

Executive, escort suspected of spending \$5.8 million on company credit card

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Scott Kennedy says he only wanted to be loved, but the FBI says he gave a professional escort access to his company credit card. Here's what they spent it on. (Tribune Graphics)

Scott Kennedy says he only wanted to be loved, but the FBI says the onetime financial executive of a north suburban drug device company gave a professional escort access to his company credit card.

Less than a year and a half later, the two had run up unauthorized charges of nearly \$5.8 million, according to the FBI.

A court filing obtained by the Tribune lays out the spending in spectacular fashion, including about \$24,000 for movers to haul the woman's potted plants from Illinois to her new 6,500-square-foot mansion in San Diego, where she planned to open a spa — all with company cash.

"I'm the only person who has to answer for being stupid," Kennedy, 43, said in a telephone interview this week.

The allegations are detailed in a warrant to seize \$36,229 from the checking account of the spa business allegedly started up by the onetime escort. The document was recently unsealed in federal court in Chicago.

Neither are named in the court filing, but Kennedy himself, his criminal-defense lawyer and his former company all identified him as the business executive, called Individual A by authorities.

The former escort, referred to as Individual B by authorities, is identified in the court filing as president of K & K Enterprises, the spa business she tried to open in San Diego. The filing also gives specifics on when she filed for bankruptcy in Rockford in 2009. Public records on both fronts confirm her identity to be Crystal Lundberg, 31. She did not return repeated messages seeking comment.

The court document, filed under seal in mid-May, says both Kennedy and Lundberg are under investigation for fraud and money laundering, but records show criminal charges have not been filed against either.

In the court filing, the FBI said Kennedy has been cooperating in the investigation, and his attorney, Sami Azhari, confirmed that they were working toward "an amicable resolution." The FBI filing said Kennedy has no known criminal history.

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Kennedy's former company, France-based Nemera, where he held the top financial post at its U.S. manufacturing plant in suburban Buffalo Grove, said it fired Kennedy in March after an internal investigation confirmed suspicions of improper financial activity. The global company, which makes drug delivery devices, said it quickly notified law enforcement and has fully cooperated in the FBI investigation.

A spokesman for the FBI's office in Chicago declined comment on the case, but in the court filing, the FBI said Kennedy told agents that he first met

Lundberg in mid-to-late 2012 online through the classified ad website Backpage.com, which advertises sexual services.

"At the time Individual B was working as a professional escort, and Individual A solicited her services approximately eight to ten times between approximately 2012 and May 2015," the FBI said.

The two also communicated socially by text from time to time, according to the filing.

By May 2015, Lundberg texted Kennedy seeking financial assistance, the FBI said. Sometime before the following November, she, her two young children and their pets moved in with Kennedy at his suburban home, according to authorities.

It was that November when Kennedy first gave Lundberg access to the company credit card after she asked for help buying Christmas gifts for her daughters, the filing alleged.

Over the next 16 months, the two churned through \$5.79 million of company cash, authorities alleged.

Much of the spending came after Lundberg moved with her children, pets and potted plants to San Diego a year ago. The company unknowingly footed the bill for the \$12,000-a-month rent at the mansion.

According to an analysis provided by Nemera to the FBI, Lundberg spent some \$585,000 on the medical spa, called the Royalty Room.

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blew up in my face.

Among the litany of additional charges allegedly run up mostly by Lundberg were plastic surgery during a stay in Miami; two Rolex watches at a cost of a combined \$60,000; a personal driver for her daughters at a cost of \$8,000 a month; a \$2,500-a-month maid; two purebred dogs that cost as much as \$6,000; and trips to Bali; France; Costa Rica; Hawaii; Santorini, an island in the Aegean Sea; and Bora Bora and Fiji, both in the South Pacific

In the interview, Kennedy said he was duped by Lundberg because "I wanted to have a family.

"I wanted to be loved and cared for. My heart kind of overrid my head and said, 'Take a chance,'" he told the Tribune. "Well, it blew up in my face."

While Kennedy largely blamed Lundberg for the spending, the FBI filing said he admitted using the company credit card to pay for travel and rent for a hotel he was living at when Nemera uncovered the fraud. He also acknowledged to the FBI that he bought gift cards with the credit card to pay for day-to-day expenses after Lundberg had allegedly maxed out his personal credit cards, authorities said.

Kennedy also maintained to the FBI — as well as in the Tribune interview — that Lundberg had led him to believe she would eventually reimburse him. Lundberg claimed to Kennedy that she had been adopted by a wealthy family as a child and had a trust fund in her name worth \$4 million that she could access at 30, according to the FBI filing.

But the FBI document notes Lundberg's bankruptcy filing in 2009 when she

reported only about \$100 in a checking account and income of about \$200 a month. In addition, the bankruptcy filing made no mention of any trust funds, the FBI pointed out.

"My mistake was trusting her," Kennedy said in the interview. "At this point, I have very little faith anything she told me ever was true."

In its statement, Nemera said it became aware of possible improper financial activity by Kennedy earlier this year and hired an independent accounting firm and outside counsel to lead a review. Kennedy was fired in March, the company said.



Former escort Crystal Lundberg is under investigation for allegedly using \$5.8 million on a company credit card of Buffalo Grove executive Scott Kennedy to fund a lavish lifestyle with the help of client-turned-boyfriend Kennedy, an FBI affidavit alleges. (LinkedIn)

The FBI later confronted Kennedy and he agreed to cooperate with authorities, including making undercover recordings of face-to-face and telephone conversations, according to the court filing.

Nemera's analysis of the pair's spending found more than 8,800 improper charges to the company credit card between November 2015 and mid-March 2017. That included \$970,734 on travel; \$606,887 on clothing and accessories; \$552,662 on home décor and improvement; \$441,312 on lodging; \$315,117 on entertainment; \$279,231 on jewelry; and \$253,019 on health and beauty.

In March, while Kennedy was vacationing in Fiji on a trip he had expected to take with Lundberg, she texted him that she was "seriously freaking out" over just signing a \$24,000-a-month, five-year lease. She said creditors wanted money and a payment was coming due, apparently for salon equipment.

"I'm going to have to start selling myself again," Lundberg texted in a series of fragmented messages. "I was so close to (being) financially free. And u miss using ur Corp card scares the (expletive) out of me."

Kennedy tried to reassure her, saying that if they get "5mm" from her dad "all will be good."

"Do NOT sell yourself," Kennedy wrote. "We will find a way."

By May, not long after prosecutors in Chicago had filed under seal the warrant to seize Lundberg's business checking account, FBI agents raided her San Diego mansion. News reports said dozens of agents in full gear with guns drawn converged on the residence, seizing a Jaguar and white grand piano, among other things.