

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF WISCONSIN

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UNITED STATES OF AMERICA,

REVOCATION AND  
DETENTION ORDER

Plaintiff,

11-cr-132-wmc-01

v.

STEVE SCHMIDT,

Defendant.

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On March 27, 2012, the government moved to revoke the pretrial release of defendant Steve Schmidt, pursuant to 18 U.S.C. § 3148(b). *See* dkt. 50. On April 13 and 17, 2012, the court held an evidentiary hearing and heard arguments from counsel.

After having heard and seen the witnesses and the exhibits, and having considered arguments, the court found that there was probable cause to believe that Schmidt had aided and abetted co-defendant Ulatowski commit fraud and conceal assets in the Title 7 bankruptcy proceeding involving Ulatowski's business, "House of Flowers," by knowingly and fraudulently concealing from the bankruptcy trustee property belonging to the estate of the debtor, transferring and concealing property belonging to the estate of the debtor. Schmidt's conduct involved, among other things, holding a discount sale of House of Flowers merchandise after Ulatowski claimed to have closed the business, re-tagging merchandise from House of Flowers to Design Circle, and deceiving the bankruptcy trustee about the timing and extent to which House of Flowers had segregated its property from property belonging to House of Flowers. The evidence is inconclusive whether Ulatowski and Schmidt kept or failed to keep financial records that distinguished House of Flowers' assets and income from Design Circle's assets and income after filing the Chapter 7 but none have been produced.

The evidence suggests that Schmidt helped Ulatowski deceive the bankruptcy trustee and deceived and disregarded their accountant recklessly, reactively and without consideration of the likely consequences. This demonstrates Schmidt's unpredictability and poor judgment. Further, Schmidt's conduct during his pretrial release was disturbingly similar to the fraud and embezzlement charges against Schmidt in the underlying indictment in this case.<sup>1</sup> This led the court to conclude that Schmidt is unlikely to abide by any conditions of release the court might impose. As a result, the court granted the government's motion to revoke release and to detain Schmidt.

Therefore, it is ORDERED that defendant Steve Schmidt is committed to the custody of the United States Marshals Service for confinement at a proximate jail separate from persons awaiting or serving sentences or being held in custody pending appeal. The defendant shall be afforded a reasonable opportunity for private consultation with his attorney. On order of this court or on request of an attorney for the Government, the jail shall deliver the defendant to the Marshals Service for the purpose of an appearance in this case.

Entered this 17<sup>th</sup> day of April, 2012.

BY THE COURT:

/s/

STEPHEN L. CROCKER  
Magistrate Judge

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<sup>1</sup> and of which Ulatowski remains presumed innocent, *see* 18 U.S.C. sec. 3142(j).