

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA : **CRIMINAL NO.** _____
v. : **DATE FILED:** _____
MARY ELLEN KOVAL : **VIOLATION:**
: **18 U.S.C. § 1349 (conspiracy to commit**
: **honest services fraud - 1 count)**

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

At all times material to this information:

1. Public Official #3, known to the United States Attorney, was a public official who represented the City of Allentown through an elective office. Public Official #3's office vested him with actual and perceived authority and influence over, among other things, the awarding of certain municipal contracts by the City of Allentown. Public Official #3's office also vested him with actual and perceived authority over certain other public officials, including Garret Strathearn and Dale Wiles, both charged elsewhere. Public Official #3 also had the power to appoint individuals to certain boards, commissions, and authorities which exercised actual and perceived authority over individuals and entities in the Eastern District of Pennsylvania.

2. Since on or about January 2, 2012, defendant MARY ELLEN KOVAL represented the City of Allentown as its City Controller. Defendant KOVAL was first elected to a four-year term in November 2011 and was re-elected to a second term in November 2015. As City Controller, KOVAL was required by law to exercise independent oversight of all City

finances, including all expenditures by Public Official #3.

3. Defendant MARY ELLEN KOVAL relied on Public Official #3 for political support, including campaign contributions and appointments to boards, commissions, and authorities which exercised actual and perceived authority over individuals and entities in the City of Allentown. For example, by virtue of Public Official #3's actual and perceived authority and influence, defendant KOVAL became Chair of the Allentown Parking Authority's Board of Directors while maintaining her position as City Controller.

4. Public Official #3 aspired to win election to a statewide elective office. To achieve this goal and others, Public Official #3, while still serving as a public official in Allentown, hired and directed certain political operatives ("the campaign staff"), known to the United States Attorney, and solicited donations to various political action committees and campaign funds.

5. On April 17, 2015, Public Official #3, while maintaining his elective office in Allentown, formally announced his candidacy in an election for a position in the federal government. Federal law placed limits on the amount of money individuals could donate to a candidate for the federal position within a given election cycle. Federal law did not prohibit individuals from "bundling" multiple donations in order to present those donations to the candidate at once, provided that each individual donation was at or below the legal limits on contribution amounts.

6. Donor #1 and Donor #2, both known to the United States Attorney, were principals of companies which sought contracts with governmental organizations in Allentown and elsewhere. Ramzi Haddad, charged elsewhere, was an entrepreneur who had business and property interests in Allentown, including potential municipal contracts and the actual and

prospective ownership of properties which were regulated and overseen by governing authorities in Allentown, including Allentown's Parking Authority.

The Scheme to Defraud

7. From at least on or about January 7, 2014 until at least on or about December 8, 2015, Public Official #3, defendant MARY ELLEN KOVAL, and others, known to the United States Attorney, knowingly devised and intended to devise a scheme and artifice to defraud and deprive the City of Allentown and its citizens of the honest services of Public Official #3 and defendant KOVAL through bribery and kickbacks, wherein Public Official #3 and KOVAL requested and received campaign contributions as incentives and rewards for past, continued, and future official actions that Public Official #3, KOVAL, and others took, attempted to take, agreed to take, and caused, attempted to cause, and agreed to cause the City of Allentown to take.

The Defendant's Participation in the Conspiracy

8. From at least on or about October 21, 2014 until December 8, 2015, in Allentown, in the Eastern District of Pennsylvania, and elsewhere defendant

MARY ELLEN KOVAL,

together with Public Official #3, and others, known to the United States Attorney, conspired and agreed to knowingly devise a scheme and artifice to defraud and deprive the City of Allentown and its citizens of their right to the honest services of Public Official #3 and defendant KOVAL through bribery and kickbacks and involving material misrepresentation, false statement, false pretense, and concealment of fact, and to use the U.S. mails and interstate wire communications to further the scheme to defraud, in violation of Title 18, United States Code, Sections 1341, 1343, and 1346.

MANNER AND MEANS

9. Public Official #3 directed other public officials to identify for him individuals and entities who had profited from their dealings with the City of Allentown and who sought favorable treatment from the City of Allentown (“the vendors”). Public Official #3, directly and through subordinates, made clear to certain vendors, including Donor #1, Donor #2, and Ramzi Haddad, that providing Public Official #3 with campaign contributions was a necessary condition for receiving certain favorable treatment from the City of Allentown.

10. Public Official #3 caused, agreed to cause, and attempted to cause other public officials, including Garret Strathearn, Dale Wiles, and defendant MARY ELLEN KOVAL, to take official action favorable to certain actual and potential donors to Public Official #3’s political campaigns and interests.

11. After Public Official #3 and his subordinates advised defendant MARY ELLEN KOVAL that Donor #1, Donor #2, and Ramzi Haddad expected favorable official action in exchange for campaign contributions, defendant KOVAL agreed to take official action which would be favorable to those donors.

12. To conceal the conspiracy, Public Official #3 directed certain campaign staff and public officials to interact with vendors and actual and potential donors but to avoid creating any records that would show a linkage between official actions by Allentown officials and campaign contributions from donors.

13. To conceal his role in the conspiracy, Public Official #3 limited his direct and public interactions with certain vendors and pretended to have no involvement in official actions which could affect them, all while secretly using his authority and influence to cause certain official actions for their benefit. Rebuffing concerns raised by Ramzi Haddad and others,

Public Official #3 insisted that vendors and public officials subordinate to him conduct city business with his campaign staff.

14. To conceal and continue the conspiracy, members of the conspiracy employed countersurveillance maneuvers and obstructed justice by, among other things, making false statements to Federal Bureau of Investigation (FBI) agents conducting a federal criminal investigation into the relationship between campaign contributions and official action in the City of Allentown.

OVERT ACTS

In furtherance of this conspiracy, defendant MARY ELLEN KOVAL and others committed the following overt acts:

1. Between on or about October 21, 2014 and on or about May 26, 2015, in consideration for Donor #1's agreement to raise campaign donations for Public Official #3, defendant MARY ELLEN KOVAL attempted to use her official authority and influence to benefit Donor #1 and his business interests:

- a) On or about November 14, 2014, through her authority on the Allentown Parking Authority's Board of Directors, defendant KOVAL caused e-mails to be sent, in interstate commerce, in furtherance of an effort to give Donor #1's company an unfair and undisclosed competitive advantage in obtaining a contract with the Allentown Parking Authority.
- b) Between approximately March 2015 and May 26, 2015, in her capacity as Allentown's City Controller, KOVAL met with Public Official #3 and his subordinates to discuss awarding Donor #1's

company a “no-bid” contract with the City of Allentown.

2. On or about December 4, 2014, defendant MARY ELLEN KOVAL caused to be sent to Donor #2, in interstate commerce, an e-mail requesting a campaign contribution as consideration for efforts by Public Official #3 and defendant KOVAL to award a city contract to Donor #2’s company.

3. On or about April 21, 2015, Public Official #3, acting in his official capacity as an elected official, used the U.S. mails to send a four-paragraph letter “to offer my full support” for a proposal in which Ramzi Haddad had a business interest.

4. On or about May 15, 2015, defendant MARY ELLEN KOVAL, in her official capacity as City Controller, used the U.S. mails to send a four-paragraph letter “to offer my full support” for a proposal in which Ramzi Haddad had a business interest.

5. Between on or about June 24, 2015 and July 1, 2015, Donor #1, Donor #2, and Ramzi Haddad, collectively, donated and bundled tens of thousands dollars’ worth of campaign contributions to Public Official #3’s federal campaign.

6. On or about July 2, 2015, in order to conceal and continue the conspiracy, Public Official #3 made materially false statements to FBI agents who were investigating the conspiracy. For example, Public Official #3 falsely denied knowing whether he had received campaign contributions from Donor #1’s company or its principals when in fact, two days earlier, as Public Official #3 well knew, Donor #1 had donated and bundled tens of thousands of dollars in campaign contributions, which were transferred to Public Official #3’s federal campaign via interstate wires, including the Internet.

7. On or about December 8, 2015, in order to conceal and continue the conspiracy, defendant MARY ELLEN KOVAL made materially false statements to FBI agents

who were investigating the conspiracy. For example, defendant KOVAL falsely denied having had discussions about giving favorable treatment to Donor #1 and about Donor #2 providing campaign contributions to “reciprocate” for favorable treatment from the City of Allentown, when in fact, as KOVAL well knew, she had participated in these discussions.

All in violation of Title 18, United States Code, Section 1349.


ZANE DAVID MEMEGER
United States Attorney