

AUG 13 2015

JUDGE GUZMAN

MAGISTRATE JUDGE MASON

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA

v.

NAVDEEP ARORA and
MATTHEW SORENSEN

) No. 15 CR 486
)
)
) Violation: Title 18, United States Code,
) Sections 1343
)
) UNDER SEAL

COUNT ONE

The SPECIAL FEBRUARY 2014 GRAND JURY charges:

1. At times material to this indictment:

a. McKinsey & Company, Inc. was a global management consulting firm that provided consulting services to clients including State Farm Mutual Automobile Insurance Company.

b. Defendant NAVDEEP ARORA worked as a partner at McKinsey's Chicago, Illinois office, and ultimately attained the position of Director. While employed by McKinsey, defendant ARORA worked on various consulting projects for State Farm. Between in or about 2003 and in or about 2012, Arora was the Engagement Director at McKinsey for State Farm projects, which meant that Arora had significant responsibility for overseeing services provided by McKinsey to State Farm.

c. Defendant MATTHEW SORENSEN worked as an internal consultant for State Farm. SORENSEN assisted State Farm in determining whether to hire outside consultants, including McKinsey, for State Farm consulting projects.

d. McKinsey's Travel and Entertainment Policy permitted employees to seek reimbursement from McKinsey for "ordinary, necessary, and reasonable travel expenses directly connected with the transaction of Firm business[.]" The Policy prohibited employees from receiving any monetary gain as the result of travel for McKinsey.

e. Pursuant to the Master Services Consulting Agreement entered into between McKinsey and State Farm, McKinsey agreed to charge, and State Farm agreed to pay, for professional services incurred for the cost of consulting services provided, and reimbursement for the reasonable and actual costs of expenses McKinsey incurred in providing those services, including travel, lodging, meals, and similar out-of-pocket expenses, as well as research, information, administrative support, and other overhead-type expenses.

2. Beginning no later than in or about January 2004, and continuing through in or about February 2012, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

NAVDEEP ARORA and
MATTHEW SORENSEN,

defendants herein, knowingly devised, intended to devise, and participated in a scheme to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and by concealment of material facts, which scheme is further described below.

3. It was part of the scheme that defendants ARORA and SORENSEN fraudulently invoiced McKinsey, State Farm, and one other McKinsey client for purported consulting services that were never performed in order to fraudulently obtain over \$490,000 in consulting

fees. In addition, defendant ARORA fraudulently expensed domestic and international personal travel for himself and others, local Chicago personal costs, as well as other personal entertainment costs, to McKinsey and McKinsey clients, including State Farm, by falsely claiming that the personal travel and expenses were business expenses for which he was entitled to reimbursement.

4. It was further part of the scheme that defendants ARORA and SORENSEN fraudulently invoiced McKinsey, State Farm, and another McKinsey client for consulting work that was purportedly performed by a company called "Andy's BCB." In reality, "Andy's BCB" performed no work for McKinsey, State Farm, or any other McKinsey client, and those companies paid "Andy's BCB" a total of approximately \$38,265 in fees, virtually all of which was retained by SORENSEN for his own personal benefit.

5. It was further part of the scheme that ARORA and SORENSEN created a company called "Gabriel Solutions." Acting on behalf of Gabriel Solutions, SORENSEN fraudulently invoiced McKinsey for purported consulting work that Gabriel Solutions never performed. Upon receiving the Gabriel Solutions invoices at McKinsey, ARORA fraudulently allocated the Gabriel Solutions charges to State Farm consulting projects to which he was assigned, knowing that Gabriel Solutions had done no consulting work for State Farm or McKinsey. In total, ARORA and SORENSEN fraudulently invoiced to McKinsey and State Farm approximately \$452,710 for purported consulting work by Gabriel Solutions that was never performed. In turn, McKinsey and State Farm paid approximately \$452,710 in consulting fees, of which over \$370,000 was retained by SORENSEN for his own personal benefit.

6. It was further part of the scheme that defendant ARORA fraudulently expensed to McKinsey and McKinsey clients, including State Farm, domestic and international personal trips for himself, SORENSON, co-schemer A, and others. ARORA falsely claimed that the personal expenses, which included hotel, meal, taxi and car service expenses, were business expenses for which he was entitled to reimbursement. ARORA falsely expensed trips to places including, but not limited to, Scottsdale, Arizona; San Diego, San Francisco, and Napa, California; Vail, Colorado; Miami, Florida; Boston, Massachusetts; Las Vegas, Nevada; New York, New York; Charleston, South Carolina; Prague, Czech Republic; London, England; Munich and Bonn, Germany; and Bratislava, Slovakia. ARORA knew that such trips were personal expenses for which he was not entitled to reimbursement from McKinsey or McKinsey's clients, including State Farm.

7. It was further part of the scheme that, at times when defendant ARORA was residing in Chicago and elsewhere, ARORA fraudulently expensed Chicago personal hotel, meal, and theater expenses to McKinsey and McKinsey clients, including State Farm, by falsely claiming the expenses were business expenses for which he was entitled to reimbursement. ARORA knew that such expenses were personal expenses for which he was not entitled to reimbursement from McKinsey or McKinsey's clients, including State Farm.

8. It was further part of the scheme that defendants ARORA fraudulently invoiced and expensed McKinsey and State Farm in order to reward SORENSEN and co-schemer A for their assistance in obtaining and attempting to obtain State Farm consulting work for ARORA and McKinsey. SORENSEN and co-schemer A provided ARORA with internal State Farm information, including information about how best to secure State Farm consulting engagements,

whether and when McKinsey would be awarded State Farm consulting engagements, other consulting firms who were seeking to win consulting work at State Farm, and internal discussions and positions taken by various State Farm employees about the consulting engagements ARORA and McKinsey sought to obtain.

9. It was further part of the scheme that defendants ARORA and SORENSEN misrepresented, concealed, and hid, and caused to be misrepresented, concealed, and hidden, the acts done in furtherance of the scheme, and the purposes of those acts.

10. As a result of the scheme, defendants ARORA and SORENSEN fraudulently obtained over \$490,000 from State Farm, McKinsey, and one other McKinsey client through the false and fraudulent invoices submitted by ARORA and SORENSEN for consulting work that was never performed. In addition, defendant ARORA fraudulently obtained over \$400,000 dollars from State Farm, McKinsey, and other McKinsey clients in the form of reimbursement for personal expenses.

11. On or about July 7, 2011, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

NAVDEEP ARORA and MATTHEW SORENSEN,

defendants herein, for the purpose of executing the scheme to defraud, knowingly transmitted, and caused to be transmitted, by means of wire communication in interstate commerce between Illinois and New Jersey, certain writings, signs, and signals, namely, an interstate McKinsey electronic payment request for a materially false and fraudulent Gabriel Solutions invoice totaling \$9,320;

In violation of Title 18, United States Code, Section 1343.

COUNT TWO

The SPECIAL FEBRUARY 2014 GRAND JURY further charges:

1. Paragraphs 1 through 10 of Count One of this indictment are incorporated here.
2. On or about August 1, 2011, at Chicago, in the Northern District of Illinois,

Eastern Division, and elsewhere,

NAVDEEP ARORA and MATTHEW SORENSEN,

defendants herein, for the purpose of executing the scheme to defraud, knowingly transmitted, and caused to be transmitted, by means of wire communication in interstate commerce between Illinois and New Jersey, certain writings, signs, and signals, namely, an interstate McKinsey electronic payment request for a materially false and fraudulent Gabriel Solutions invoice totaling \$29,350;

In violation of Title 18, United States Code, Section 1343.

COUNT THREE

The SPECIAL FEBRUARY 2014 GRAND JURY further charges:

1. Paragraphs 1 through 10 of Count One of this indictment are incorporated here.
2. On or about September 13, 2011, at Chicago, in the Northern District of Illinois,

Eastern Division, and elsewhere,

NAVDEEP ARORA and MATTHEW SORENSEN,

defendants herein, for the purpose of executing the scheme to defraud, knowingly transmitted, and caused to be transmitted, by means of wire communication in interstate commerce between Illinois and New Jersey, certain writings, signs, and signals, namely, a McKinsey electronic payment request for a materially false and fraudulent Gabriel Solutions invoice totaling \$36,275;

In violation of Title 18, United States Code, Section 1343.

COUNT FOUR

The SPECIAL FEBRUARY 2014 GRAND JURY further charges:

1. Paragraphs 1 through 10 of Count One of this indictment are incorporated here.
2. On or about October 10, 2011, at Chicago, in the Northern District of Illinois,

Eastern Division, and elsewhere,

NAVDEEP ARORA and MATTHEW SORENSEN,

defendants herein, for the purpose of executing the scheme to defraud, knowingly transmitted, and caused to be transmitted, by means of wire communication in interstate commerce between Illinois and New Jersey, certain writings, signs, and signals, namely, an interstate McKinsey electronic payment request for a materially false and fraudulent Gabriel Solutions invoice totaling \$36,850;

In violation of Title 18, United States Code, Section 1343.

COUNT FIVE

The SPECIAL FEBRUARY 2014 GRAND JURY further charges:

1. Paragraphs 1 through 10 of Count One of this indictment are incorporated here.
2. On or about December 23, 2011, at Chicago, in the Northern District of Illinois,

Eastern Division, and elsewhere,

NAVDEEP ARORA and MATTHEW SORENSEN,

defendants herein, for the purpose of executing the scheme to defraud, knowingly transmitted, and caused to be transmitted, by means of wire communication in interstate commerce between Illinois and New Jersey, certain writings, signs, and signals, namely, an interstate McKinsey electronic payment request for a materially false and fraudulent Gabriel Solutions invoice totaling \$19,375;

In violation of Title 18, United States Code, Section 1343.

COUNT SIX

The SPECIAL FEBRUARY 2014 GRAND JURY further charges:

1. Paragraphs 1 through 10 of Count One of this indictment are incorporated here.
2. On or about August 15, 2010, at Chicago, in the Northern District of Illinois,

Eastern Division, and elsewhere,

NAVDEEP ARORA,

defendant herein, for the purpose of executing the scheme to defraud, knowingly transmitted, and caused to be transmitted, by means of wire communication in interstate commerce between Illinois and Virginia, certain writings, signs, and signals, namely, a McKinsey electronic payment request for a materially false and fraudulent expense report seeking reimbursement for a July 2010 trip to London, England;

In violation of Title 18, United States Code, Section 1343.

COUNT SEVEN

The SPECIAL FEBRUARY 2014 GRAND JURY further charges:

1. Paragraphs 1 through 10 of Count One of this indictment are incorporated here.
2. On or about February 20, 2011, at Chicago, in the Northern District of Illinois,

Eastern Division, and elsewhere,

NAVDEEP ARORA,

defendant herein, for the purpose of executing the scheme to defraud, knowingly transmitted, and caused to be transmitted, by means of wire communication in interstate commerce between Illinois and Virginia, certain writings, signs, and signals, namely, a McKinsey electronic payment request for a materially false and fraudulent expense report seeking reimbursement for a February 2011 trip to Miami, Florida;

In violation of Title 18, United States Code, Section 1343.

COUNT EIGHT

The SPECIAL FEBRUARY 2014 GRAND JURY further charges:

1. Paragraphs 1 through 10 of Count One of this indictment are incorporated here.
2. On or about July 24, 2011, at Chicago, in the Northern District of Illinois, Eastern

Division, and elsewhere,

NAVDEEP ARORA,

defendant herein, for the purpose of executing the scheme to defraud, knowingly transmitted, and caused to be transmitted, by means of wire communication in interstate commerce between Illinois and Virginia, certain writings, signs, and signals, namely, a McKinsey electronic payment request for a materially false and fraudulent expense report seeking reimbursement for a June 2011 trip to Miami, Florida;

In violation of Title 18, United States Code, Section 1343.

FORFEITURE ALLEGATION

The SPECIAL FEBRUARY 2014 GRAND JURY further alleges:

1. The allegations of Counts One through Eight of this indictment are incorporated here for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. As a result of their violations of Title 18, United States Code, Section 1343, as alleged in the foregoing indictment,

NAVDEEP ARORA and MATTHEW SORENSON,

defendants herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any and all right, title, and interest they may have in any property, real and personal, that constitutes and is derived, directly and indirectly, from proceeds traceable to the commission of the offense, namely, a total of at least \$900,000, which property is subject to forfeiture pursuant to Title 18, United States Code, Section, 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

3. If any of the forfeitable property described above, as a result of any act or omission by the defendants:

- a. Cannot be located upon the exercise of due diligence;
- b. Has been transferred or sold to, or deposited with, a third party;
- c. Has been placed beyond the jurisdiction of the Court;
- d. Has been substantially diminished in value; or
- e. Has been commingled with other property which cannot be divided without difficulty;

the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY