Randazzo's \$13,152,639.94 to Randazzo's two shell companies. Of that total, Randazzo gave \$7,756,903.84 to his IEU-Client and kept \$5,395,736.10 for himself. By using his spurious "consulting agreements" with FirstEnergy as the vehicle to disguise and funnel the settlement proceeds from FirstEnergy to his IEU-Ohio client, Randazzo bypassed his law firm's Interest on Lawyer Trust Account ("IOLTA") that the Ohio Rules of Professional Conduct require lawyers to maintain for handling client funds. Instead, Randazzo intermingled FirstEnergy settlement funds meant for his IEU-Ohio client with his own personal funds, keeping a substantial portion of the money for himself.

Randazzo also abused his position of trust as General Counsel for IEU-Ohio in other ways. On January 11, 2016, Randazzo stole \$1,205,405.69 from a 2015 "side deal" settlement with American Electric Power for its Purchase Power Agreement. In that "side deal," Randazzo negotiated a \$9,873,900.79 settlement for his IEU-Ohio clients. Randazzo stole the money by enrolling his shell company, SFA-Ohio, as an "anonymous member" of IEU-Ohio and took twelve percent of the cash for himself. He transferred it to an IEU-Ohio bank account that he referred to as a "Deferred Comp" or "Retirement Account." Randazzo then transferred \$1 million of the AEP settlement money to his personal financial adviser to invest, saying that the money represented personal retirement funds for himself and his wife. Between January 11, 2016 and June 1, 2018, Randazzo embezzled additional IEU-Ohio settlement funds using the "anonymous member scheme," also taking portions of the ESP-IV side deal cash for himself.

Randazzo Maneuvers for FirstEnergy Cash and to become PUCO Chairman

Later, when an opening to serve as a Commissioner on the PUCO became available in late 2018, Randazzo enlisted the help of FirstEnergy executives and lobbyists to help him obtain the position. On December 18, 2018, FirstEnergy President and CEO Chuck Jones and Senior Vice President of External Affairs Michael Dowling met with the Governor-elect and the Lt. Governor-elect and paid FirstEnergy lobbyist Josh Rubin during a private dinner at the Athletic Club of Columbus. During the dinner, Randazzo's name was discussed as a candidate for PUCO Chairman. Later that evening, Jones and Dowling went to Randazzo's Columbus home for a visit. Afterwards, Randazzo texted Jones and Dowling and solicited a \$4,333,333.00 payment, which represented the amount remaining on Randazzo's amended "consulting agreement" if the agreement had remained in

effect through 2024. At the meeting and in subsequent text messages, Jones and Dowling agreed to pay Randazzo the cash. Dowling later held a meeting to discuss the payment with FirstEnergy lawyers. During the meeting, FirstEnergy lawyers told Dowling that the company should not make the payment because they believed that there was no legal obligation for the company to do so. Nevertheless, FirstEnergy paid Randazzo \$4,333,333.00 on January 2, 2019, without ever having received an invoice for the payment and without any work or consulting services being performed.

On January 17, 2019, Randazzo submitted his cover letter and resume to the PUCO Nominating Council—the government agency responsible for recommending nominees for the Governor to appoint as commissioners to the PUCO. In those documents, Randazzo made no mention of his ownership of SFA-Ohio, IEU-Administration Company, LLC, or the millions of dollars that FirstEnergy had paid him. Before receiving the nomination to become Chair of the PUCO. Randazzo did, however, tell the Governor-elect through his incoming Chief of Staff that he had received \$4.3 million from FirstEnergy, which he claimed was final payment of a “consulting agreement.” Randazzo did not tell the Governor-elect or his incoming Chief of Staff about any of the other money FirstEnergy had paid him, or that he had used the “consulting agreement” to disguise the source of “side deal” cash that FirstEnergy paid in settlement to his IEU-Ohio client. During his January 2019 conversation with the Governor-elect and his incoming Chief of Staff, Randazzo also denied working as a lobbyist for FirstEnergy. Randazzo did not tell the Governor-elect and his incoming Chief of Staff that one of the requirements of his “consulting agreement” with FirstEnergy was that he perform lobbying services.

In his Ohio Ethics Commission OEC-2019 Financial Disclosure Form, Randazzo omitted any disclosure that he had made income from FirstEnergy in 2019—or even that he had made income from SFA-Ohio, which Randazzo used to receive the FirstEnergy cash. Indeed, in each previous year back to 2013, Randazzo omitted any mention in his OEC financial disclosure forms that he had made income from FirstEnergy. In his OEC-2016 form, Randazzo also failed to disclose that he had loaned \$10,000 in 2016 to Michael Dawson, who was also Laurel Dawson’s husband and a paid FirstEnergy lobbyist.

As Chairman, Randazzo bends the PUCO around FirstEnergy’s Will

The Governor nominated Randazzo to become PUCO Chair on February 4, 2019, and Randazzo became PUCO Chairman on April 11, 2019. During the following months, Randazzo used his position as PUCO Chair to advance FirstEnergy’s regulatory and legislative priorities. Randazzo lobbied members of the General Assembly in favor of key provisions of what became HB 6, including drafting portions of the bill himself. FirstEnergy was scheduled to have a full rate case in 2024. Randazzo, however, issued a PUCO decision on November 21, 2019 eliminating FirstEnergy’s requirement to file a new rate case in 2024. That decision gave FirstEnergy a financial windfall because at the time, FirstEnergy had been over-earning up to that point, and Jones and Dowling were concerned about a substantial rate decrease in 2024. Randazzo also gave FirstEnergy executives Chuck Jones and Michael Dowling advance notice of his decision on the 2024 rate case issue, in violation of PUCO rules against *ex parte* communication with the parties to a PUCO case. (OAC 4901-1-09).

Additional Plans of the Enterprise

Within the scope of the Enterprise and to further its affairs, Jones and Dowling stole \$4,333,333.00 of FirstEnergy's money when they spent it for an illegal purpose. FirstEnergy's Corp's 2018 Code of Business Conduct states that "[c]ompany assets and funds may be used only for legitimate business purposes and may never be used for illegal purposes." On July 22, 2021, FirstEnergy Corp. entered into a Deferred Prosecution Agreement with the United States of America in S.D. Ohio Case No. 1:21-cr-86. In that agreement, FirstEnergy Corp. admitted that the \$4,333,333.00 payment it made on January 2, 2019 to Randazzo was part of a conspiracy "to defraud the public of its right to the honest services of a public official through bribery or kickbacks." In the statement of facts that accompanied the deferred prosecution agreement, FirstEnergy agreed that "After his appointment as PUCO Chairman, [Randazzo] performed official action, including acts related to House Bill 6 and the elimination of FirstEnergy Corp.'s requirement to file a new base rate case in 2024, furthering FirstEnergy Corp.'s specific legislative and regulatory interests at the direction of and in coordination with certain FirstEnergy Corp. executives, as FirstEnergy Corp. requested and as opportunities arose."

Within the scope of this Enterprise and to further its affairs, Jones, Dowling, Randazzo, and SFA-Ohio (Randazzo's shell company) caused FirstEnergy Service Co. to wire \$4,333,333.00 to SFA-Ohio on January 2, 2019.

Within the scope of this Enterprise and to further its affairs, Randazzo filed OEC Financial Disclosure Forms OEC 2017, OEC 2018, and OEC 2019 in which Randazzo omitted disclosing to the Ohio Ethics Commission that he had received income from FirstEnergy, and omitted in OEC 2019 that he had received income from SFA-Ohio. Randazzo also submitted letters to Ohio Ethics Commission Executive Director Paul Nick on December 8, 2020 and May 10, 2021, to supplement his prior financial disclosures. Neither of those letters, however, contained any mention that Randazzo had received income from FirstEnergy. Randazzo also claimed in his December 8, 2020 letter that his OEC-2016 Financial Disclosure Form had been accurate and complete as submitted, although that form had omitted the fact that Randazzo had loaned Michael Dawson \$10,000 in 2016.

Within the scope of this Enterprise and to further its affairs, Randazzo appeared before and gave testimony to the Ohio House of Representatives Select Committee on Energy Policy and Oversight on September 16, 2020. The hearing was recorded by the Ohio Statehouse Media Center and broadcast by the Ohio Broadcast Education Media Commission, an agency of the state performing essential governmental functions of the State of Ohio. During Randazzo's testimony, State Representative Casey Weinstein asked Randazzo at timecode 27:37: "I think it's important for the public to know, Mr. Chairman, have you or the companies you own or control ever had contracts or done business with FirstEnergy or FirstEnergy Solutions?" In response, Randazzo stated:

I will tell you however, that I have never represented as a lawyer or as a lobbyist any electric utility regulated by the Public Utilities Commission of Ohio or the Federal Energy Regulatory Commission and the same is true for any affiliate of a public utility, regulated by the public utilities, electric public utility regulated by the public utilities commission and the federal energy regulatory commission of Ohio.

In fact, however, FirstEnergy Corp. and/or its subsidiaries and affiliates had paid Randazzo to lobby Ohio's legislative and executive branch officials for various policies and legislation it favored and which affected FirstEnergy Corp.'s profitability, including but not limited to: the cost of the Distribution Modernization Rider, the language, operation and passage of House Bill 6, and the elimination of the requirement that FirstEnergy Corp. file a PUCO rate case in 2024.

Within the scope of this Enterprise and to further its affairs, Randazzo set up Charles Schwab investment account #####-6749 ("the Schwab account") in the name of the bona fide non-profit trade group he represented, Industrial Energy Users of Ohio (or "IEU-Ohio"). At the time he set up the Schwab account, Randazzo told his personal financial advisor that the Schwab account was intended to be used as a "deferred comp" or "retirement" account for himself and his wife, Carol Farmer. Randazzo had funded the Schwab account with proceeds that he stole on January 11, 2016 from IEU-Ohio's 2015 Purchase Power Agreement (or "PPA") Settlement with American Electric Power, Inc. However, on March 3, 2019, after being nominated to become PUCO Chairman, Randazzo directed that \$1,104,598.35 be sent from the Schwab account to Chase Account #####1600, an account belonging to IEU-Ohio. Randazzo then used the \$1,104,598.35 he wired to the Chase account to make the final payments he promised to IEU-Ohio members from the undisclosed 2015 cash "side deal" settlement with FirstEnergy Corp. in its Electric Security Plan IV (or "ESP IV") case. Despite using the previously stolen funds to make the final payments to IEU-Ohio members from the undisclosed ESP-IV cash "side deal," Randazzo never reimbursed IEU-Ohio or its members for the \$1,205,497.69 he stole from AEP PPA settlement on January 11, 2016. In essence, Randazzo robbed Peter (or the AEP PPA Settlement) to pay Paul (the ESP-IV Settlement), leaving the bona fide IEU-Ohio trade group with over a million-dollar loss.

Within the scope of the Enterprise and to further its affairs, between December 22, 2018 and December 31, 2018, Randazzo and IEU Ohio Administration Company LLC paid two employees of Randazzo's law firm, Individual 1 and Individual 2, \$20,000 and \$30,000 respectively. Randazzo made the payments to Individuals 1 and 2 using an account belonging to IEU-Ohio Administration, LLC, a corporation wholly owned by Randazzo and which was separate and distinct from the non-profit trade group that he represented, Industrial Energy Users of Ohio (or "IEU-Ohio"). Randazzo referred to the payments as "bonuses," but had required the Individuals to submit Invoices to IEU-Ohio for the payments. Randazzo obtained the funds used to pay the bonuses from money he stole from IEU by means of a fraudulent 2010 "Invoice" agreement with FirstEnergy. That agreement, which Randazzo never disclosed to IEU-Ohio members, purported to contain an "Irrevocable Assignment of Claims" in which Randazzo, on behalf of IEU-Ohio, assigned all of his client's rights to claims against FirstEnergy, to his two shell companies, SFA Ohio and IEU-Ohio Administration. The 2010 "Invoice Agreement" committed FirstEnergy to pay six annual payments of \$1,000,000 to SFA Ohio and six annual payments of \$500,000 to IEU-Ohio Administration, LLC. Randazzo never disclosed either the "Invoice" agreement or the "Irrevocable Assignment of Claims" to his IEU-Ohio client.

Within the scope of the Enterprise and to further its affairs, Between May 31, 2017 and January 22, 2021, FirstEnergy Senior Vice President of External Affairs Michael Dowling failed to include Samuel C. Randazzo as a paid lobbyist of FirstEnergy Corp. when the company submitted its AER Legislative notifications to the Joint Legislative Ethics Committee, despite the fact that Randazzo was working as a paid lobbyist on behalf of FirstEnergy for that time period and actively lobbying

legislative officials on FirstEnergy's behalf.

Within the scope of the Enterprise and to further its affairs, Between May 31, 2017 and January 22, 2021, FirstEnergy Senior Vice President of External Affairs Michael Dowling failed to include Samuel C. Randazzo as a paid lobbyist of FirstEnergy Corp. when the company submitted its AER Employer Executive notifications to the Joint Legislative Ethics Committee, despite the fact that Randazzo was working as a paid lobbyist on behalf of FirstEnergy for that time period and actively lobbying executive officials on FirstEnergy's behalf.

COMMON PURPOSE OF THE ENTERPRISE

This Enterprise functioned as an ongoing organization with commonality of purpose or a guiding mechanism to direct the organization. From at least November 30, 2010 through January 22, 2021, the common purpose of the Enterprise regarding its ongoing illegal conduct was to execute a largescale covert scheme to corrupt the Chairman of the Ohio Public Utilities Commission ("PUCO"), steal millions of dollars of cash from a large publicly traded electric utility, forge a spurious contract to conceal a cash "side deal" in a PUCO ratemaking case, steal millions of dollars from a non-profit trade group representing large industrial energy users, and falsify government records involving the financial disclosures of public officials and the identities of paid lobbyists.

As stated above, each Person Associated with the Enterprise performed separate acts on behalf of and in furtherance of the Enterprise. The persons associated with this Enterprise were members of other entities so they needed to act in a structured and in an organized manner to enable the overall organization to successfully complete these schemes. Likewise, this occurred with the knowledge and/or support of other Persons Associated with the Enterprise in order that this Enterprise, as an association in fact, could continue and thrive because of the activities of each of the persons of the Enterprise.

This Enterprise functioned as a continuing unit with an ascertainable structure while it was engaging in the diverse forms of illegal activities. In doing so from the time stated herein, the Persons Associated with the Enterprise participated in and/or managed the affairs of the Enterprise as previously stated. As such, these persons provided continuity and structure to the Enterprise in order to accomplish its illegal purposes—the pattern of corrupt activity as set forth in this count. This Enterprise and the Persons Associated with the Enterprise were joined in purpose over a period of time, with various roles that were different, and with methods that changed in order to accomplish the main purpose of the Enterprise.

The structure of the organization, as an Enterprise in fact: Jones and Dowling actively worked to spend FirstEnergy money to improperly influence Randazzo to exercise the authority of the office of PUCO Chairman to advance FirstEnergy's regulatory and policy agendas. Dowling actively worked to corrupt Randazzo when Randazzo worked as General Counsel for Industrial Energy Users of Ohio and to craft a fraudulent, spurious agreement to conceal a cash "side deal" in a PUCO ratemaking case. Randazzo used the scheme to enrich himself and defraud his IEU Ohio client.

This Enterprise is comprised of the Persons Affiliated with the Enterprise, all of whom acted with the purpose described in this Indictment, and all of whom conducted their activities over a period

of time for a common purpose. This Enterprise, as an informal association comprised of the Persons Associated with the Enterprise, functioned as a continuing unit, separate from the pattern of activity in which it engaged because one or more persons associated with this Enterprise performed legal acts as described herein. The non-exclusive list of lawful activities described herein occurred while this Enterprise functioned as a continuing unit and with an organization structure which engaged in diverse forms of illegal activities as stated in this Indictment.

While the persons associated with the Enterprise may have performed, from time to time, some lawful acts as described above, while working for entities connected with the Enterprise, these Persons also performed illegal acts as part of and in furtherance of this Enterprise, as stated in this Indictment. Based on the foregoing, this Enterprise existed separate and apart from the pattern of corrupt activity in which it was engaged, and this Enterprise functioned as a continuing unit by engaging in the diverse forms of illegal activities, as stated in this Indictment.

In the alternative, this Enterprise is an “illicit enterprise” under R. C. Section 2932.32 which is one that is unlawful or engaged in prohibited activities. The schemes described in this indictment constitute prohibited activities. This illicit enterprise existed separate and apart from the pattern of corrupt activity as described in this Indictment even if it did not do legal transactions during this time period.

As a result of either one of these two situations, this Enterprise functioned as an organizational structure and as a continuing unit, even though it was engaging in the diverse forms of illegal activities as described in this Indictment. In either situation, the persons associated with the Enterprise participated in and/or managed the affairs of the Enterprise and as such provided continuity and structure to the Enterprise in order to accomplish its illegal purpose—the pattern of corrupt activity explained in this count. This enterprise and the persons associated within it were joined in purpose over a period of time, although their various roles were different in order to accomplish the main purpose of the Enterprise. All these schemes were necessary to make the overall organization successful as an Enterprise engaged in corrupt activity. These activities occurred with the knowledge and or support of and or were aided or abetted by each of the persons associated with the Enterprise.

AFFAIRS OF THE ENTERPRISE

The affairs of the Enterprise involve the jurisdiction of the State of Ohio with events taking place in the counties of Summit and Franklin, and the State of Florida, including but not limited to:

THE PATTERN OF CORRUPT ACTIVITY FROM JANUARY 18, 2010 THROUGH JANUARY 22, 2021

A “Pattern of corrupt activity” means two or more incidents of corrupt activity, whether or not there has been a prior conviction, that are related to the affairs of the same enterprise, are not isolated, and are not so closely related to each other and connected in time and place that they constitute a single event. On two or more occasions, Person Associated with the Enterprise directly or indirectly committed one or more of the following:

FORGERY: 2913.31(A)(2) No person, with purpose to defraud, or knowing that the person is

facilitating a fraud, shall forge any writing so that it purports to be genuine when it actually is spurious, or to be the act of another who did not authorize that act, or to have been executed at a time or place or with terms different from what in fact was the case, or to be a copy of an original when no such original existed;

BRIBERY: 2921.02(A) No person, with purpose to corrupt a public servant or party official, or improperly to influence a public servant or party official with respect to the discharge of the public servant's or party official's duty, whether before or after the public servant or party official is elected, appointed, qualified, employed, summoned, or sworn, shall promise, offer, or give any valuable thing or valuable benefit.

BRIBERY: 2921.02(B) No person, before or after the person was employed as a public servant knowingly solicit or accept for self or another person any valuable thing or valuable benefit to corrupt or improperly influence the person or another public servant with respect to the discharge of the person's or the other public servant's duty.

THEFT: 2913.02(A)(1) No person, with purpose to deprive the owner of property or services, shall knowingly obtain or exert control over either the property or services without the consent of the owner or person authorized to give consent and the property or services stolen is valued at one million five hundred thousand dollars or more.

THEFT: 2913.02(A)(2) No person, with purpose to deprive the owner of property or services, shall knowingly obtain or exert control over either the property or services beyond the scope of the express or implied consent of the owner or person authorized to give consent and the property or services stolen is valued at one million five hundred thousand dollars or more.

THEFT: 2913.02(A)(1) No person, with purpose to deprive the owner of property or services, shall knowingly obtain or exert control over either the property or services without the consent of the owner or person authorized to give consent and the property or services stolen is valued at seven hundred fifty thousand dollars or more.

THEFT: 2913.02(A)(2) No person, with purpose to deprive the owner of property or services, shall knowingly obtain or exert control over either the property or services beyond the scope of the express or implied consent of the owner or person authorized to give consent and the property or services stolen is valued at seven hundred fifty thousand dollars or more.

THEFT: 2913.02(A)(2) No person, with purpose to deprive the owner of property or services, shall knowingly obtain or exert control over either the property or services beyond the scope of the express or implied consent of the owner or person authorized to give consent and the property or services stolen is valued at seven thousand five hundred dollars or more.

TELECOMMUNICATIONS FRAUD: 2913.05 No person, having devised a scheme to defraud, shall knowingly disseminate, transmit, or cause to be disseminated or transmitted by . means of a wire, radio, satellite, telecommunication, telecommunications device, or telecommunications service any writing, data, sign, signal, picture, sound, or image with purpose to execute or otherwise further the scheme to defraud and the value of the benefit obtained by the offender or of the detriment to the

victim of the fraud is one million or more.

TAMPERING WITH RECORDS: 2913.42(A), 2913.42(B)(4) No person, knowing the person has no privilege to do so, and with purpose to defraud or knowing that the person is facilitating a fraud, shall do any of the following:(l) Falsify, destroy, remove, conceal, alter, deface, or mutilate any writing, computer software, data, or record and the writing, data, computer software, or record was kept by or belonged to a local, state, or federal governmental entity.

MONEY LAUNDERING: 1315.55(A)(1) No person shall conduct or attempt to conduct a transaction knowing that the property involved in the transaction is the proceeds of some form of unlawful activity with the purpose of committing or furthering the commission of corrupt activity.

MONEY LAUNDERING: 1315.55(A)(4) No person shall conduct or structure or attempt to conduct or structure a transaction that involves the proceeds of corrupt activity that is of a value greater than ten thousand dollars if the person knows or has reasonable cause to know that the transaction involves the proceeds of corrupt activity.

**INCIDENTS OF CORRUPT ACTIVITY—PREDICATE ACTS AS DEFINED IN R.C.
SECTION 2923.31.**

1. §2913.31(A)(2), 2913.31(C)(1)(b)(ii) Forgery F3 - Forgery, Genuine/ Spurious; Value; \$100,000 or More in a continuing course of conduct on or about 1/18/2010 through 1/30/2010 Defendants Samuel Randazzo IEU-Ohio Administration Co. LLC Sustainability Funding Alliance of Ohio, Inc. with purpose to defraud, or knowing that he is facilitating a fraud on Industrial Energy Users of Ohio, did forge any writing, to wit: Invoice Agreement and Irrevocable Assignment of Claims, so that it purports to be genuine when it actually is spurious, or to be the act of another who did not authorize that act, or to have been executed at a time or place or with terms different from what in fact was the case, or to be a copy of an original when no such original existed the value of the property or services or the loss to the victim is \$100,000 or more.
2. §2913.31(A)(2), 2913.31(C)(1)(b)(ii) Forgery F3 - Forgery, Genuine/ Spurious; Value; \$100,000 or More in a continuing course of conduct on or between May 1, 2015 and May 31, 2015, Defendants Samuel Randazzo IEU-Ohio Administration Co. LLC, Sustainability Funding Alliance of Ohio, Inc., and Michael Dowling with purpose to defraud, or knowing that he is facilitating a fraud on Industrial Energy Users of Ohio, did forge any writing, to wit: Invoice Agreement and Irrevocable Assignment of Claims, so that it purports to be genuine when it actually is spurious, or to be the act of another who did not authorize that act, or to have been executed at a time or place or with terms different from what in fact was the case, or to be a copy of an original when no such original existed the value of the property or services or the loss to the victim is \$100,000 or more.
3. §2921.02(A), 2921.02(E) Bribery F3 Bribery-Promise Valuable Benefit in a continuing course of conduct on or about 12/18/2018 thru 01/02/2019 Defendants Michael J. Dowling Charles E. Jones did promise, offer, or give any valuable thing or valuable benefit, to wit: cash, to wit: \$4,333,333.00, with purpose to corrupt a public servant or party official, to wit: Samuel C.

Randazzo, Chairman of the Public Utilities Commission of Ohio, or improperly to influence him with respect to the discharge of his duty, whether before or after he was elected, appointed, qualified, employed, summoned, or sworn.

4. §2921.02(B), 2921.02(E) Bribery F3 Bribery-Solicit in a continuing course of conduct on or about 12/18/2018 thru 01/02/2019 Defendant Samuel Randazzo did knowingly solicit or accept for himself or another person any valuable thing or valuable benefit, to wit: cash, to wit: \$4,333,333.00, to corrupt or improperly influence him or another public servant or party official with respect to the discharge of his or the other public servant's or party official's duty, either before or after he was elected, appointed, qualified, employed, summoned, or sworn as a public servant or party official.
5. §2913.02(A)(1), 2913.02(B)(2) Aggravated Theft of One Million Five Hundred Thousand Dollars or More F1 - Theft, Without Consent; Value Greater Than \$1,500,000 in a continuing course of conduct on or about 12/18/2018 thru 01/02/2019 Defendants Michael J. Dowling Charles E. Jones did with purpose to deprive the owner, FirstEnergy Corp., a publicly traded corporation, and/or the shareholders of FirstEnergy Corp., a publicly traded corporation, of property or services, to wit: cash, to wit: \$4,333,333.00, knowingly obtain or exert control over either the property or services without the consent of the owner or person authorized to give consent the property or services stolen is valued at one million five hundred thousand dollars or more.
6. §2913.02(A)(2), 2913.02(B)(2) Aggravated Theft of One Million Five Hundred Thousand Dollars or More F1 - Theft, Without Consent; Value Greater Than \$1,500,000 in a continuing course of conduct on or about 12/18/2018 thru 01/02/2019 Defendants Michael J. Dowling Charles E. Jones did with purpose to deprive the owner, FirstEnergy Corp., a publicly traded corporation, and/or the shareholders of FirstEnergy Corp., a publicly traded corporation, of property or services, to wit: cash, to wit: \$4,333,333.00, knowingly obtain or exert control over either the property or services beyond the scope of the express or implied consent of the owner or person authorized to give consent.
7. §2913.05(A), 2913.05(B); 2913.05(C) Telecommunications Fraud F1 - Transmit Data With Purpose to Execute Scheme to Defraud, Course of Conduct, \$1,000,000+ in a continuing course of conduct on or about 01/02/2019 Defendants Samuel Randazzo, Michael J. Dowling, Charles E. Jones, and Sustainability Funding Alliance of Ohio, Inc. having devised a scheme to defraud, did knowingly disseminate, transmit, or cause to be disseminated or transmitted by means of a wire, radio, satellite, telecommunication, telecommunications device, or telecommunication service any writing, data, sign, signal, picture, sound, or image with purpose to execute or otherwise further the scheme to defraud and the violation occurred as part of a course of conduct involving other violations of division (A) of this section or violations of, attempts to violate, conspiracies to violate, or complicity in violations of section 2913.02, 2913.04, 2913.11, 2913.21, 2913.31, 2913.42, 2913.43, or 2921.13 of the Revised Code and the value of the benefit obtained by the offender or of the detriment to the victim of the fraud is one million or more.
8. §1315.55(A)(2), 1315.99(C) Money Laundering F3 - With intent to conceal or disguise in a

continuing course of conduct on or about 12/18/2018 thru 01/02/2019 Defendants Samuel Randazzo, Michael J. Dowling, Charles E. Jones, and Sustainability Funding Alliance of Ohio, Inc. did conduct or attempt to conduct a transaction knowing that the property involved in the transaction was the proceeds of some form of unlawful activity with the intent to conceal or disguise the nature, location, source, ownership, or control of the property or the intent to avoid a transaction reporting requirement under section 1315.53 of the Revised Code or federal law.

9. §1315.55(A)(4), 1315.99(C) Money Laundering F3 - A transaction with a value greater than \$10,000 in a continuing course of conduct on or about 12/18/2018 thru 01/02/2019 Defendants Samuel Randazzo, Michael J. Dowling, Charles E. Jones, and Sustainability Funding Alliance of Ohio, Inc. did conduct or structure or attempt to conduct or structure a transaction that involved the proceeds of corrupt activity that was of a value greater than ten thousand dollars and the person knew or had reasonable cause to know that the transaction involved the proceeds of corrupt activity.
10. §2913.42(A)(1), 2913.42(B)(4) Tampering with Records F3 - Tampering With Records- Purpose to Defraud, Falsify, Destroy, Remove, Government Record in a continuing course of conduct on or about 02/19/2018 Defendant Samuel Randazzo did, knowing he had no privilege to do so, and with purpose to defraud or knowing he was facilitating a fraud on the Ohio Ethics Commission falsify, destroy, remove, conceal, alter, deface, or mutilate any writing, computer software, data, or record, to wit: Ohio Ethics Commission Financial Disclosure Form OEC-2017 and the writing, data, computer software, or record was kept by or belonged to a local, state, or federal governmental entity.
11. §2913.42(A)(1), 2913.42(B)(4) Tampering with Records F3 - Tampering With Records- Purpose to Defraud, Falsify, Destroy, Remove, Government Record in a continuing course of conduct on or about 04/15/2019 Defendant Samuel Randazzo did, knowing he had no privilege to do so, and with purpose to defraud or knowing he was facilitating a fraud on the Ohio Ethics Commission falsify, destroy, remove, conceal, alter, deface, or mutilate any writing, computer software, data, or record, to wit: Ohio Ethics Commission Financial Disclosure Form OEC-2018 and the writing, data, computer software, or record was kept by or belonged to a local, state, or federal governmental entity.
12. §2913.42(A)(1), 2913.42(B)(4) Tampering with Records F3 - Tampering With Records- Purpose to Defraud, Falsify, Destroy, Remove, Government Record in a continuing course of conduct on or about 02/25/2020 Defendant Samuel Randazzo did, knowing he had no privilege to do so, and with purpose to defraud or knowing he was facilitating a fraud on the Ohio Ethics Commission falsify, destroy, remove, conceal, alter, deface, or mutilate any writing, computer software, data, or record, to wit: Ohio Ethics Commission Financial Disclosure Form OEC-2019 and the writing, data, computer software, or record was kept by or belonged to a local, state, or federal governmental entity.
13. §2913.42(A)(1), 2913.42(B)(4) Tampering with Records F3 - Tampering With Records- Purpose to Defraud, Falsify, Destroy, Remove, Government Record in a continuing course of conduct on or about 09/16/2020 Defendant Samuel Randazzo did, knowing he had no

privilege to do so, and with purpose to defraud or knowing he was facilitating a fraud on the Ohio House of Representatives, and/or the Ohio House of Representatives Select Committee on Energy Policy and Oversight, and/or the Ohio Broadcast Educational Media Commission falsify, destroy, remove, conceal, alter, deface, or mutilate any writing, computer software, data, or record, to wit: video of September 16, 2020 testimony before the Ohio House of Representatives Select Committee on Energy Policy and Oversight. and the writing, data, computer software, or record was kept by or belonged to a local, state, or federal governmental entity.

14. §2913.42(A)(1), 2913.42(B)(4) Tampering with Records F3 - Tampering With Records- Purpose to Defraud, Falsify, Destroy, Remove, Government Record in a continuing course of conduct on or about 12/08/2020 Defendant Samuel Randazzo did, knowing he had no privilege to do so, and with purpose to defraud or knowing he was facilitating a fraud on the Ohio Ethics Commission falsify, destroy, remove, conceal, alter, deface, or mutilate any writing, computer software, data, or record, to wit: December 8, 2020 letter to Ohio Ethics Commission Executive Director Paul Nick and the writing, data, computer software, or record was kept by or belonged to a local, state, or federal governmental entity.
15. §2913.42(A)(1), 2913.42(B)(4) Tampering with Records F3 - Tampering With Records- Purpose to Defraud, Falsify, Destroy, Remove, Government Record in a continuing course of conduct on or about 05/10/2021
Defendant Samuel Randazzo did, knowing he had no privilege to do so, and with purpose to defraud or knowing he was facilitating a fraud on the Ohio Ethics Commission falsify, destroy, remove, conceal, alter, deface, or mutilate any writing, computer software, data, or record, to wit: May 10, 2021 letter to Ohio Ethics Commission Executive Director Paul Nick and the writing, data, computer software, or record was kept by or belonged to a local, state, or federal governmental entity.
16. §2913.02(A)(1), 2913.02(B)(2) Aggravated Theft F2 - Theft, Without Consent; Value Between \$750,000-\$1,500,000 in a continuing course of conduct on or about 01/11/2016 thru 07/01/2018 Defendants Samuel Randazzo and Sustainability Funding Alliance of Ohio, Inc. did with purpose to deprive the owner, Industrial Energy Users of Ohio and its members, of property or services, to wit: \$1,246,540.83, knowingly obtain or exert control over either the property or services without the consent of the owner or person authorized to give consent the property or services stolen is valued at seven hundred fifty thousand dollars or more.
17. §2913.02(A)(2), 2913.02(B)(2) Aggravated Theft F2 - Theft, Beyond Scope of Consent; Value Between \$750,000-\$1,500,000 in a continuing course of conduct on or between 01/11/2016 thru 07/01/2018 Defendants Samuel Randazzo and Sustainability Funding Alliance of Ohio, Inc. did with purpose to deprive the owner, Industrial Energy Users of Ohio and its members, of property or services, to wit: \$1,246,540.83, knowingly obtain or exert control over either the property or services beyond the scope of the express or implied consent of the owner or person authorized to give consent the property or services stolen is valued at seven hundred fifty thousand dollars or more.
18. §1315.55(A)(2), 1315.99(C) Money Laundering F3 - With intent to conceal or disguise in a

continuing course of conduct on or about 01/11/2016 thru 07/01/2018 Defendants Samuel Randazzo and Sustainability Funding Alliance of Ohio, Inc. did conduct or attempt to conduct a transaction knowing that the property involved in the transaction was the proceeds of some form of unlawful activity with the intent to conceal or disguise the nature, location, source, ownership, or control of the property or the intent to avoid a transaction reporting requirement under section 1315.53 of the Revised Code or federal law.

19. §1315.55(A)(4), 1315.99(C) Money Laundering F3 - A transaction with a value greater than \$10,000 in a continuing course of conduct on or about 01/11/2016 thru 07/01/2018 Defendants Samuel Randazzo Sustainability Funding Alliance of Ohio, Inc. did conduct or structure or attempt to conduct or structure a transaction that involved the proceeds of corrupt activity that was of a value greater than ten thousand dollars and the person knew or had reasonable cause to know that the transaction involved the proceeds of corrupt activity.
20. §2913.05(A), 2913.05(B); 2913.05(C) Telecommunications Fraud F1 - Transmit Data With Purpose to Execute Scheme to Defraud, \$1,000,000+ in a continuing course of conduct on or about 03/06/2019 Defendant Samuel Randazzo having devised a scheme to defraud, did knowingly disseminate, transmit, or cause to be disseminated or transmitted by means of a wire, radio, satellite, telecommunication, telecommunication device, or telecommunication service any writing, data, sign, signal, picture, sound, or image with purpose to execute or otherwise further the scheme to defraud and the value of the benefit obtained by the offender or of the detriment to the victim of the fraud is one million or more.
21. §1315.55(A)(2), 1315.99(C) Money Laundering F3 - With intent to conceal or disguise in a continuing course of conduct on or about 03/06/2019 Defendants Samuel Randazzo did conduct or attempt to conduct a transaction knowing that the property involved in the transaction was the proceeds of some form of unlawful activity with the intent to conceal or disguise the nature, location, source, ownership, or control of the property or the intent to avoid a transaction reporting requirement under section 1315.53 of the Revised Code or federal law.
22. §1315.55(A)(4), 1315.99(C) Money Laundering F3 - A transaction with a value greater than \$10,000 in a continuing course of conduct on or about 03/06/2019 Defendants Samuel Randazzo did conduct or structure or attempt to conduct or structure a transaction that involved the proceeds of corrupt activity that was of a value greater than ten thousand dollars and the person knew or had reasonable cause to know that the transaction involved the proceeds of corrupt activity.
23. §2913.02(A)(2), 2913.02(B)(2) Grand Theft F4 - Theft, Beyond Scope of Consent; Value Between \$7500-\$150,000 in a continuing course of conduct on or about 12/22/2018 thru 12/31/2018 Defendants Samuel Randazzo and IEU-Ohio Administration Co. LLC did with purpose to deprive the owner, Industrial Energy Users of Ohio, of property or services, to wit: \$50,000, knowingly obtain or exert control over either the property or services beyond the scope of the express or implied consent of the owner or person authorized to give consent the property or services stolen is valued at seven thousand five hundred dollars or more.

24. §2913.05(A), 2913.05(B); 2913.05(C) Telecommunications Fraud F1 - Transmit Data With Purpose to Execute Scheme to Defraud, \$1,000,000+ in a continuing course of conduct on or about 05/05/2015 thru 06/06/2018 Defendants Samuel Randazzo, Michael J. Dowling, Charles E. Jones, IEU-Ohio Administration Co. LLC, and Sustainability Funding Alliance of Ohio, Inc., having devised a scheme to defraud, did knowingly disseminate, transmit, or cause to be disseminated or transmitted by means of a wire, radio, satellite, telecommunication, telecommunications device, or telecommunication service any writing, data, sign, signal, picture, sound, or image with purpose to execute or otherwise further the scheme to defraud and the value of the benefit obtained by the offender or of the detriment to the victim of the fraud is one million or more.
25. §1315.55(A)(2), 1315.99(C) Money Laundering F3 - With intent to conceal or disguise in a continuing course of conduct on or about 05/05/2015 thru 06/06/2018 Defendants Samuel Randazzo, Michael J. Dowling, Charles E. Jones, IEU-Ohio Administration Co. LLC, and Sustainability Funding Alliance of Ohio, Inc. did conduct or attempt to conduct a transaction knowing that the property involved in the transaction was the proceeds of some form of unlawful activity with the intent to conceal or disguise the nature, location, source, ownership, or control of the property or the intent to avoid a transaction reporting requirement under section 1315.53 of the Revised Code or federal law.
26. §1315.55(A)(4), 1315.99(C) Money Laundering F3 - A transaction with a value greater than \$10,000 in a continuing course of conduct on or about 05/05/2015 thru 06/06/2018 Defendants Samuel Randazzo, Michael J. Dowling, Charles E. Jones, IEU-Ohio Administration Co. LLC, and Sustainability Funding Alliance of Ohio, Inc. did conduct or structure or attempt to conduct or structure a transaction that involved the proceeds of corrupt activity that was of a value greater than ten thousand dollars and the person knew or had reasonable cause to know that the transaction involved the proceeds of corrupt activity.
27. §2913.42(A)(1), 2913.42(B)(4) Tampering with Records F3 - Tampering With Records- Purpose to Defraud, Falsify, Destroy, Remove, Government Record in a continuing course of conduct on or about 05/31/2017 thru 01/22/2021 Defendant Michael J. Dowling did, knowing he had no privilege to do so, and with purpose to defraud or knowing he was facilitating a fraud on the Joint Legislative Ethics Committee falsify, destroy, remove, conceal, alter, deface, or mutilate any writing, computer software, data, or record, to wit: Ohio Joint Legislative Ethics Committee AER Legislative Forms filed between 5/31/2017 through 1/22/2021 and the writing, data, computer software, or record was kept by or belonged to a local, state, or federal governmental entity.
28. §2913.42(A)(1), 2913.42(B)(4) Tampering with Records F3 - Tampering With Records- Purpose to Defraud, Falsify, Destroy, Remove, Government Record in a continuing course of conduct on or about 05/31/2017 thru 01/22/2021 Defendants Michael J. Dowling did, knowing he had no privilege to do so, and with purpose to defraud or knowing he was facilitating a fraud on the Ohio Joint Legislative Ethics Committee falsify, destroy, remove, conceal, alter, deface, or mutilate any writing, computer software, data, or record, to wit: AER Employer Executive notifications and the writing, data, computer software, or record was kept by or belonged to a local, state, or federal governmental entity.

Furthermore, the most serious offense in the pattern of corrupt activity that is the basis of the offense is a felony of the first degree, to wit: Theft in Violation of R.C. 2913.02(A)(2).

SPECIFICATION ONE TO COUNT ONE - Specification for Forfeiture of Property, §2941.1417(A)

The Grand Jurors further find and specify that within Summit and/or Franklin Counties Samuel C. Randazzo is the owner and/or possessor of 645 S. Grant Ave. Columbus, Ohio 43206 which was contraband and/or property derived from or through the commission or facilitation of the offense, and/or was an instrumentality the offender used or intended to use in the commission or facilitation of the offense and is subject to forfeiture pursuant to 2941.1417(A), 2981.02, and 2981.04 of the Revised Code.

SPECIFICATION TWO TO COUNT ONE - Specification for Forfeiture of Property, §2941.1417(A)

The Grand Jurors further find and specify that within Summit and/or Franklin Counties Samuel B. Randazzo is the owner and/or possessor of 1788 W. Third Ave., Columbus, Ohio 43212 which was contraband and/or property derived from or through the commission or facilitation of the offense, and/or was an instrumentality the offender used or intended to use in the commission or facilitation of the offense and is subject to forfeiture pursuant to 2941.1417(A), 2981.02, and 2981.04 of the Revised Code.

Count Two	Bribery, §2921.02, F3
Defendants	Michael J. Dowling, Charles E. Jones
Date of Offense	In a continuing course of conduct on or about 12/18/2018 through 1/2/2019

The Jurors of the Grand Jury of the State of Ohio, upon their oaths, further find that within Summit and/or Franklin Counties, the Defendant(s) unlawfully did promise, offer, or give any valuable thing or valuable benefit, to wit: cash, to wit: \$4,333,333.00, with purpose to corrupt a public servant or party official, to wit: Samuel C. Randazzo, Chairman of the Public Utilities Commission of Ohio, or improperly to influence him with respect to the discharge of his duty, whether before or after he was elected, appointed, qualified, employed, summoned, or sworn.

Background

Samuel C. Randazzo secretly took cash payments from FirstEnergy Service Corp. for years by using a “consulting agreement” to conceal an undisclosed cash “side deal” for his client, the non-profit trade group Industrial Energy Users of Ohio (“IEU-Ohio”) and to conceal additional personal income for himself. Randazzo structured the cash payments to go to Sustainability Funding Alliance of Ohio (“SFA-Ohio”), a shell company that Randazzo owned and which had no employees other than Randazzo. FirstEnergy structured the payments to come from the legal budget of FirstEnergy

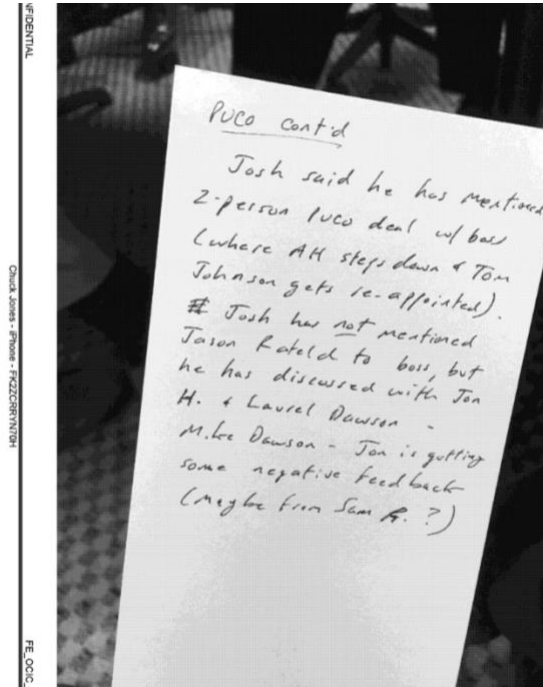
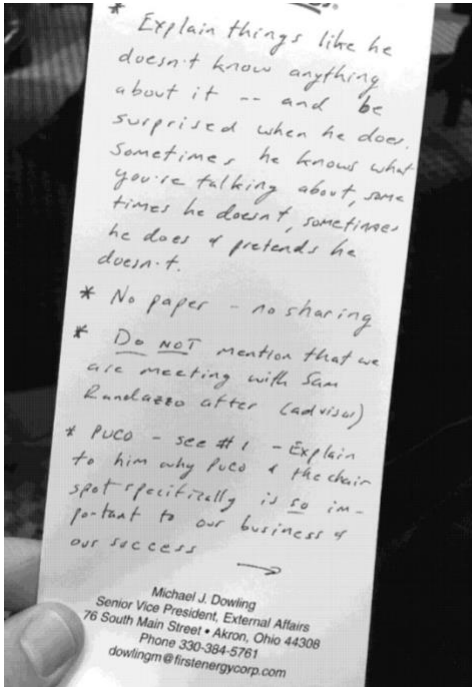
Service Corp., a wholly owned subsidiary of FirstEnergy Corp (“FirstEnergy”). Of the \$13,152,640.00 that FirstEnergy acknowledged having paid Randazzo through SFA-Ohio, \$11,858,378 of that total amount was recorded in company records as “Plant in Service and Operating Expenses of Franchised Public Utilities (FPU) and Transmission Companies.”

The secret cash “side deal” between FirstEnergy and IEU-Ohio was a 2015 monetary settlement that Randazzo negotiated and reached with FirstEnergy in a 2014 Electric Security Plan case before the PUCO, known as “ESP-IV.” The undisclosed cash “side deal” involved FirstEnergy making cash payments to IEU-Ohio in exchange for IEU-Ohio withdrawing its opposition to FirstEnergy’s Electric Security Plan. Apart from an unsigned 2015 “amended consulting agreement” between SFA Ohio and FirstEnergy, neither Randazzo nor FirstEnergy reduced the terms of the secret cash “side deal” to writing. Such “side deals” are extremely controversial and have been criticized as a “pay to play” system in which electric utilities give cash and favorable pricing to large and powerful energy users in exchange for trade groups representing the large energy users withdrawing opposition to the utilities’ pricing requests to the PUCO in those cases.

Randazzo also agreed, in exchange for the cash he received from FirstEnergy, to lobby executive and legislative branch officials in Ohio for policy and legislative positions favored by FirstEnergy.

Becoming PUCO Chairman

On December 17, 2018, Randazzo sent an email to his associates at FirstEnergy Corp. and Boich Companies notifying them of a press release that the PUCO Nominating Council—on which Randazzo served as a member—was seeking applicants for a commissioner position. The next day, Michael Dowling, FirstEnergy Senior Vice President of External Affairs, sent images of handwritten notes to FirstEnergy CEO Chuck Jones. The notes reflected a conversation with Josh Rubin, a paid FirstEnergy lobbyist. The notes contained advice for how to lobby the Governor-elect in favor of FirstEnergy’s position on the next Chairman of the PUCO. The notes also cautioned against mentioning to the Governor-elect that Jones and Dowling would meet with Randazzo after the meeting with the Governor. The notes are depicted below:



The Payoff

On December 18, 2018, after Rubin, Jones, and Dowling met with the Governor-elect and Lt. Governor-elect at the Athletic Club of Columbus. Afterwards, Jones and Dowling met with Randazzo at his condo in Columbus, Ohio. After the meeting, Randazzo texted Jones and Dowling the following:

SR **Sam Randazzo** 12/18/2018, 9:53 PM

2019 1,633,333
 2020 600,000
 2021 600,000
 2022 600,000
 2023 600,000
 2024 300,000

Total 4,333,333

Thanks for the visit. Good to see both of you.

MD **Michael Dowling** 9:55 PM

Got it, Sam. Good seeing you as well. Thanks for the hospitality. Cool condo.

The following day, Randazzo sent another text message to Jones and Dowling:

SR **Sam Randazzo** 12/19/2018, 8:29 AM
I checked this morning and Brad did handle the most recent invoices.

Charles Jones Jr 9:02 AM
We're gonna get this handled this year, paid in full, no discount. Don't forget about us or Hurricane Chuck may show up on your doorstep! Of course, no guarantee he won't show up sometime anyway.



Image: IMG_6002.jpeg (53 KB)

SR **Sam Randazzo** 9:05 AM
Made me laugh - you guys are welcome anytime and any where I can open the door. Let me know how you want me to structure the invoices. Thanks

SR **Sam Randazzo** 10:47 AM
I think I said this last night but just in case - if asked by the administration to go for the Chair spot, I would say yes.

Charles Jones Jr 10:59 AM
Forget it - we're not settling up with you then. Just kidding. 😊 You did say it and we know you wouldn't blind side us. When the Gov Elect asked me about attributes I listed integrity, work ethic, creativity, thick skin, circumspection in public statements. You fit all of those. The #1 thing I emphasized was stability in leadership there which is what prompted the debate between me and Mike as to how many Chair's Kasich had. I would only ask that if you do it, make a commitment to do it through his first term so that the entire organization can stabilize. It's been very difficult with the revolving door that's been there. To only do it for a year or so, the State and FE would be better off with Jason and you helping make him successful.

In the text string, Jones referenced another PUCO candidate for whom Jones and Dowling lobbied to become the next PUCO Chairman, but who Jones and Dowling learned was disfavored by the incoming Governor's administration. Instead, Jones and Dowling learned that Randazzo was the incoming administration's preferred candidate.

After the December 2018 meeting, Dowling held a meeting to discuss the payment with FirstEnergy lawyers. During the meeting, FirstEnergy lawyers told Dowling that the company should not make the payment because they believed that there was no legal obligation for the company to do so. Nevertheless, FirstEnergy paid Randazzo \$4,333,333.00 on January 2, 2019, without ever having received an invoice for the payment. On January 2, 2019, Randazzo received a \$4,333,333.00 wire from FirstEnergy Service Company. Randazzo claimed the payment as income on his 2019 federal and state personal income taxes.

Setting Up FirstEnergy's Priorities for the New PUCO Chairman

On January 14, 2019, Jones and Dowling had a text message conversation in which the two discussed strategies for passing proposed energy legislation that would benefit FirstEnergy, and discussed the need to extend FirstEnergy's Electric Security Plan in order to avoid having to file a new rate case in 2024, which Jones referred to as "the Ohio hole." If FirstEnergy were forced to file a new rate case before the PUCO, it would have publicly revealed that the company was "over earning" through high electricity rates, and the PUCO would likely have ordered it to lower the rates it charged customers for electricity. The following text exchange took place between Jones and Dowling on January 14, 2019:

MD	Michael Dowling	12:44 PM
	How much does the BoD know about the "Ohio hole"?	
CJ	Charles Jones	12:45 PM
	Not sure they know much. Why?	
MD	Michael Dowling	12:45 PM
	My presentation tomorrow. I have about about extending our ESP.	
MD	Michael Dowling	12:46 PM
	a bullet	
MD	Michael Dowling	12:46 PM
	And fixing SEET test. I can work my way around it.	
CJ	Charles Jones	12:47 PM
	Just stay high level.	
MD	Michael Dowling	12:47 PM
	Yep	
MD	Michael Dowling	8:00 PM
	Sam was talking about the number of weeks needed for him to coalesce parties on the broad construct of an energy bill. Before introduction. Mike, the 6 to 8 week time frame to pull together (not necessarily pass) the legislative component assumes that the new administration makes the appointment ASAP and runs from the date of the appointment.	

On January 17, 2019, Randazzo submitted a cover letter and resume to the PUCO Nominating Council become the new Chairman of the PUCO. Although Randazzo extensively detailed his prior work history and business relationships in those documents, Randazzo omitted any mention of SFA Ohio, or the millions of dollars FirstEnergy had paid him through SFA Ohio.

On January 18, 2019, Jones and Dowling had a text conversation in which they discussed an alternate candidate the two men preferred, and how the incoming Governor's administration would rely on Randazzo if he were confirmed as PUCO Chairman:

MD **Michael Dowling** 8:49 AM
 Jason or not - we need to get Asim out of there and another DeWine person in there.

CA **Charles Jones** 8:51 AM
 There is no problem other than Jason fired the husband of someone who deserved fired and the BS Labor Dept issue. All manufactured to get him out of Sam's way. Once Sam is announced, we need him to help with Jason. Sounds like he already did but will need more. Ask Corey what's going on with Pat. He'll tell you.

MD **Michael Dowling** 8:54 AM
 Josh Rubin told me that once Sam is in, DeWine will lean on him on everything including who should be the next commissioner. That said, Josh also said: "Jason has a high hurdle to clear and I don't know if he will be able to clear it."

CA **Charles Jones** 8:57 AM
 It's called Jon Husted but hopefully you lowered that hurdle yesterday.

Between January 21, 2019 and January 30, 2019, Dowling forwarded to Randazzo several confidential internal FirstEnergy legal memos and emails outlining the company's regulatory strategies for avoiding an electricity rate decrease as a result of the upcoming requirement that FirstEnergy file a new rate case in 2024.

On January 28, 2019, Dowling sent Jones a text message referencing a conversation that Dowling had with Randazzo on solving the "2024 issue," a reference having to file a new rate case in 2024:

MD **Michael Dowling** 1/28/2019, 11:50 AM
 Chuck - Justin and I just finished a good meeting with Sam Randazzo on the way to solve the 2024 issue. No one internal knows we met with him.

CA **Charles Jones** 11:52 AM
 Any word on his status?

MD **Michael Dowling** 11:52 AM
 Also, I wanted to let you know that Karen and I going to SC this weekend - her Dad fell yesterday. He's okay (went to ER), but Karen wants to see him. We will miss your Super Bowl party. Sorry.

MD **Michael Dowling** 11:54 AM
 Jon H called me this morning on the fes news of last week. No issues there. I asked how the weekend landed. He said no decision but that he had a great conversation with Gov this morning. Jon said AEP lunches keep missing their intended mark and is making them look bad.

That same day, January 28, 2019, an online article was published raising the possibility that Randazzo had financial ties to FirstEnergy. The author of the article discovered a reference to Sustainability Funding Alliance of Ohio as a "Potential Party in Interest" in a 108-page December 21, 2018 filing in the FirstEnergy Solutions bankruptcy case. On January 30, 2019, Jones and Dowling exchanged text messages discussing the possibility that Randazzo would pull out of the nomination process. Jones made the statement during the conversation "Back to the Legislative Fix for the Ohio hole."

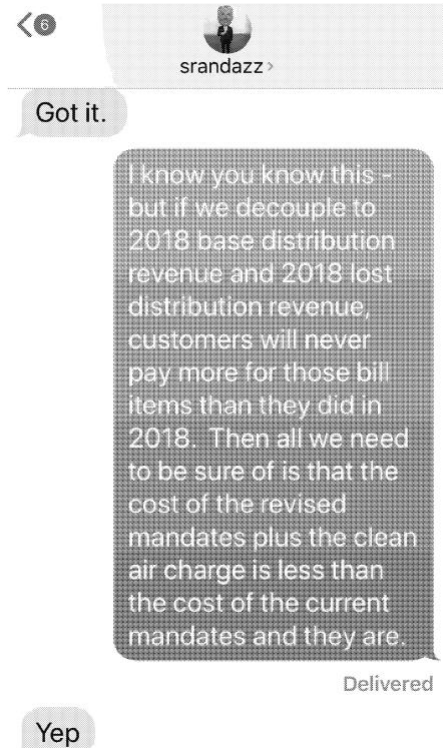
Lobbying for Passage of HB 6

On April 3, 2019, shortly before Randazzo was confirmed to become the next PUCO Chairman, Dowling emailed Randazzo a draft copy of the proposed legislation that would become House Bill 6 (or “HB 6”). FirstEnergy lobbied for passage for HB 6 because it would generate millions of dollars of government subsidies for Ohio’s two nuclear power plants, which had been losing money for FirstEnergy. As a result of those losses, FirstEnergy spun off its electricity generating assets into a new company, FirstEnergy Solutions, which had to file for bankruptcy protection. By guaranteeing a subsidy for the nuclear power plants, FirstEnergy believed that HB 6 would allow FirstEnergy Solutions to emerge from bankruptcy as a viable, independent business entity without any further drag on FirstEnergy’s core electricity distribution business. The HB 6 proposal also would “decouple” FirstEnergy’s electricity rates, eliminating energy efficiency mandates while also cutting the tie between the company’s revenue and the amount of electricity it sold. Instead, HB 6 would allow FirstEnergy to peg revenue it earned from customers to 2018 electricity rates—a year with record high electricity consumption and record high electricity rates. This process is known as “decoupling” and would also be part of HB6, along with the nuclear generation subsidies. Jones and Dowling viewed both of those key HB 6 proposals as crucial to FirstEnergy’s continued profitability.

On June 28, 2019, as HB 6 was moving towards a vote in the Ohio House of Representatives, Dowling and Jones had the following text exchange:

CJ	Charles Jones	5:32 PM
	You think they would delay just to screw with that?	
MD	Michael Dowling	5:33 PM
	Idk. I would hope not. They're all Rs.	
MD	Michael Dowling	6:32 PM
	Just heard from Sam.. decoupling looks good . Sam , Pat Tulley and Frank met for 2.5 hours today and made some progress . Not finished and no second meeting scheduled yet .	

In that same string, Dowling then sent Jones images of text messages that Dowling had exchanged with Randazzo concerning the operation of HB 6 decoupling provisions:



The June 26, 2019 text conversation between Jones and Dowling referenced Randazzo working with Pat Tully, who was then working as a senior advisor to the Ohio House of Representatives Republican Caucus and who was responsible for drafting the HB 6 legislation. While also working as Chairman of the PUCO, Randazzo helped Tully draft the legislative language that became HB 6. Randazzo used his personal email address to exchange drafts with Tully, and also physically exchanged drafts with Tully using hard copies.

On July 10, 2019, Dowling had a text message exchange with John Kiani, the Chairman of FirstEnergy Solutions. Kiani had been pushing for language in HB 6 that would have limited the State’s ability to audit how FirstEnergy Solutions used nuclear bailout money that the legislation produced. The following exchange took place between Dowling and Kiani on July 10, 2019:

MD	<p>Michael Dowling</p> <p>This is from Sam. Pls don't share. Thanks for the note Mike. I have some meetings in the morning that will allow me to better understand what might be done to get by the audit issue. I am engaged and hope I can help. Should know more tomorrow.</p>	9:46 PM
JD	<p>John Kiani</p> <p>You are the man</p>	9:46 PM
MD	<p>Michael Dowling</p> <p>Having Sam engaged is key. He doesn't use the word lightly.</p>	9:46 PM
JD	<p>John Kiani</p> <p>Yeah he is a bad ass</p>	9:47 PM

The next day, on July 11, 2019, Jones and Dowling had a text message exchange in which Dowling

described a conversation he had with Randazzo about the HB 6 the audit issue, and Randazzo's work lobbying for passage of HB 6 on behalf of FirstEnergy:

MD **Michael Dowling** 7/11/2019, 10:15 AM
Chuck - I had a long talk with Sam last night about audit language. He is mtg today with Wilson and Senate counsel. We have a good plan to help. Just wanted u to know your team is engaged and helping - and we will get it if we can keep fes from negotiating against themselves.

Charles Jones 10:16 AM
Do I need to deliver any messages to Judge and Kiani?

MD **Michael Dowling** 10:27 AM
Not yet.

MD **Michael Dowling** 12:32 PM
Sam and Frank Strigari has a good mtg with Senator Wilson. Bad news is I hear the budget negotiation broke down. But could be a LH tactic.

That same day, July 11, 2019, Randazzo sent an email to the Governor and his Chief of Staff. In the email, Randazzo described the HB 6 audit proposal and downplayed the effectiveness of the audit provision:

Contextually, there are no similar "need" tests applied to the renewable subsidies in current law or the renewable (solar) subsidy in the proposed legislation.

Some states have required after the fact audits to act as a check on the beneficiaries of the subsidy program. During my senate committee testimony last week, I was asked about these other state audit provisions and we provided the committee with information on what other states have done in this area.

It is my sense that some Senators and staffers are interested in looking at some type of audit to act as a check on the beneficiaries of the financial boost. My experience tells me that the real power of audits or other types of checks is less than one might assume. But, we are supporting Senate efforts to evaluate options that move in this direction.

On July 13, 2019, as HB 6 neared a crucial vote in the Ohio Senate, the following text exchange took place between Jones and Dowling:

Charles Jones 8:02 PM
Why are these guys beating their head against the wall still. I thought they were gonna stand down til after the budget is done? What are you hearing from Sam?

MD **Michael Dowling** 8:07 PM
What I'm hearing is two things as to the audit. Sam thinks he has it nailed and the language works. Confidentially, John Judge agrees. Plus, we are going to have another bite at the apple after the bill is introduced. Everyone need to stay cool, negotiate with Sam, express real concerns and we will win.

Charles Jones 8:23 PM
So too early for me to digest the language and weigh in?

Then, on July 16, 2019, Jones and Dowling had another text conversation detailing Randazzo's efforts

to help win passage of HB 6:

- MD **Michael Dowling** 5:55 PM
Budget conferees are meeting now - so the budget looks to be good to go (or they wouldn't be meeting). Our SEET language is in the bill. Still awaiting word on HB6 but our intel is that Danny, Husted and Sam Randazzo are still trying to get fes some more years.
- CJ **Chuck E. Jones** 5:56 PM
Decoupling?
- MD **Michael Dowling** 5:57 PM
Will be offered tomorrow by Sandra Williams with help from John Ecklund. Stupid they're making her offer it, but we are convinced there's no monkey business. It's greased.
- MD **Michael Dowling** 5:57 PM
I just spoke to Sandra.
- MD **Michael Dowling** 6:04 PM
Remember, our grid mod will be approved by PUCO tomorrow, too.
- CJ **Chuck E. Jones** 6:04 PM
Could be a good day.

On July 23, 2019, the Ohio House of Representatives passed the concurrence vote for HB 6 and the Governor signed HB 6 into law.

Eliminating the 2024 Rate Case (“the Ohio Hole”)

In late 2019, Jones and Dowling discussed their concern about FirstEnergy's obligation to file a rate case before the PUCO in 2024, and the negative impact that rate case could have on FirstEnergy stock. On November 5, 2019, Dowling texted Jones a PDF attachment which consisted of a Morgan Stanley downgrade analysis of FirstEnergy due to the looming rate case requirement, with the following message:

- CJ **Charles Jones** 11/5/2019, 11:55 AM
Here's the MS down grade due to the "Ohio hole".

Attachment: 11.5.19_MorganStanley_FE_DowngradingtoEqualWeight.pdf (636 KB)

Then, on November 10, 2019, Jones initiated a text message conversation with Matt Evans, during which he stated: “And, the FE rescue project is not over. At EEI financial conference. Stock is gonna get hit with Ohio 2024. Need Sam to get rid of the “Ohio 2024” hole.”

Five days later, on November 15, 2019, Jones and Dowling had a text message conversation about Randazzo fixing the “2024 issue.” The exchange detailed a conversation Jones had had with Steve Fleishman, a stock analyst who works for Wolfe Research and who focuses on FirstEnergy stock, as well as a conversation Dowling had with Randazzo. The text conversation detailed the CEO and Chief Lobbyist for one of Ohio's major electric utilities having obtained advance knowledge of a

major favorable decision in a pending PUCO case by the PUCO Chairman. In Ohio, any parties to a PUCO Case may not have ex parte communications with PUCO commissioners about the merits of a case. See OAC 4901-1-09. Nevertheless, the following exchange took place between Dowling and Jones:

Michael Dowling 11/15/2019, 2:01 PM
I spoke with Sam today. Told me 2024 issue will be handled next Thursday (November 21).

Charles Jones 2:04 PM
Great. Any idea yet on the "handle"?

Michael Dowling 2:18 PM
??

Charles Jones 2:19 PM
Handled next Thursday. How handled?

Charles Jones 2:19 PM
I got it in 80% of EEI meetings.

Michael Dowling 2:22 PM
Yeah. We spoke today because he wanted to know what we said to Steve Fleishman. Steve has a call into Sam and Sam wanted to understand what we told Steve before Sam called him back. I got the sense from talking to Irene that 2024 came up a lot. In any event, he's going to make the requirement to file go away, but I do not know specifically how he plans to do it.

Charles Jones 2:25 PM
I told Fleishman that "I have zero worry about a rate decrease in 2024". Told him that I knew generically that Sam, Staff, and Legislature are looking at changes to how future rate making might be done, but I don't know details.

Michael Dowling 2:29 PM
That's exactly what Irene told me. Great.

On November 21, 2019, Jones and Dowling exchanged the following messages in which Jones suggested that Dowling provide Randazzo with language to use in his decision eliminating FirstEnergy's requirement to file a rate case in 2024:

Michael Dowling 11/21/2019, 10:07 AM
 Today is our day for action on the 2024 issue. The public mtg is later today - 3 pm.

CJ Charles Jones 10:08 AM
 OK. Let me know what they do.

CJ Charles Jones 10:11 AM
 Probably too late but if Sam can make a public statement like “ The requirement was an arbitrary decision. It should be up to the utilities to decide when to have rate cases, so long as they remain in compliance with the SEET test requirements.”

Michael Dowling 12:37 PM
 On it.

Dowling then texted Jones an image of the portion of the opinion Randazzo wrote for the PUCO, eliminating FirstEnergy’s obligation to file a new rate case in 2024:

5:06 3G

< 486 [EXTERNAL] PUCO Rev... ^ v

the DMR extension as moot and also eliminated the requirement to file a rate case in 2024. An excerpt of the decision is below.

{¶ 17} Further, the Commission notes that Rider DMR was adopted in the Fifth Entry on Rehearing in the *ESP IV Case* as part of a package of provisions related to the Companies’ distribution service. The other elements of the package included the extension of the Companies’ delivery capital recovery rider and a directive to file a distribution rate case at the end of the *ESP IV Case*, Fifth Entry on Rehearing (Oct. 12, 2016) at ¶¶ 189, 249-251, 327, 343, 346, 358-359, Eighth Entry on Rehearing (Aug. 16, 2017) at ¶ 89, 91, 94. In light of the changed circumstances, with termination of revenues recovered through Rider DMR, as well as the elimination of any possibility for an extension of Rider DMR, we find that it is no longer necessary or appropriate for the Companies to be required to file a new distribution rate case at the conclusion of the Companies’ current ESP. Nonetheless, the Companies’ commitment to freeze distribution rates will remain in place as this commitment preceded the adoption of Rider DMR. *ESP IV Case*, Opinion and Order at 92-93, 119, Fifth Entry on Rehearing at ¶¶ 88.

Justin Biltz
 Director, State and Federal Regulatory Affairs
 FirstEnergy
 Office: 330-384-5840

The next day, on November 22, 2019, Jones texted Randazzo directly to thank him for the positive effect Randazzo’s decision had on FirstEnergy’s stock price. The November 22, 2019 text exchange between Jones and Randazzo follows:

Charles Jones Jr
Thank you!!

11/22/2019, 4:51 PM



Image: Screenshot 2019-11-22 at 4.47.15 PM.png (326 KB)

SR **Sam Randazzo** 5:01 PM
Ha - as you know, what goes up may come down.
Matt helped. Thanks for the note. Spoke to mike last night.

Charles Jones Jr 5:16 PM
Every little bit helps. Those guys are good but it wouldn't happen without you. My Mom taught me to say Thank You.

SR **Sam Randazzo** 5:19 PM
Thanks

Afterwards, in November 2020, FirstEnergy Senior Vice President of Product Development, Marketing and Branding Dennis Chack enlisted Jones assistance in obtaining PUCO approval for a license to become a competitive electric power broker. Jones and Chack had a conversation whether Randazzo could help FirstEnergy with the license issue. As a result, the following text exchange between Chack and Jones took place on November 4, 2020. In the exchange, Jones cautioned Chack against relying too heavily on Randazzo for the licensing issue because people were becoming suspicious that Randazzo really worked for FirstEnergy:

Charles Jones 3/4/2020, 2:57 PM
He will get it done for us but cannot just jettison all process. Says the combination of over ruling Staff and other Commissioners on decoupling, getting rid of SEET and burning the DMR final report has a lot of talk going on in the halls of PUCO about does he work there or for us? He'll move it as fast as he can. Better come up with a short term work around.

DC **Dennis Chack** 3:05 PM
Ok thanks for discussing with him. How are you feeling

Charles Jones 3:09 PM
Better every day. Still internal pelvic pain and still sluggish. Been sleeping a lot more than normal and napping. But getting walks in. Stopped by Sam's today on my walk. He has friends down and has been busy but he was out doing some yard work. Walking about 3 miles a day right now. A little bored since I cant golf or even get in the pool. But better than sitting in Ohio. Weather has been beautiful last 3 days.

The Aftermath

In July 2020, federal law enforcement authorities arrested Ohio House of Representative Larry Householder based on a complaint that Householder had accepted bribes from FirstEnergy to

win passage of HB 6. In the ensuing weeks, Randazzo began internally lobbying PUCO staff members between July 2020 and September 2020 to generate strategies to save HB 6, despite facing internal objections about the inappropriateness of the effort to save HB 6. One example of Randazzo's lobbying took place on September 15, 2020:

From: Randazzo, Samuel <Samuel.Randazzo@[REDACTED]>
Sent: Tuesday, September 15, 2020 1:00 PM
To: Fleck, Katherine <[REDACTED]>
Cc: Elisar, Scott <Scott.Elisar@opspb.ohio.gov>; Ryan, John <John.Ryan@opspb.ohio.gov>
Subject: RE: PUCO Clips for September 15, 2020

Thank you –

One option (and I really think we need to get other Commissioners and Staff into a proactive mode):

We could, on our own initiative, issue a show cause order to FE directing FE to demonstrate that no costs associated with HB 6 have been included in any riders or base rates.

Sam Randazzo
PUCO & OPSB Chair

Count Three	Bribery, §2921.02, F3
Defendants	Samuel Randazzo
Date of Offense	In a continuing course of conduct on or about 12/18/2018 through 1/2/2019

The Jurors of the Grand Jury of the State of Ohio, upon their oaths, within Summit and/or Franklin Counties, the Defendant(s) unlawfully did knowingly solicit or accept for himself or another person any valuable thing or valuable benefit, to wit: cash, to wit: \$4,333,333.00, to corrupt or improperly influence him or another public servant or party official with respect to the discharge of his or the other public servant's or party official's duty, either before or after he was elected, appointed, qualified, employed, summoned, or sworn as a public servant or party official.

the Ohio Broadcast Educational Media Commission falsify, destroy, remove, conceal, alter, deface, or mutilate any writing, computer software, data, or record, to wit: video of September 16, 2020 testimony before the Ohio House of Representatives Select Committee on Energy Policy and Oversight. and the writing, data, computer software, or record was kept by or belonged to a local, state, or federal governmental entity.

On September 16, 2020, Samuel C. Randazzo appeared before and gave testimony to the Ohio House of Representatives Select Committee on Energy Policy and Oversight. The hearing was recorded by the Ohio Statehouse Media Center and broadcast by the Ohio Broadcast Education Media Commission, an agency of the state performing essential governmental functions of the State of Ohio.

During Randazzo’s testimony, State Representative Casey Weinstein asked Randazzo at timecode 27:37: “I think it’s important for the public to know, Mr. Chairman, have you or the companies you own or control ever had contracts or done business with FirstEnergy or FirstEnergy Solutions?” In response, Randazzo stated:

I will tell you however, that I have never represented as a lawyer or as a lobbyist any electric utility regulated by the Public Utilities Commission of Ohio or the Federal Energy Regulatory Commission and the same is true for any affiliate of a public utility, regulated by the public utilities, electric public utility regulated by the public utilities commission and the federal energy regulatory commission of Ohio.

In fact, however, FirstEnergy Corp. and/or its subsidiaries and affiliates had paid Randazzo to lobby legislative and executive branch officials in Ohio for various policies and legislation it favored and which affected FirstEnergy Corp.’s profitability, including but not limited to: the cost of the Distribution Modernization Rider, the language, operation and passage of House Bill 6, and the elimination of the requirement that FirstEnergy Corp. file a PUCO rate case in 2024.

Count Thirteen **Tampering with Records, §2913.42, F3**

Defendants Samuel Randazzo

Date of Offense In a continuing course of conduct on or about December 8, 2020

The Jurors of the Grand Jury of the State of Ohio, upon their oaths, further find that within Summit and/or Franklin Counties, the Defendant(s) unlawfully did, knowing he had no privilege to do so, and with purpose to defraud or knowing he was facilitating a fraud on the Ohio Ethics Commission falsify, destroy, remove, conceal, alter, deface, or mutilate any writing, computer software, data, or record, to wit: December 8, 2020 letter to Ohio Ethics Commission Executive Director Paul Nick and the writing, data, computer software, or record was kept by or belonged to a local, state, or federal governmental entity.

On November 25, 2020, Ohio Ethics Commission Executive Director Paul Nick sent a letter to Samuel C. Randazzo notifying him of public reports that Randazzo had received a payment of approximately \$4 million dollars from “FirstEnergy or one of its affiliated entities” in early 2019. Nick’s letter demanded that Randazzo review his Financial Disclosure Statements and “forward to the Commission the information necessary to achieve compliance with the filing requirements of Revised Code Section 102.02.” In response, Randazzo sent a letter back to Nick--which was file stamped as

Received by the Ohio Ethics Commission on December 8, 2020--in which Randazzo failed to disclose to Nick that he had received income from FirstEnergy Corp. in 2019.

Randazzo's December 8, 2020 letter also provided Nick information concerning his prior financial disclosure statements, OEC-2013, OEC-2014, OEC-2015, OEC-2016, OEC-2017, and OEC-2018, but Randazzo omitted any mention of the fact that he had earned income from FirstEnergy Corp. between 2013 and 2018 through Sustainability Funding Alliance and IEU-Ohio Administration, LLC. IEU-Ohio Administration, LLC, is a "C-Corp" that was wholly owned by Samuel C. Randazzo and which had no other employees apart from Randazzo. Randazzo treated IEU-Ohio Administration, LLC as a pass-through entity. Randazzo claimed IEU-Ohio Administration LLC's income on Randazzo's personal federal and state income taxes.

In his December 8, 2020 letter, Randazzo also omitted the fact that he had loaned Michael Dawson \$10,000 in 2016.

Count Fourteen **Tampering with Records, §2913.42, F3**

Defendants Samuel Randazzo

Date of Offense In a continuing course of conduct on or about May 10, 2021

The Jurors of the Grand Jury of the State of Ohio, upon their oaths, further find that within Summit and/or Franklin Counties, the Defendant(s) unlawfully did, knowing he had no privilege to do so, and with purpose to defraud or knowing he was facilitating a fraud on the Ohio Ethics Commission falsify, destroy, remove, conceal, alter, deface, or mutilate any writing, computer software, data, or record, to wit: May 10, 2021 letter to Ohio Ethics Commission Executive Director Paul Nick and the writing, data, computer software, or record was kept by or belonged to a local, state, or federal governmental entity.

In a December 22, 2020 Letter, Ohio Ethics Commission Executive Director Paul Nick wrote a letter to Samuel C. Randazzo's attorney, Roger Sugarman. In the letter, Nick quoted Randazzo's December 8, 2020 letter in which Randazzo described income from Sustainability Funding Alliance of Ohio. Nick's letter then stated that "Ohio Revised Code 102.02(A)(2)(b) further requires that filers disclose both the identity of and the amount of income received from a legislative agent and/or anyone who was doing or seeking to do business of any kind with the public official's agency. This information should be added to the above referenced request to add information to his previously filed statements." In response, Randazzo emailed Nick a letter on May 20, 2021. In the May 20, 2021 letter, Randazzo again failed to disclose that FirstEnergy Corp. had been the source of income that Randazzo received in 2019 through his corporate alter-ego, Sustainability Funding Alliance of Ohio.

Count Fifteen **Aggravated Theft, §2913.02, F2**

Defendants Samuel Randazzo, Sustainability Funding Alliance of Ohio, Inc.

Date of Offense In a continuing course of conduct on or about 1/11/2016 through 7/1/2018

The Jurors of the Grand Jury of the State of Ohio, upon their oaths, further find that within Summit and/or Franklin Counties, the Defendant(s) unlawfully did with purpose to deprive the owner, Industrial Energy Users of Ohio and its members, of property or services, to wit: \$1,246,540.83, knowingly obtain or exert control over either the property or services without the consent of the owner or person authorized to give consent.

Furthermore, the property or services stolen is valued at seven hundred fifty thousand dollars or more.

Samuel C. Randazzo, while working as general counsel for the non-profit trade group, Industrial Energy Users of Ohio (“IEU-Ohio”), enrolled his own company, Sustainability Funding Alliance of Ohio, Inc. (“SFA Ohio”), as an “anonymous” opt-in member of IEU-Ohio. Randazzo enrolled his own company as an anonymous opt-in member without the knowledge or consent of IEU-Ohio’s other members or board of directors. SFA Ohio did not meet the membership criteria of IEU-Ohio because it was a shell company with no employees other than Randazzo, and it had no commercial, manufacturing or industrial operations that would consume large amounts of energy. By enrolling SFA Ohio to become an anonymous opt-in member of IEU-Ohio, Randazzo stole portions of cash settlements (also known as “side deals”) that Randazzo negotiated with FirstEnergy Corp. and American Electric Power, Inc. in cases before the PUCO.

Count Sixteen **Aggravated Theft, §2913.02, F2**

Defendants Samuel Randazzo, Sustainability Funding Alliance of Ohio, Inc.

Date of Offense In a continuing course of conduct on or about 1/11/2016 through 7/1/2018

The Jurors of the Grand Jury of the State of Ohio, upon their oaths, further find that within Summit and/or Franklin Counties, the Defendant(s) unlawfully did with purpose to deprive the owner, Industrial Energy Users of Ohio and its members, of property or services, to wit: \$1,246,540.83, knowingly obtain or exert control over either the property or services beyond the scope of the express or implied consent of the owner or person authorized to give consent.

Furthermore, the property or services stolen is valued at seven hundred fifty thousand dollars or more.

Samuel C. Randazzo, while working as general counsel for the non-profit trade group, Industrial Energy Users of Ohio (“IEU-Ohio”), enrolled his own company, Sustainability Funding Alliance of Ohio, Inc. (“SFA Ohio”), as an “anonymous” opt-in member of IEU-Ohio. Randazzo enrolled his own company as an anonymous opt-in member without the knowledge or consent of IEU-Ohio’s other members or board of directors. SFA Ohio did not meet the membership criteria of IEU-Ohio because it was a shell company with no employees other than Randazzo, and it had no commercial, manufacturing or industrial operations that would consume large amounts of energy. By enrolling SFA Ohio to become an anonymous opt-in member of IEU-Ohio, Randazzo stole portions of cash settlements (also known as “side deals”) that Randazzo negotiated with FirstEnergy Corp. and American Electric Power, Inc. in cases before the PUCO.

Count Seventeen **Money Laundering, §1315.55, F3**

Defendants Samuel Randazzo, Sustainability Funding Alliance of Ohio, Inc.

Date of Offense In a continuing course of conduct on or about 1/11/2016 through 7/1/2018

The Jurors of the Grand Jury of the State of Ohio, upon their oaths, further find that within Summit and/or Franklin Counties, the Defendant(s) unlawfully did conduct or attempt to conduct a transaction knowing that the property involved in the transaction was the proceeds of some form of unlawful activity with the intent to conceal or disguise the nature, location, source, ownership, or control of the property or the intent to avoid a transaction reporting requirement under section 1315.53 of the Revised Code or federal law.

Samuel C. Randazzo, while working as general counsel for the non-profit trade group, Industrial Energy Users of Ohio (“IEU-Ohio”), enrolled his own company, Sustainability Funding Alliance of Ohio, Inc. (“SFA Ohio”), as an “anonymous” opt-in member of IEU-Ohio. Randazzo enrolled his own company as an anonymous opt-in member without the knowledge or consent of IEU-Ohio’s other members or board of directors. SFA Ohio did not meet the membership criteria of IEU-Ohio because it was a shell company with no employees other than Randazzo, and it had no commercial, manufacturing or industrial operations that would consume large amounts of energy. By enrolling SFA Ohio to become an anonymous opt-in member of IEU-Ohio, Randazzo stole portions of cash settlements (also known as “side deals”) that Randazzo negotiated with FirstEnergy Corp. and American Electric Power, Inc. in cases before the PUCO. Randazzo transacted the proceeds of the stolen settlement money by means of wire transfers to himself and money on account credits that he used to pay for his own IEU-Ohio membership dues.

Count Eighteen **Money Laundering, §1315.55, F3**

Defendants Samuel Randazzo, Sustainability Funding Alliance of Ohio, Inc.

Date of Offense In a continuing course of conduct on or about 1/11/2016 through 7/1/2018

The Jurors of the Grand Jury of the State of Ohio, upon their oaths, further find that within Summit and/or Franklin Counties, the Defendant(s) unlawfully did conduct or structure or attempt to conduct or structure a transaction that involved the proceeds of corrupt activity that was of a value greater than ten thousand dollars and the person knew or had reasonable cause to know that the transaction involved the proceeds of corrupt activity.

Samuel C. Randazzo, while working as general counsel for the non-profit trade group, Industrial Energy Users of Ohio (“IEU-Ohio”), enrolled his own company, Sustainability Funding Alliance of Ohio, Inc. (“SFA Ohio”), as an “anonymous” opt-in member of IEU-Ohio. Randazzo enrolled his own company as an anonymous opt-in member without the knowledge or consent of IEU-Ohio’s other members or board of directors. SFA Ohio did not meet the membership criteria of IEU-Ohio because it was a shell company with no employees other than Randazzo, and it had no commercial, manufacturing or industrial operations that would consume large amounts of energy. By enrolling SFA Ohio to become an anonymous opt-in member of IEU-Ohio, Randazzo stole portions of cash settlements (also known as “side deals”) that Randazzo negotiated with FirstEnergy Corp. and American Electric Power, Inc. in cases before the PUCO. Randazzo transacted the proceeds of the stolen settlement money by means of wire transfers to himself and money on account credits that he

used to pay for his own IEU-Ohio membership dues.

Count Nineteen Telecommunications Fraud, §2913.05, F1

Defendants Samuel Randazzo

Date of Offense In a continuing course of conduct on or about March 6, 2019

The Jurors of the Grand Jury of the State of Ohio, upon their oaths, further find that within Summit and/or Franklin Counties, the Defendant(s) unlawfully having devised a scheme to defraud, did knowingly disseminate, transmit, or cause to be disseminated or transmitted by means of a wire, radio, satellite, telecommunication, telecommunications device, or telecommunication service any writing, data, sign, signal, picture, sound, or image with purpose to execute or otherwise further the scheme to defraud and the value of the benefit obtained by the offender or of the detriment to the victim of the fraud is one million or more.

Samuel C. Randazzo set up Charles Schwab investment account #####-6749 (“the Schwab account”) in the name of the non-profit trade group he represented, Industrial Energy Users of Ohio (or “IEU-Ohio”). At the time he set up the Schwab account, Randazzo told his personal financial advisor that the Schwab account was intended to be used as a “deferred comp” or “retirement” account for himself and his wife, Carol Farmer. Randazzo had funded the Schwab account with proceeds that he stole on January 11, 2016 from IEU-Ohio’s 2015 Purchase Power Agreement (or “PPA”) Settlement with American Electric Power, Inc. However, on March 3, 2019, Randazzo directed that \$1,104,598.35 be sent from the Schwab account to Chase Account #####1600, an account belonging to IEU-Ohio. Randazzo then used the \$1,104,598.35 he wired to the Chase account to make the final payments to IEU-Ohio members of proceeds from IEU-Ohio’s separate undisclosed 2015 “side deal” cash settlement with FirstEnergy Corp. in its Electric Security Plan IV (or “ESP IV”) case. Despite using the previously stolen funds to make the final payments to IEU-Ohio members from the undisclosed ESP-IV cash “side deal,” Randazzo never reimbursed IEU-Ohio or its members for the funds he stole from the 2015 AEP PPA settlement.

Count Twenty Money Laundering, §1315.55, F3

Defendants Samuel Randazzo

Date of Offense In a continuing course of conduct on or about March 6, 2019

The Jurors of the Grand Jury of the State of Ohio, upon their oaths, further find that within Summit and/or Franklin Counties, the Defendant(s) unlawfully did conduct or attempt to conduct a transaction knowing that the property involved in the transaction was the proceeds of some form of unlawful activity with the intent to conceal or disguise the nature, location, source, ownership, or control of the property or the intent to avoid a transaction reporting requirement under section 1315.53 of the Revised Code or federal law.

Samuel C. Randazzo set up Charles Schwab investment account #####-6749 (“the Schwab account”) in the name of the non-profit trade group he represented, Industrial Energy Users of Ohio (or “IEU-Ohio”). At the time he set up the Schwab account, Randazzo told his personal financial advisor that the Schwab account was intended to be used as a “deferred comp” or “retirement” account for himself and his wife, Carol Farmer. Randazzo had funded the Schwab account with proceeds that he stole on January 11, 2016 from IEU-Ohio’s 2015 Purchase Power Agreement (or “PPA”) Settlement with American Electric Power, Inc. However, on March 3, 2019, Randazzo directed that \$1,104,598.35 be sent from the Schwab account to Chase Account #####1600, an account belonging to IEU-Ohio. Randazzo then used the \$1,104,598.35 he wired to the Chase account to make the final payments to IEU-Ohio members of proceeds from IEU-Ohio’s separate undisclosed 2015 “side deal” cash settlement with FirstEnergy Corp. in its Electric Security Plan IV (or “ESP IV”) case. Despite using the previously stolen funds to make the final payments to IEU-Ohio members from the undisclosed ESP-IV cash “side deal,” Randazzo never reimbursed IEU-Ohio or its members for the funds he stole from the 2015 AEP PPA settlement.

Count Twenty-One **Money Laundering, §1315.55, F3**

Defendants Samuel Randazzo

Date of Offense In a continuing course of conduct on or about March 6, 2019

The Jurors of the Grand Jury of the State of Ohio, upon their oaths, further find that within Summit and/or Franklin Counties, the Defendant(s) unlawfully did conduct or structure or attempt to conduct or structure a transaction that involved the proceeds of corrupt activity that was of a value greater than ten thousand dollars and the person knew or had reasonable cause to know that the transaction involved the proceeds of corrupt activity.

Samuel C. Randazzo set up Charles Schwab investment account #####-6749 (“the Schwab account”) in the name of the non-profit trade group he represented, Industrial Energy Users of Ohio (or “IEU-Ohio”). At the time he set up the Schwab account, Randazzo told his personal financial advisor that the Schwab account was intended to be used as a “deferred comp” or “retirement” account for himself and his wife, Carol Farmer. Randazzo had funded the Schwab account with proceeds that he stole on January 11, 2016 from IEU-Ohio’s 2015 Purchase Power Agreement (or “PPA”) Settlement with American Electric Power, Inc. However, on March 3, 2019, Randazzo directed that \$1,104,598.35 be sent from the Schwab account to Chase Account #####1600, an account belonging to IEU-Ohio. Randazzo then used the \$1,104,598.35 he wired to the Chase account to make the final payments to IEU-Ohio members of proceeds from IEU-Ohio’s separate undisclosed 2015 “side deal” cash settlement with FirstEnergy Corp. in its Electric Security Plan IV (or “ESP IV”) case. Despite using the previously stolen funds to make the final payments to IEU-Ohio members from the undisclosed ESP-IV cash “side deal,” Randazzo never reimbursed IEU-Ohio or its members for the funds he stole from the 2015 AEP PPA settlement.

contained a mutual confidentiality agreement preventing either party from disclosing its existence. Randazzo did not notify or obtain IEU-Ohio's consent to enter into the 2013 agreement with FirstEnergy Service Corp, nor did he disclose or obtain the consent of the partners of his law firm, whose membership agreement barred Randazzo from outside employment.

On January 8, 2013, the same day that Randazzo signed the consulting agreement, he emailed his wife Carol Farmer, stating "In the agreements (including Attachment A), I set up monthly payments for a five year term. In the event that I die or am disabled, the monthly payments (with a modest discount) still must be paid by FE to Sustainability (a corporation that I own and you will own in the event I die). This revenue stream * * * should go a long way towards helping your[sic] financially after I am not able to do so." Randazzo added "this FirstEnergy contract has value that may not have been obvious from our earlier discussions."

In March 2015, Randazzo entered into settlement discussions with FirstEnergy Corp. over its Electric Security Plan IV (or "ESP IV"), a case before the PUCO in which Randazzo had intervened on behalf of IEU-Ohio and filed objections. On March 25, 2015, in response to an email sent by Randazzo, Ebony Yeboah, a FirstEnergy lawyer, replied: "As we discussed and agreed any provisions for IEU-Ohio pertaining to the ESP must be in our filed settlement or filed separately as a "side agreement". I appreciate that your email below discusses ESP disputes and a number of unrelated disputes that we are working to resolve. I think the email (although clear to me because I was on a call with you) can be read to blend the matters." Nevertheless, on May 1, 2015, Randazzo sent an email to Yeboah containing a draft agreement and a message: "See attached for suggestions simplifying modifications to the SFA/FESC agreement." Then, on May 28, 2015, Randazzo sent then-PUCO Chairman Barcy McNeal a letter notifying him that IEU-Ohio was withdrawing its witnesses and opposition to ESP-IV. The amended agreement did not substantially modify any of the terms of the earlier 2013 agreement, except that it provided for SFA-Ohio and Randazzo to receive an additional \$8,549,998 until 2024, in addition to the \$2,100,000 already provided for in the 2013 agreement. The 2015 amended agreement also required that "FirstEnergy Service Company executives will participate jointly with the Sustainability Funding Alliance of Ohio, in meetings with the President the Senate and Speaker of the House to explain needed adjustments to Senate Bill 310 streamlined opt out to mercantile customers" for an effective date of January 1, 2017. The 2015 agreement does not appear to have been signed by either party. Neither Randazzo nor FirstEnergy at any time notified the Ohio Joint Legislative Ethics Commission that Randazzo would serve as a paid legislative agent of FirstEnergy as a result of the "amended agreement."

The publicly available ESP IV settlement does contain settlement terms for IEU-Ohio, including favorable electricity rate terms for IEU-Ohio members. Neither Randazzo nor FirstEnergy Corp., however, disclosed the existence of a cash "side deal" for IEU-Ohio members. In Ohio, cash "side deals" between electric utilities and large industrial trade groups are extremely controversial. Because FirstEnergy Corp. was able to pay IEU-Ohio and Randazzo to withdraw IEU-Ohio's opposition to ESP IV, FirstEnergy Corp. was able to obtain a favorable outcome before the PUCO. IEU-Ohio's members and Randazzo obtained cash payments under the guise of a "consulting agreement." FirstEnergy Service Corp. payments to Randazzo's shell companies were made by means of wire transfers.

Count Twenty-Four Money Laundering, §1315.55, F3

Defendants Samuel Randazzo, Michael J. Dowling, Charles E. Jones, IEU-Ohio Administration Co. LLC, Sustainability Funding Alliance of Ohio, Inc.

Date of Offense In a continuing course of conduct on or about 5/5/2015 through 6/6/2018

The Jurors of the Grand Jury of the State of Ohio, upon their oaths, further find that within Summit and/or Franklin Counties, the Defendant(s) unlawfully did conduct or attempt to conduct a transaction knowing that the property involved in the transaction was the proceeds of some form of unlawful activity with the intent to conceal or disguise the nature, location, source, ownership, or control of the property or the intent to avoid a transaction reporting requirement under section 1315.53 of the Revised Code or federal law.

On January 8, 2013, Randazzo entered into a “consulting agreement” with FirstEnergy Service Corp. in which Randazzo would receive an additional \$2,100,000.00 over five years, according to an attached term sheet, for a “time commitment” of 4,260 hours. The 2013 consulting agreement contained a mutual confidentiality agreement preventing either party from disclosing its existence. Randazzo did not notify or obtain IEU-Ohio’s consent to enter into the 2013 agreement with FirstEnergy Service Corp, nor did he disclose or obtain the consent of the partners of his law firm, whose membership agreement barred Randazzo from outside employment.

On January 8, 2013, the same day that Randazzo signed the consulting agreement, he emailed his wife Carol Farmer, stating “In the agreements (including Attachment A), I set up monthly payments for a five year term. In the event that I die or am disabled, the monthly payments (with a modest discount) still must be paid by FE to Sustainability (a corporation that I own and you will own in the event I die). This revenue stream * * * should go a long way towards helping your[sic] financially after I am not able to do so.” Randazzo added “this FirstEnergy contract has value that may not have been obvious from our earlier discussions.”

In March 2015, Randazzo entered into settlement discussions with FirstEnergy Corp. over its Electric Security Plan IV (or “ESP IV”), a case before the PUCO in which Randazzo had intervened on behalf of IEU-Ohio and filed objections. On March 25, 2015, in response to an email sent by Randazzo, Ebony Yeboah, a FirstEnergy lawyer, replied: “As we discussed and agreed any provisions for IEU-Ohio pertaining to the ESP must be in our filed settlement or filed separately as a “side agreement”. I appreciate that your email below discusses ESP disputes and a number of unrelated disputes that we are working to resolve. I think the email (although clear to me because I was on a call with you) can be read to blend the matters.” Nevertheless, on May 1, 2015, Randazzo sent an email to Yeboah containing a draft agreement and a message: “See attached for suggestions simplifying modifications to the SFA/FESC agreement.” Then, on May 28, 2015, Randazzo sent then-PUCO Chairman Barcy McNeal a letter notifying him that IEU-Ohio was withdrawing its witnesses and opposition to ESP-IV. The amended agreement did not substantially modify any of the terms of the earlier 2013 agreement, except that it provided for SFA-Ohio and Randazzo to receive an additional \$8,549,998 until 2024, in addition to the \$2,100,000 already provided for in the 2013 agreement. The 2015 amended agreement also required that “FirstEnergy Service Company executives will participate jointly with the Sustainability Funding Alliance of Ohio, in meetings with the President the Senate and Speaker of the House to explain needed adjustments to Senate Bill 310 streamlined opt out to mercantile customers” for an effective date of January 1, 2017. The 2015 agreement does not appear

to have been signed by either party. Neither Randazzo nor FirstEnergy at any time notified the Ohio Joint Legislative Ethics Commission that Randazzo would serve as a paid legislative agent of FirstEnergy as a result of the “amended agreement.”

The publicly available ESP IV settlement does contain settlement terms for IEU-Ohio, including favorable electricity rate terms for IEU-Ohio members. Neither Randazzo nor FirstEnergy Corp., however, disclosed the existence of a cash “side deal” for IEU-Ohio members. Because FirstEnergy Corp. was able to pay IEU-Ohio and Randazzo to withdraw IEU-Ohio’s opposition to ESP IV, FirstEnergy Corp. was able to obtain a favorable outcome before the PUCO. IEU-Ohio’s members and Randazzo obtained cash payments under the guise of a “consulting agreement.” FirstEnergy Service Corp. payments to Randazzo’s shell companies were made by means of wire transfers.

Count Twenty-Five Money Laundering, §1315.55, F3

Defendants Samuel Randazzo, Michael J. Dowling, Charles E. Jones, IEU-Ohio Administration Co. LLC, Sustainability Funding Alliance of Ohio, Inc.

Date of Offense In a continuing course of conduct on or about 5/5/2015 through 6/6/2018

The Jurors of the Grand Jury of the State of Ohio, upon their oaths, further find that within Summit and/or Franklin Counties, the Defendant(s) unlawfully did conduct or structure or attempt to conduct or structure a transaction that involved the proceeds of corrupt activity that was of a value greater than ten thousand dollars and the person knew or had reasonable cause to know that the transaction involved the proceeds of corrupt activity.

On January 8, 2013, Randazzo entered into a “consulting agreement” with FirstEnergy Service Corp. in which Randazzo would receive an additional \$2,100,000.00 over five years, according to an attached term sheet, for a “time commitment” of 4,260 hours. The 2013 consulting agreement contained a mutual confidentiality agreement preventing either party from disclosing its existence. Randazzo did not notify or obtain IEU-Ohio’s consent to enter into the 2013 agreement with FirstEnergy Service Corp, nor did he disclose or obtain the consent of the partners of his law firm, whose membership agreement barred Randazzo from outside employment.

On January 8, 2013, the same day that Randazzo signed the consulting agreement, he emailed his wife Carol Farmer, stating “In the agreements (including Attachment A), I set up monthly payments for a five year term. In the event that I die or am disabled, the monthly payments (with a modest discount) still must be paid by FE to Sustainability (a corporation that I own and you will own in the event I die). This revenue stream * * * should go a long way towards helping your[sic] financially after I am not able to do so.” Randazzo added “this FirstEnergy contract has value that may not have been obvious from our earlier discussions.”

In March 2015, Randazzo entered into settlement discussions with FirstEnergy Corp. over its Electric Security Plan IV (or “ESP IV”), a case before the PUCO in which Randazzo had intervened on behalf of IEU-Ohio and filed objections. On March 25, 2015, in response to an email sent by Randazzo, Ebony Yeboah, a FirstEnergy lawyer, replied: “As we discussed and agreed any provisions for IEU-Ohio pertaining to the ESP must be in our filed settlement or filed separately as a “side agreement”. I appreciate that your email below discusses ESP disputes and a number of unrelated disputes that we

are working to resolve. I think the email (although clear to me because I was on a call with you) can be read to blend the matters.” Nevertheless, on May 1, 2015, Randazzo sent an email to Yeboah containing a draft agreement and a message: “See attached for suggestions simplifying modifications to the SFA/FESC agreement.” Then, on May 28, 2015, Randazzo sent then-PUCO Chairman Barcy McNeal a letter notifying him that IEU-Ohio was withdrawing its witnesses and opposition to ESP-IV. The amended agreement did not substantially modify any of the terms of the earlier 2013 agreement, except that it provided for SFA-Ohio and Randazzo to receive an additional \$8,549,998 until 2024, in addition to the \$2,100,000 already provided for in the 2013 agreement. The 2015 amended agreement also required that “FirstEnergy Service Company executives will participate jointly with the Sustainability Funding Alliance of Ohio, in meetings with the President the Senate and Speaker of the House to explain needed adjustments to Senate Bill 310 streamlined opt out to mercantile customers” for an effective date of January 1, 2017. The 2015 agreement does not appear to have been signed by either party. Neither Randazzo nor FirstEnergy at any time notified the Ohio Joint Legislative Ethics Commission that Randazzo would serve as a paid legislative agent of FirstEnergy as a result of the “amended agreement.”

The publicly available ESP IV settlement does contain settlement terms for IEU-Ohio, including favorable electricity rate terms for IEU-Ohio members. Neither Randazzo nor FirstEnergy Corp., however, disclosed the existence of a cash “side deal” for IEU-Ohio members. Because FirstEnergy Corp. was able to pay IEU-Ohio and Randazzo to withdraw IEU-Ohio’s opposition to ESP IV, FirstEnergy Corp. was able to obtain a favorable outcome before the PUCO. IEU-Ohio’s members and Randazzo obtained cash payments under the guise of a “consulting agreement.” FirstEnergy Service Corp. payments to Randazzo’s shell companies were made by means of wire transfers.

Count Twenty-Six	Tampering with Records, §2913.42, F3
Defendants	Michael J. Dowling
Date of Offense	In a continuing course of conduct on or about 5/31/2017 through 1/22/2021

The Jurors of the Grand Jury of the State of Ohio, upon their oaths, further find that within Summit and/or Franklin Counties, the Defendant(s) unlawfully did, knowing he had no privilege to do so, and with purpose to defraud or knowing he was facilitating a fraud on the Joint Legislative Ethics Committee falsify, destroy, remove, conceal, alter, deface, or mutilate any writing, computer software, data, or record, to wit: Ohio Joint Legislative Ethics Committee AER Legislative Forms filed between 5/31/2017 through 1/22/2021 and the writing, data, computer software, or record was kept by or belonged to a local, state, or federal governmental entity.

Between May 31, 2017 and January 22, 2021, FirstEnergy Senior Vice President of External Affairs Michael Dowling failed to include Samuel C. Randazzo as a paid lobbyist of FirstEnergy Corp. when the company submitted its AER Legislative notifications to the Joint Legislative Ethics Committee, despite the fact that Randazzo was working as a paid lobbyist on behalf of FirstEnergy for that time period and actively lobbying legislative officials on FirstEnergy’s behalf.

Count Twenty-Seven **Tampering with Records, §2913.42, F3**

Defendants Michael J. Dowling


Date of Offense In a continuing course of conduct on or about 5/31/2017 through
1/22/2021

The Jurors of the Grand Jury of the State of Ohio, upon their oaths, further find that within Summit and/or Franklin Counties, the Defendant(s) unlawfully did, knowing he had no privilege to do so, and with purpose to defraud or knowing he was facilitating a fraud on the Ohio Joint Legislative Ethics Committee falsify, destroy, remove, conceal, alter, deface, or mutilate any writing, computer software, data, or record, to wit: AER Employer Executive notifications and the writing, data, computer software, or record was kept by or belonged to a local, state, or federal governmental entity.

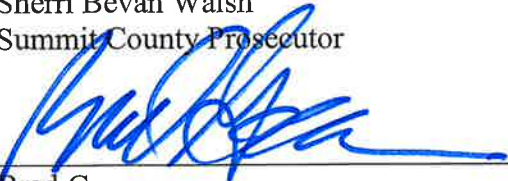
Between May 31, 2017 and January 22, 2021, FirstEnergy Senior Vice President of External Affairs Michael Dowling failed to include Samuel C. Randazzo as a paid lobbyist of FirstEnergy Corp. when the company submitted its AER Employer Executive notifications to the Joint Legislative Ethics Committee, despite the fact that Randazzo was working as a paid lobbyist on behalf of FirstEnergy for that time period and actively lobbying executive officials on FirstEnergy's behalf.

All of the above conduct being contrary to the form of the statute in such cases made and provided, and against the peace and dignity of the State of Ohio.

Dave Yost
Ohio Attorney General
Summit County, Ohio



Carol O'Brien
Dep. Attorney General
Matthew Meyer
Principal Assistant Attorney General

Sherri Bevan Walsh
Summit County Prosecutor


Brad Gessner
Chief Counsel

A TRUE BILL

WHERE APPLICABLE, NOTICE IS HEREBY GIVEN:

If you were on post-release control at the time these offense(s) in this particular indictment were committed, you could be subject to the additional penalty of sentence as set forth in O.R.C. 2929.141 upon conviction of, or plea of guilty to, any new felony herein.

If you are under indictment for or have been convicted of either a felony offense of violence (as defined in O.R.C. 2901.01(A)(9)) or any offense involving the illegal possession, use, sale, administration, distribution, or trafficking in any drug of abuse, you are prohibited under O.R.C. 2923.13 from knowingly acquiring, having or using any firearm or dangerous ordnance.



Carol O'Brien
Dep. Attorney General
Matthew Meyer
Principal Assistant Attorney General



Foreperson, Grand Jury