

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

**UNITED STATES OF AMERICA** : **CRIMINAL NO.** \_\_\_\_\_  
**v.** : **DATE FILED:** \_\_\_\_\_  
**MICHAEL FLECK** : **VIOLATIONS:**  
: **18 U.S.C. § 371 (conspiracy to commit**  
: **extortion and bribery offenses - 1 count)**  
: **26 U.S.C. § 7201 (tax evasion - 1 count)**  
: **Notice of forfeiture**

**INFORMATION**

**COUNT ONE**

**THE UNITED STATES ATTORNEY CHARGES THAT:**

At all times material to this information:

**The Reading Public Officials**

1. Public Official #1, known to the United States Attorney, was a public official who represented the City of Reading through an elective office. Public Official #1'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 Reading.

2. Public Official #1's office also vested him with actual and perceived authority over certain other public officials ("the Reading officials"), including Special Assistant Eron Lloyd, charged elsewhere.

3. Public Official #1 was a candidate in the Democratic Party's primary election for re-election to his position, scheduled for May 19, 2015. Reading's Code of Ethics established certain limits on the amount of money which could be donated to candidates for the office that Public Official #1 held and sought to retain.

### **The Allentown Public Officials**

4. 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.

5. Public Official #3's office also vested him with actual and perceived authority over certain other public officials ("the Allentown officials"), including Finance Director Garret Strathearn and Assistant City Solicitor Dale Wiles, both charged elsewhere. City Controller Mary Ellen Koval, charged elsewhere, was an elected official who relied on Public Official #3 for political support, including campaign contributions and her appointment to the Allentown Parking Authority's Board of Directors. In the 2015 Democratic primary and general elections for City Controller of Allentown, Koval was a candidate for re-election.

6. On or about September 8, 2013, Public Official #3, while maintaining his elective office in Allentown, formally announced his candidacy in an election for a position in the state government. He terminated this campaign a few months later.

7. In early 2015, while maintaining his elective office in Allentown, Public Official #3 discussed seeking 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. The primary and general elections for this position were scheduled for 2016. After privately deciding to run, Public Official #3 publicly announced his candidacy for this position on or about April 17, 2015.

### **Fleck Consulting**

8. Defendant MICHAEL FLECK was a principal and co-owner of an Allentown-based consulting company that a) conducted fundraising and other campaign-related services for elected officials in Pennsylvania, including Public Official #1, Public Official #3, and Mary Ellen Koval (“the political clients”) and b) lobbied these same political clients on behalf of individuals and companies who sought contracts and other favorable treatment from local governments (“the business clients”). Between 2013 and 2015, defendant FLECK’s company underwent various changes to its name and corporate structure while keeping most of its employees, political clients, and business clients.

9. To maximize his chances of victory in the May 19, 2015, election, Public Official #1, while still serving as a public official in Reading, hired and directed defendant MICHAEL FLECK, Eron Lloyd, and others, known to the United States Attorney, to help him raise campaign contributions from donors, including parties who had profited from their dealings with the City of Reading and who sought favorable treatment from the City of Reading. Public Official #1 also caused and directed Lloyd and other Reading officials to give preferential treatment to certain of his past and potential political donors.

10. To realize his ultimate goal of ascending to a statewide elective office, Public Official #3, while still serving as a public official in Allentown, hired and directed defendant MICHAEL FLECK and others, known to the United States Attorney, 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 caused and directed Allentown officials to give preferential treatment to certain of his past and potential political donors.

11. To maximize her chances of being re-elected in 2015, Mary Ellen Koval, while still serving as a public official in Allentown, hired and directed defendant MICHAEL FLECK and others, known to the United States Attorney, to help her 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.

### **The Donors**

12. Donor #1, known to the United States Attorney, was a principal of a company which sought contracts with governmental organizations in Allentown and elsewhere.

13. Donor #2 and Donor #3, both known to the United States Attorney, represented companies that heavily relied on contracts with governmental organizations in Pennsylvania, including the cities of Allentown and Reading.

14. Donor #4, known to the United States Attorney, was a principal of Law Firm #4, also known to the United States Attorney, a Pennsylvania-based law firm which sought and received contracts to perform legal work on behalf of governmental organizations in Allentown and elsewhere.

15. Donor #5, known to the United States Attorney, was an entrepreneur who had business and property interests in Allentown and Reading, including actual and potential municipal contracts and projects which required approval by governing authorities in these areas.

16. 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 Lehigh County.

17. An alliance between a Pennsylvania-based law firm and a revenue

collection company (collectively, “the Partnership”), all known to the United States Attorney, sought to service the City of Allentown’s revenue collection contract on an annual basis.

### **The Schemes to Defraud**

18. From at least on or about April 15, 2014, until at least on or about July 10, 2015, Public Official #1, Eron Lloyd, 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 Reading and its citizens of the honest services of Public Official #1 and Lloyd through bribery and kickbacks, wherein Public Official #1, Lloyd, and others treated campaign contributions as incentives and rewards for past, continued, and future official actions that Public Official #1, Lloyd, and others took, attempted to take, agreed to take, and caused, attempted to cause, and agreed to cause the City of Reading to take.

19. From at least on or about January 7, 2014, until at least on or about December 8, 2015, Public Official #3, 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 Koval through bribery and kickbacks, wherein Public Official #3, Koval, and others treated 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**

20. From at least on or about October 23, 2013, until on or about March 13, 2015, in Reading and Allentown, in the Eastern District of Pennsylvania, and elsewhere

defendant

**MICHAEL FLECK,**

together with Public Official #1, Eron Lloyd, Public Official #3, Mary Ellen Koval, and others, known to the United States Attorney, conspired and agreed to commit extortion and bribery offenses in violation of federal criminal law, that is:

- a) to knowingly devise schemes and artifices to defraud and deprive the cities of Reading and Allentown, and their respective citizens of their right to the honest services of public officials through bribery and kickbacks involving material misrepresentation, false statement, false pretense, and concealment of fact, and to use interstate wire communications to further the scheme to defraud, in violation of Title 18, United States Code, Sections 1343 and 1346;
- b) to obstruct, delay, and affect commerce, and the movement of article and commodities in commerce, by extortion, in that defendant MICHAEL FLECK and others conspired with public officials and others to obtain money and property, which were not due the public officials or their respective offices, in their respective capacities as public officials, with the consent of the victims, under color of official right, in violation of Title 18, United States Code, Section 1951(a); and
- c) to travel in interstate commerce and to use facilities in interstate and foreign commerce, that is telephones and the Internet, with the intent to promote, manage, establish, and carry on, and to facilitate the promotion, management, establishment, and carrying on, of an unlawful activity, that

is, Bribery in Official and Political Matters, in violation of Title 18 Pa. Cons. Stat. Ann. § 4701, and to thereafter perform and attempt to perform acts to promote, manage, establish, and carry on, and to facilitate the promotion, management, establishment, and carrying on of the unlawful activity, in violation of Title 18, United States Code, Section 1952(a)(3).

#### **MANNER AND MEANS**

21. Public Official #1 and Public Official #3 organized their respective campaign operations around certain time-sensitive fundraising goals.
  - a) Concerned about well-funded rivals, Public Official #1 instructed defendant MICHAEL FLECK, Eron Lloyd, and others that his best chance at winning the 2015 Democratic primary was to maximize contributions prior to May 19, 2015, even if the contributions would be in violation of Reading's Code of Ethics.
  - b) Disappointed by his poor fundraising in his earlier campaign for statewide office, Public Official #3 instructed defendant MICHAEL FLECK, Donor #1, Donor #2, Donor #4, Donor #5, Ramzi Haddad, and others that his best chance at winning his party's support as a candidate for the federal office was to maximize the campaign contributions that he received on or before a federal campaign reporting deadline of June 30, 2015.
22. Public Official #1, Public Official #3, and Mary Ellen Koval, directly and through defendant MICHAEL FLECK and others, communicated to certain donors that they were expected to provide items of value, including campaign contributions, in return for certain past or prospective official actions in Reading and Allentown.

23. Public Official #1 and Public Official #3 caused, agreed to cause, and attempted to cause other public officials, including Mary Ellen Koval, Garret Strathearn, Dale Wiles, and Eron Lloyd, to take official action favorable to certain donors who had provided, or were expected to provide significant campaign contributions.

24. Public Official #3 communicated to others, including Allentown officials and defendant MICHAEL FLECK, that the city of Allentown would withhold favorable treatment from certain donors who failed to provide satisfactory campaign contributions to Public Official #3.

25. To conceal their respective roles in the conspiracy, Public Official #1 and Public Official # 3 limited their direct interactions with certain donors.

26. When donors, Allentown officials, and Reading officials raised concerns about having to interact with defendant MICHAEL FLECK and his employees in connection with official city business, Public Official #1 and Public Official #3 rebuffed their concerns and insisted that they interact with defendant FLECK and his employees.

27. Public Official #1, Eron Lloyd, Public Official #3, Mary Ellen Koval, defendant MICHAEL FLECK, and others, known to the United States Attorney, used facilities of interstate of commerce, that is, telephones and the Internet, in order to discuss, promote, manage, establish, carry on, and otherwise facilitate the conspiracy.

28. To conceal and continue the conspiracy, Public Official #1, Eron Lloyd, Public Official #3, Mary Ellen Koval, Garret Strathearn, Dale Wiles, and defendant MICHAEL FLECK employed countersurveillance maneuvers and obstructed justice by, among other things, making false statements to FBI agents conducting a federal criminal investigation into the relationship between campaign contributions and official action in Reading and Allentown.



## OVERT ACTS

In furtherance of this conspiracy, defendant MICHAEL FLECK and others committed the following overt acts, among others:

### **Bribes, Contract Rigging, and Extortion of Donors**

#### Donor # 1

1. On diverse dates between on or about January 6, 2014, and on or about May 26, 2015, Public Official #3, Mary Ellen Koval, defendant MICHAEL FLECK, and others met for the purpose of helping Donor #1's company receive a "no-bid" contract from the City of Allentown as a reward for Donor #1's agreement to raise campaign contributions for Public Official #3.

#### Donor #2

2. On diverse dates between on or about April 14, 2014, and on or about June 11, 2015, Public Official #1, Eron Lloyd, defendant MICHAEL FLECK, and others met for the purpose of helping Donor #2's company receive a contract from the City of Reading in exchange for Donor #2's agreement to raise campaign contributions for Public Official #1

3. On or about August 8, 2014, Public Official #3 agreed to help Donor #2's company receive a contract from the City of Allentown as a reward for Donor #2's agreement to raise campaign contributions for Public Official #3.

4. On or about December 4, 2014, 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 Koval to award an Allentown city contract to Donor #2's company.

Donor #3

5. On diverse dates between on or about April 14, 2014, and on or about May 8, 2015, Donor #3 met with Public Official #1, Public Official #3, defendant MICHAEL FLECK, and others, known to the United States Attorney, to discuss trading municipal contracts in Allentown and Reading for campaign contributions from a political action committee over which Donor #3's company had influence and control.

6. On or about April 25, 2014, Public Official #1 directed an employee of defendant MICHAEL FLECK, known to the United States Attorney, to solicit a campaign contribution from Donor #3's company as a reward for Public Official #1's efforts to convince Reading officials to award a competitively bid contract to Donor #3's company instead of a competitor.

Donor #4

7. On or about January 30, 2015, Public Official #3, defendant MICHAEL FLECK, and others met to design a plan for extorting campaign contributions from Law Firm #4.

- a) Upon hearing that Donor #4 had expressed doubt about Law Firm #4's willingness to make future contributions, Public Official #3, complained "Really! I've given him millions of dollars.... Relatively, compared to other law firms, they've given nothing. [Donor #4] for sure will get nothing now.... You know, f--k them! And I'm not gonna [award work to Donor #4's law partner] or anything. Screw it all!"
- b) Defendant MICHAEL FLECK told Public Official #3 that he would "beat the crap out of" Donor #4 by making clear that Law Firm #4's ability to receive future legal contracts would be imperiled if the firm did not kick

back adequate campaign contributions to Public Official #3.

8. On or about February 3, 2015, Donor #4 agreed that in exchange for Public Official #3's agreement to steer legal contracts to Law Firm #4, Donor #4 would solicit attorneys at the firm to make campaign contributions to Public Official #3.

Donor #5

9. On diverse dates between on or about April 14, 2014, and on or about May 8, 2015, in order to receive favorable official action in Allentown and Reading, Donor #5 met with Public Official #3, defendant MICHAEL FLECK, and others, known to the United States Attorney, to discuss making campaign contributions to Public Official #1 and Public Official #3.

10. In or about February 2015, Public Official #1, acting in his official capacity as an elected official, used the U.S. mails to send a letter of support for a proposal in which Donor #5 had a business interest, in consideration for Donor #5's contribution to Public Official #1's 2015 campaign.

Ramzi Haddad

11. On or about December 19, 2014, at the direction of Public Official #3, an Allentown official, known to the United States Attorney, forwarded an e-mail about Ramzi Haddad's zoning application to his own personal e-mail account. From his personal e-mail account, the employee then forwarded the e-mail chain to an employee of defendant MICHAEL FLECK, known to the United States Attorney, along with guidance for Haddad.

12. 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 letter of support for a proposal in which Ramzi Haddad had a business interest, in consideration for Haddad's agreement to raise money for Public Official #3.

### The Partnership

13. On or about January 8, 2014, Public Official #3 contacted Garret Strathearn to explain the importance of awarding the City of Allentown's 2014 revenue collection contract to the Partnership and ensure that Strathearn, in his official capacity, would help achieve that result, even though the City of Allentown had promised the Partnership's competitors that the contract award process would be open, merit-based, and confidential.

14. Between on or about January 8, 2014 and January 30, 2014, Garret Strathearn and defendant MICHAEL FLECK secretly shared information about the Partnership and the revenue collection contract award process in order to give the Partnership an unfair and undisclosed advantage in the award process.

15. On or about January 30, 2014, in order to give the false impression that the Partnership had earned the 2014 revenue collection contract on the merits, Garret Strathearn and Dale Wiles created a public record which was based on false and pretextual information.

16. On or about February 6, 2014, Garret Strathearn used a telephone to notify defendant MICHAEL FLECK that an award letter had been mailed to the Partnership.

### Campaign Contributions from Donors

17. Between on or about November 5, 2014 and May 15, 2015, in consideration for official action in Reading, Donor #2, Donor #3, and Donor #5 caused thousands of dollars' worth of campaign contributions to be delivered to various campaign funds supporting and benefitting Public Official #1.

18. Between at least on or about October 23, 2013 and on or about July 1, 2015, Donor #1, Donor #2, Donor #4, Donor #5, Ramzi Haddad, and certain principals of the Partnership, collectively donated, bundled, and solicited others to donate, tens of thousands

dollars' worth of campaign contributions to various campaign funds supporting and benefiting Public Official #3. During this time period, Donor #2 also donated to Mary Ellen Koval's re-election fund as consideration for efforts by Public Official #3 and Koval to award an Allentown city contract to Donor #2's company.

**Obstruction of Justice**

19. On diverse dates between May 27, 2014 and December 8, 2015, in order to conceal and continue the conspiracy, defendant MICHAEL FLECK, Public Official #1, Eron Lloyd, Public Official #3, Mary Ellen Koval, Garret Strathearn, and Dale Wiles made materially false statements to agents of the Federal Bureau of Investigation who were investigating the conspiracy. For example, on March 11, 2015, defendant FLECK falsely stated to FBI agents that he had not told anyone that the agents had confronted him earlier that day when in fact, as FLECK well knew, he had disclosed the encounter to several others with the intention of warning Public Official #3 about the FBI's investigation into their bribery, kickback, and extortion schemes.

All in violation of Title 18, United States Code, Section 371.

## COUNT TWO

### THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

At all times material to this information:

1. Paragraphs 1, 4, 8, 9 and 10 of this information are incorporated here.
2. From 2011 to 2013, defendant MICHAEL FLECK received approximately \$921,951 in gross income, including income received through his political consulting on behalf of Public Official #1 and Public Official #3 ("company funds").
3. Between in or about April 2012 through on or about October 6, 2014, in the Eastern District of Pennsylvania, and elsewhere, defendant

### **MICHAEL FLECK,**

a resident of Allentown, Pennsylvania, who during calendar years 2011 through 2013 was married, willfully engaged in a continuing attempt to evade and defeat a large part of the tax due and owing by him and his spouse to the United States of America for the calendar years 2011 through 2013, as required by law, by failing to report and pay to the Internal Revenue Service (IRS) these income taxes, and by concealing and attempting to conceal from all proper officers of the United States of America his true and correct income through various means, including, among others, the following evasive acts:

- (1) by making cash withdrawals of company funds in order to knowingly pay certain personal expenses with company funds;
- (2) by reporting to the IRS that certain expenditures of company funds were business expenses when in fact they were personal expenses;
- (3) by engaging in a consistent pattern of misleading the IRS by overstating deductions and understating income; and

(4) by filing and causing to be filed with the Director, Internal Revenue Service Center, false and fraudulent joint U.S. individual income tax returns, Forms 1040, on behalf of himself and his spouse, in which he concealed company funds of approximately \$130,897.41 and failed to remit approximately \$43,467 in payroll taxes.

In violation of Title 26, United States Code, Section 7201.

## NOTICE OF FORFEITURE

### THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Section 371 (conspiracy to commit honest services fraud, Travel Act bribery, and Hobbs Act extortion) set forth in this information, defendant

#### **MICHAEL FLECK**

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offenses, including, but not limited to, the sum of \$50,750 found in the following bank accounts:

- a. Provident Bank Account Numbers 80014154 and 80014146
- b. National Penn Bank Account Number 218579721

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant(s) up to the value of the property subject to forfeiture.



All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

*Peter F Schenck for*  
ZANE DAVID MEMEGER  
UNITED STATES ATTORNEY