

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
 v. : Crim. No. 03-
 KENNETH E. SAUNDERS, SR., : 18 U.S.C. §§ 371, 666
 a/k/a "Butch Saunders," : 26 U.S.C. § 7206(2)
 and RAYFIELD JAMES, JR. :

INDICTMENT

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

COUNT 1

CONSPIRACY TO OFFER AND GIVE CORRUPT PAYMENTS

Defendants and Other Individuals

1. Defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," served as the Mayor of Asbury Park from approximately July 1, 1997 to June 30, 2001 and as a member of the Asbury Park City Council for that same time, having been elected on or about May 13, 1997 at an annual salary of \$3,000 through on or about December 31, 1997 and \$5,000 per year thereafter. As the Mayor and a member of the Asbury Park City Council, defendant KENNETH E. SAUNDERS, SR.'s, a/k/a "Butch Saunders'" powers and duties included: the creation and abolition of executive departments, boards and offices; the appointment of the municipal manager, auditor, assessor, clerk, city and redevelopment attorneys and

Housing Authority commissioners and voting upon municipal resolutions and ordinances. As a City Council member, SAUNDERS voted on financial matters affecting the City of Asbury Park, such as budget appropriations and the award of contracts to vendors. Defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," also was employed by the Monmouth County Boys & Girls Club located on Monroe Avenue, Asbury Park, New Jersey.

2. At all times relevant to Count 1 of this Indictment:

(A) defendant RAYFIELD JAMES, JR. was the leader of Asbury United, a political organization in the City of Asbury Park with which defendant KENNETH E. SAUNDERS, SR. was associated;

(B) there was a member of the Asbury Park City Council (the "Council Member") who was cooperating with federal law-enforcement authorities. The Council Member had property liens attached to the Council Member's residence totaling approximately \$6,000;

(C) there was a developer (the "Developer") who was seeking to secure the redevelopment rights to the Asbury Park oceanfront development. To secure these rights, the Developer needed three of the five members of the Asbury Park City Council to vote in favor of the Developer's redevelopment proposal which proposal also contemplated the involvement and assistance of the

State of New Jersey;

(D) the City of Asbury Park received federal assistance well in excess of \$10,000 per year. As members of the Asbury Park City Council, defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," and the Council Member were in positions to, and did, vote on the receipt, acceptance and administration of federal funds for the City of Asbury Park;

(E) the proposed redevelopment plan, which incorporated the involvement and assistance of the State of New Jersey, implicated federal interests insofar as it contemplated, among other things, the purchase and disposition of Federal Deposit Insurance Corporation tax liens attached to the properties owned by the prior redeveloper; the application for and use of grants from the United States Department of Transportation and the use of federal funds for applicants who qualified for affordable housing units within the redevelopment zone. Federal funds also were employed to pay, at least in part, the salaries of the Community Development Office staff, code enforcement officials and the Economic Development Director who also would participate in aspects of redevelopment, including the relocation of citizens displaced via eminent domain and the coordination of UEZ loans for new businesses within the redevelopment zone.

Corrupt Agreement

3. From in or about March, 2000 to in or about October, 2000, in Monmouth County, in the District of New Jersey, and elsewhere, defendants

KENNETH E. SAUNDERS, SR.,
a/k/a "Butch Saunders,"
and RAYFIELD JAMES, JR.

did knowingly and willfully conspire, combine, confederate and agree with one another to corruptly give and offer to the Council Member a thing of value of \$5,000.00 or more intending to influence and reward the Council Member in connection with a business, transaction and series of transactions of the City of Asbury Park involving a thing of value of \$5,000.00 or more in a matter implicating a federal interest, contrary to Title 18, United States Code, Section 666(a)(2).

4. The object of this conspiracy was for defendants KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," and RAYFIELD JAMES, JR. to offer a concealed payment to the Council Member in exchange for the Council Member's official support on issues regarding the redevelopment of the City of Asbury Park oceanfront.

5. It was a part of the conspiracy that:

(A) On or about March 15, 2000, in Asbury Park, New Jersey, defendant RAYFIELD JAMES, JR. informed the Council Member that JAMES had been offered cash from 3 separate developers who

were vying for redevelopment rights in the City of Asbury Park, but that he turned them down because he did not want cash up front, but rather an equity position in the redevelopment at a later date. JAMES then told the Council Member that (i) there was no reason why the Council Member should not be secure for the rest of the Council Member's life and (ii) with 750 million to a billion dollars coming into the City of Asbury Park from the redevelopment, there was no reason why the Council Member could not be a millionaire. JAMES further advised the Council Member that developers were offering money to JAMES because they could not offer money directly to the public officials, since both the developers and the officials could then go to jail. JAMES advised the Council Member that the Council Member would be the third, and deciding, vote in the voting bloc that JAMES was arranging, along with defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," to decide redevelopment issues in their favor. JAMES encouraged the Council Member to vote in favor of a particular individual as redevelopment attorney as the first step of that voting bloc's agenda because that attorney would be able to ensure that the Council Member could receive benefits in a manner that would insulate the Council Member from being accused of accepting a corrupt payment. Defendant RAYFIELD JAMES, JR. advised the Council Member that JAMES would cause some financial benefit to come the Council Member's way before the summer in

exchange for the Council Member's participation in the voting bloc that JAMES was arranging.

(B) On or about March 23, 2000, defendant RAYFIELD JAMES, JR., KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," the Council Member and another individual met at a restaurant in Tinton Falls, New Jersey, where JAMES told the Council Member that defendant SAUNDERS (i) agreed 100 percent that the Council Member should be compensated for the Council Member's favorable official action and (ii) wanted to see the Council Member get paid even before SAUNDERS took his own corrupt payments in connection with the redevelopment. JAMES asked the Council Member for information regarding the tax liens on the Council Member's property and promised to get back to the Council Member regarding paying off the Council Member's tax liens.

(C) On or about March 29, 2000, at the Monmouth County Boys & Girls Club, in Asbury Park, New Jersey, defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," asked the Council Member (i) for the paperwork pertaining to the Council Member's tax liens and (ii) how much the Council Member owed on the tax liens. SAUNDERS further advised the Council Member that defendant RAYFIELD JAMES, JR. had good news for the Council Member and that SAUNDERS regularly used JAMES as a go-between to do SAUNDERS' "dirty work" because JAMES was not an elected official and could talk to anybody. SAUNDERS instructed the

Council Member to determine exactly how much it was going to cost to pay off the Council Member's tax liens and indicated that he would employ his personal connections to have the liens paid off. SAUNDERS also advised the Council Member that the Developer had been in town and that SAUNDERS had met him. SAUNDERS further advised that when people like the Developer come to town, SAUNDERS went to talk to JAMES. SAUNDERS explained that he did not wish to talk directly to the Developer because that would be "like collusion," and instead would have JAMES talk to the Developer because JAMES was not an elected official.

(D) On or about March 31, 2000, defendant RAYFIELD JAMES, JR. and the Council Member met at a restaurant in Ocean Township, New Jersey, where JAMES assured the Council Member that (i) he would help the Council Member with the Council Member's tax problem and (ii) to conceal the payment, JAMES would cause it to be sent in the Council Member's spouse's name so that nobody would learn from where the payment came.

(E) On or about July 5, 2000, defendant RAYFIELD JAMES, JR. advised the Council Member that JAMES still was working on the Council Member's tax liens and that JAMES needed the Council Member's social security number and date of birth.

(F) On or about July 18, 2000, defendant RAYFIELD JAMES, JR. met with the Council Member at the Council Member's residence in Asbury Park, New Jersey, at which time JAMES assured

the Council Member that he was still in the process of obtaining a new mortgage for the Council Member and assured the Council Member that once the redevelopment plan which incorporated State involvement had been approved, they would be "alright."

(G) On or about July 24, 2000, defendant RAYFIELD JAMES, JR. met with the Council Member at the Council Member's home in Asbury Park, New Jersey, where JAMES (i) advised that he still was working on paying down the Council Member's tax liens; (ii) confided that only defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," and JAMES knew of the arrangement among them; and (iii) informed the Council Member that the Council Member could pay down the tax liens from the corrupt payments that JAMES would arrange from the Developer and others through a conduit to the Council Member. JAMES also told the Council Member that he was trying to ensure that SAUNDERS, the Council Member and JAMES would all receive "seven figures" in corrupt payments. JAMES also ensured the Council Member that he believed that the Developer would make good on his promise of corrupt payments.

(H) On or about September 6, 2000, defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," met the Council Member in Asbury Park, New Jersey where SAUNDERS informed the Council Member that he had spoken to the Developer and that defendant RAYFIELD JAMES, JR. would go to work for the Developer once the Developer had received the redevelopment rights to the Asbury

Park oceanfront. SAUNDERS indicated that JAMES could not start working for the Developer until after the Asbury Park City Council's vote because of the close relationship between SAUNDERS and JAMES.

OVERT ACTS

In furtherance of this conspiracy and to effect its objects, the following overt acts were committed in the District of New Jersey and elsewhere:

ACT NO.	DATE	LOCATION	OVERT ACT
1	On or about March 15, 2000	Asbury Park, New Jersey	Defendant RAYFIELD JAMES, JR. met with the Council Member.
2	On or about March 23, 2000	restaurant in Tinton Falls, New Jersey	Defendant RAYFIELD JAMES, JR. advised the Council Member that defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," agreed that the Council Member should be compensated for favorable official action.
3	On or about March 29, 2000	Monmouth County Boys & Girls Club, Asbury Park, New Jersey	Defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," instructed the Council Member to determine how much it would cost to pay off the Council Member's tax liens.
4	On or about March 31, 2000	restaurant in Ocean Township, New Jersey	Defendant RAYFIELD JAMES, JR. advised the Council Member that to conceal the source of payment of the tax liens, the payment would be made in the name of the Council Member's spouse.

5	On or about July 5, 2000	Council Member's Telephone, Asbury Park, New Jersey	Defendant RAYFIELD JAMES, JR. told the Council Member that he needed the Council Member's social security number and date of birth to assist him in clearing up the Council Member's tax-lien debt.
6	On or about July 24, 2000	Council Member's Home, Asbury Park, New Jersey	Defendant RAYFIELD JAMES, JR. advised the Council Member that only defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," and JAMES knew of the arrangement among them and that JAMES would arrange the corrupt payments through a third party.

In violation of Title 18, United States Code, Section

371.

COUNT 2

FRAUDULENT PREPARATION OF 1997 TAX RETURN

1. Paragraph 1 of Count 1 of this Indictment is realleged as if set forth in full herein.

2. On or about April 15, 1998, defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," prepared and aided and assisted in the preparation of his 1997 U.S. Individual Income Tax Return, Form 1040, for presentation to the Internal Revenue Service. That return stated that defendant KENNETH E. SAUNDERS, SR. qualified for Head of Household filing status and qualified to claim two grandchildren as dependents. That return also claimed that (A) SAUNDERS had incurred \$4,800.00 in child and dependent care expenses and \$10,296.00 in unreimbursed job and miscellaneous expenses and (B) SAUNDERS was entitled to a tax refund in the amount of \$3,574.00.

3. During the calendar year 1997, defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," was not entitled to claim Head of Household status, dependent grandchildren, child and dependent care expenses, unreimbursed job and miscellaneous expenses in the amount of \$10,296.00 and a tax refund in the amount of \$3,574.00.

4. On or about April 15, 1998, in the District of New

Jersey, defendant

KENNETH E. SAUNDERS, SR.,
a/k/a "Butch Saunders,"

knowingly and willfully did aid and assist in, and procure, counsel, and advise, the preparation and presentation to the Internal Revenue Service of a 1997 U.S. Individual Income Tax Return, Form 1040 as described in paragraph 2 of this Count, which was fraudulent and false as to material matters, as described in paragraph 3 of this Count, knowing that the return was false and fraudulent.

In violation of Title 26, United States Code, Section 7206(2).

COUNT 3

FRAUDULENT PREPARATION OF 1998 TAX RETURN

1. Paragraph 1 of Count 1 of this Indictment is realleged as if set forth in full herein.
2. On or about April 15, 1999, defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," prepared and aided and assisted in the preparation of his 1998 U.S. Individual Income Tax Return, Form 1040, for presentation to the Internal Revenue Service. That return stated that defendant KENNETH E. SAUNDERS, SR. qualified for Head of Household filing status and qualified to claim two grandchildren as dependents. The return also claimed that (A) SAUNDERS had incurred \$4,800.00 in child and dependent care expenses and claimed \$11,970.00 in unreimbursed job and miscellaneous expenses and (B) SAUNDERS was entitled to a tax refund in the amount of \$3,380.00.
3. During the calendar year 1998, defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," was not entitled to claim Head of Household status, dependent grandchildren, child and dependent care expenses, unreimbursed job and miscellaneous expenses in the amount of \$11,970.00 and a tax refund in the amount of \$3,380.00.
4. On or about April 15, 1999, in the District of New

Jersey, defendant

KENNETH E. SAUNDERS, SR.,
a/k/a "Butch Saunders,"

knowingly and willfully did aid and assist in, and procure, counsel and advise, the preparation and presentation to the Internal Revenue Service of a 1998 U.S. Individual Income Tax Return, Form 1040 as described in paragraph 2 of this Count, which was fraudulent and false as to material matters, as described in paragraph 3 of this Count, knowing that the return was false and fraudulent.

In violation of Title 26, United States Code, Section 7206(2).

COUNT 4

FRAUDULENT PREPARATION OF 1999 TAX RETURN

1. Paragraph 1 of Count 1 of this Indictment is realleged as if set forth in full herein.

2. On or about April 14, 2000, defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," prepared and aided and assisted in the preparation of his 1999 U.S. Individual Income Tax Return, Form 1040, for presentation to the Internal Revenue Service. That return stated that defendant KENNETH E. SAUNDERS, SR. qualified for Head of Household filing status and qualified to claim one grandchild as a dependent. That return also stated that (A) SAUNDERS had incurred unreimbursed job and miscellaneous expenses in the amount of \$6,817.00 and (B) SAUNDERS was entitled to a tax refund in the amount of \$2,336.00.

3. During the calendar year 1999, defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," was not entitled to claim Head of Household status, a dependent grandchild, unreimbursed job and miscellaneous expenses in the amount of \$6,817.00 and a tax refund in the amount of \$2,336.00.

4. On or about April 14, 2000, in the District of New Jersey, defendant

KENNETH E. SAUNDERS, SR.,
a/k/a "Butch Saunders,"

knowingly and willfully did aid and assist in, and procure, counsel and advise the preparation and presentation to the

Internal Revenue Service of a 1999 U.S. Individual Income Tax Return, Form 1040, as described in paragraph 2 of this Count, which was fraudulent and false as to material matters, as described in paragraph 3 of this Count, knowing that the return was false and fraudulent.

In violation of Title 26, United States Code, Section 7206(2).

COUNT 5

FRAUDULENT PREPARATION OF 2000 TAX RETURN

1. Paragraph 1 of Count 1 of this Indictment is realleged as if set forth in full herein.

2. On or about February 13, 2001, defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," prepared and aided and assisted in the preparation of his 2000 U.S. Individual Income Tax Return, Form 1040, for presentation to the Internal Revenue Service. That return stated that defendant KENNETH E. SAUNDERS, SR. qualified for Head of Household filing status, qualified to claim one grandchild as a dependent, claimed unreimbursed job and miscellaneous expenses in the amount of \$12,710.00 and claimed that SAUNDERS was entitled to a tax refund in the amount of \$2,478.00. In addition, that return failed to report \$1,760.00 in income received by SAUNDERS from the Asbury Park Board of Education.

3. During the calendar year 2000, defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," was not entitled to claim Head of Household status, a dependent grandchild, unreimbursed job and miscellaneous expenses in the amount of \$12,710.00 and a tax refund in the amount of \$2,478.00.

4. On or about February 13, 2001, in the District of

New Jersey, defendant

KENNETH E. SAUNDERS, SR.,
a/k/a "Butch Saunders,"

knowingly and willfully did aid and assist in, and procure, counsel and advise, the preparation and presentation to the Internal Revenue Service of a 2000 U.S. Individual Income Tax Return, Form 1040 as described in paragraph 2 of this Count, which was fraudulent and false as to material matters, as described in paragraph 3 of this Count, knowing that the return was false and fraudulent.

In violation of Title 26, United States Code, Section 7206(2).

COUNT 6

FRAUDULENT PREPARATION OF 2001 TAX RETURN

1. Paragraph 1 of Count 1 of this Indictment is realleged as if set forth in full herein.

2. On or about February 11, 2002, defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," prepared and aided and assisted in the preparation of his 2001 U.S. Individual Income Tax Return, Form 1040, for presentation to the Internal Revenue Service. That return stated that defendant KENNETH E. SAUNDERS, SR. qualified for Head of Household filing status, qualified to claim one grandchild as a dependent and claimed that SAUNDERS was entitled to a tax refund in the amount of \$1,634.00.

3. During the calendar year 2001, defendant KENNETH E. SAUNDERS, SR., a/k/a "Butch Saunders," was not entitled to claim Head of Household status, a dependent grandchild and a tax refund in the amount of \$1,634.00.

4. On or about February 11, 2002, in the District of New Jersey, defendant

KENNETH E. SAUNDERS, SR.,
a/k/a "Butch Saunders,"

knowingly and willfully did aid and assist in, and procure, counsel and advise, the preparation and presentation to the Internal Revenue Service of a 2001 U.S. Individual Income Tax Return, Form 1040, as described in paragraph 2 of this Count, which was fraudulent and false as to material matters, as

described in paragraph 3 of this Count, knowing that the return was false and fraudulent.

In violation of Title 26, United States Code, Section 7206(2).

A TRUE BILL



CHRISTOPHER J. CHRISTIE
UNITED STATES ATTORNEY

FOREPERSON