

# NEWS

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United States Department of Justice  
U.S. Attorney, District of New Jersey  
970 Broad Street, Seventh Floor  
Newark, New Jersey 07102

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***Christopher J. Christie, U.S. Attorney***

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FOR IMMEDIATE RELEASE  
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Parsippany Board Attorney Admits Helping Developer,  
and Receiving Benefits for Himself and Family Members

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(More)

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TRENTON – The former Parsippany-Troy Hills Planning Board attorney pleaded guilty today to mail fraud, admitting that he gave his official assistance to a developer in return for benefits to him and his family that included discounted purchase prices on houses that allowed the family members to quickly resell the properties at substantial profit, U.S. Attorney Christopher J. Christie announced.

John J. Montefusco, Sr., 67, of Morris Plains, pleaded guilty to a one-count criminal Information charging mail fraud before U.S. District Judge Anne E. Thompson. Montefusco is free on a \$200,000 unsecured bond pending his sentencing, which is scheduled for May 21.

“Montefusco committed grave betrayals of the citizens of Parsippany,” said Christie. “As an attorney and legal advisor to the planning board, he had a solemn duty to protect the interests of the municipality, not his own interests or those of his family, and certainly not the profit interests of a developer.”

The investigation in Parsippany is continuing.

At his plea hearing, Montefusco admitted that, as Planning Board attorney between October 2001 and October 2006, he used his position to provide official assistance to a certain developer (“the Developer”). Montefusco’s official actions allowed real estate development companies affiliated with the Developer to save substantial amounts of money in property taxes, litigation expenses, and other property development-related expenses.

Among the official assistance Montefusco admitted exercising on the Developer’s behalf:

- Expediting review of property development applications before the Planning Board;
- Staging litigation between the Township and the Developer, which had the effect of pre-determining the size and outcome of development applications and litigation with the Township;
- Participating in a Council on Affordable Housing mediation team assembled to settle outstanding litigation between certain companies of the Developer’s and the Township.

Montefusco admitted that in return for those favors, the developer provided certain personal benefits to Montefusco and Montefusco’s family members. Among them:

- Discounted purchase prices on new residential properties built by the Developer;
- Lenient settlement dates and arrangements that allowed time for Montefusco’s family

members to identify third-party purchasers and successfully re-sell or “flip” these properties without occupying them with little or no financial investment or risk;

- Purchase of the properties with little or no deposit and no mortgage contingency obligation; plus free upgrades, options and extras added to the properties, and paid for by the Developer.

Those benefits allowed Montefusco’s family members to purchase and resell the new properties, with little or no risk and to derive substantial proceeds from the property sales. Montefusco also admitted that he received a \$26,000 share of the sale proceeds from one family member after the funds were transferred through various bank accounts held by Montefusco’s family members.

To further conceal his involvement in this scheme, Montefusco stated that he failed to disclose his receipt of the proceeds as a source of income on a State of New Jersey financial disclosure statement for the reporting year 2004, and caused this document to be mailed via U.S. mail to the Department of Community Affairs in Trenton.

The charge to which Montefusco pleaded guilty – honest services mail fraud – carries a maximum statutory penalty of 20 years in prison and a \$250,000 fine.

In determining an actual sentence, Judge Thompson will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant’s criminal history, if any, and other factors, including acceptance of responsibility. The judge has wide discretion and is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all of that time.

Christie credited investigators with the U.S. Attorney’s Office in Newark for the investigation involving Montefusco. He also credited Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun, for their assistance in the investigation.

The case is being prosecuted by Assistant U.S. Attorney Christopher J. Gramiccioni of the Office’s Special Prosecutions Division.

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Defense counsel:  
Edward J. Bilinkas, Esq., Randolph