

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
 :
 : Crim. No. 09-
 v. :
 :
 : 18 U.S.C. §§ 981(a)(1)(C) and
 LORI SERRANO : 1951(a); 28 U.S.C. § 2461

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:

Conspiracy to Obstruct Commerce
by Extortion Under Color of Official Right

1. In the Spring 2009, defendant LORI SERRANO was a candidate for election to the City Council of Jersey City, New Jersey ("JC Council"). The election was held on or about May 12, 2009, and defendant LORI SERRANO did not prevail. While running for public office, defendant LORI SERRANO worked as a principal account clerk in an accounting department of the Jersey City public schools. Previously, defendant LORI SERRANO had served as the Chairwoman of the Jersey City Housing Authority ("JCHA") and as a Committeewoman for District 6 in Jersey City.

2. At all times relevant to this Indictment:

a. There was an individual cooperating with law enforcement ("the CW"), who held himself out as a real estate developer interested in development in the Jersey City area,

including a property on Garfield Avenue (the "Garfield Avenue Project"). The CW represented that the CW did business in numerous states, including New York and New Jersey, and paid for goods and services in interstate commerce.

b. Edward Cheatam ("Cheatam") was the Affirmative Action Officer for Hudson County government and a Commissioner on the JCHA. At certain times relevant to this Indictment, Cheatam also served as the Vice-President of the Jersey City Board of Education.

c. There was an individual, now deceased, who owned and operated a consulting firm based in Jersey City (the "Consultant").

3. From in or about March 2009 to in or about May 2009, in Hudson County, in the District of New Jersey and elsewhere, defendant

LORI SERRANO

did knowingly and willfully conspire and agree with Cheatam, the Consultant, and others to obstruct, delay and affect interstate commerce by extortion under color of official right - that is, by obtaining and agreeing to obtain concealed, corrupt cash payments from the CW, with the CW's consent, in exchange for the future official assistance, action and influence of defendant LORI SERRANO in Jersey City government matters as specific opportunities arose.

4. It was the object of the conspiracy that defendant LORI SERRANO, with the facilitation and assistance of Cheatam and the Consultant, accepted and agreed to accept a stream of concealed, corrupt cash payments from the CW in exchange for the future official assistance, action and influence of defendant LORI SERRANO in Jersey City government matters.

5. It was part of the conspiracy that defendant LORI SERRANO accepted from the CW a total of \$10,000 in corrupt cash payments, purportedly to be utilized as campaign contributions, and agreed to accept cash payments after her contemplated successful election, in exchange for her future official assistance, action and influence in obtaining and expediting certain development approvals for the CW on the Garfield Avenue Project.

6. It was further part of the conspiracy that Cheatam and the Consultant served as intermediaries and accepted cash from the CW for facilitating the CW's introduction and corrupt cash payments to defendant LORI SERRANO.

7. It was further part of the conspiracy that defendant LORI SERRANO accepted \$10,000 in cash from the CW, rather than checks payable to her campaign fund, and did not report the receipt and source of such cash on a publicly filed campaign fund report, in order to conceal her and her coconspirators' activities.

8. To further the conspiracy and effect its object, defendant LORI SERRANO, Cheatam and the Consultant engaged in the following activities, among others, in the District of New Jersey and elsewhere:

a. On or about March 24, 2009, defendant LORI SERRANO, Cheatam and the Consultant met with the CW at a diner in Bayonne, New Jersey. During that meeting, the parties discussed, among other things, the CW's purported real estate development projects, including the development of "high-rises" at Garfield Avenue. In particular, defendant LORI SERRANO was informed that (1) the CW needed a "zone change" with respect to the number of stories that the CW was permitted to build at Garfield Avenue, and (2) the CW would pay defendant LORI SERRANO \$5,000 "to start" and would make additional cash payments over time, in exchange for the official assistance, action and influence of defendant LORI SERRANO once elected to the JC Council. Specifically, the CW stated:

"So, what I'll do is . . . give you to start \$5,000. And then hopefully we'll do more as the campaign progresses. As long as I know I got your . . . vote on council. . . . I need zone changes, resolutions. . . . As long as I know I've got your support."

In response, defendant LORI SERRANO stated: "You will." The CW then asked defendant LORI SERRANO if she would be willing to accept the payments in cash, rather than by check, in order to avoid "any conflicts." Defendant LORI SERRANO agreed to do so.

b. On or about March 30, 2009, defendant LORI SERRANO, Cheatam and the Consultant met with the CW at a diner in Bayonne. After lunch, the parties walked to the parking lot of the diner, where defendant LORI SERRANO accepted a corrupt cash payment of \$5,000 from the CW, in exchange for agreeing to exercise her future official assistance, action and influence in favor of the CW on the Garfield Avenue Project. While in the parking lot, defendant LORI SERRANO was informed that, in exchange for defendant LORI SERRANO's future vote in the CW's favor, the CW would pay her "5,000" at that time and another "five" before the election. Defendant LORI SERRANO was further informed that, once elected to the JC Council, the CW would provide her with additional cash payments, to which defendant LORI SERRANO stated: "I got you. You'll make it ten times more." After giving defendant LORI SERRANO \$5,000 in cash, the CW once again confirmed that defendant LORI SERRANO would exercise official influence and action in the CW's favor, stating: "just make sure you expedite my [application]." Defendant LORI SERRANO responded: "Absolutely." Defendant LORI SERRANO then assured the CW that she would keep her promise, by stating: "I'm a very loyal person." Further, defendant LORI SERRANO agreed to accept the corrupt payment of \$5,000 in cash, rather than by check, so that there would be "no trace" of the payment.

c. On or about April 22, 2009, defendant LORI SERRANO filed, and caused to be filed, a campaign fund report of contributions and expenditures to the New Jersey Election Law Enforcement Commission ("ELEC") in Trenton, New Jersey, which did not disclose that defendant LORI SERRANO had accepted a cash payment of \$5,000 from the CW for her campaign on or about March 30, 2009.

d. On or about April 23, 2009, defendant LORI SERRANO met with the CW in the parking lot of a diner in Bayonne. After entering the CW's vehicle, defendant LORI SERRANO accepted a second corrupt cash payment of \$5,000 from the CW. Before making the cash payment, the CW reminded defendant LORI SERRANO that the CW would be submitting an application for a zone change after the election. The CW then asked defendant LORI SERRANO to "cover [the CW's] back," and defendant LORI SERRANO responded: "Of course." In addition, the CW asked defendant LORI SERRANO to "expedite [the CW's] application" and ensure that the CW's application would not fall to "the bottom of the pile." Defendant LORI SERRANO indicated that she understood the CW's request and that she would take official action, once elected, in the CW's favor. To further conceal the corrupt activity, defendant LORI SERRANO agreed that she would not put the CW's name on any paperwork in connection with the cash payment. At the conclusion of the meeting, defendant LORI SERRANO stated,

"[t]hank you very much," after being informed that she would receive additional cash payments from the CW once elected to the JC Council.

In violation of Title 18, United States Code, Section 1951(a).

Forfeiture Allegation

As the result of committing the aforementioned offense in violation of Title 18, United States Code, Section 1951(a), as alleged in this Indictment, defendant LORI SERRANO shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offense, including, but not limited to, approximately \$10,000 in United States currency, in that such sum constitutes or is derived, directly or indirectly, from proceeds traceable to the commission of conspiracy to obstruct commerce by extortion under color of official right, in violation of Title 18, United States Code, Section 1951(a).

If any of the above-described forfeitable property, as a result of any act or omission of defendant LORI SERRANO:

- (1) cannot be located upon the exercise of due diligence;
- (2) has been transferred or sold to, or deposited with, a third party;
- (3) has been placed beyond the jurisdiction of the Court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C.
§ 853(p), to seek forfeiture of any other property of defendant
LORI SERRANO up to the value of the above forfeitable property.

In violation of Title 18, United States Code, Section
981(a)(1)(C) and Title 28, United States Code, Section 2461.

FOREPERSON

PAUL J. FISHMAN
UNITED STATES ATTORNEY