



*United States Attorney  
District of New Jersey*

FOR IMMEDIATE RELEASE

July 21, 2010

[www.justice.gov/usao/nj](http://www.justice.gov/usao/nj)

CONTACT: Rebekah Carmichael  
Office of Public Affairs  
(973) 645-2888

**FORMER LAW ENFORCEMENT OFFICER PLEADS GUILTY TO MAIL FRAUD**

TRENTON, N.J. – Michael Palermo, 51, of Jackson Township, New Jersey, pleaded guilty today to committing mail fraud in connection with a civil lawsuit that he instituted against a contracting company, its principal, and others who constructed and sold him a house in 2006, United States Attorney Paul J. Fishman announced.

Palermo, a former Task Force Officer with the Federal Bureau of Investigation, pleaded guilty to an Information charging him with one count of mail fraud before United States District Judge Peter G. Sheridan in Trenton federal court. Palermo was initially charged with the fraud in a criminal Complaint on October 8, 2009. Judge Sheridan allowed Palermo to remain on \$50,000 bail pending his sentencing, scheduled for October 29, 2010.

According to documents filed in this case and statements made in court:

Palermo was an officer with the Port Authority Police Department (PAPD) for over 16 years and was detailed to work with the FBI as a Task Force Officer on violent crime investigations for the last 11 years.

Palermo admitted that, from February 2007 to January 2009, he perpetrated a scheme to defraud the adverse parties in the civil lawsuit by misrepresenting the cost to clean up water damage in the basement of his home. To further the scheme, Palermo enlisted an individual serving as cooperating witness in cases with which he was involved in an official capacity. Palermo admitted he asked this individual to create a false bill indicating Palermo had paid him \$10,000 for repairs, which Palermo later provided in civil discovery to the adverse parties. Palermo never actually paid the individual for any services related to the cleanup of his basement. Palermo also admitted that he made false, sworn statements in a relevant deposition and provided false answers to interrogatories in the civil lawsuit, including that he paid \$10,000 for the repairs, and directed his attorneys to mail those answers to the adverse parties.

The mail fraud charge to which Palermo pleaded guilty carries a maximum statutory penalty of 20 years in prison and a \$250,000 fine.

U.S. Attorney Fishman credited special agents of the FBI, under the direction of Special Agent in Charge Michael B. Ward in Newark, New Jersey, with the investigation leading to today's plea. Fishman also thanked Department of Justice Office of the Inspector General, under the direction of Special Agent in Charge James. E. Tomlinson, and the PAPD, under the direction of Superintendent Michael Fedorko, for their vital roles in the investigation.

This case is being prosecuted by Assistant U.S. Attorney Eric T. Kanefsky of the U.S. Attorney's Office Special Prosecutions Division.

10-202

###

Defense counsel: Jack Arseneault, Esq., Chatham, N.J.