

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

<b>UNITED STATES SECURITIES AND EXCHANGE COMMISSION,</b>	)	
	)	
<b>Plaintiff,</b>	)	
	)	
<b>v.</b>	)	<b>No. 1:23-cv-14252</b>
	)	
<b>ANNE PRAMAGGIORE,</b>	)	<b>JURY DEMANDED</b>
	)	
<b>Defendant.</b>	)	
	)	
	)	

**COMPLAINT**

Plaintiff United States Securities and Exchange Commission alleges:

1. While defendant Anne Pramaggiore was Commonwealth Edison Company’s CEO, and later as Exelon Utilities’ CEO, she participated in a fraudulent scheme to corruptly influence Michael Madigan, who at the time was the powerful, long-serving Speaker of the Illinois House of Representatives. Under her watch and with her active participation, ComEd and its parent, Exelon Corporation, showered Madigan confederates with over a million dollars in payments. The goal was to ingratiate the Exelon organization to Madigan so he would do its political bidding in Springfield. The payments were supposedly for services rendered. But Pramaggiore knew those payments bought ComEd and Exelon one thing and one thing alone: *Clout*. Not legal, lobbying, or consulting services.

2. Pramaggiore concealed this scheme and those bribes from Exelon's investors; from ComEd's and Exelon's auditor; and from the companies' books, records and internal controls. The SEC brings this action to hold her accountable for her violations of the federal securities laws.

### **JURISDICTION AND VENUE**

3. The SEC brings this action pursuant to Section 20(b) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §77t(b)] and Sections 21(d) and 21(e) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§78u(d) and 78u(e)].

4. This Court has jurisdiction over this action pursuant to Section 22 of the Securities Act [15 U.S.C. § 77v], Section 27 of the Exchange Act [15 U.S.C. § 78aa], and 28 U.S.C. § 1331.

5. Venue is proper in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Acts, practices and courses of business constituting violations alleged herein have occurred within the jurisdiction of the United States District Court for the Northern District of Illinois and elsewhere.

6. Defendant directly and indirectly made use of the means and instrumentalities of interstate commerce and of the mails in connection with the acts, practices and courses of business alleged herein, and will continue to do so unless enjoined.

## DEFENDANT

7. **Defendant Anne Pramaggiore**, age 65, is a resident of Barrington, Illinois. From about March 2012 to May 2018 she served as the chief executive officer of Commonwealth Edison Company (“ComEd”). From June 2018 until October 15, 2019, Pramaggiore served as CEO for Exelon Utilities, an unincorporated division within Exelon Corporation (“Exelon”) that oversaw ComEd’s operations and provided governance and oversight over Exelon’s regulated electric and gas utilities. She was recently convicted of conspiracy, bribery and record falsification.

## OTHER PARTIES

8. **Exelon Corporation**, a Pennsylvania corporation headquartered in Chicago, Illinois, is a utility services holding company that trades on the NASDAQ Stock Market under the symbol “EXC.” For the year ended December 31, 2022, Exelon reported revenues of \$19 billion, operating income of \$3.3 billion, and net income of nearly \$2.2 billion.

9. **Commonwealth Edison Company**, an Illinois corporation headquartered in Chicago, Illinois, is a subsidiary of Exelon. Exelon owns 99% of ComEd. ComEd has common stock purchase warrants registered pursuant to Section 12(g) of the Exchange Act. ComEd also files separate audited financial statements with the Commission because it offers and sells debt securities under the Securities Act. ComEd’s audited financial statements are consolidated into Exelon’s financial statements.

## FACTS

10. ComEd is the largest utility company in Illinois. It employs about 6,000 individuals. ComEd provides electricity to 70% of Illinois's population. As a public utility ComEd is heavily regulated by the State of Illinois. The Illinois General Assembly—consisting of the Illinois House of Representatives and the Illinois Senate—routinely considers legislation that affects ComEd's operations, rates and profitability.

### Michael Madigan

11. For all but two years from 1983 until 2021 Michael Madigan served as the powerful Speaker of the Illinois House of Representatives. He's the longest serving Speaker in Illinois history. As Speaker, Madigan exercised total control over which bills came to the floor of the Illinois House for a vote. So as a practical matter he largely controlled which bills became law in Illinois.

12. ComEd had a firsthand appreciation of Madigan's influence and power. In the early 2000s Madigan had successfully thwarted several legislative initiatives championed by ComEd. In the wake of such setbacks ComEd made a concerted and well-funded effort to improve its relationship with the powerful legislator. Starting in about 2011 ComEd began hiring a bevy of Madigan allies and confidants to serve as its lawyers and lobbyists. To be clear, ComEd wasn't in the market for additional legal or consulting services. ComEd was instead paying for Madigan's *gratitude*.

### **The Law Firm**

13. In about 2011 ComEd hired a law firm linked to Madigan (“Law Firm”). By early 2016 ComEd’s contract with the law firm was up for renewal. ComEd’s legal department was not inclined to renew the contract.

14. The Law Firm learned of this development and reached out to Michael McClain for help. McClain was among ComEd’s stable of outside lobbyists with close ties to Madigan. McClain quickly escalated the issue all the way up to Pramaggiore.

15. In a January 2016 email McClain wrote to defendant: “I am sure you know how valuable [a partner in the Law Firm] is to our Friend.” By “our Friend” McClain meant Speaker Madigan. McClain warned Pramaggiore how events would unfold if ComEd made good on its plan to reduce the Law Firm’s hours:

I know the drill and so do you. If you do not get involve[d] and resolve this issue of 850 hours for his law firm per year then he will go to our Friend. Our Friend will call me and then I will call you. Is this a drill we must go through?

16. Pramaggiore got the message. She responded succinctly:  
“Sorry. No one informed me. I am on this.”

17. True to her word Pramaggiore ensured that the Law Firm’s contract with ComEd was renewed.

**Pramaggiore's Misleading  
Statements to Investors About FEJA**

18. Since 2011 ComEd had spent billions of dollars to improve its distribution system. It paid for such improvements by availing itself of a performance-based rates formula that set ComEd's charges to its customers. That formula was set to expire by 2019. ComEd wanted the Illinois General Assembly to pass legislation, called the "Future Energy Jobs Act" or "FEJA," to extend that rates formula beyond 2019. The reasonably foreseeable anticipated benefits to ComEd flowing from FEJA's passage exceeded \$150,000,000.

19. ComEd's plan to pass FEJA was simple: Banking on Madigan's support by capitalizing on its steady stream of bribes to his associates.

20. But that's not what Pramaggiore told the investing public. Rather, during an October 26, 2016 Exelon earnings call, she said that ComEd's legislative strategy was to develop a coalition of supporters:

This is Anne Pramaggiore. We are — I think what we are seeing right now is that there is a bit of an opening of a door. The legislature has a temporary budget in place and Chicago Public School funding is behind them and so I think we see an opportunity in the veto session. We also think there is a lot of work to be done to get there. *We have pulled together a coalition to come in with an agreed bill as much as possible and we are in the process of putting that together now.* But we do think there is the potential that this would be entertained in the veto session.

(emphasis added).

21. A month later, on November 30, 2016, ComEd issued a press release about FEJA. In a quote attributed to Pramaggiore she repeated her claim that ComEd's plan to pass FEJA was to build a broad-based coalition:

We have worked with many stakeholders including consumer advocates, environmentalists, community leaders, among others, to ensure this bill has the best outcome for customers, our economy and our environment and the communities we serve. We appreciate the strong bipartisan support of members of the General Assembly, the four caucus' professional staff, the labor unions, members of the Clean Jobs Coalition and other stakeholders who have helped us shape this comprehensive energy package that will bring tremendous value to our state and our customers.

22. Pramaggiore's statements to investors concealed ComEd's bribery scheme to advance its legislative interests. Pramaggiore's and ComEd's plan for passing FEJA was to corruptly influence and reward Madigan. Pramaggiore hid that scheme from Exelon's investors. Such a scheme posed a risk of ComEd's exposure to criminal and civil liability. It also cast doubt on the integrity and effectiveness of ComEd's management. Any reasonable investor would have thus considered the information material.

23. As a result of Pramaggiore's misconduct, including her misstatements and omissions, she received a \$100,000 bonus to reward her efforts to pass FEJA.

24. Around the time that Pramaggiore made these misleading statements, Exelon sold 446,000 shares for its long-term incentive plan and 318,000 shares for its employee stock purchase plan.

**The Alderman &  
The Political Consulting Firm**

25. In December 2016, the Illinois General Assembly passed FEJA, which provided ComEd with hundreds of millions of dollars in subsidies and other benefits.

26. In the wake of its FEJA victory ComEd went to great lengths to stay in Madigan's good graces. In May 2018 Madigan through an intermediary asked Pramaggiore to have ComEd hire one of his political allies, who was retiring from the Chicago City Council ("Alderman"), for \$5,000 a month.

27. Pramaggiore made that happen. And she let Madigan share the good news with the Alderman.

28. Here's how Pramaggiore facilitated ComEd's payments to the Alderman: ComEd already had the political consulting firm of Jay Doherty ("Doherty") on a monthly retainer. Doherty was another Madigan crony ComEd hired to curry favor with Madigan. ComEd asked Doherty to pay the Alderman \$5,000 a month. ComEd, in turn, agreed to pay Doherty an additional \$5,000 a month. To justify the increase ComEd pretended to assign Doherty additional responsibilities, specifically an "expanded role with the Cook County Board president's office and Cook County Commissioners and Department Heads."



29. That wasn't true. The truth was that the \$5000 monthly payments were earmarked specifically and solely for the Alderman. Predictably, the Alderman performed little if any work for ComEd in return for such payments.

30. Using Doherty as a buffer allowed Pramaggiore to conceal the payments to Madigan cronies such as the Alderman by bypassing ComEd's vendor payment system. Skirting this ComEd internal control, in turn, allowed her to feign ignorance of the bribes, and to disclaim responsibility for overseeing Madigan's associates.

31. In January 2017 and January 2018 Pramaggiore signed false and misleading internal ComEd documents to renew Doherty's contract. She submitted "single source justification" or "SSJ" forms to the relevant Exelon subsidiary. In such forms ComEd required a written justification why it was retaining the vendor in a non-competitive manner. ComEd required one of its executives to approve any such request.

32. Pramaggiore did so for Doherty. In those forms she claimed that ComEd's large payments to him—without a competitive bidding process—were necessary given his "unique insight & perspective to promote ComEd and its business matters to further develop, execute and manage its Government Relations presence," and his "specific knowledge that cannot be sourced from another consultant/supplier."

33. That wasn't true. The money was simply a bundled bribe to Madigan's associates.

### **Pramaggiore Misleads Exelon's Auditors**

34. Pramaggiore signed management representation letters directed to Exelon's and ComEd's auditors that stated:

There have been no material violations or possible violations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, that have not been disclosed in the financial statements.

35. Such representations by Pramaggiore to the auditor were misleading, if not false, since she failed to disclose the ongoing bribery scheme that should have been considered for disclosure in the financial statements under Management's Discussion and Analysis as required by Item 303 of Regulation S-K of the Securities Act ("MD&A Item 303").

### **Pramaggiore's Conviction**

36. On May 2, 2023, a federal jury of the Northern District of Illinois found Pramaggiore guilty of conspiring to influence and reward the former Speaker of the Illinois House of Representatives in order to pass FEJA, along with multiple bribery and record falsification charges, including violating Section 13(b)(5) of the Exchange Act.

## COUNT I

### Violations of Section 17(a)(2) of the Securities Act

37. Paragraphs 1 through 36 are realleged and incorporated by reference as though fully set forth herein.

38. By engaging in the conduct described above, defendant Anne Pramaggiore, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, has (a) employed devices, schemes and artifices to defraud; (b) obtained money and property by means of untrue statements of material fact and by omitting to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, practices, and courses of business which operated or would operate as a fraud or deceit upon the purchasers of such securities.

39. Defendant acted knowingly, or with extreme recklessness, in engaging in the fraudulent conduct described above.

40. Defendant also acted negligently in engaging in the conduct described above.

41. By engaging in the conduct described above, defendant violated Sections 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

## COUNT II

### **Violations of Section 10(b) of the Exchange Act, and Exchange Act Rule 10b-5**

42. Paragraphs 1 through 36 are realleged and incorporated by reference.

43. Defendant Anne Pramaggiore, in connection with the purchase and sale of securities, by the use of the means and instrumentalities of interstate commerce and by the use of the mails, directly and indirectly: used and employed devices, schemes and artifices to defraud; made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and engaged in acts, practices and courses of business which operated or would have operated as a fraud and deceit upon purchasers and sellers and prospective purchasers and sellers of securities.

44. Defendant knew, or was reckless in not knowing, of the facts described in paragraphs 1 through 36 above.

45. By reason of the foregoing, defendant violated Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. 240.10b-5].

### COUNT III

#### **Aiding and Abetting Exelon's and ComEd's Violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act**

46. Paragraphs 1 through 36 are realleged and incorporated by reference.

47. Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] requires issuers to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflect the issuer's transactions and dispositions of assets.

48. Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)] requires those issuers to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed per management's general or specific authorization; (ii) transactions are recorded as necessary to permit the preparation of financial statements in accordance with generally accepted accounting principles ("GAAP") and to maintain the accountability of assets; and (iii) access to assets is permitted only in accordance with management's general or specific authorization.

49. By engaging in the conduct described above, ComEd violated Section 13(b)(2)(A) of the Exchange Act by failing to make and keep records, which, in reasonable detail, accurately and fairly reflect the bribery scheme.

50. Contrary to Exelon's code of business conduct, no waiver was requested or obtained from the corporate general counsel, the board of directors, or a board committee. Thus, required records were not created or maintained. Further, given that ComEd's audited financial statements are consolidated into those of Exelon, ComEd's failure to reflect the bribery scheme in its books and records also caused Exelon's books and records to be inaccurate. Exelon thereby also violated Section 13(b)(2)(A) of the Exchange Act.

51. Exelon and ComEd also violated Section 13(b)(2)(B) by failing to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that assets are used, transactions are recorded as necessary to prepare financial statements in accordance with GAAP, and transactions are executed only in accordance with management's general or specific authorization, including in a manner consistent with Exelon's policies.

52. In particular, Exelon had insufficient internal accounting controls in place to prevent ComEd from arranging for Madigan associates to obtain jobs, vendor subcontracts and monetary payments to corruptly influence and reward Madigan for his assistance with respect to legislation affecting ComEd's business.

53. Defendant Anne Pramaggiore provided substantial assistance to ComEd's and Exelon's aforementioned violations through her participation in the bribery scheme. She knowingly or recklessly provided substantial assistance

to ComEd and Exelon by knowingly or recklessly coordinating payments to Madigan's associates with McClain, and by approving those payments. Further, she knowingly or recklessly sought to circumvent ComEd's internal accounting controls and falsified records to disguise such payments. Thus, Pramaggiore is liable for aiding and abetting violations committed by ComEd and Exelon.

54. By reason of the foregoing, Pramaggiore aided and abetted the violations described above and pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)], is liable for such violations.

#### **COUNT IV**

##### **Violation of Rule 13a-14 of the Exchange Act**

55. Paragraphs 1 through 36 are realleged and incorporated by reference.

56. As ComEd's CEO, Pramaggiore signed false and materially misleading certifications pursuant to Section 302 of the Sarbanes-Oxley Act [15 U.S.C. § 7241] ("Section 302"). ComEd and Exelon attached those certifications to their quarterly and annual reports, which the companies filed between October 2016 and May 2018.

57. In signing these certifications, Pramaggiore made the following representation:

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors...[a]ny fraud, whether or not material, that involves management or other employees who have significant role in the registrant's internal control over financial reporting.

58. Rule 13a-14 requires that each principal executive officer certify the disclosures in those reports. As discussed above, these statements were false, as Pramaggiore knew given her knowledge of the fraudulent scheme and her role in Exelon's internal control over financial reporting.

59. By engaging in the acts and conduct alleged here, Pramaggiore filed or caused to be filed financial statements that contained untrue statements of material fact, or failed to include, along with the information required to be stated in such certification, such further material information as was necessary to make the required statements, given the circumstances under which they were made, not misleading, or failed to disclose any information required to be disclosed therein.

60. By reason of the foregoing, defendant violated Rule 13a-14 of the Exchange Act [17 C.F.R. § 240.13a-14].



## COUNT V

### **Violation of Section 13(b)(5) of the Exchange Act and Rule 13b2-1 Thereunder**

61. Paragraphs 1 through 36 are realleged and incorporated by reference.

62. Rule 13b2-1 of the Exchange Act prohibits any individual from directly or indirectly falsifying or causing to be falsified any book, record or account subject to Exchange Act Section 13(b)(2)(A) [15 U.S.C. § 78m(b)(2)(A)]. Section 13(b)(5) of the Exchange Act also prohibits any individual from knowingly circumventing or failing to implement a system of internal accounting controls or knowingly falsifying any book, record or account required to be made and kept by Section 13(b)(2).

63. Pramaggiore knowingly falsified the single source justification documents for the purpose concealing the truth about ComEd's payments to Doherty and circumventing Exelon's internal accounting controls.

64. By reason of the foregoing, defendant violated Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] and Rule 13b2-1 [17 C.F.R. § 240.13b2-1] thereunder.

## COUNT VI

### Violation of Exchange Act Rule 13b2-2(a)

65. Paragraphs 1 through 36 are realleged and incorporated by reference.

66. Rule 13b2-2(a) provides that no “director” or “officer” of an issuer shall, among other things, make material misrepresentations to an accountant in connection with an audit, review or examination.

67. In management representation letters sent to the auditor in connection with the firm’s reviews and audits during the relevant period, while participating in the bribery scheme, Pramaggiore falsely represented that “[t]here have been no material violations or possible violations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, that have not been disclosed in the financial statements.”

68. As explained above, Pramaggiore was aware of the bribery scheme and knew that disclosure of the existence of the scheme should have been considered for disclosure in the financial statements under MD&A Item 303.

69. By reason of the foregoing, defendant violated Exchange Act Rule 13b2-2(a) [17 C.F.R. § 240.13b2-2(a)].

## **RELIEF REQUESTED**

**WHEREFORE**, the Commission requests that this Court:

### **I. PERMANENT INJUNCTION**

Pursuant to Section 20(b) of the Securities Act [15 U.S.C. 77t(b)] and Sections 21(d)(1) and 21(d)(5) of the Exchange Act [15 U.S.C. 78u(d)(1) and (d)(5)], permanently enjoin defendant Anne Pramaggiore, her officers, agents, servants, employees, attorneys and those persons in active concert or participation with defendant who receive actual notice of the order of this Court, by personal service or otherwise, and each of them from, directly or indirectly, engaging in the transactions, acts, practices or courses of business described above, or in conduct of similar purport and object, in violation of Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)]; Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder; Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] and Rules 13a-14 [17 C.F.R. § 240.13a-14], 13b2-1 [17 C.F.R. § 240.13b2-1], and 13b2-2(a) [17 C.F.R. § 240.13b2-2(a)] thereunder; and Sections 13(b)(2)(A) [15 U.S.C. § 78m(b)(2)(A)] and 13(b)(2)(B) [15 U.S.C. § 78m(b)(2)(B)] of the Exchange Act.

**II.  
DISGORGEMENT**

Order defendant Anne Pramaggiore to disgorge the ill-gotten gains received because of the violations alleged in this Complaint, including prejudgment interest, pursuant to Section 21(d)(3), 21(d)(5) and 21(d)(7) of the Exchange Act [15 U.S.C. §§ 78u(d)(3), (5), and (7)].

**III.  
CIVIL PENALTIES**

Order defendant Anne Pramaggiore to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

**IV.  
OFFICER AND DIRECTOR BAR**

Pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], issue an order prohibiting defendant Anne Pramaggiore from acting as an officer or director of any issuer that either has a class of securities registered under the Exchange Act, or that is required to file reports pursuant to the Exchange Act.

**V.**

Grant such other relief as this Court considers appropriate.

**JURY DEMAND**

The Commission requests a trial by jury.

**UNITED STATES SECURITIES  
AND EXCHANGE COMMISSION**

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Dated: September 28, 2023