JHG/USAO #2006R01018

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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| UNITED STATES OF AMERICA | : | Criminal No. 07- |
| v. | : | 18 U.S.C. §§ 371, 666(a)(1)(A), 1341, 1343 and 2; 26 U.S.C. §§ 7201 and 7206(1) |
| SHARPE JAMES and TAMIKA RILEY | : | I N D I C T M E N T |

The Grand Jury, in and for the District of New Jersey, sitting at Newark, charges that:

**COUNTS 1 TO 17**

(Scheme to Defraud by Misuse of City of Newark Credit Cards and other Means to pay Personal, Non-Government Expenses)

**Defendant Sharpe James and Tamika Riley**

1. At all times relevant to Counts 1 to 17 of this Indictment:

(A) Defendant SHARPE JAMES held the position of Mayor of the City of Newark, New Jersey, the Chief Executive Officer of New Jersey's largest municipality, having been elected to five consecutive four-year terms, most recently in May 2002. As Mayor, defendant JAMES's duties included to:

a. Enforce Newark's charter and ordinances and all general laws applicable thereto;

b. Supervise, direct and control all departments of the municipal government, to include the Newark Police Department ("NPD") and the Department of Economic and Housing Development (the "DEHD");

c. Prepare and submit to the Newark Municipal Council (the "City Council") an annual operating budget and a capital budget, establish the schedules and procedures

to be followed by all municipal departments, offices and agencies in connection therewith, and supervise and administer all phases of the budgetary process;

d. Supervise the care and custody of all municipal property, institutions and agencies, and make recommendations concerning the nature and location of municipal improvements and execute improvements determined by the governing body;

e. Sign all contracts, bonds and other instruments requiring the consent of the municipality;

f. Negotiate contracts for the municipality, subject to the approval of the City Council;

g. Assure that all terms and conditions imposed in favor of the municipality or its inhabitants in any statute, franchise or other contract were faithfully kept and performed; and

h. Serve as an ex officio, nonvoting member of all appointive bodies in municipal government of which defendant JAMES was not an official voting member.

(B) As Mayor, defendant SHARPE JAMES received an annual salary of between approximately $171,878 and $203,187 between in or about 1999 and 2006. Included in this salary was a car/fringe allowance of approximately $780 per year and an allowance in lieu of expenses of $25,000 per year. Upon leaving office on or about June 30, 2006, defendant JAMES received approximately $15,000 in unused vacation compensation and approximately $21,574 in sick leave buy-back compensation.

(C) As Mayor, defendant JAMES was provided with a Security detail primarily consisting of three NPD detectives assigned full-time to him. Those three detectives generally covered alternating shifts, with each detective working two days a week and every third Sunday. An NPD Security officer routinely

accompanied defendant JAMES on City-related trips and other events, as well as on defendant JAMES's personal trips and events when defendant JAMES so directed.

(D) Defendant SHARPE JAMES also was a State Senator representing the 29th Legislative District from on or about June 21, 1999 to present. In or about 2002 and 2003, defendant JAMES served as Assistant Democratic Leader. In or about 2004 and 2005, defendant JAMES served as Assistant Majority Leader. From on or about February 5, 2004 to the present, defendant JAMES served as Vice-Chair of both the Budget and Appropriations Committee and the Community and Urban Affairs Committee. As a State Senator, defendant JAMES's official duties included, but were not limited to: (i) proposing, drafting and voting on legislation; (ii) conducting and participating in committee hearings; (iii) exercising legislative oversight with regard to state agencies and departments; (iv) making recommendations to, and negotiating with, state agencies and departments; and (v) providing constituent services for New Jersey citizens and organizations, which included making recommendations and supporting constituents' positions before state agencies and departments. As Senator, defendant JAMES received an annual salary of approximately $35,000 from in or about 1999 to 2001, and approximately $49,000 annually since in or about January 2002.

2. At all times relevant to Counts 1 to 17 of this Indictment, TAMIKA RILEY was president and Chief Executive Officer of Tamika Riley, Inc., a/k/a "Tamika Riley Images, Inc." (collectively, "TRI"), a public relations firm specializing in the entertainment industry. TRI promotional documents claimed that TRI provided various services, including: media relations; hair and wardrobe styling; makeup artistry; event planning; and arranging travel and hotel accommodations.

3. From at least in or about 2000 to in or about June 2006, defendant SHARPE JAMES had a personal relationship with TAMIKA RILEY. That relationship included private meetings at local hotels, RILEY's home and defendant JAMES's summer home in Bayville, New Jersey. RILEY also accompanied defendant JAMES on trips and outings to, among other destinations: California; Memphis, Tennessee; Sag Harbor, New York; Queens, New York (U.S. Open Tennis Tournament); and Boca Chica, Dominican Republic. From in or about April 2001 to in or about June 2006, defendant JAMES also attempted to assist RILEY in establishing, upgrading, and maintaining office space for TRI at 111 Mulberry Street in Newark, New Jersey by: (i) attempting to secure a lease from the City of Newark; (ii) as Vice-Chair of the Senate Appropriations Committee, in or about September 2004, seeking a $25,000 state grant for TRI, which entity defendant JAMES labeled, in correspondence, as an "exemplary organization;" and (iii)

assisting in attempting to arrange the sale of the basement level of 111 Mulberry Street from the City of Newark to TRI in or about the first half of 2006 for approximately $525,000 - an effort that was unsuccessful.

**Newark Government Credit Cards**

4. At all times relevant to Counts 1 to 17 of this Indictment, defendant SHARPE JAMES had control of, and used, two credit cards funded by the City of Newark, as described below.

**The Security Credit Card**

(A) Defendant JAMES held a Platinum Plus Visa credit card in the name of "Sharpe James Newark Mayor Sec[urity] Pol[ice] Bus[iness]" (the "Security Credit Card"). Defendant JAMES carried the Security Credit Card in his wallet and controlled its use. The intended purpose of the Security Credit Card was to pay for necessary, business-related expenses incurred by members of the NPD Security detail who accompanied defendant JAMES on trips and other events. Such expenses included the Security officers' necessary business travel, lodging, meals and other legitimate costs incurred in the course of their duties. The Security Credit Card was only intended for expenses that were directly incurred by on-duty NPD Security officers and necessary to their protection detail. The Security Card was not intended to pay for the personal meals, travel, entertainment or other expenses of

defendant JAMES, his Security detail or his companions.

**The City Hall Credit Card**

(B) Defendant JAMES held another Visa credit card that was paid for by City of Newark funds (the "City Hall Credit Card"). The intended purpose of the City Hall Credit Card was to pay for business travel, lodging, meals and other legitimate expenses directly incurred during, and necessary to, defendant JAMES's official duties as Mayor. The City Hall Credit Card was not intended to pay for the Mayor's vacations or travel that were not directly related to Newark business; nor was it intended to fund the personal meals, entertainment or other expenses of the Mayor or others. Defendant JAMES carried the City Hall Credit Card in his wallet and controlled its use.

**Reimbursement of City of Newark Expenses**

5. At all times relevant to Counts 1 to 17 of this Indictment, the standard procedure for reimbursement of legitimate expenses incurred in connection with City of Newark business was for a City employee to: (A) obtain prior authorization and written approval of the City Business Administrator to incur travel and other expenses; (B) initially incur all expenses personally; and (C) then seek reimbursement from the City of Newark by providing all actual receipts and necessary documentation, including the legitimate business

purpose for the expense, to the City Finance Department. This three-step process also applied to NPD employees. In practice, defendant JAMES and City of Newark employees traveling with him, including his NPD Security detail, often did not follow this procedure. Instead, defendant JAMES routinely used the Security Credit Card and City Hall Credit Card to pay for numerous expenses that he, his NPD security detail and his companions incurred. In addition, defendant JAMES, at times, submitted requests for reimbursement for certain expenses that he and his companions incurred.

**Close Associate and Boating Companion of Defendant Sharpe James**

6. At all times relevant to Counts 1 to 17 of this Indictment, defendant JAMES had (A) a close associate (the "Close Associate") who was a long-time friend of defendant JAMES, and held various positions in City of Newark and Essex County Government including, an aide to defendant JAMES, Assistant Director of the DEHD, Director of Redevelopment for the City of Newark, and Essex County freeholder and (B) a boating companion (the "Boating Companion") who resided in Essex County, was an accomplished boat pilot and was a member of the same yacht club as defendant JAMES.

**Companions of Defendant Sharpe James**

7. At all times relevant to Counts 1 to 17 of this Indictment, in addition to his NPD Security detail, defendant SHARPE JAMES often traveled with other companions. TAMIKA RILEY was one of defendant JAMES's companions. The following individuals also were among defendant JAMES's companions:

(A) Companion 1 was employed by a private communications service provider. On or about August 31, 2005, defendant JAMES submitted a request form to the New Jersey Senate to add Companion 1 to his Senate Office payroll, enabling her to receive approximately $15,000 from in or about September 2005 to in or about December 2005. Companion 1 also was a Commissioner of the City of Newark Central Planning Board from in or about February 2006 to the present, entitled to an annual salary of approximately $3,500, and a member of the Newark Landmarks and Historic Preservation Commission from on or about April 12, 2006 to the present, an unpaid position. Defendant JAMES recommended Companion 1 for both appointments. Defendant JAMES and Companion 1 also bought and sold neighboring lots in a South Carolina development.

(B) Companion 2 was employed by the City of Newark until in or about September 2006. Defendant JAMES employed Companion 2 as an aide in his Senate Office from on or about October 10, 2006 to the present. As a legislative aide, her salary was approximately $6,000 for the last quarter of 2006 and was anticipated to total approximately $40,000 for 2007.

(C) Companion 3 was an attorney who worked and lived outside of the State of New Jersey. In or about March 2004, with direction from defendant JAMES, Companion 3 purchased a carriage house in Newark. In or about September 2005, the Newark Landmarks and Historic Preservation Commission denied Companion 3's proposal to tear down the carriage house and subdivide the lot. In or about the week of April 12, 2006, defendant JAMES fired several members of the Commission who had voted against Companion 3's proposal and replaced those members with, among others, Companion 1 and the wife of an NPD detective assigned to defendant JAMES's Security detail. On or about April 20, 2006, Companion 3 submitted another proposal to the Commission regarding the carriage house; Companion 3 later withdrew her proposal before the

Commission voted on it. In or about March 2007, Companion 3 sold the property for a gross profit of approximately $135,000.

(D) Companion 4 resided in Trenton, New Jersey. She was employed by a private communications service provider.

(E) Companion 5 resided in Newark. In or about early 2002, defendant JAMES met Companion 5 in the lobby at City Hall and directed her to the City of Newark's employment office for assistance in obtaining a position with the City of Newark. From on or about March 26, 2002 to the present, Companion 5 was employed with the City of Newark's Alcoholic Beverage Control Board.

(F) Companion 6 resided in Newark. From in or about 2002 to in or about 2003, Companion 6 worked on defendant JAMES's Senate re-election campaign. In or about June 2003, defendant JAMES assisted her in obtaining a community relations position with the Newark Fire Department.

(G) Companion 7 resided in Linden, New Jersey. She worked for Essex County government from in or about June 1994 to present.

**Scheme and Artifice to Defraud**

8. From in or about 2001 to in or about August 2006, in Essex, Hudson, Mercer, Ocean, Passaic and Union Counties, in the District of New Jersey and elsewhere, defendant

SHARPE JAMES

knowingly and willfully did devise and intend to devise a scheme and artifice to defraud the City of Newark of money and property by means of materially false and fraudulent pretenses, representations and promises.

9. The object of this scheme and artifice to defraud was for defendant SHARPE JAMES to abuse his position as Mayor of

Newark in order to obtain more than $58,000 in money, services and property for the benefit of himself, TAMIKA RILEY, additional companions and others, by improperly using credit cards funded by, and obtaining unauthorized reimbursements from, the City of Newark, for personal expenses including vacations, travel, meals, entertainment, a storage facility and other benefits for himself, RILEY, his other companions and others, and misrepresenting to the City of Newark that these were legitimate City of Newark expenses.

10. It was a part of this scheme and artifice to defraud that defendant SHARPE JAMES used and caused others to use the Security and City Hall Credit Cards to pay for various personal expenses for defendant JAMES, TAMIKA RILEY, additional companions and others, including travel, without obtaining prior approval for the expenses.

11. It was a further part of this scheme and artifice to defraud that defendant SHARPE JAMES used and caused others to use the Security and City Hall Credit Cards to pay for these personal expenses and to avoid submitting paperwork under the usual reimbursement process to conceal these improper expenses from further scrutiny by City of Newark employees.

12. It was a further part of this scheme and artifice to defraud that defendant SHARPE JAMES caused credit card billing statements, from both the Security and City Hall Credit Cards

containing personal expenses to be submitted for payment by the City of Newark under the false pretenses that these bills contained all authorized City of Newark expenses.

**Improper Travel Expenses**

13. It was a further part of this scheme and artifice to defraud that defendant SHARPE JAMES caused the City of Newark to pay for more than $51,000 in charges incurred on the Security and the City Hall Credit Cards that (A) were not actual and necessary expenses incidental to the ordinary usual comforts of a traveler in the performance of official duties and (B) were for the personal expenses of defendant JAMES, TAMIKA RILEY, additional companions and others in connection with travel by defendant JAMES, RILEY, these companions and others.

14. It was a further part of this scheme and artifice to defraud that defendant JAMES devised pretextual bases for, and made and caused others to make material false statements and representations regarding, these personal travel expenses in an effort to conceal the improper purposes of these expenses. For example, to justify a weekend getaway to a beachfront resort in the Dominican Republic in or about February 2006, defendant JAMES falsely stated that the business purpose of the trip was to assess the gardens on the resort property for the purpose of determining whether those tropical gardens should be replicated near Penn Station in Newark. In an attempt to justify a five-day

trip to Rio de Janeiro, Brazil, where he stayed at a beachfront, luxury hotel during his final week in office as Mayor in or about June 2006, defendant JAMES falsely stated that the business purpose of the trip was to meet with the region's Consulate General to follow-up on a trip that defendant JAMES took to Brazil in 2004.

15. The improper travel expenses that defendant JAMES incurred and caused to be incurred on the Security and the City Hall Credit Cards included, among others:

| Approx. Trans-action Date | Payee | Credit Card | Approx. Amount | Improper Expense |
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| 5/12/02 | Continental Airlines | City Hall | $730.50 ($243.50 x 3) | One-way airfare for three individuals unrelated to Newark City business in connection with travel between Washington, D.C. and Newark to support defendant JAMES's 2002 mayoral campaign. |
| 11/14/02 | Atlantis Royal Towers, Bahamas | City Hall | $402.90 | Resort hotel expense for Sharpe James and Close Associate. |
| 11/16/02 | Atlantis Royal Towers | City Hall | $114.80 | Same. |
| 11/17/02 | Atlantis Royal Towers | City Hall | $11.25 | Same. |
| 1/7/03 | Continental Airlines | City Hall | $374.80 | Airfare for defendant JAMES for personal trip to Santo Domingo, DR, during holiday weekend. |

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| 1/9/03 | Travel Impressions | City Hall | $669.20 | Advance resort charges for defendant JAMES in connection with personal trip to Santo Domingo, DR, during holiday weekend. |
| 3/30/03 | Loews Hotel, Philadelphia, PA (F/B) | Security | $104.78 | Expenses incurred on personal trip to observe prize fight. |
| 3/31/03 | Loews Hotel, Philadelphia, PA | City Hall | $222.30 | Same. |
| 4/29/03 | Gateway Travel | City Hall | $664.50 | Airfare in connection with defendant JAMES's personal trip with Companion 1 and Close Associate to Myrtle Beach, SC, on or about 5/3/03, during which defendant JAMES and Companion 1 purchased neighboring investment properties. |
| 4/29/03 | Gateway Travel | Security | $664.50 | Airfare in connection with defendant JAMES's personal trip with Companion 1 and Close Associate to Myrtle Beach, SC, on or about 5/3/03, during which defendant JAMES and Companion 1 purchased neighboring investment properties. |
| 6/16/03 | Gateway Travel | City Hall | $853 | Airfare for defendant JAMES and another individual to travel to South Beach, Miami, FL, during film festival attended by Companion 2. |
| 6/18/03 | Hemisphere at Miami Beach | Security | $82.49 | Meal expense in connection with personal trip to South Beach, Miami, FL during film festival. |
| 6/19/03 | Jerry's Famous Deli | City Hall | $86.92 | Same. |
| 6/20/03 | Jerry's Famous Deli | Security | $58.19 | Same. |
| 6/20/03 | Hemisphere at Miami Beach | City Hall | $54.63 | Same. |

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| 6/21/03 | Britto's Restaurant | Security | $159.83 | Same. |
| 6/21/03 | Joe's Stone Crab Restaurant | City Hall | $71.53 | Same. |
| 6/23/03 | Royal Palm Crown Plaza | Security | $83.11 | In connection with personal trip to Miami, FL to attend film festival with Companion 2, "refreshment center food" and "sunset pool lunch" expenses in name of defendant JAMES. |
| 6/23/03 | Royal Palm | Security | $267.61 | In connection with personal trip to Miami, FL to attend film festival with Companion 2, three "sunset pool lunches" and two "deco lounge dinners" in name of close associate of defendant JAMES. |
| 7/3/03 | Cocomos Restaurant, Barbados | City Hall | $125.54 | Meal expense in connection with personal trip with Companion 6 to Barbados during July 4th holiday weekend. |
| 7/5/03 | Ship Inn, Barbados | City Hall | $102.26 | Same. |
| 8/12/03 | Wesley Hotel, Martha's Vineyard, MA | City Hall | $487.50 | Hotel room deposit (one room) for personal Labor Day vacation on Martha's Vineyard with Companion 4 and others. |
| 8/26/03 | Wesley Hotel, Martha's Vineyard | City Hall | $582.08 | Hotel room charge for personal Labor Day vacation on Martha's Vineyard with Companion 4 and others. |
| 8/26/03 | Wesley Hotel, Martha's Vineyard | Security | $582.08 | Same. |

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| 8/26/03 | Steamship Authority | Security | $33 | Transportation expense in connection with personal Labor Day vacation: ferry from Woods Hole, MA to Oak Bluffs, Martha's Vineyard, MA. |
| 8/26/03 | Amtrak | City Hall | $99 | Transportation expense in connection with personal Labor Day vacation: Amtrak ticket in name of aide for trip from Boston to Newark on or about 8/28/03, after driving City of Newark vehicle to ferry at Woods Hole, MA, and spending two days in Martha's Vineyard with defendant JAMES. |
| 8/27/03 | Amtrak | City Hall | $86 | Transportation expense in connection with personal Labor Day vacation: Amtrak ticket in name of aide for trip from Newark to Boston on or about Friday, 8/29/03, to spend weekend with defendant JAMES, Companion 4 and aide's companion. |
| 8/27/03 | Linda Jean's Restaurant, Martha's Vineyard | Security | $36.58 | Meal expense in connection with personal Labor Day vacation on Martha's Vineyard. |
| 8/27/03 | Balance Oak Restaurant, Martha's Vineyard | City Hall | $50.10 | Same. |
| 8/27/03 | Lola's Restaurant, Martha's Vineyard | Security | $160.19 | Same. |
| 8/28/03 | Same | Security | $117.65 | Same. |
| 8/29/03 | Same | City Hall | $104.57 | Same. |

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| 8/29/03 | Amtrak | City Hall | $172 | Transportation expense in connection with personal Labor Day vacation: Amtrak tickets in name of defendant JAMES for trip from Boston to Newark on or about Sunday, 8/31/03, with Companion 4 and others. |
| 8/29/03 | Amtrak | City Hall | $85 | Transportation expense in connection with personal Labor Day vacation: Amtrak ticket in name of Newark detective from Newark to Boston on or about Sunday, 8/31/03, so detective could meet defendant JAMES, Companion 4 and another couple in Boston and drive City vehicle to Newark while defendant JAMES, Companion 4 and another couple took the train. |
| 8/30/03 | Wesley Hotel, Martha's Vineyard | Security | $487.50 | Transfer of charge from defendant JAMES's personal debit card for hotel room deposit (one room) for Labor Day vacation on Martha's Vineyard with Companion 4 and others. |
| 8/30/03 | Arthur/Nancy Young, Martha's Vineyard | Security | $151.49 | Meal expense in connection with personal Labor Day vacation on Martha's Vineyard with Companion 4 and others. |
| 8/31/03 | Budget Rental Car | Security | $621.82 | Transportation expense - rental of a convertible car - in connection with personal Labor Day vacation with Companion 4 and others. |

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| 8/31/03 | 67 Circuit Restaurant, Martha's Vineyard | City Hall | $46.38 | Meal expense in connection with personal Labor Day vacation on Martha's Vineyard with Companion 4 and others. |
| 8/31/03 | Exxon Mobil, Newton, MA | Security | $20 | Transportation expense in connection with personal Labor Day vacation: gas charge. |
| 8/31/03 | Exxon Mobil, Mystic, CT | Security | $20 | Same. |
| 9/29/03 | Cherry Valley Lodge Newark, Ohio | City Hall | $490.07 | Hotel expense incurred to observe Women's World Cup Soccer Match in Columbus, Ohio, on or about 9/28/03. |
| 10/2/03 | Avis Rental Car, Providence, RI | Security | $64.30 | Transportation expense - rental car - during personal trip to observe Women's World Cup Soccer Match in Foxboro, MA. |
| 10/18/03 | Continental Airlines | City Hall | $485 | Airfare in connection with personal trip to Pompano Beach, FL, to test drive Rolls Royce. |
| 10/20/03 | Avis Rental Car, Pompano Beach, Florida | City Hall | $87.72 | Transportation expense - rental car - in connection with personal trip to Pompano Beach, FL, to test drive Rolls Royce. |
| 2/27/04 | Continental Airlines | City Hall | $534.60 | Airfare for defendant JAMES in connection with personal trip to attend Central Intercollegiate Athletic Ass'n ("CIAA") Basketball Tournament, Raleigh, N.C., 2/27-29/04, with his family member/former chief-of-staff. |

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| 2/27/04 | Gateway Travel | City Hall | $35 | Travel agent charge for defendant JAMES's personal travel to attend CIAA Basketball Tournament, Raleigh, N.C. |
| 3/1/04 | Hilton Hotels, Raleigh, N.C. | City Hall | $290.10 | Hotel charge for defendant JAMES in connection with personal travel to attend CIAA Basketball Tournament, Raleigh, N.C.2/27-29/04. |
| 3/3-4/04 | Steamship Authority, Woods Hole, MA | City Hall<br><br>City Hall | $138<br><br>$69 | Transportation charges in connection with personal Labor Day vacation on Martha's Vineyard: Advance reservation and payment for ferry crossing for personal Rolls Royce and City of Newark Expedition cars, to Martha's Vineyard on or about 8/31/04. |
| 3/7/04 | Seaspray Inn, Martha's Vineyard, MA | Security<br><br>City Hall | $1,140.88<br><br>$1,053.12 | Advance hotel room charges for personal Labor Day vacation on Martha's Vineyard, 8/31/04 to 9/5/04, with Companion 2 and NPD detective. |
| 7/2/04 | American Airlines | City Hall | $226.70 | Airfare for defendant JAMES to travel to South Beach, Miami, for personal trip during film festival, 7/15-18/04, attended by Companion 2. |
| 7/2/04 | American Airlines | City Hall | $226.70 | Airfare for Close Associate to travel to South Beach, Miami, for personal trip to a film festival, 7/15-18/04. |
| 7/5/04 | GoGo Vacations | City Hall | $469.30 | Personal expense for advance hotel booking at Ritz Carlton in South Beach, Miami, for Close Associate to attend film festival, 7/15-18/04. |

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| 7/7/04 | GoGo Vacations | City Hall | $665.30 | Personal expense for advance hotel booking at Ritz Carlton in South Beach, Miami, for defendant JAMES to attend film festival, 7/15-18/04. |
| 7/10/04 | Paradise Bar & Grill, Stamford, CT | City Hall<br>Security<br>Security | $115.58<br>$115.58<br>$115.58 | Personal meal expense in connection with Rainbow Yacht Club gathering attended by defendant JAMES, Companion 2, Companion 7, and others. |
| 7/12/04 | Marriott Hotels, Stamford, CT | City Hall | $387.68 | Personal hotel expense in connection with trip to attend Rainbow Yacht Club function with Companion 2, Companion 7 and others. |
| 7/15/04 | Jerry's Famous Deli, South Beach, Miami | Security | $78.93 | Meal expense in connection with personal trip to film festival in South Beach, Miami. |
| 7/15/04 | Jerry's Famous Deli, South Beach, Miami | Security | $38.94 | Same. |
| 7/16/04 | Preston's, South Beach, Miami | Security | $131.77 | Same. |
| 7/16/04 | Jerry's Famous Deli, South Beach, Miami | Security | $58.47 | Same. |
| 7/16/04 | Jerry's Famous Deli, South Beach, Miami | City Hall | $71.87 | Same. |
| 7/18/04 | Hertz Rental Car, South Beach, Miami | Security | $686.71 | Transportation expense - rental of Jaguar convertible - in connection with personal trip to film festival in South Beach, Miami, with Companion 2 and Close Associate. |

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| 7/19/04 | Ritz Carlton, South Beach, Miami | City Hall | $335.66 *(initial charge of $810.26 minus same-day credit of $474.60)* | Hotel expenses in connection with personal trip to film festival in South Beach, Miami, with Companion 2 and Close Associate. |
| 7/19/04 | Ritz Carlton, South Beach, Miami | City Hall | $85.50 | Meal and beverage expenses - room service for two people and alcohol charges at the DiLido Beach Club - incurred by defendant JAMES during trip to film festival in South Beach, Miami. |
| 7/19/04 | Ritz Carlton, South Beach, Miami | Security | $28.16 | Alcohol expense at pool bar (1 Deco Daiquiri and 1 Black-tie Bellini) during defendant JAMES's trip to film festival in South Beach, Miami. |
| 7/23/04 | B. Smith's Restaurant, Sag Harbor, NY | Security | $43.68 | Bar bill in connection with personal weekend excursion to the Hamptons, Long Island, with RILEY and others. |
| 7/23/04 | Dockside Bar & Grill, Sag Harbor, NY | City Hall | $230.10 | Meal expense in connection with personal weekend excursion to the Hamptons, Long Island, with RILEY and others. |
| 7/24/04 | New Paradise Café, Sag Harbor, NY | Security | $81.45 | Same. |
| 7/24/04 | Exxon Mobil, Amaganset | Security<br>Security | $75<br>$28.01 | Transportation expenses - gas charges - during personal weekend excursion to the Hamptons, Long Island, with RILEY and others. |

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| 8/31/04 | Exxon Mobil, Riverside, CT | Security<br><br>Security | $31.51<br><br>$7.00 | Transportation expenses - gas charges - in connection with personal Labor Day weekend trip to Martha's Vineyard with Companion 2: two City aides and NPD officer driving defendant JAMES's Rolls Royce and two City vehicles to Massachusetts while defendant JAMES and Companion 2 traveled by Amtrak. |
| 8/31/04 | Citgo, Bourne, MA | Security | $87.52 | Same. |
| 9/1/04 | Amtrak | Security | $284 | Transportation expense - two first-class train tickets from Newark to Boston, MA - in connection with personal Labor Day vacation on Martha's Vineyard with Companion 2. |
| 9/1/04 | Seasons Eatery & Pub, Martha's Vineyard, MA | Security | $36.08 | Meal expense in connection with personal Labor Day vacation on Martha's Vineyard. |
| 9/2/04 | Linda Jean's, Martha's Vineyard, MA | Security | $28.14 | Meal expense in connection with personal Labor Day vacation on Martha's Vineyard with Companion 2. |
| 9/2/04 | Amtrak | City Hall | $198 | Transportation expense in connection with personal Labor Day vacation on Martha's Vineyard: train tickets for bodyguards to escort Companion 2 to Martha's Vineyard to meet with Sharpe James who was already in MA. |

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| 9/2/04 | Lola's, Martha's Vineyard, MA | City Hall | $59.39 | Meal expense in connection with personal Labor Day vacation on Martha's Vineyard with Companion 2. |
| 9/3/04 | Tony's Market, Martha's Vineyard, MA | City Hall | $54.64 | Expense at grocery and market during personal Labor Day vacation on Martha's Vineyard. |
| 9/4/04 | Coop de Ville, Martha's Vineyard, MA | City Hall | $32.15 | Meal expense in connection with personal Labor Day vacation on Martha's Vineyard. |
| 9/4/04 | Nancy's, Martha's Vineyard, MA | City Hall | $41.36 | Same. |
| 9/5/04 | Nancy's, Martha's Vineyard, MA | City Hall | $65.54 | Same. |
| 9/5/04 | Steamship Authority, Woods Hole, MA | City Hall | $24 | Transportation expense - ferry charge - in connection with personal Labor Day vacation on Martha's Vineyard. |
| 9/8/04 | Gateway Travel | City Hall | $695 | Transportation expense in connection with personal Labor Day vacation on Martha's Vineyard - train fare and travel agency charge - in connection with defendant JAMES's travel from Boston to Newark, and for an aide and NPD officer to travel from Newark to Boston to retrieve defendant JAMES's Rolls Royce. |
| 9/24/04 | Amtrak | City Hall<br><br>Security | $63<br><br>$63 | Transportation expenses - train fares for defendant JAMES and Boating Companion - in connection with personal trip to Stamford, CT, for boat show. |

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| 10/11/04 | Gateway Travel | Security | $290.19 | Airfare for defendant JAMES in connection with personal trip to Ft. Lauderdale, FL, on or about 10/28/04 to attend boat show. |
| 10/11/04 | Gateway Travel | Security | $35 | Travel agent charge in connection with defendant JAMES's airfare for personal trip to Ft. Lauderdale, FL, on or about 10/28/04, to attend boat show. |
| 10/12/04 | Gateway Travel | City Hall | $295.41 | Airfare for defendant JAMES in connection with personal trip to Myrtle Beach, SC, on or about 10/27/04, to inspect personal investment property. |
| 10/12/04 | Gateway Travel | City Hall | $35 | Travel agent fee in connection with airfare for personal trip to Myrtle Beach, S.C., on or about 10/27/04. |
| 10/27/04 | Avis Rental Car, Myrtle Beach, SC | City Hall | $54.49 | Transportation expense - convertible rental car - in connection with personal trip to inspect personal investment property. |
| 10/27/04 | Bennett's Seafood, Myrtle Beach, SC | City Hall | $57.24 | Meal expense during personal trip to inspect personal investment property. |
| 10/27/04 | HMS Host Services, Myrtle Beach, SC, airport | Security | $29.79 | Same. |
| 10/28/04 | Ft. Lauderdale - Hollywood International Airport, FL | City Hall | $21.49 | Expense at Ft. Lauderdale, FL, airport in connection with defendant JAMES's personal trip with two boating companions to attend boat show. |

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| 11/13/04 | Amtrak | Security /City Hall | $153 | Travel expenses - train fare (round trip) for defendant JAMES - in connection with personal trip to Grasonville, MD, to inspect and test motor yacht that defendant JAMES was interested in buying. |
| 11/14/04 | Enterprise Rental Car, Grasonville, MD | Security | $35.48 | Transportation expenses - rental car - in connection with defendant JAMES's personal trip to Grasonville, MD, to inspect and test motor yacht that defendant JAMES was interested in buying. |
| 11/14/04 | Fisherman's Inn, Grasonville, MD | Security | $109.66 | Meal expense for defendant JAMES, Companion 3 and two others during personal trip to Grasonville, MD, to inspect and test motor yacht that defendant JAMES was interested in buying. |
| 5/25/05 | Sea Spray Inn, Oak Bluffs, Martha's Vineyard, MA | Security | $157.97 (Initial charge of $1,579.68 minus $1,421.71 credit) | Advance hotel booking for personal Labor Day weekend trip to Martha's Vineyard in 8/05 (cancellation fee). |
| 7/26/05 | Continental Airlines | City Hall | $50 | Airline change fee in connection with personal trip to Daytona Beach, FL, to attend tennis tournament with Companion 1. |
| 7/29/05 | Apple Vacations | Security | $1,000 | Advance payment in connection with personal trip of defendant JAMES's Civic Association to Mexico. |

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| 7/30/05 | Shell's Seafood Restaurant, Daytona Beach, FL | Security | $74.78 | Meal expense in connection with personal trip to attend tennis tournament with Companion 1. |
| 7/30/05 | Shell's Seafood Restaurant, Daytona Beach, FL | Security | $14.99 | Same. |
| 7/31/05 | Barnacle's Restaurant, Ormond Beach, FL | Security<br>Security | $94.48<br>$22.79 | Same. |
| 8/1/05 | Red Lobster, Daytona Beach, FL | Security | $65.23 | Same. |
| 8/2/05 | IHOP, Daytona Beach, FL | City Hall | $23.12 | Same. |
| 8/3/05 | Shell's Seafood Restaurant, Daytona Beach | Security | $79.43 | Same. |
| 8/3/05 | Apple Vacations East | Security | $649 | Advance payment in connection with personal trip of defendant JAMES's Civic Association to Mexico. |
| 8/4/05 | Amoco Oil, Daytona Beach | Security | $36.16 | Transportation expense - gas charge - in connection with personal trip to attend tennis tournament with Companion 1. |
| 8/5/05 | Continental Airlines | City Hall | $100 | Airline change fee in connection with personal trip to attend tennis tournament. |
| 8/5/05 | Plaza Resort & Spa, Daytona Beach, FL | City Hall | $1,099.54 | Hotel charges, including for defendant JAMES's room, several meals for three people, jacuzzi and alcohol purchases, in connection with personal trip to attend tennis tournament in Daytona Beach, FL, with Companion 1. |

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| 8/6/05 | Dollar Rental Car, Daytona Beach, FL | Security | $341.76 | Transportation expense - rental car - in connection with defendant JAMES's personal trip to attend tennis tournament with Companion 1 in Daytona Beach, FL. |
| 1/14/06 | Fatz Café, Seneca, South Carolina | Security | $72.38 | Meal expense in connection with personal trip to Seneca, SC. |
| 1/15/06 | Days Inn, Seneca, SC | Security | $118.70 | Hotel expense in connection with personal trip to Seneca, SC. |
| 1/15/06 | Hertz Rental Car, Greenville, SC | Security | $111.38 | Transportation expense - rental car - incurred during personal trip to Seneca, SC. |
| 1/15/06 | Spinx, Gas Station #121, Seneca, SC | Security | $22.36 | Transportation expense - gas charge - incurred during personal trip to Seneca, SC. |
| 1/26/06 | Continental Airlines | City Hall | $227.10 | Airfare for defendant JAMES in connection with personal trip in July 2006 to attend film festival in South Beach, FL, and tennis tournament in San Diego, CA. |
| 2/6/06 | Apple Vacations East | City Hall | $1,389 | Advance booking expense related to personal vacation at beachfront resort in Punta Cana, DR, during holiday weekend. |
| 2/13/06 | Hotel Sunscape, The Beach Bavaro | Security | $50.89 | Hotel expense related to personal vacation at beachfront resort in Punta Cana, DR, during holiday weekend. |

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| 3/2/06 | Gateway Travel | City Hall | $627.61 | Airfare for defendant JAMES in connection with personal trip to CIAA Basketball Tournament, Charlotte, NC with Companion 7. |
| 3/2/06 | Gateway Travel | City Hall | $35 | Travel agent charge in connection with personal trip to CIAA Basketball Tournament, Charlotte, NC with Companion 7. |
| 3/3/06 | Marriott Hotel, Charlotte, NC | Security | $113.13 | Meal expense during personal trip to CIAA Basketball Tournament, Charlotte, NC with Companion 7. |
| 3/4/06 | McCormick & Schmick, Charlotte, NC | Security | $149.05 | Same. |
| 3/4/06 | Continental Airlines | Security | $100 | Airline change fee for changing return date on personal trip to CIAA Basketball Tournament, Charlotte, NC with Companion 7. |
| 3/5/06 | Marriott Hotel, Charlotte, NC | Security | $498.16 | Hotel expense for room that defendant JAMES and Companion 7 shared during personal trip to CIAA Basketball Tournament, Charlotte, NC. |
| 3/5/06 | Marriott Hotel, Charlotte, NC | Security | $52.41 | Hotel expense during personal trip to CIAA Basketball Tournament, Charlotte, NC with Companion 7. |
| 3/9/06 | Continental Airlines | City Hall | $575.11 | Airfare for defendant JAMES in connection with personal trip in July 2006 to attend tennis tournament in San Diego, CA. |
| 3/10/06 | Gateway Travel | City Hall | $35 | Travel agent fee in connection with airfare for personal trip to South Beach, FL, and San Diego, CA in July 2006. |

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| 3/28/06 | Continental Airlines | City Hall | $454.40 | Airfare for mayoral aide for personal trip with defendant JAMES, RILEY and others to resort in Boca Chica, DR. |
| 3/28/06 | Gateway Travel | Security | $50<br>$50 | Travel agent fees for personal trip to Boca Chica, DR in connection with airline tickets for mayoral aides. |
| 3/29/06 | Continental Airlines | Security | $454.40 | Airfare for mayoral aide for personal trip with defendant JAMES, RILEY and others to resort in Boca Chica, DR. |
| 3/29/06 | Gateway Travel | City Hall | $35 | Travel agent fee in connection with personal trip to Boca Chica, D.R. |
| 3/29/06 | Gateway Travel | City Hall | $35 | Travel agent fee for personal trip to Boca Chica, DR., in connection with booking airfare for individual whom defendant JAMES met that day in the hallway of the Gateway Building in Newark, NJ, and invited on this trip. |
| 4/4/06 | Hamaca Coral Bay Hilton, Boca Chica, D.R. | City Hall | $999.46 | Personal expense in connection with trip to beachfront resort in Boca Chica, DR - resort charge for food and lodging of two mayoral aides. |
| 4/20/06 | Gateway Travel | Security | $741 | Airfare in connection with personal expense for Companion 3 to travel from Maryland to San Juan, Puerto Rico to meet defendant JAMES. |

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| 4/20/06 | Gateway Travel | Security | $35 | Travel agent fee pertaining to personal expense for Companion 3 to travel from Maryland to San Juan, Puerto Rico to meet defendant JAMES. |
| 5/5/06 | Gateway Travel | City Hall<br>City Hall<br>City Hall<br>Security | $965<br>$965<br>$965<br>$965 | Airfare for defendant JAMES, 2 NPD officers and aide in connection with personal trip to Rio de Janeiro, Brazil. |
| 5/5/06 | Gateway Travel | Security<br>Security<br>Security<br>Security | $35<br>$35<br>$35<br>$35 | Travel agent fees in connection with airfare for personal trip to Rio de Janeiro, Brazil. |
| 5/24/06 | Norwegian Cruise Lines | City Hall | $2,989 | Advance payment to secure penthouse suite in connection with personal trip of defendant JAMES's Civic Association - annual cruise - to begin six weeks after end of defendant JAMES's mayoral term. |
| 5/24/06 | Norwegian Cruise Lines | Security | $2,989 | Same. |
| 5/24/06 | Norwegian Cruise Lines | Security | $2,798 | Same. |
| 6/9/06 | Continental Airlines | Security<br>Security<br>Security<br>Security | $150<br>$150<br>$150<br>$150 | Airline change fees in connection with personal trip to Rio de Janiero, Brazil, for changing airline tickets from May to June. |

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| 6/9/06 | Gateway Travel | Security<br>Security<br>Security<br>Security | $35<br>$35<br>$35<br>$35 | Travel agent fees in connection with personal trip to Rio de Janeiro, Brazil, for changing airline tickets from May to June. |
| 6/12/06 | Travel Impressions, Ltd. | Security<br>Security<br>Security | $1,125<br>$1,125<br>$1,240 | Advance hotel charges in connection with personal trip, for booking Caesar Park luxury hotel in Rio de Janeiro, Brazil for defendant JAMES, 2 NPD officers and an aide. |
| 6/23/06 | Marius, Rio de Janeiro | Security | $216.03 | Meal charge during personal trip to Rio de Janeiro, Brazil. |
| 6/24/06 | Don Camillo, Rio de Janeiro | Security | $82.20 | Same. |
| 6/25/06 | Terrazzo Atlantica, Rio de Janeiro | Security | $89.45 | Nightclub expenses in "Red Light District" during personal trip to Rio de Janeiro, Brazil. |
| 6/25/06 | McDonald's, Rio de Janeiro | Security | $24.67 | Meal charge during personal trip to Rio de Janeiro, Brazil. |
| 6/26/06 | Outback Steakhouse, Rio de Janeiro | City Hall | $82.63 | Same. |
| 6/26/06 | Terrazzo Atlantica, Rio de Janeiro | Security | $77.77 | Nightclub in "Red Light District" during personal trip to Rio de Janeiro, Brazil. |
| 6/27/06 | Caesar Park Hotel, Rio de Janeiro | City Hall | $155.15 | Luxury hotel charge in connection with personal trip to Rio de Janeiro, Brazil. |
| 6/27/06 | Caesar Park Hotel, Rio de Janeiro | City Hall | $42.18 | Same. |
| 6/27/06 | Caesar Park Hotel, Rio de Janeiro | City Hall | $70.09 | Same. |
| 6/27/06 | Caesar Park Hotel, Rio de Janeiro | Security | $1,371.22 | Same. |

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| 6/27/06 | Caesar Park Hotel, Rio de Janeiro | Security | $149.12 | Same. |

**Additional Improper Expenses**

16. It was a further part of this scheme and artifice to defraud that defendant SHARPE JAMES caused the City of Newark to pay for more than $4,600 in charges on the Security and City Hall Credit Cards for the personal expenses of defendant JAMES, his companions and others to include, frequent movie theater tickets and meals and the rental of a storage facility. Specifically, defendant JAMES used and caused the use of the above credit cards to charge frequent improper movie theater expenses and meals in connection with excursions to movie theaters outside the City of Newark, as specified below:

| Approx. Date | Theater or Restaurant | Credit Card | Approx. Amount | Improper Expense |
|---|---|---|---|---|
| 11/3/01 | AMC, Essex Green West Orange, NJ | City Hall | $26.25 | Theater expense. |
| 11/4/01 | AMC, Clifton, NJ | Security | $18 | Theater expense. |
| 11/4/01 | Applebee's, Clifton | City Hall | $38.26 | Meal expense. |
| 11/30/01 | AMC, Clifton | Security | $27 | Theater expense. |
| 1/5/02 | Loews, Secaucus | City Hall | $26.25 | Theater expense. |
| 1/5/02 | Applebee's, Clifton | City Hall | $44.83 | Meal expense. |
| 1/14/02 | AMC, Clifton | City Hall | $27 | Theater expense. |
| 2/2/02 | AMC, Clifton | Security | $18 | Theater expense. |
| 2/2/02 | Applebee's, Clifton | Security | $43.90 | Meal expense. |
| 2/18/02 | Loews, Secaucus | City Hall | $17.50 | Theater expense. |
| 9/11/02 | Applebee's, Clifton | Security | $39.07 | Meal expense. |
| 9/11/02 | AMC, Clifton | Security | $27 | Theater expense. |

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| 9/15/02 | AMC, Clifton | City Hall | $18 | Theater expense. |
| 12/12/02 | AMC, Clifton | City Hall | $27 | Theater expense. |
| 12/17/02 | Applebee's, Clifton | City Hall | $47.53 | Meal expense. |
| 12/17/02 | AMC, Clifton | City Hall | $27 | Theater expense. |
| 2/16/02 | AMC, Essex Green, West Orange | City Hall | $27 | Theater expense. |
| 2/22/03 | Loews, Secaucus | Security | $26.25 | Theater expense. |
| 3/6/03 | AMC, Hamilton, NJ | City Hall | $25.75 | Theater expense. |
| 3/12/03 | Loews, Mountainside | City Hall | $27 | Theater expense. |
| 4/2/03 | Applebee's, Clifton | City Hall | $57.22 | Meal expense. |
| 4/2/03 | AMC, Clifton | City Hall | $27 | Theater expense. |
| 5/30/03 | Loews, Secaucus | Security | $26.25 | Theater expense. |
| 8/9/03 | TGI Friday's, Brick, NJ | City Hall | $56.84 | Meal expense. |
| 8/9/03 | Loews, Brick | City Hall | $24.75 | Theater expense. |
| 10/9/03 | One Fish Two Fish, NY, NY | Security | $62.34 | Meal expense. |
| 10/9/03 | Loews, Lincoln Square, NY, NY | Security | $30 | Theater expense. |
| 11/7/03 | AMC, Clifton | City Hall | $18 | Theater expense. |
| 11/10/03 | Applebee's, Clifton | Security | $29.85 | Meal expense. |
| 11/10/03 | AMC, Clifton | Security | $27 | Theater expense. |
| 11/15/03 | AMC, Clifton | Security | $27 | Theater expense. |
| 11/23/03 | Chevy's, Clifton | Security | $36.93 | Meal expense. |
| 11/23/03 | AMC, Clifton | Security | $18 | Theater expense. |
| 5/22/04 | Loews, Secaucus | Security | $21 | Theater expense. |
| 6/11/04 | Loews, Jersey Gardens, Elizabeth, NJ | City Hall | $24.75 | Theater expense. |
| 6/26/04 | AMC, Clifton | City Hall | $28.50 | Theater expense. |
| 7/7/04 | Applebee's, Clifton | Security | $49.64 | Meal expense. |
| 7/7/04 | AMC, Clifton | Security | $28.50 | Theater expense. |
| 8/2/04 | AMC, Clifton | City Hall | $28.50 | Theater expense. |
| 8/16/04 | Houlihans, Secaucus | City Hall | $65.09 | Meal expense. |

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| 8/16/04 | Loews, Secaucus | City Hall | $19.50 | Theater expense. |
| 10/8/04 | Loews, Secaucus | Security | $21 | Theater expense. |
| 10/30/04 | Houlihans, Secaucus | Security | $55.75 | Meal expense. |
| 10/30/04 | Loews, Secaucus | Security | $21 | Theater expense. |
| 11/2/04 | Loews, Secaucus | City Hall | $19.50 | Theater expense. |
| 11/2/04 | Outback, Secaucus | Security | $65.26 | Meal expense. |
| 11/6/04 | Claridge Cinema, Montclair, NJ | Security | $27 | Theater expense. |
| 11/8/04 | AMC, Clifton, NJ | Security | $28.50 | Theater expense. |
| 12/19/04 | Loews, E-Walk, NY, NY | Security | $35.82 | Theater expense. |
| 12/24/04 | Loews, Lincoln Square, NY, NY | Security | $31.50 | Theater expense. |

These improper expenses also included, among others, the following:

| Approx. Date | Payee | Credit Card | Approx. Amount | Improper Expense |
|---|---|---|---|---|
| 6/1/06 | Public Storage, Hillside, New Jersey | City Hall | $178.84 | Initial deposit for defendant JAMES's storage facility rental. |
| 6/4/06 | Public Storage, Hillside, New Jersey | Security | $2,797.80 | One-year rental of storage facility, Unit K2017. |
| 6/28/06 | Visa Over Credit Line Fee | Security | $39 | Notwithstanding being told at the Hillside storage facility on or about 6/4/06 that the card was over the limit, defendant JAMES continued to incur thousands of dollars of charges on the credit card in or about June 2006. |

17. It was a further part of this scheme and artifice to defraud that, in or about April 2006, defendant SHARPE JAMES

retained, instead of turning over to the City of Newark, approximately $700 in cash that defendant JAMES had received from Companion 3 to reimburse the City for paying for her travel from Maryland to San Juan, Puerto Rico with the Security Credit Card.

18. It was a further part of this scheme and artifice to defraud that defendant JAMES did not reimburse the City of Newark for an improper travel expense of approximately $730.50 incurred on or about May 12, 2002 until on or about August 20, 2006, after the news media scrutinized certain of the credit card charges. On or about August 20, 2006, defendant JAMES issued a personal check in the amount of $730.50 to the City of Newark indicating in misleading fashion thereon that this check was a "reimbursement for error by secretary." Defendant JAMES also submitted a copy of a credit card statement with a misleading handwritten notation regarding this travel expense, indicating: "error in payment by secretary as advise[d] by Travel Agency 8/20/06."

**Improper Reimbursements**

19. It was a further part of this scheme and artifice to defraud that defendant SHARPE JAMES did obtain a total of more than $1,800 in improper reimbursement checks from the City of Newark, which, he, in turn, deposited in his personal bank accounts.

20. It was a further part of this scheme and artifice to

defraud that defendant SHARPE JAMES caused to be submitted to the City of Newark materially false documents claiming reimbursement for City of Newark expenses that were in fact personal. These improper claims included, among others:

| Voucher Date | False Reimbursement Request | Approx. Amount | Actual Expense |
|---|---|---|---|
| 10/10/03 | Reimbursement for "business expenses" incurred during Newark business trip to "Newark[s] of the World" event in Newark, Ohio. | $225 | Purchase of three tickets to Women's World Cup Soccer Match, Columbus, Ohio, on or about 9/28/03, which occurred after the scheduled conclusion of the "Newarks of the World" business trip. |
| 11/12/03 | Reimbursement for "business expenses" incurred during Newark business trip to "Newarks of the World" event in Newark, Ohio and "for visiting dignitaries." | $644.15 | (a) For hotel expense ($283.80) at Cherry Valley Lodge, Ohio, in connection with extended personal stay after "Newarks of the World" conference to attend Women's World Cup soccer match on or about 9/28/03; and (b) for purchasing tickets ($360.35) to another Women's World Cup Soccer Match in Foxboro, MA, on or about 10/2/03. |
| 4/8/04 | Reimbursement for "business expenses" incurred during "arena visit/study" during CIAA Championship in Raleigh, North Carolina. | $236 | Ticket expenses for defendant JAMES to attend CIAA Basketball Championship Tournament, Raleigh, NC, with a family member/former chief of staff on or about 2/27-29/04. |
| 5/12/06 | Reimbursement for "business expenses" in connection with purchase of four Visas to Brazil. | $443.80 | Expenses for Visas in connection with personal trip to Rio de Janeiro, Brazil, during defendant JAMES's final week in office. |

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| 6/23/06 | Reimbursement for "business expenses" incurred "while on business trip to Brazil to meet with the [Consulate General and Senior Cultural Affairs Specialist]" as a "follow-up visit" from a 2004 trip to Brazil. | $330 | Expenses for defendant JAMES and others in connection with personal trip to Rio de Janeiro, Brazil, during defendant JAMES's final week in office. |

**The Mailings and Wire Transmissions**

21. On or about the dates listed below, in the District of New Jersey, and elsewhere, for the purpose of executing and attempting to execute this scheme and artifice to defraud, defendant

SHARPE JAMES

knowingly and willfully placed and caused to be placed in a post office and authorized depository for mail, and caused to be delivered thereon certain mail matter as described below, to be sent and delivered by the United States Postal Service, and took and received therefrom certain mail matter as described below, and deposited and caused to be deposited certain matter as described below to be sent and delivered by private and commercial carrier, and transmitted and caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, signals, pictures and sounds, as described below:

| COUNT | APPROXIMATE DATE | DESCRIPTION |
|---|---|---|
| 1 | Aug. 12, 2003 | Telephone call from Newark, NJ to Oak Bluffs, Martha's Vineyard, MA, to reserve a room at Wesley Hotel. |
| 2 | Oct. 18, 2003 | Wire communication from Newark, NJ to out-of-state reservation center in connection with booking airline ticket to Pompano Beach, FL, for defendant JAMES to test drive a Rolls Royce. |
| 3 | March 8, 2004 | U.S. mail from Montclair, NJ, to Newark, NJ, of confirmation of defendant JAMES's reservation at Sea Spray Inn for Labor Day weekend stay, in or about September 2004. |
| 4 | Sept. 24, 2004 | Wire communication from Newark, NJ to out-of-state processing center in connection with train ticket purchase for Boating Companion to travel to Stamford, CT, to attend boat show with defendant JAMES. |
| 5 | Oct. 11, 2004 | Wire communication between from Newark, NJ to out-of-state reservation center in connection with purchase of airline ticket for defendant JAMES to travel to Ft. Lauderdale, FL, to attend boat show. |
| 6 | Oct. 12, 2004 | Wire communication from Newark, NJ to out-of-state reservation center in connection with purchase of airline ticket for defendant JAMES to travel to Myrtle Beach, SC, to inspect personal investment properties. |
| 7 | Nov. 14, 2004 | Wire communication from Newark, NJ to out-of-state processing center in connection with train ticket purchase for defendant JAMES to travel to Grasonville, MD, to inspect motor yacht for potential personal purchase. |
| 8 | Feb. 7, 2006 | Federal express from travel agency in Elk Grove Village, IL to travel agency in Newark, NJ in connection with advance booking of personal trip to beachfront resort in Punta Cana, DR. |
| 9 | March 2, 2006 | Wire communication from Newark, NJ to out-of-state reservation center in connection with purchase of airline ticket for defendant JAMES to travel to Charlotte, NC, for CIAA basketball tournament. |
| 10 | March 9, 2006 | Wire communication from Newark, NJ to out-of-state reservation center in connection with purchase of airline ticket for defendant JAMES to travel to San Diego, CA, for tennis tournament in or about July 2006. |

## COUNTS 18 TO 20

(Fraud Involving Local Government Receiving Federal Funds)

1. Paragraphs 1 to 7 and 9 to 20 of Counts 1 to 17 of this Indictment are realleged as if set forth in full herein.

2. At all times relevant to Counts 18 to 20 of this Indictment, the City of Newark was a local government that received federal benefits in excess of $10,000 per year involving grants and other forms of federal funds assistance.

3. In or about the following years, in Essex, Hudson, Mercer, Ocean, Passaic and Union Counties, in the District of New Jersey, and elsewhere, defendant

SHARPE JAMES

knowingly and willfully did embezzle, steal, obtain by fraud and without authority convert to defendant JAMES's use, and intentionally misapply, the following approximate amounts of money owned by and under the care, custody and control of the City of Newark, namely the fraudulent expenses and expense reimbursements that defendant JAMES obtained and received:

| COUNT | YEAR | APPROXIMATE AMOUNT OF FRAUDULENT EXPENSES AND REIMBURSEMENTS |
|---|---|---|
| 18 | 2003 | more than $11,000 |
| 19 | 2004 | more than $11,000 |
| 20 | 2006 | more than $30,000 |

In violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2.

## COUNTS 21 TO 23

(Scheme to Improperly Favor Close Companion Through Fraudulent Sale of City Properties)

1. Paragraphs 1 to 4 and 6 of Counts 1 to 17 are realleged as if set forth in full herein.

2. At all times relevant to Counts 21 to 23 of this Indictment:

(A) Defendant SHARPE JAMES was in a position to influence, and did influence, official action regarding the sale and disposition of City of Newark-owned properties.

(B) The DEHD was a department in the executive branch of City of Newark government. The DEHD, among other things, oversaw the sale, rehabilitation and management of City-owned property.

(C) New Jersey's "Local Redevelopment and Housing Law," N.J. Stat. Ann. 40A:12A-1, et seq., provided that local governments, under certain conditions such as urban blight, could declare "areas in need of redevelopment" and create incentive plans to rehabilitate those areas. Under this law, the City of Newark could sell City-owned land to private purchasers without the necessity of advertisement and public bidding, provided that the purchasers agreed to rehabilitate the land before resale.

**The South Ward Redevelopment Plan ("SWRP")**

3. On or about October 21, 1998, the City Council approved a resolution declaring City-owned properties in the South Ward of

Newark as areas in need of redevelopment. The City Council instituted a housing rehabilitation plan, the South Ward Redevelopment Plan ("SWRP"), whereby the City of Newark could sell City-owned properties to pre-approved developers at below-market prices and without advertisement and public bidding. These properties mostly were vacant and previously had been used for residential purposes. The SWRP contemplated that the City of Newark would sell the properties to qualified developers at well-below market values for the purpose of building market-rate housing. Contracts of sale were required to be entered with bona fide developers, and not those speculating in land sales, in order to promote the vital and best interests of the City and the health, safety, morals and welfare of its residents. The City of Newark had similar redevelopment plans for other areas of the City.

4. To obtain property from the City of Newark legitimately under the SWRP, a developer was required to present a proposal and application to the DEHD. The developer's proposal was to include, among other things: financial statements; a description of the intended development project; a disclosure statement and a letter of intent from a bank. The financial statements were required to outline how many projects the developer had completed, and the developer's level of experience and financial stability. The disclosure statement also was required to

document who owned the company. As part of the application, the developer was required to certify that the information in the proposal and application, including project information, disclosure statements and financial information, was true and correct. The letter of intent from a bank was required to show that the bank had done business with the developer in the past and was considering financing the project. The SWRP also required that the developer significantly rehabilitate the properties. The developer's proposal had to be approved by components of the executive branch of City of Newark government, including the DEHD, Corporation Counsel and the Business Administrator. The executive branch then would submit a proposed resolution authorizing the sale at a certain price for approval by the City Council. If the City Council approved the resolution, then the Mayor and other City officials would, if appropriate, execute a sales contract with the developer.

**Defendant Tamika Riley's Inexperience and Financial Status**

5. In or about September 1999, after closing her failed Newark clothing store, "The Fashion Dome," defendant TAMIKA RILEY incorporated TRI in Delaware and obtained from the Internal Revenue Service ("IRS") an Employer Identification Number ("EIN") listing the company as a "C" corporation. TRI's address of record at this time was defendant RILEY's then-home address in

Jersey City, New Jersey. According to TRI promotional documents and IRS filings, defendant RILEY did not list real estate development and sales as services provided by TRI, nor as TRI's business purpose. According to TRI's 1999 and 2000 federal tax returns, TRI had no income and no assets for those years.

6. At times relevant to Counts 21 to 23 of this Indictment, defendant TAMIKA RILEY'S personal financial status was uncertain, for instance:

(A) From in or about June 1999 to in or about September 2005, defendant TAMIKA RILEY received a housing subsidy from the New Jersey Department of Community Affairs ("NJDCA") Housing Assistance Program to assist her in paying her monthly rent at the apartment that she leased as her residence in Jersey City based on defendant RILEY's representations that she did not have adequate means to pay her full rent.

(B) Defendant Riley's credit rating was so risky that:

(i) In or about 2000, defendant RILEY had to enlist the help of a friend ("Riley's Friend A") to obtain a lease on a Mercedes Benz automobile that RILEY used, putting the four-year lease in the name of Riley's Friend A to take advantage of Riley's Friend A's better credit rating.

(ii) In or about November 2004, defendant RILEY had to enlist the help of another friend ("Riley's Friend B") in order to fraudulently obtain a $10,000 loan for defendant RILEY from Fleet Bank. Riley's Friend B, who had a better credit rating than defendant RILEY, falsely represented to Fleet Bank that she was the president of TRI and obtained a $10,000 line of credit in the name of TRI. Riley's Friend B then transferred $10,000 to defendant RILEY.

**Scheme and Artifice to Defraud**

7. From in or about 1999 to in or about June 2006, in Essex and Mercer Counties, in the District of New Jersey and elsewhere, defendants

SHARPE JAMES and
TAMIKA RILEY

knowingly and willfully did devise and intend to devise a scheme and artifice to defraud the City of Newark of money and property by means of materially false and fraudulent pretenses, representations and promises.

8. The object of this scheme and artifice to defraud was for defendant SHARPE JAMES to misuse his official positions as Mayor of Newark and State Senator to improperly favor defendant TAMIKA RILEY and obtain more than $500,000 in money and property for the direct benefit of defendant RILEY, and the indirect benefit of himself and others, by steering sales of city-owned real property at steeply discounted prices to defendant RILEY, who, in turn, shortly thereafter most times would sell these properties for lucrative profits (a process known as "flipping"), without redeveloping these properties, as required by the policies and procedures set forth in the SWRP and as represented by defendant RILEY to the City of Newark.

***Defendant JAMES Begins to Steer Properties to Defendant RILEY***

9. It was a part of this scheme and artifice to defraud that:

(A) On or about October 8, 1999, defendants TAMIKA RILEY and SHARPE JAMES and others met at Newark City Hall regarding the City of Newark's sale of real property pursuant to the SWRP.

(B) In or about November 1999, defendant JAMES directed DEHD employees to sell City-owned property to defendant RILEY even though defendant RILEY had no real-estate development experience and lacked the financial means to develop real estate.

(C) On or about December 16, 1999, defendant RILEY submitted a letter to the DEHD expressing her interest in purchasing properties from the City of Newark.

(D) On or about March 25, 2000, defendant RILEY hosted an event in Atlanta, Georgia, called "The Affair." Defendant JAMES was an honoree at this event.

(E) On or about April 10, 2000, defendant RILEY submitted a letter to the DEHD seeking to purchase certain properties from the City of Newark.

(F) In or about April 2000, DEHD employees working under defendant JAMES, assisted defendant RILEY in inspecting those properties. On or about April 29, 2000, defendant RILEY mailed thank-you letters to DEHD employees for that assistance.

(G) On or about May 19, 2000, defendant RILEY submitted a

letter to the DEHD seeking to purchase two properties.

(H) On or about June 20, 2000, the DEHD sent a letter to defendant RILEY informing her that the City of Newark was putting two properties, 452 Clinton Avenue and 259-261 Jeliif Avenue, on hold for her purchase. Defendant JAMES was listed as having been sent a copy of that letter.

(I) In or about June 2000, defendant RILEY submitted a proposal to purchase these two properties from the City of Newark under a corporation name, "Building an Empire."

(J) Between in or about June 2000 and July 2000, defendant RILEY informed a real estate investor based in Pompton Plains, New Jersey (hereinafter, "the Investor") that she was able to purchase property from the City of Newark based on her connections at City Hall. In or about July 2000, defendant RILEY entered into an agreement with the Investor whereby (i) defendant RILEY would obtain properties in Newark; (ii) the properties would be purchased in defendant RILEY's name and (iii) the Investor would finance, market and sell these properties. The only asset that defendant RILEY brought to this arrangement was her ability to obtain City-owned properties based on her connection with defendant JAMES.

(K) In or about September 2000, defendant RILEY reported to defendant JAMES's secretary that the Deputy Mayor/Director of the DEHD was not helping defendant RILEY and an associate. Defendant

RILEY further reported that after defendant JAMES had taken defendant RILEY and her associate over to meet the Deputy Mayor/Director of the DEHD and after defendant JAMES had asked the Deputy Mayor/Director of the DEHD to assist defendant RILEY, upon thereafter visiting this official, this official treated her and her associates like they were strangers. Defendant RILEY therefore requested that defendant JAMES write a letter to this official stating that defendant JAMES had requested this official's help with defendant RILEY's development project.

(L) On or about September 21, 2000, the Deputy Mayor/Director of the DEHD mailed a letter to defendant RILEY. The letter stated that the City of Newark was setting aside five City-owned properties for defendant RILEY to purchase. Defendant JAMES was listed as having been sent a copy of that letter.

***The TRI Phase I Properties***

(M) On or about October 25, 2000, a DEHD employee (the "DEHD Employee") sent a letter to defendant RILEY, requesting a development proposal to show, among other things, defendant RILEY's financial stability. The letter welcomed defendant RILEY as a developer and indicated that the City of Newark looked "forward to [defendant RILEY] assisting [the City] with the revitalization process that [would] eliminate blighted neighborhoods and create new housing for our communities." Defendant JAMES was listed as having been sent a copy of this

letter.

(N) On or about February 8, 2001, the Deputy Mayor/DEHD Director sent a memorandum to the City Clerk seeking to put on the City Council calendar for approval a proposed Resolution authorizing defendant JAMES and the Deputy Mayor/DEHD Director to sell certain properties to defendant RILEY. Specifically, the properties, identified collectively as "TRI Phase I," were located at: 47 Parkview Terrace; 47 Saint James Place; 51-53 Saint James Place; and 829-831 South 12th Street.

(O) On or about March 7, 2001, defendant RILEY submitted to the DEHD a proposal to purchase the TRI Phase I properties. In this proposal, defendant RILEY falsely represented that she would substantially rehabilitate the properties. Defendant RILEY also fraudulently claimed that TRI would offer laborer jobs to homeless men and women in shelters. In fact, for at least two properties, defendant RILEY caused no rehabilitation work to be done and, overall, she made no meaningful effort to secure employment for the homeless. Moreover, defendant RILEY falsely stated that TRI would receive funding from a certain New Jersey bank.

(P) On or about March 21, 2001, the City Council adopted a Resolution, approving the Administration's authorization to sell the TRI Phase I properties to TRI and authorizing defendant JAMES and the Deputy Mayor/Director of the DEHD to engage in these

sales. In approving this measure, the Council relied on (i) the DEHD's investigation that TRI possessed the proper qualifications, financial resources and necessary capacity to acquire and develop properties pursuant to the SWRP and (ii) the DEHD's recommendation that the City of Newark sell the TRI Phase I properties to TRI for the purpose of redeveloping the properties in accordance with the SWRP and the contract of sale.

(Q) On or about March 30, 2001, defendant RILEY executed a contract with the City of Newark to purchase the TRI Phase I properties. Defendant JAMES and others executed this contract on behalf of the City of Newark. Therein, defendant RILEY falsely promised: (i) to redevelop all four TRI Phase I properties and not use the properties for speculation in land holding; and (ii) that TRI would not sell or otherwise transfer the TRI Phase I properties until the properties were substantially rehabilitated. The contract also mandated that no official or employee of the City of Newark (including the Mayor) should have any personal interest, direct or indirect, in the contract or participate in any decision relating to the contract which affected his personal interest or the interests of any corporation in which he was directly or indirectly financially interested. Defendant JAMES executed this contract on behalf of the City of Newark despite being involved in a close personal relationship with defendant RILEY.

(R) On or about April 25, 2001, defendant RILEY traveled to northern California with defendant JAMES for a four-day trip to attend a golf and tennis tournament.

(S) On or about August 3, 2001, defendant RILEY purchased the TRI Phase I properties from the City of Newark for a total of $16,000. (Specifically, Riley paid $4,000 each for 47 Parkview Terrace and 51-53 Saint James Place, $6,000 for 47 Saint James Place and $2,000 for 829-831 South 12th Street.) Defendant RILEY borrowed at least $10,000 for this purchase from an individual close to both defendants JAMES and RILEY ("Individual 1").

(T) In or about August 2001, defendant RILEY met with an individual who purchased, developed and sold properties in Newark and elsewhere (hereinafter, the Developer"). Previously, the Developer and the Developer's business partner had attempted to buy property from the City of Newark under the SWRP, but their requests were unheeded by City of Newark authorities. At this meeting, and in subsequent discussions, defendant RILEY and her representatives informed the Developer that defendant RILEY was able to purchase properties from the City of Newark at deeply discounted prices due to defendant RILEY's relationship with defendant JAMES. Defendant RILEY and her representatives also informed the Developer that defendant RILEY lacked the knowledge, experience and financial ability to renovate or sell the properties herself. Between in or about August 2001 and

September 2001, defendant RILEY and the Developer agreed that the Developer and the Developer's business partner would renovate, fund the renovation of, and sell for defendant RILEY two of the TRI Phase I properties, 47 Saint James Place and 829-831 South 12th Street.

(U) In or about the last week of August 2001, defendant RILEY, through her representatives, informed the Developer that defendant RILEY needed money immediately and was willing to flip the remaining two TRI Phase I properties (51-53 St. James Place and 47 Parkview Terrace) to the Developer in the condition in which defendant RILEY had purchased them from the City of Newark only weeks prior. To purchase these properties from TRI, defendant RILEY told the Developer to make an initial payment of $15,000 of the total purchase price to defendant RILEY immediately. On or about August 30, 2001, the Developer issued a check for $15,000 payable to defendant RILEY's representative. Thereafter, defendant RILEY cashed the $15,000 check.

(V) On or about September 4, 2001, defendant RILEY flipped 51-53 St. James Place to the Developer's corporation ("Corporation 1") for $25,000, and flipped 47 Parkview Terrace to another of the Developer's corporations ("Corporation 2") for $25,000. On or about September 6, 2001, defendant RILEY deposited another $30,000 from the proceeds of those sales into one of TRI's bank accounts (collectively, the "TRI Accounts").

On or about September 14, 2001, defendant RILEY issued a check from the TRI Accounts for $10,000 to Individual 1. Between on or about September 14, 2001, and September 29, 2001, defendant RILEY withdrew more than $10,000 in cash from the TRI Accounts.

(W) On or about November 29, 2001, defendant TAMIKA RILEY sold the two TRI Phase I properties that the Developer had renovated for defendant RILEY. The Developer found both purchasers of the properties and managed the sales for defendant RILEY. With the Developer's assistance, defendant RILEY sold 829-831 South 12th Street to an individual for $130,000, and 47 St. James Place to another individual for $155,000.

(X) On or about December 3, 2001, defendant RILEY deposited the net proceeds from the sales of these two properties, totaling approximately $125,817 (after satisfying mortgage loans to her from the Developer and other costs), into the TRI Accounts. Shortly thereafter, defendant RILEY caused, among other disbursements from the TRI Accounts, more than approximately $49,000 in checks to cash, Individual 1 and a family member ("Riley's Family Member").

***The TRI Phase II Properties***

10. It was a further part of this scheme and artifice to defraud that:

(A) On or about February 11, 2002, defendant RILEY submitted a proposal and application to purchase additional

properties from the City of Newark. These additional properties, identified collectively as the "TRI Phase II Properties," were located at 592 Bergen Street, 740 South 15th Street and 380-382 Avon Avenue. In support of her application, defendant RILEY submitted photographs of the rehabilitation of 47 St. James Place and 829-831 South 12th Street. Defendant RILEY intentionally omitted the fact that she had flipped the two other Phase I properties, 47 Parkview Terrace and 51-53 St. James Place, for a combined price of approximately $50,000 only weeks after buying these two properties for approximately $8,000 from the City of Newark.

(B) On or about February 27, 2002, defendant RILEY issued a $500 check to the Election Fund of defendant JAMES from the TRI accounts.

(C) On or about February 27, 2002, based on defendant RILEY's misleading proposal, the Deputy Mayor/DEHD Director sent a memorandum to the City of Newark Clerk, authorizing the sale of the TRI Phase II Properties to TRI for a total sum of $18,000; attaching a proposed resolution and requesting that it be placed on the City Council Agenda on or about March 20, 2002 for approval.

(D) On or about March 20, 2002, the City Council adopted a Resolution approving the Administration's authorization to sell the TRI Phase II Properties to TRI and authorizing defendant

SHARPE JAMES and the Deputy Mayor/Director of DEHD to engage in these sales for a total amount of $18,000. In approving this measure, the Council relied on (i) the DEHD's investigation that TRI possessed the proper qualifications, financial resources and necessary capacity to acquire and develop properties pursuant to the SWRP and (ii) the DEHD's recommendation that the City of Newark sell the TRI Phase II properties to TRI for the purpose of redeveloping the properties in accordance with the SWRP and the contract of sale.

(E) On or about March 23, 2002, defendant RILEY issued a $2,500 check from the TRI Accounts to defendant JAMES's Election Fund.

(F) Between on or about April 2, 2002 and April 10, 2002, defendant RILEY executed a contract to purchase the three TRI Phase II Properties for $18,000. Defendant JAMES and others executed this contract on behalf of the City of Newark. Therein, defendant RILEY promised: (a) to redevelop the TRI Phase II properties and not use the properties for speculation in land holding; and (b) that TRI would not sell or otherwise transfer the TRI Phase II properties until the properties were substantially rehabilitated. The contract also mandated that no official or employee of the City of Newark (including the Mayor) should have any personal interest, direct or indirect, in the contract or participate in any decision relating to the contract

which affected his personal interest or the interests of any corporation in which he was directly or indirectly financially interested. Defendant JAMES executed this contract on behalf of the City of Newark despite being involved in a close personal relationship with defendant RILEY.

(G) On or about April 9, 2002, defendant RILEY purchased the three TRI Phase II Properties for approximately $18,000 (approximately $6,000 each).

(H) In or about Spring 2002, defendant JAMES informed the DEHD employee that too many questions were being raised regarding favoritism pertaining to the City of Newark's sale of properties. To temporarily conceal these acts of favoritism and to prevent such acts from receiving public scrutiny, defendant JAMES instructed the DEHD Employee to table all sales of City-owned property until after the May 2002 mayoral election.

(I) On or about May 8, 2002, defendant RILEY flipped all three TRI Phase II Properties to the Developer for a total amount of approximately $80,000. Defendant RILEY did not redevelop the properties, as required under her contract with the City of Newark, and received a profit of approximately $62,000 from TRI Phase II transactions - obtaining $15,000 for 380-82 Avon Avenue, $15,000 for 740 South 15th Street, and $50,000 for 592 Bergen Street.

(J) On or about May 13, 2002, defendant RILEY received

proceeds from the sale of the TRI Phase II Properties via a check in the amount of approximately $11,519 (after repaying approximately $58,000 in loans received from the Developer, and other costs) which defendant RILEY deposited into the TRI accounts. Between on or about May 13, 2002 and May 31, 2002, defendant RILEY, among other disbursements, withdrew approximately $7,500 in cash from the TRI Accounts.

***Attempt to Acquire the TRI Phase III Properties***

11. It was a further part of this scheme and artifice to defraud that:

(A) On or about May 13, 2002, the Deputy Mayor/DEHD Director issued a memorandum for the City Council to consider a proposed resolution authorizing the sale of six additional properties for $18,000 to TRI (the "Six Additional Properties").

(B) From in or about June 7, 2002 to in or about June 9, 2002, defendants SHARPE JAMES and TAMIKA RILEY traveled together to Memphis, Tennessee to view a boxing match.

(C) On or about June 11, 2002, defendant RILEY sent a letter to the City of Newark's Assistant Corporation Counsel regarding the Six Additional Properties that she wanted to purchase from Newark. Defendant JAMES received a copy of this letter from defendant RILEY that same day.

(D) On or about June 13, 2002, defendant RILEY sent a letter to the DEHD regarding TRI Phase I and TRI Phase II,

stating, among other things, that: "[o]nce again . . . we would like to thank Mayor Sharpe James and your Department for all of your help in assisting the redevelopment of our city." That same day, defendant RILEY sent a letter to defendant JAMES that, among other things, thanked defendant JAMES for his "continuous support," congratulated defendant JAMES on his May 2002 election victory and offered best wishes to continue the growth and development of the City of Newark.

(E) On or about June 21, 2002, defendants JAMES and RILEY discussed issues regarding defendant RILEY's pending business with the City of Newark. Those issues included defendant RILEY's purchase of additional City of Newark properties.

(F) On or about July 17, 2002, defendant RILEY faxed a letter to defendant JAMES for his review. The letter, from defendant RILEY's attorney to the DEHD Employee was to support defendant RILEY's bid for more properties from the City of Newark. The letter (i) falsely represented that, in TRI Phase I, TRI renovated the four properties that were purchased from the City of Newark and falsely boasted that defendant RILEY, during TRI Phase I, had "expressed her commitment to not only produce a renovated product but to also create in the community a benchmark by which subsequent developers must adhere to," and (ii) falsely represented that, in TRI Phase II, TRI worked with its "financial partner, Fleet Bank," in surpassing all expectations by

"producing quality structures suitable for affordable housing and first-time homeowners." In fact, (i) defendant RILEY flipped two of the TRI Phase I properties without doing any rehabilitation and (ii) defendant RILEY flipped all three TRI Phase II properties to the Developer, without doing any rehabilitation. Moreover, contrary to defendant RILEY's representations, Fleet Bank did not lend defendant RILEY money to purchase or renovate the TRI Phase I or II Properties.

(G) On or about September 4, 2002, after the Administration had recommended the City of Newark's sale of another nine properties to TRI (collectively, the "TRI Phase III Properties") for approximately $30,000 by August 14, 2002 memorandum from the DEHD to the Newark City Clerk, the City Council considered and then tabled a Resolution allowing defendant JAMES and the Deputy Mayor/Director of DEHD to engage in these sales. On or about September 18, 2002, the City Council passed the September 4, 2002 Resolution in amended form, eliminating two of the TRI Phase III Properties in response to public opposition regarding the sales (the "September 18th Resolution").

(H) On or about October 4, 2002, defendant RILEY executed a contract to purchase the TRI Phase III Properties. Defendant JAMES and others executed this contract on behalf of the City of Newark. The contract mandated that no official or employee of the City of Newark (including the Mayor) should have any personal

interest, direct or indirect, in the contract or participate in any decision relating to the contract which affected his personal interest or the interests of any corporation in which he was directly or indirectly financially interested. Defendant JAMES executed this contract on behalf of the City of Newark despite being involved in a close personal relationship with defendant RILEY.

(I) Between in or about October 2002 and November 2002, defendant SHARPE JAMES instructed DEHD employees, through the Close Associate, that the DEHD should not do any business with defendant TAMIKA RILEY and should not speak with her. Notwithstanding the City Council's September 18th Resolution authorizing the sale of the TRI Phase III Properties to TRI and the City contract dated on or about October 4, 2002 that defendants JAMES and RILEY executed, the sale of the TRI Phase III Properties to TRI was not consumated.

(J) In or about November 2002, the DEHD Employee informed defendant RILEY that the DEHD had been instructed not to conduct further business with TRI, including regarding the pending sale of the TRI Phase III Properties. In response, defendant RILEY indicated to the DEHD Employee that she would address this matter directly with defendant JAMES.

(K) Shortly thereafter, one night in or about November 2002, the Close Associate met the DEHD Employee at the DEHD

Employee's home. The Close Associate instructed the DEHD Employee to go outside to speak with defendant SHARPE JAMES who was waiting in a City of Newark car. In the car, defendant JAMES reprimanded the DEHD Employee for revealing to defendant RILEY that defendant JAMES had put her proposals on hold.

***The Legislation***

12. It was a further part of this scheme and artifice to defraud that:

(A) On or about February 20, 2003, defendant TAMIKA RILEY coordinated a $10,000 "donation" from one of her Hip-Hop clients to defendant SHARPE JAMES.

(B) On or about September 30, 2003, the DEHD wrote a letter to defendant RILEY stating that TRI could purchase two properties from Newark: 590 Bergen Street and 84-88 West Alpine Street (the "Amended TRI Phase III Properties") for a total of approximately $12,000.

(C) On or about February 9, 2004, defendant JAMES introduced a bill in the state legislature strengthening the mayor's power, in a mayor-council form of government, such as the City of Newark, to determine the conditions by which land would be acquired and sold.

(D) On or about March 1, 2004, during the State Senate's Community and Urban Affairs Committee meeting in Trenton, New Jersey, in support of this legislation and to conceal one of his

motives (obtaining more power as Mayor to steer properties to favored individuals, including defendant RILEY), defendant JAMES stated to his Senate colleagues and others, in substance and part, that:

> What we have is that City Council people are giving themselves municipal land, so at the end of their term in office they will have acquired wealth based on the acquisition of municipal property which is contrary to law and very wrong. We have a, we have a situation whereby the Administration-Council had agreed upon, to transfer ownership of a property to a person that posted bond, put up the money, will renovate the building and restore it to the tax code. An individual Council Member's elected, that week came in, and tore up the contract and he unilaterally decided that he would give the property to an organization he belonged to. And we were in court on it and they--, and this law is not retroactive. This is horrible. We have Council people who are saying: I won't be here forever, but if I can send a million dollars worth of municipal property to my boyfriend, girlfriend, momma, poppa, brother or friend or organization. Well if I want this, I'll go get it. . . . This law is needed to ensure that we protect the public trust. That we do not allow thievery with municipal property. It's not, a bill for the Mayor, it's for ones with Mayor-Council check and balance to agree on dispersing municipal assets.

Thereafter, at this meeting, defendant JAMES voted in favor of sending the bill to the legislature for a vote. On or about June 24, 2004, defendant JAMES caused this proposed legislation (Senate Bill 967) to be passed by both houses and made retroactive to January 1, 2002 (six weeks before defendant RILEY's proposal to purchase the TRI Phase II properties); this legislation became law on or about July 2, 2004. In final form, the legislation applied to one municipality, the City of Newark.

***The Amended TRI Phase III Properties***

(E) From on or about July 22, 2004 to on or about July 24, 2004, defendants JAMES and RILEY traveled to Long Island, via defendant JAMES's boat, and spent an extended weekend together in Sag Harbor, New York.

(F) On or about September 7, 2004, defendants JAMES and RILEY traveled to Queens, New York, to attend the U.S. Open. On or about September 7, 2004, defendant JAMES wrote to defendant RILEY, informing her that, "in [his] capacity as Vice Chair of the Budget and Appropriations Committee, New Jersey Senate," he was "fighting to secure a grant" of $25,000 for TRI. Defendant JAMES ultimately was unable to secure this grant for defendant RILEY and TRI.

(G) On or about October 26, 2004, the Director of the DEHD sent a memorandum to the City of Newark Clerk authorizing the sale of the Amended TRI Phase III properties to TRI for a total of $12,000; attaching a proposed resolution and requesting that it be placed on the City Council's agenda for approval.

(H) On or about December 8, 2004, the City Council adopted a Resolution approving the Administration's authorization to sell the Amended TRI Phase III Properties to TRI for approximately $12,000 and authorizing defendant JAMES and the Deputy Mayor/Director of DEHD to engage in these sales. The Resolution provided that TRI would pay approximately $4,000 for 590 Bergen

Street, and approximately $8,000 for 84-88 West Alpine Street. The Resolution further stated that the two Amended TRI Phase III Properties together had an assessed value of approximately $348,500. (On or about September 7, 2005, the Municipal Council issued an amended Resolution correcting the address of 84-88 West Alpine Street to 86-88 West Alpine Street). In approving this measure, the City Council relied on the DEHD's recommendation that the City of Newark sell the Amended TRI Phase III properties to TRI for the purpose of redeveloping the properties in accordance with the SWRP and the contract of sale.

(I) Between on or about December 17, 2004 and January 12, 2005, defendant RILEY executed a contract with the City of Newark to purchase the Amended TRI Phase III properties for $12,000. Defendant JAMES and others executed this contract on behalf of the City of Newark. The contract provided that legal or clarifying amendments could be made by the Mayor and the Deputy Mayor/DEHD Director without further City Council action. Therein, defendant RILEY falsely promised to: (i) redevelop the Amended TRI Phase III properties and not use the properties for speculation in land holding and (ii) that TRI would not sell or otherwise transfer these properties without prior express consent of the City of Newark. The contract also mandated that no official or employee of the City of Newark (including the Mayor) should have any personal interest, direct or indirect, in the

contract or participate in any decision relating to the contract which affected his personal interest or the interests of any corporation in which he was directly or indirectly financially interested. Defendant JAMES executed this contract on behalf of the City of Newark despite being involved in a close personal relationship with defendant RILEY.

(J) On or about February 17, 2005, defendant RILEY purchased the two Amended TRI Phase III Properties for $12,000.

(K) On or about March 8, 2005, defendant RILEY flipped the 590 Bergen Street property to a construction company for approximately $100,000. Defendant RILEY did not rehabilitate or make any improvements to this property before this sale. On or about March 9, 2005, defendant RILEY deposited two checks from this sale totaling approximately $93,700 into the TRI Accounts. Shortly thereafter, defendant RILEY caused, among other disbursements from the TRI Accounts, more than approximately $69,000, to include: a $500 check to the Election Fund of defendant JAMES; cash withdrawals; debit card purchases for jewelry and menswear; checks to Individual 1; past-due payments to the City of Newark for six months' back rent on TRI's office; past-due utility payments for defendant RILEY's apartment; and past-due payments to Riley's Friend A for defendant RILEY's Mercedes.

(L) On or about October 31, 2005, defendant RILEY sold the

second of the Amended TRI Phase III Properties, located at 86-88 West Alpine Street for approximately $150,000, thereby obtaining a profit of approximately $142,000 for this transaction. Defendant TAMIKA RILEY did not rehabilitate or make any improvements to this property before this sale. On or about November 1, 2005, defendant RILEY deposited two checks totaling approximately $123,840 in the TRI Accounts that were the proceeds from this sale. Shortly thereafter, defendant RILEY caused, among other disbursements from the TRI Accounts, more than approximately $110,000 in: cash withdrawals; checks to Individual 1 and Individual 1's organization; past-due reimbursement to the State of New Jersey for defendant RILEY's failure to perform prepaid, contracted services in or about February 2005; debit card purchases for shoes and clothing; and payments to Riley's Friend A, including past-due payments for defendant RILEY's Mercedes.

***Defendant RILEY's Additional Attempt to Buy Newark Properties***

(M) On or about January 6, 2006, defendant RILEY issued a $5,000 check from her TRI Accounts to defendant JAMES's Election Fund.

(N) From on or about April 1, 2006 to on or about April 4, 2006, defendants JAMES and RILEY traveled together for a stay at a beachfront resort in Boca Chica, Dominican Republic.

(O) On or about April 19, 2006, the City Council passed a

Resolution approving the Administration's authorization to sell two City of Newark properties to defendant TAMIKA RILEY for approximately $2,000 each (a total amount of $4,000) and authorizing defendant SHARPE JAMES and the Deputy Mayor/Director of DEHD to engage in these sales. Those two properties, located at 89-91 Goodwin Avenue and 54-56 Nairn Place, were among the initial TRI Phase III properties whose sale had not transpired in the Fall of 2002 after defendant JAMES instructed DEHD employees not to do any business with defendant RILEY. According to the April 19, 2006 Resolution, those two properties each had an assessed value of more than approximately $98,000. In approving this measure, the City Council indicated, among other things, that this matter was subject to the SWRP.

(P) Between on or about May 2, 2006 and May 15, 2006, defendant RILEY executed a contract with the City of Newark to purchase the Goodwin Avenue and Nairn Place properties for $4,000. Defendant JAMES and others executed this contract on behalf of the City of Newark. The contract provided that legal or clarifying amendments could be made by the Mayor and the Deputy Mayor/DEHD Director without further City Council action. The contract mandated that no official or employee of the City of Newark (including the Mayor) should have any personal interest, direct or indirect, in the contract or participate in any decision relating to the contract which affected his personal

interest or the interests of any corporation in which he was directly or indirectly financially interested. Defendant JAMES executed this contract on behalf of the City of Newark despite being involved in a close personal relationship with defendant RILEY. These sales were never consummated as a result of court orders freezing these sales on or about May 31, 2006 and June 20, 2006.

***Defendant JAMES's Rental of a Secure Storage Unit and Storage of TRI City Real Estate Records***

13. It was a further part of this scheme and artifice to defraud that:

(A) Between on or about June 1, 2006 and June 4, 2006, defendant JAMES went to a public storage facility in Hillside, New Jersey, and rented a secure storage unit (the "Storage Unit") using the City Hall and Security Credit Cards. Defendant JAMES initially sought a three-year contract for the Storage Unit, but due to the fact that he had exceeded the $10,000 credit limit on the Security Credit Card, he could only obtain a one-year rental. Defendant JAMES executed a contract to rent the secure Storage Unit, stating that he was the only person authorized to access the Storage Unit. Defendant JAMES also executed a rental receipt for the Storage Unit, which stated: "Authorized Users: NO ONE."

(B) Between in or about June 4, 2006 and in or about August 21, 2006, defendant JAMES placed and caused to be placed in the Storage Unit various items, including City of Newark files and

documents pertaining to defendant RILEY, TRI and TRI's property transactions with the City of Newark.

**The Mailings**

14. On or about the dates listed below, in the District of New Jersey, and elsewhere, for the purpose of executing and attempting to execute this scheme and artifice to defraud, defendants

SHARPE JAMES and
TAMIKA RILEY

knowingly and willfully placed and caused to be placed in a post office and authorized depository for mail, and took and received therefrom certain mail matter, and caused to be delivered thereon, certain mail matter, to be sent and delivered by the United States Postal Service as described below:

| COUNT | APPROX. DATE | DESCRIPTION |
|---|---|---|
| 21 | July 16, 2002 | U.S. mail from defendant RILEY's attorney in Newark, NJ, to City Hall in Newark, NJ, regarding TRI Phase I and TRI Phase II. |
| 22 | Sept. 6, 2005 | U.S. mail of $14,000 deposit check from attorney in Newark, to another attorney in Newark, for sale of 86-88 West Alpine. |
| 23 | Oct. 20, 2005 | Certified U.S. mail from attorney in Newark, to another attorney in Newark regarding closing of 86-88 West Alpine. |

In violation of Title 18, United States Code, Sections 1341 and 2.

## COUNT 24

(Fraud Involving Local Government Receiving Federal Funds)

1. Paragraphs 1 to 3 of Counts 1 to 17 and Paragraphs 2 to 6 and 8 to 13 of Counts 21 to 23 of this Indictment are realleged as if set forth in full herein.

2. At all times relevant to Count 24 of this Indictment, the City of Newark was a local government that received federal benefits in excess of $10,000 per year involving grants and other forms of federal funds assistance.

3. Between in or about October 2004 and October 2005, in Essex County, in the District of New Jersey, and elsewhere, defendants

SHARPE JAMES and
TAMIKA RILEY

knowingly and willfully did embezzle, steal, obtain by fraud and without authority convert to defendant RILEY's own use certain properties and monies set forth below, and intentionally misapplied the monies set forth below which were the approximate values of these real properties, owned by and under the care, custody and control of the City of Newark, namely two properties, purchased from the City of Newark on or about February 17, 2005 and resold without any rehabilitation, as follows:

| Property | Approx. Assessed Value | Approx. Purchase Price | Approx. Resale Price | Approx. Resale Date |
|---|---|---|---|---|
| 590 Bergen Street | $212,600 | $4,000 | $100,000 | March 8, 2005 |
| 86-88 West Alpine Street | $135,900 | $8,000 | $150,000 | October 31, 2005 |

In violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2.

## COUNT 25

(Conspiracy to Use the U.S. Mail to Defraud the Public of Defendant JAMES's Honest Services)

1. Paragraphs 1 to 6 and 9 to 20 of Counts 1 to 17 and Paragraphs 2 to 6 and 8 to 13 of Counts 21 to 23 of this Indictment are realleged as if set forth in full herein.

**Defendant JAMES's Duties of Honest Services as a Public Official**

2. At all times relevant to Count 25 of this Indictment, the State of New Jersey, the City of Newark and their citizens had an intangible right to the honest services of their public officials. As a public official for the State of New Jersey and the City of Newark, defendant SHARPE JAMES held positions of public trust and, according to federal and New Jersey law, stood in a fiduciary relationship to his public employers and the citizens in those jurisdictions. As a fiduciary and a trustee of the public weal, defendant JAMES was under a duty to provide honest services by transacting State of New Jersey and City of Newark business honestly and openly. Specifically, defendant JAMES owed the State of New Jersey, City of Newark and their citizens a duty to, among other things: (A) refrain from knowingly committing acts related to his official positions that were unauthorized exercises of his official functions for the purpose of obtaining and receiving money, reimbursements and benefits for himself and others from the governments that he

represented, contrary to N.J. Stat. Ann. § 2C:30-2; (B) as part of his fiduciary duty and his obligation pursuant to the circumstances set forth in Title 18, United States Code, Section 666(a)(1)(A), to refrain from stealing, taking by fraud, misapplying and misappropriating the assets of his public employers; (C) as part of his fiduciary duty, to honestly account for all expenditures made by himself to the governments that he served and to not conceal material information regarding those expenditures; (D) as part of his fiduciary duty, to disclose conflicts of interest to his public employers in official matters over which defendant JAMES exercised, and attempted to exercise, official authority and discretion, and to recuse himself where he had such conflicts of interest.

**The Conspiracy**

3. From in or about 1999 to in or about August 2006, in Essex, Hudson, Mercer, Ocean, Passaic and Union Counties, in the District of New Jersey, and elsewhere, defendants

SHARPE JAMES and
TAMIKA RILEY

knowingly and willfully did combine, conspire, confederate and agree with others to commit offenses against the United States--that is, using the United States mails for the purpose of executing a scheme and artifice to defraud the State of New Jersey, the City of Newark and their citizens, of their rights to defendant JAMES's honest services in the affairs of the State of

New Jersey and the City of Newark, contrary to Title 18, United States Code, Sections 1341 and 1346.

4. The object of the conspiracy was for defendants SHARPE JAMES and TAMIKA RILEY and others to misuse and abuse the authority and discretion of defendant JAMES's official positions as Mayor and State Senator to improperly obtain money, property and other benefits through deceit, trickery, overreaching and undue influence facilitated by use of the United States Mail:

(A) By improperly using credit cards funded by, and obtaining unauthorized reimbursements from, the City of Newark, for personal expenses including vacations, travel, meals, entertainment, a storage facility and other benefits for defendant JAMES, defendant RILEY, his other companions and others, and misrepresenting to the City of Newark that these were legitimate City of Newark expenses.

(B) By improperly favoring defendant TAMIKA RILEY, who did not have the financial resources or development experience to substantially rehabilitate the properties, and defendant JAMES failing to recuse himself from this interested decision-making, and obtaining money and property for the direct benefit of defendant RILEY, and the indirect benefit of defendant JAMES and others, through steering sales of city-owned real property at steeply discounted prices to defendant RILEY, who, in turn, shortly thereafter most times would flip these properties for lucrative profits, without redeveloping these properties, as required by the policies and procedures set forth in the SWRP and as represented by defendant RILEY to the City of Newark.

(C) To aid and assist in the above endeavor to steer City of Newark real property to defendant RILEY, by defendant JAMES proposing and shepherding legislation, as a State Senator, to increase his power as Mayor of Newark to cede City property to those close to him speculating in land sales, particularly defendant RILEY, despite the fact that defendant JAMES expressly understood that such exercises of official favoritism were thefts of City of Newark property.

(D) By endeavoring to secure for defendant RILEY's company,

TRI, a $25,000 state grant to which TRI, as a for-profit company, was not entitled.

(E) By defendant JAMES intentionally misrepresenting and failing to disclose to the State of New Jersey and the City of Newark material facts: (i) regarding the use of the Security and City Hall Credit Cards to pay personal expenses to benefit defendants JAMES and RILEY and others; (ii) regarding the sale of City of Newark property to defendant JAMES's close companion, defendant TAMIKA RILEY and her company, TRI; and (iii) regarding the endeavor to steer a $25,000 state grant to defendant RILEY and TRI.

**Overt Acts**

5. In furtherance of the conspiracy and to effect its objects, defendants SHARPE JAMES, TAMIKA RILEY and others committed the following overt acts in the District of New Jersey, and elsewhere.

A. Defendant JAMES incurred and caused to be incurred the specific improper travel expenses for himself, defendant RILEY and others detailed in Paragraph 15 of Counts 1 to 17 of this Indictment.

B. Defendant JAMES incurred and caused to be incurred the specific improper movie theater, meal and other expenses detailed in Paragraph 16 of Counts 1 to 17 of this Indictment.

C. Defendant JAMES caused to be submitted to the City of Newark materially false documents claiming reimbursement for City of Newark expenses that were in fact personal as detailed in Paragraph 20 of Counts 1 to 17 of this Indictment.

D. Defendant JAMES caused the use of the United States mail as detailed in Paragraph 21 of Counts 1 to 17 (Count 3) of

this Indictment.

E. In or about November 1999, defendant JAMES directed DEHD employees to sell City-owned property to defendant RILEY.

F. On or about March 7, 2001, to obtain the TRI Phase I properties, defendant RILEY submitted to the DEHD a development proposal containing false representations.

G. On or about March 30, 2001, defendants JAMES and RILEY executed the sales contract selling TRI the TRI Phase I properties from the City of Newark.

H. On or about September 4, 2001, defendant RILEY flipped two of the TRI Phase I properties ((i) 51-53 St. James Place and (ii) 47 Parkview Terrace) to the Developer's corporations.

I. On or about February 11, 2002, to obtain the TRI Phase II properties, defendant RILEY submitted to the DEHD a development proposal containing false representations.

J. Between on or about April 2, 2002 and April 10, 2002, defendants JAMES and RILEY executed the sales contract selling TRI the TRI Phase II properties from the City of Newark.

K. On or about May 8, 2002, defendant RILEY flipped all of the TRI Phase II properties ((i) 380-82 Avon Avenue; (ii) 740 South 15th Street and (iii) 592 Bergen Street) to the Developer.

L. In or about Spring 2002, defendant JAMES instructed the DEHD employee to table all City-owned property sales until after the May 2002 election.

M. On or about July 17, 2002, defendant RILEY faxed a letter regarding her bid to obtain more City-owned properties to defendant JAMES for his review.

N. In or about November 2002, defendant JAMES reprimanded the DEHD Employee for revealing to defendant RILEY that defendant JAMES had put her proposals to purchase more City of Newark property on hold.

O. On or about February 9, 2004, defendant JAMES proposed State legislation strengthening his power, as Mayor, to determine the conditions by which land would be acquired and sold.

P. On or about March 1, 2004, defendant JAMES voted in favor of this legislation during a meeting of the State Senate's Community and Urban Affairs Committee.

Q. On or about September 7, 2004, defendant JAMES wrote a letter to defendant RILEY informing her that he was "fighting" to secure a $25,000 state grant for TRI.

R. Between on or about December 17, 2004 and January 12, 2005, defendants JAMES and RILEY executed the sales contract selling TRI the Amended TRI Phase III properties from the City of Newark.

S. On or about March 8, 2005, defendant RILEY flipped one of the Amended TRI Phase III properties (590 Bergen Street).

T. On or about October 31, 2005, defendant RILEY sold the other Amended TRI Phase III property (86-88 West Alpine Street)

without conducting any rehabilitation of the property.

U. Between on or about May 2, 2006 and May 15, 2006, defendants JAMES and RILEY executed the sales contract to sell TRI City of Newark properties at (i) 89-91 Goodwin Avenue and (ii) 54-56 Nairn Place.

V. In or about June 2006, defendant JAMES used the Security and City Hall Credit Cards to obtain the Storage Unit, to which only he had access, and stored documents pertaining to defendant RILEY's property transactions with the City of Newark there.

W. Defendants JAMES and RILEY caused the use of the United States mail as detailed in Paragraph 14 of Counts 21 to 23 of this Indictment.

In violation of Title 18, United States Code, Section 371.

## COUNTS 26 TO 29

(Housing Assistance Fraud)

1. Paragraphs 2 to 3 of Counts 1 to 17 and Paragraphs 2 to 6 and 8 to 13 of Counts 21 to 23 are realleged as if set forth in full herein.

2. From at least in or about June 1999 to in or about September 2005, defendant TAMIKA RILEY received housing subsidies from the New Jersey Department of Community Affairs ("NJDCA") Housing Assistance Program, to assist her in paying her monthly rent at the apartment that she leased as her primary residence in Jersey City, New Jersey. In or about September 13, 2005, NJDCA terminated defendant RILEY's participation in the program effective September 30, 2005.

3. From at least in or about December 2001 to in or about September 2005, in Hudson and Mercer Counties, in the District of New Jersey and elsewhere, defendant

TAMIKA RILEY

knowingly and willfully did devise and intend to devise a scheme and artifice to defraud the NJDCA of money and property by means of materially false and fraudulent pretenses, representations and promises.

4. The object of this scheme and artifice to defraud was for defendant TAMIKA RILEY to obtain significant housing subsidies ranging from approximately $666 per month in or about

December 2001 to approximately $788 per month in or about 2005 to defray her personal rental expenses through materially false and fraudulent pretenses, statements and representations made to the NJDCA.

5. It was a part of this scheme and artifice to defraud that:

(A) On or about December 7, 2001, defendant RILEY indicated on certain documents filed with the NJDCA that she was an employee of "Diva Development," working 35 hours a week at a rate of $7 per hour. Defendant RILEY falsely stated that she had received no net business income from a business, when, in fact, she had received such income from TRI. To further support her receipt of continued subsidies, on or about December 6, 2001, defendant RILEY caused Riley's Family Member to falsely state in a letter to the NJDCA that defendant RILEY was a probationary employee of Diva Development.

(B) On or about December 12, 2002, defendant RILEY caused to be stated on her certificate of household income filed with the NJDCA, and supporting documents submitted by Riley's Family Member on Diva Development letterhead, that she was an employee of "Diva Development," working 35 hours a week at a rate of $8 per hour. Defendant RILEY also falsely stated that she received no net income from a business on her certificate of household income, when, in fact, she had received such income from TRI.

(C) On or about December 15, 2003, defendant RILEY caused to be submitted to the NJDCA a letter falsely stating that she was a consultant for "Beyond the Cover," engaged in the company's "training session" until the end of February 2004, making $8.75 per hour. Defendant RILEY submitted false and fraudulent paystubs to support her claims. Defendant RILEY intentionally did not disclose that she received business income from TRI and transactions pertaining to TRI.

(D) Defendant RILEY signed all of the above-referenced certificates of household income stating that the information that she provided about her household income and assets was accurate and complete to the best of her knowledge. Defendant RILEY further indicated that she understood that knowingly supplying false, incomplete or inaccurate information was grounds for the denial or termination of this subsidy.

(E) In or about May 2005, when questioned by an NJDCA Housing Assistance Program employee about whether defendant RILEY owned or operated a business, defendant RILEY did not admit to owning or operating a business, despite the fact that defendant RILEY still was seeking, obtaining and selling properties from the City of Newark through TRI.

6. On or about the dates listed below, in the District of New Jersey, and elsewhere, for the purpose of executing and attempting to execute this scheme and artifice to defraud,

defendant

TAMIKA RILEY

knowingly and willfully placed and caused to be placed in a post office and authorized depository for mail, and took and received therefrom certain mail matter, and caused to be delivered thereon, certain mail matter, to be sent and delivered by the United States Postal Service, as described below:

| COUNT | APPROX. DATE | DESCRIPTION |
|---|---|---|
| 26 | August 1, 2002 | U.S. mail from NJDCA to the Management Company in Jersey City enclosing approximately $497 subsidy payment for defendant RILEY. |
| 27 | August 1, 2003 | U.S. mail from NJDCA to the Management Company in Jersey City enclosing approximately $599 subsidy payment for defendant RILEY. |
| 28 | From on or about January 23, 2004 to on or about December 1, 2004 | 11 U.S. mailings from NJDCA to the Management Company in Jersey City enclosing subsidy payments, each totaling approximately $599 or $736 for defendant RILEY. |
| 29 | From on or about December 20, 2004 to on or about September 1, 2005 | 9 U.S. mailings from NJDCA to the Management Company in Jersey City enclosing subsidy payments, each totaling approximately $736 or $788 for defendant RILEY. |

In violation of Title 18, United States Code, Sections 1341 and 2.

**COUNT 30**

(Tax Fraud - Calendar Year 2001)

1. Paragraph 2 of Counts 1 to 17 and Paragraphs 2 to 6 and 8 to 13 of Counts 21 to 23 are realleged as if set forth in full herein.

2. On or about April 18, 2005, defendant TAMIKA RILEY signed and caused to be filed with the IRS a U.S. Corporate Income Tax Return, Form 1120 (the "Form 1120"), for TRI for calendar year 2001. That return stated that TRI's taxable income for 2001 was negative $48,859.

3. The return contained defendant RILEY's written declaration that it was signed under the penalties of perjury.

4. The return was not true and correct as to every material matter in that defendant RILEY knowingly and intentionally did not disclose that she was engaged in the operation of a business activity, namely real estate transactions detailed in Paragraph 9 of Counts 21 to 23 of this Indictment, from which she derived additional gross receipts or sales in 2001 totaling more than $98,000.

5. On or about April 18, 2005, in the District of New Jersey and elsewhere, defendant

TAMIKA RILEY

knowingly and willfully did make and subscribe the Form 1120 for 2001, as described in Paragraphs 2 and 3 of this Count, which she

did not believe to be true and correct as to every material matter, as described in Paragraph 4 of this Count.

In violation of Title 26, United States Code, Section 7206(1).

## COUNT 31

(Tax Fraud - Calendar Year 2002)

1. Paragraph 2 of Counts 1 to 17 and Paragraphs 2 to 6 and 8 to 13 of Counts 21 to 23 are realleged as if set forth in full herein.

2. On or about April 18, 2005, defendant TAMIKA RILEY signed and caused to be filed with the IRS a Form 1120 for TRI for calendar year 2002. That return stated that TRI had zero taxable income for 2002.

3. The return contained defendant RILEY's written declaration that it was signed under the penalties of perjury.

4. The return was not true and correct as to every material matter in that defendant RILEY knowingly and intentionally did not disclose that she was engaged in the operation of a business activity, namely real estate transactions detailed in Paragraph 10 of Counts 21 to 23 of this Indictment, from which she derived additional gross receipts or sales in 2002 totaling more than $43,000.

5. On or about April 18, 2005, in the District of New Jersey and elsewhere, defendant

TAMIKA RILEY

knowingly and willfully did make and subscribe the Form 1120 for 2002, as described in Paragraphs 2 and 3 of this Count, which she did not believe to be true and correct as to every material

matter, as described in Paragraph 4 of this Count.

In violation of Title 26, United States Code, Section 7206(1).

## COUNT 32

(Tax Fraud/Corporate - Calendar Year 2005)

1. Paragraph 2 of Counts 1 to 17 and Paragraphs 2 to 6 and 8 to 13 of Counts 21 to 23 are realleged as if set forth in full herein.

2. Effective on or about January 1, 2005, defendant TAMIKA RILEY changed TRI from a C-Corporation to an S-Corporation. As an S-Corporation, any ordinary business income for TRI would flow through and had to be reported on the personal federal tax return of defendant RILEY.

3. On or about September 29, 2006, defendant RILEY signed and caused to be filed with the IRS a U.S. Corporate Income Tax Return, Form 1120-S ("Form 1120S"), for TRI for calendar year 2005. That return stated that TRI's ordinary business income for 2005 was $32,027.

4. The return contained defendant RILEY's written declaration that it was signed under the penalties of perjury.

5. The return was not true and correct as to every material matter in that defendant RILEY caused her accountant to prepare the Form 1120S to inflate the cost basis of properties purchased by TRI in 2005 as detailed in Paragraph 12 of Counts 21 to 23 of this Indictment by more than $60,000 which, in turn, caused the Form 1120S to underreport the true gain on the sales of these properties by that amount.

6. On or about September 29, 2006, in the District of New Jersey and elsewhere, defendant

TAMIKA RILEY

knowingly and willfully did make and subscribe the Form 1120-S for 2005, as described in Paragraphs 3 and 4 of this Count, which she did not believe to be true and correct as to every material matter, as described in Paragraph 5 of this Count.

In violation of Title 26, United States Code, Section 7206(1).

## COUNT 33

(Tax Evasion/Personal - Calendar Year 2005)

1. Paragraph 2 of Counts 1 to 17 and Paragraphs 2 to 6 and 8 to 13 of Counts 21 to 23, and Paragraphs 2 to 5 of Count 32 are realleged as if set forth in full herein.

2. Defendant TAMIKA RILEY failed to file a United States Individual Income Tax Return, Form 1040 (the "Form 1040"), for calendar year 2005, despite earning gross income of approximately $93,761.

3. To evade the assessment of federal income taxes for 2005, defendant RILEY conducted acts of evasion by making false and misleading statements to her accountant, including advising her accountant that: (A) TRI paid $12,000 for each property purchased in 2005, when, in fact, TRI paid $12,000 total for these properties as set forth in Paragraph 12 of Counts 21 to 23 of this Indictment; (B) TRI spent $45,000 on renovations to the property at 86-88 Alpine Street, when, in fact, no renovations were done prior to its resale; and (C) TRI sold 590 Bergen Street for $92,700 when, in fact, the price was $100,000.

4. Although defendant RILEY reviewed with, and received from, her accountant a completed Form 1040 for 2005, defendant RILEY intentionally did not file with the IRS a Form 1040 for 2005.

5. On or about April 17, 2006, in the District of New Jersey and elsewhere, defendant

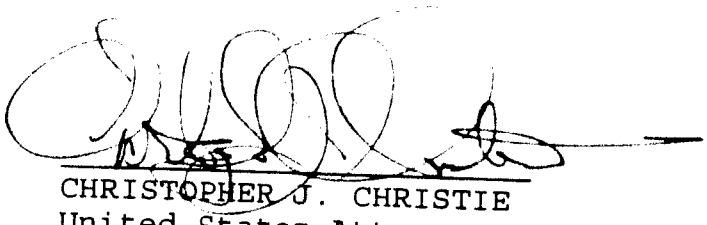
TAMIKA RILEY

knowingly and willfully did attempt to evade and defeat a substantial part of income tax due and owing by her (approximately $18,401) to the United States.

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

A TRUE BILL

FOREPERSON



CHRISTOPHER J. CHRISTIE
United States Attorney

CASE NUMBER: _____

# United States District Court
# District of New Jersey

UNITED STATES OF AMERICA

v.

SHARPE JAMES and
TAMIKA RILEY

# INDICTMENT FOR

18 U.S.C. §§ 371, 666(a)(1)(A),
1341, 1343 and 2;
26 U.S.C. §§ 7201 and 7206(1)

A True Bill,

_____

Foreperson


CHRISTOPHER J. CHRISTIE
*U.S. ATTORNEY*
*NEWARK, NEW JERSEY*

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