

codes as well as the national electrical code and the state of Ohio building, plumbing, and elevator codes. CBHD registers building contractors, inspects all new and major rehabilitation construction and provides nuisance abatement to condemned properties. The Department supervises and manages the Code Enforcement, Construction Permitting and Records Administration divisions. The mission is to assure that all existing and new structures in the City of Cleveland are maintained and constructed in a safe and habitable manner through enforcement of the building and zoning codes, pursuant to the review of plans, issuance of permits and inspection of property.

2. Stonebridge was a commercial and residential development project under construction on the West Bank of the Flats district in Cleveland, Ohio, consisting of luxury condominiums, retail and office space, including restaurants. Stonebridge was valued at approximately \$28 million and was run by K&D Group, Inc., a privately owned development firm.

3. Defendant, RICHARD J. HUBERTY, an agent of CBHD, was an electrical inspector responsible for inspecting electrical work on commercial and residential construction projects within the City of Cleveland to ensure compliance with the City of Cleveland's building and zoning codes, including projects such as Stonebridge.

4. Inspector No. 2, an agent of CBHD, was a building inspector responsible for inspecting structural work on commercial and residential construction projects within the City of Cleveland to ensure compliance with the City of Cleveland's building and zoning codes, including projects such as Stonebridge.

5. Henry ("Hank") J. Picozzi was employed by K& D Group, Inc. as Superintendent and Project Manager. In that capacity, Picozzi was responsible for overseeing job sites, managing day to day operations on job sites, and working with CBHD to ensure compliance with the City of Cleveland's building and zoning codes.

6. La Copa Bar & Grille ("La Copa") was a dining and entertainment establishment located at 2704 Clark Avenue, Cleveland. The activities of La Copa affected interstate commerce.

7. Mirage NightClub ("Mirage") was a dining and entertainment establishment located at 2510 Elm Street, Cleveland. The activities of Mirage affected interstate commerce.

8. As part of the investigation leading to the filing of this Information, an FBI agent acting undercover ("UCA 1") represented himself to be the principal of a real estate investment company from New York. UCA 1 represented himself to be an investor in La Copa and a potential purchaser of HUD (Department of Housing and Urban Development)-owned houses.

9. It was further part of the investigation leading to the filing of this Information that another FBI agent acting undercover ("UCA 2") represented himself to be the owner of a warehouse located in Cleveland, Ohio doing construction renovations to that warehouse.

La Copa Extortion Scheme

10. The CBHD Code Chapter 3107 requires all commercial property construction and renovation be performed by contractors who are registered, licensed, bonded and pre-approved by CBHD to do the work. In order for a property owner to obtain a permit from CBHD, he or she must hire an approved contractor. HUBERTY (using his official position) demanded and

received cash payments from UCA 1 and representatives of La Copa for finding an approved contractor's name to place on La Copa's CBHD permit even though a non-registered contractor did the work. HUBERTY also demanded and received cash payments for final approval of the electrical work at La Copa.

HUD House

11. HUBERTY and other inspectors demanded and received cash payments from UCA 1, believing the UCA operated a company in New York and wanted to buy houses, including HUD-owned houses, at a low price and quickly resell them for a profit. HUBERTY received cash from UCA 1 in exchange for placing violation notices on a HUD house which artificially decreased the price of the house. After receiving cash payments from UCA 1, HUBERTY (using his official position) removed the violations from the property, thereby allowing UCA 1 to possibly "flip" the house for a profit.

Mirage Extortion Scheme

12. HUBERTY (using his official position) demanded and received cash payments from the owner of Mirage in exchange for advance notice of surprise CBHD inspections.

Warehouse Extortion Scheme

13. HUBERTY (using his official position) demanded and received cash payments from UCA 2 for CBHD approval of electrical work at the Cleveland-based warehouse.

Stonebridge Bribery Scheme

14. At various times, the Stonebridge project was behind schedule and over budget. Picozzi bribed HUBERTY and Inspector No. 2 in order to expedite the CBHD approval process, to obtain CBHD approval to reduce construction time and costs, and to expedite approval of

occupancy permits for some floors at Stonebridge so that the project could begin to receive income.

COUNT 1
(Extortion Under Color of Official Right)

The United States Attorney further charges:

15. The General Allegations contained in paragraphs 1, 3, 6, 8 and 10 of this Information are incorporated herein as if set forth in full.

16. On or about April 10, 2006, in the Northern District of Ohio, Eastern Division, the Defendant, RICHARD J. HUBERTY, did knowingly attempt to obstruct, delay, and affect in any way and degree interstate commerce and the movement of articles and commodities in interstate commerce by extortion; that is, RICHARD J. HUBERTY obtained property (\$300 cash) not due him, from UCA 1 and representatives of La Copa, with the consent of UCA 1 and the representatives of La Copa, under color of official right.

All in violation of Title 18, United States Code, Section 1951.

COUNT 2
(Extortion Under Color of Official Right)

The United States Attorney further charges:

17. The General Allegations contained in paragraphs 1, 3, 6, 8 and 10 of this Information are incorporated herein as if set forth in full.

18. On or about August 11, 2006, in the Northern District of Ohio, Eastern Division, the Defendant, RICHARD J. HUBERTY, did knowingly attempt to obstruct, delay, and affect in any way and degree interstate commerce and the movement of articles and commodities in interstate commerce by extortion; that is, RICHARD J. HUBERTY obtained property (\$300

cash) not due him, from UCA 1 and representatives of La Copa, with the consent of UCA 1 and the representatives of La Copa, under color of official right.

All in violation of Title 18, United States Code, Section 1951.

COUNT 3
(Extortion Under Color of Official Right)

The United States Attorney further charges:

19. The General Allegations contained in paragraphs 1, 3, 9 and 13 of this Information are incorporated herein as if set forth in full.

20. On or about January 25, 2007, in the Northern District of Ohio, Eastern Division, the Defendant, RICHARD J. HUBERTY, did knowingly attempt to obstruct, delay, and affect in any way and degree interstate commerce and the movement of articles and commodities in interstate commerce by extortion; that is, RICHARD J. HUBERTY obtained property (\$400 cash) not due him, from UCA 2 and representatives of an FBI controlled warehouse located in Cleveland, Ohio with the consent of UCA 2 and the representatives of the warehouse, under color of official right.

All in violation of Title 18, United States Code, Section 1951.

COUNT 4
(Extortion Under Color of Official Right)

The United States Attorney further charges:

21. The General Allegations contained in paragraphs 1, 3, 8, and 11 of this Information are incorporated herein as if set forth in full.

22. On or about June 1, 2007, in the Northern District of Ohio, Eastern Division, the

Defendant, RICHARD J. HUBERTY, did knowingly attempt to obstruct, delay, and affect in any way and degree interstate commerce and the movement of articles and commodities in interstate commerce by extortion; that is, RICHARD J. HUBERTY obtained property (\$600 cash) not due him, from UCA 1, with UCA 1's consent, under color of official right.

All in violation of Title 18, United States Code, Section 1951.

COUNT 5
(Extortion Under Color of Official Right)

The United States Attorney further charges:

23. The General Allegations contained in paragraphs 1, 3, 4, 7, and 12 of this Information are incorporated herein as if set forth in full.

24. On or about July 30, 2007, in the Northern District of Ohio, Eastern Division, the Defendant, RICHARD J. HUBERTY, did knowingly obstruct, delay, affect, and attempt to obstruct, delay, and affect in any way and degree interstate commerce and the movement of articles and commodities in interstate commerce by extortion; that is, RICHARD J. HUBERTY obtained property (\$500 cash) not due him, from representatives of Mirage, with the representatives' consent, under color of official right.

All in violation of Title 18, United States Code, Section 1951.

COUNT 6
(Extortion Under Color of Official Right)

The United States Attorney further charges:

25. The General Allegations contained in paragraphs 1, 3, 8, and 11 of this Information are incorporated herein as if set forth in full.

26. On or about August 31, 2007, in the Northern District of Ohio, Eastern Division,

the Defendant, RICHARD J. HUBERTY, did knowingly attempt to obstruct, delay, and affect in any way and degree interstate commerce and the movement of articles and commodities in interstate commerce by extortion; that is, RICHARD J. HUBERTY obtained property (\$250 cash) not due him, from UCA 1, with UCA 1's consent, under color of official right.

All in violation of Title 18, United States Code, Section 1951.

COUNT 7
(Bribery in Federally Funded Programs)

The United States Attorney further charges:

27. The General Allegations contained in paragraphs 1 through 5 and 14 of this Information are incorporated herein as if set forth in full.

28. On or about March 13, 2007, in the Northern District of Ohio, Eastern Division, the Defendant, RICHARD J. HUBERTY, did corruptly solicit, demand, accept and agree to accept a thing of value; that is, entertainment and dinner at a strip club, from Henry ("Hank") J. Picozzi, intending to be influenced and rewarded in connection with a business, transaction and series of transactions of CBHD involving anything of value of \$5,000 or more.

All in violation of Title 18, United States Code, Section 666(a)(1)(B).

COUNT 8
(Bribery in Federally Funded Programs)

The United States Attorney further charges:

29. The General Allegations contained in paragraphs 1 through 5 and 14 of this Information are incorporated herein as if set forth in full.

30. On or about May 9, 2007, in the Northern District of Ohio, Eastern Division, the

Defendant, RICHARD J. HUBERTY, did corruptly solicit, demand, accept and agree to accept a thing of value; that is, a portion of \$3,000 in cash, from Henry ("Hank") J. Picozzi, intending to be influenced and rewarded in connection with a business, transaction and series of transactions of CBHD involving anything of value of \$5,000 or more.

All in violation of Title 18, United States Code, Section 666(a)(1)(B).

COUNT 9
(Bribery in Federally Funded Programs)

The United States Attorney further charges:

31. The General Allegations contained in paragraphs 1 through 5 and 14 of this Information are incorporated herein as if set forth in full.

32. On or about June 25, 2007, in the Northern District of Ohio, Eastern Division, the Defendant, RICHARD J. HUBERTY, did corruptly solicit, demand, accept and agree to accept a thing of value; that is, a portion of \$2,000 in cash, from Henry ("Hank") J. Picozzi, intending to be influenced and rewarded in connection with a business, transaction and series of transactions of CBHD involving anything of value of \$5,000 or more.

All in violation of Title 18, United States Code, Section 666(a)(1)(B).

COUNT 10
(Bribery in Federally Funded Programs)

The United States Attorney further charges:

33. The General Allegations contained in paragraphs 1 through 5 and 14 of this Information are incorporated herein as if set forth in full.

34. On or about August 16, 2007, in the Northern District of Ohio, Eastern Division,

the Defendant, RICHARD J. HUBERTY, did corruptly solicit, demand, accept and agree to accept a thing of value; that is, \$1,000 in cash, from Henry ("Hank") J. Picozzi, intending to be influenced and rewarded in connection with a business, transaction and series of transactions of CBHD involving anything of value of \$5,000 or more.

All in violation of Title 18, United States Code, Section 666(a)(1)(B).



WILLIAM J. EDWARDS
UNITED STATES ATTORNEY