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Ex-Exec Gets 2 Years For \$5.8M Fraud With Escort Girlfriend

By Lauraann Wood

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A former Illinois executive who handed over a company credit card and helped spend \$5.8 million of his former employer's money on jewelry, lavish San Diego housing and other luxuries that benefited his escort-turned-girlfriend was sentenced Thursday to 25 months in prison.

U.S. District Judge Elaine Bucklo sentenced Scott Kennedy, an ex-financial executive for drug delivery device company Nemera, after he pled guilty to participating in a wire fraud scheme largely benefiting Crystal Lundberg, an escort he met while going through a divorce and later fell in love with.

Judge Bucklo sentenced Lundberg to more than four years over the spending in December 2019 after a jury convicted her on five counts of wire fraud that May. But Judge Bucklo told Kennedy on Thursday that even after presiding over the trial, in which he testified against Lundberg and described their roles in the fraud, "I still do not understand why you would've let this happen."

"It's hard to imagine what you really got out of this — in the end, of course, nothing," Judge Bucklo told Kennedy. Lundberg may have reaped the most from spending Nemera's money, "but you were the person who could have stopped it ... and you violated your company's trust," she said.

Judge Bucklo also sentenced Kennedy to serve 18 months of supervised release and pay nearly \$4.4 million in restitution. She initially anticipated Kennedy would report to prison in October, but changed the date to early September when he asked to go in earlier.

Requesting the early turn-in, Kennedy told Judge Bucklo that despite ongoing concerns about the novel coronavirus or any potential cure, "I'm more concerned about just getting this over with."

"I've been waiting for three years," he told the judge. "I want to get on with my life."

Kennedy met Lundberg during a time when he'd been meeting several other escorts and had been heavily drinking while going through a divorce, according to court records. He was the highest-ranking financial executive at Nemera's Buffalo Grove, Illinois, facility at the time, and had an American Express account in his name for business expenses. Charges to that account would bill a Nemera bank account that he could authorize payments from without needing additional approval, according to court records.

Kennedy and Lundberg began using his company credit card around November 2015, and continued using it through at least March 2017, according to Kennedy's plea agreement. He eventually gave Lundberg physical access to the company card and knew she was

using it regularly to pay for personal expenses.

During that time, Nemera's money paid for restaurant meals, pets and pet care, chauffer services, babysitting and nanny services, a Hilton Hotels timeshare unit and plastic surgeries for Lundberg, according to court records. Company money was also spent on expenses related to a medical spa Lundberg moved to San Diego to open, as well as the lavish residence she rented upon moving there, court records say.

But while Kennedy and Lundberg executed fraud together, their behavior both while committing the offense and after getting charged for it "couldn't be more diametrically opposed," Kennedy's attorney, Sami Azhari of Azhari LLC, told Judge Bucklo.

For example, Azhari said, Lundberg had moved to her San Diego home while Kennedy lived out of a hotel, attended an NBA finals game while Kennedy was in the hospital and maintained her innocence in the case "despite overwhelming evidence to the contrary."

"The fact that they've behaved in such a drastically different way shows ... that they deserve a drastically different sentence," he argued during the hearing.

Kennedy hid the spending by using other Nemera money to pay the balance he and Lundberg had been

accruing and changing company records to make the purchases appear as business expenses, according to his plea agreement. But Kennedy immediately cooperated with investigations that Namera and federal investigators launched after he was confronted and told the company while admitting his wrongs that it was "doing the right thing," Azhari told Judge Bucklo.

Azhari told Law360 after the hearing that Judge Bucklo's sentence, which was exactly as long as Kennedy requested, was "very

fair" after taking Lundberg's sentence into account.

"While the government was recommending a below-guidelines sentence, that didn't take into account that it would be a somewhat similar sentence to Ms. Lundberg," he said. "This is someone who was so brazen with her spending ... and took no responsibility whatsoever and showed no empathy for Mr. Kennedy while this was going on."

Representatives for the government didn't immediately

respond Thursday to a request for comment.

The government is represented by Kathryn Malizia, Andrew Erskine Sheri Mecklenburg of the U.S. Attorney's Office for the Northern District of Illinois.

Kennedy is represented by Sami Azhari of Azhari LLC.

The case is U.S. v. Kennedy et al., case number 1:17-cr-00555, in the U.S. District Court for the Northern District of Illinois.
