

1. That two or more persons agreed to commit mail or wire fraud; and
2. That the defendant knowingly joined the agreement or conspiracy knowing of its objective to commit mail or wire fraud and intending to join together to achieve that objective; that is, that the defendant and at least one co-conspirator shared a unity of purpose and the intent to achieve a common goal or objective, to commit mail or wire fraud

A person commits mail or wire fraud, in violation of (18 U.S.C. § 1341 or 1343), when:

1. A person, having devised, intended to devise, or participated in
2. a scheme or artifice to defraud or to obtain money or property by means of false or fraudulent pretenses, representations or promises
3. knowingly uses or caused the use of
 - a. the U.S. mails (mail fraud) or
 - b. interstate or foreign wires, including the Internet (wire fraud)
4. for the purpose of executing the scheme or artifice.

IV. FACTUAL BASIS FOR THE PLEA

A. The Public Officials

The defendant was the Finance Director for the City of Allentown. Through his office, the defendant had actual and perceived authority and influence over certain other public officials, including the City of Allentown's Purchasing Agent. Dale Wiles, who previously pleaded guilty in connection with this offense, was an Assistant City Solicitor for the City of Allentown whose duties included coordinating the outsourcing of certain Allentown municipal projects to attorneys in the private sector. "Public Official #3" represented the City of Allentown through an elective office which vested him with actual and perceived authority and influence over the awarding of certain municipal contracts by the City of Allentown and over certain other public officials ("the municipal officials"), including the defendant and Wiles.

B. Allentown's Revenue Collection Contract

At all relevant times, the City of Allentown outsourced its collection of delinquent real estate taxes and municipal claims ("the revenue collection") to a law firm with experience in collecting taxes. For several years, the contract for the City's revenue collection had been serviced by "Law Firm #1," whose contract had been renewed annually without Law Firm #1 being required to compete with other firms in order to keep the contract.

In 2013, after being notified that firms would need to compete in order to be awarded the City's revenue collection contract for the calendar year 2014, Wiles was tasked with coordinating the selection process. Wiles then formed a committee, comprised of himself and two municipal officials who reported to the defendant ("the revenue committee"), which was responsible for soliciting and evaluating proposals before selecting one to recommend to the City of Allentown's Purchasing Agent (who also reported to the defendant), based on the best interests of the City and its citizens.

The revenue committee used the U.S. mail system and Internet to publish a request for proposals (RFP), which invited potential contractors to bid on servicing Allentown's revenue collection contract for 2014. According to the RFP, the City would evaluate competing proposals based on their merits and select a winner based on which one would "be most advantageous to the City." Relying on the representations in the RFP, several competitors submitted proposals for the revenue collection contract, including Law Firm #1, "Law Firm #2," and a partnership between a revenue collection company and "Law Firm #3" ("the Partnership"). Wiles and the other revenue committee members graded each of these proposals using pre-established criteria which were consistent with the representations in the RFP and memorialized these scores on preprinted government forms ("the score sheets"). The original score sheets reflected, among other things,

that:

- 1) the committee members had given Law Firm #2's proposal the highest aggregate score;
- 2) the committee members had given Law Firm #1's proposal the second highest aggregate score; and
- 3) none of the committee members had concluded that the Partnership's proposal would be the most advantageous to the City.

After reviewing, evaluating, and discussing each of the proposals submitted in response to the RFP, the revenue committee members agreed that Law Firm #2's proposal would be the most advantageous to the City.

C. Public Official #3's Political Ambitions

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 operatives"), to help him raise campaign contributions from donors, including parties who had profited from their dealings with the City of Allentown and who sought favorable treatment from the City of Allentown. Public Official #3 also directed certain municipal officials to give preferential treatment to certain of his past and potential political donors.

Dissatisfied with the amount of campaign contributions that he had received from Law Firm #1 and its affiliates, Public Official #3 believed that certain principals and affiliates of the Partnership were more promising sources of campaign contributions. These principals and affiliates of the Partnership, known to the United States Attorney, funded and maintained a political action committee ("the Partnership PAC") that made campaign contributions to candidates for public office and the political action committees which supported them. In 2013

and 2014 the Partnership PAC pledged and contributed thousands of dollars to a campaign of Public Official #3 and a political action committee that supported him. In these same years, the Partnership paid thousands of dollars to Public Official #3's campaign operatives for their "consulting" services.

Public Official #3 instructed certain subordinates that he wanted the Partnership to be awarded the 2014 revenue collection contract, that he did not want to be perceived as having influenced the contracting process, and that he would consider future renewals of the Partnership's contract based on whether the Partnership and its affiliates had given sufficient campaign contributions for the benefit of Public Official #3. Specifically, on or about January 8, 2014, Public Official #3 explained to the defendant that awarding the 2014 revenue collection contract to the Partnership was important to Public Official #3 and his political aspirations. The defendant agreed that he would help Public Official #3 by giving preference to the Partnership in the contracting process.

D. The Defendant's Role in the Conspiracy

Thus, between on or about January 7, 2014 and February 26, 2014, the defendant engaged in a scheme to corruptly steer the contract to the Partnership, all while falsely representing to the Partnership's competitors and the City of Allentown and its citizens that the contract was being awarded via a fair and open process that accorded with the RFP. One of the purposes of the scheme was for the Partnership to provide campaign contributions to Public Official #3.

After learning that the revenue committee was about to recommend Law Firm #2 to the City of Allentown's Purchasing Agent, the defendant intervened to reshape the mission and composition of the committee as follows. The defendant announced that the committee had selected Law Firm #2 and the Partnership as its two "finalists" for an additional round of review,

when in fact, as the defendant well knew, the committee had neither decided to conduct a “finalist” round nor had it given the Partnership scores that would have established it as one of only two “finalists.” The defendant removed from the committee the municipal official whose score for the Partnership was the lowest of the committee members and replaced her by joining the committee. The defendant soon made clear to Wiles that the contracting process was being corruptly manipulated in order to steer the 2014 revenue collection contract to the Partnership and that Wiles was expected to help create the false impression that the Partnership had won the contract on the merits.

The revenue committee used communications over U.S. mail, telephones, and the Internet to convince Law Firm #2 and other competitors that their proposals had received, and were receiving, fair consideration for the 2014 revenue contract, when in fact, as the defendant well knew, he had manipulated the award process to cause the Partnership to be awarded the contract. Although the City had promised competitors a “confidential” process, the defendant had secret conversations with individuals advocating the Partnership’s bid, including certain campaign operatives, in order to make the Partnership’s proposal appear more responsive to the RFP than it had originally appeared.

After the defendant announced that the committee would interview the “finalists,” he took steps to be encouraging to the Partnership and discouraging to Law Firm #2 during their respective interviews. After the defendant announced that he would personally check the references supplied by the “finalists,” he provided the committee false and misleading information about the contents of his communications in order to make the Partnership appear more qualified than Law Firm #2. The defendant then used the results of his ‘reference checks’ to justify giving the Partnership’s proposal a higher aggregate score than Law Firm #2’s.

The defendant understood that the scheme would not only provide money to the Partnership and a benefit for Public Official #3, but that Law Firm #2 would be deprived of resources spent on participating in a sham process where the result was pre-determined, contrary to what Law Firm #2 had been told. The defendant also understood that the U.S. mail and interstate wires would be used in furtherance of the scheme to defraud.

The co-conspirators took numerous overt acts in furtherance of the conspiracy. For example, Wiles created a new version of the score sheet on which he had documented his actual evaluation of the proposals submitted in response to the RFP. The false score sheet contained, among other things, artificially inflated scores for the Partnership which did not reflect Wiles's actual evaluation but were created to help the corrupted award process withstand future scrutiny. Then, on January 30, 2014, in order to give the false impression that the Partnership had earned the 2014 revenue collection contract on the merits, the defendant used false and pretextual information to create a public record indicating that the Partnership had scored higher than Law Firm #2 in the "finalist" round of review. On or about February 6, 2014, the defendant used a telephone to notify a campaign operative that the Partnership had been awarded the contract and that the City had mailed out its an award letter earlier that week.

In order to help conceal the conspiracy, the defendant and other members of the conspiracy engaged in repeated acts of obstruction of justice, including making materially false statements about the criminal conspiracy to investigating agents from the Federal Bureau of Investigation. For example, on or about May 27, 2014, in Allentown, Pennsylvania, and again on or about August 14, 2015, in Sea Girt, New Jersey, the defendant falsely told the agents that he was unaware of Public Official #3 expressing any preference about, let alone having input or involvement in, the award process for the 2014 revenue collection contract when in fact, as the

defendant well knew, Public Official #3 had specifically told him that Public Official #3 wanted the Partnership to win the contract and that it was important for the defendant to provide that result for Public Official #3's benefit. Then, on or about September 15, 2015, in Philadelphia, Pennsylvania, the defendant again made materially false declarations and denials about the conspiracy and his knowledge of the criminal conduct, this time before a federal grand jury.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on or before this date I caused a true and correct copy of the foregoing Government's Guilty Plea Memorandum to be served by e-mail upon counsel for the defendant:

Stuart Patchen, Esq.

/s/ Joseph J. Khan
JOSEPH J. KHAN
Assistant United States Attorney

Date: 12/30/15