

NEWS

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



Ralph J. Marra, Jr., Acting U.S. Attorney

More Information? Call the Assistant U.S. Attorney or other contact listed below to see if more information is available.

News on the Internet: News Releases, related documents and advisories are posted short-term at our website, along with links to our archived releases at the Department of Justice in Washington, D.C. **Go to:** <http://www.usdoj.gov/usao/nj/press/>

Assistant U.S. Attorneys

BRIAN R. HOWE

JENNY R. KRAMER

973-645-2853 and 973-645-2793, respectively

vas0721.rel

FOR IMMEDIATE RELEASE

July 21, 2009

Assemblyman and Former Perth Amboy Mayor Joseph Vas Charged with Campaign Contribution Conduit Scheme in Superseding Indictment

(More)

Greg Reinert, PAO
Public Affairs Office

856-757-5233
973-645-2888

Breaking News (NJ) <http://www.usdoj.gov/usao/nj/press/index.html>

NEWARK – A federal grand jury returned a Superseding Indictment today against Assemblyman and former Perth Amboy Mayor Joseph Vas, adding a new charge that he participated in a scheme with his former key political advisor to circumvent the contribution limitation and reporting requirements of the Federal Election Campaign Act (“FECA”), Acting U.S. Attorney Ralph J. Marra, Jr. announced.

Joseph Vas, 54, of Perth Amboy, and his longtime mayoral aide Melvin Ramos were originally indicted on May 19, 2009, on charges of, among other things, committing mail fraud in connection with a scheme to misuse Vas’s position as mayor to misappropriate New Jersey Council on Affordable Housing (“COAH”) Regional Contribution Agreement (“RCA”) funds in connection with Vas’s sale of a multi-unit apartment building to a contractor in 2006.

The Superseding Indictment adds Count 12, which alleges that Vas knowingly accepted campaign contributions which he knew to be obtained in violation of FECA. The Superseding Indictment charges that Vas was made aware, and indeed approved of his political advisor’s solicitation and subsequent funding of contributions for Vas’s congressional campaign. Vas’s political advisor allegedly funded straw donations by giving each donor cash in an amount equal to the donation that the advisor was seeking and then having the straw donor provide the advisor with a check made out to the campaign fund. Such conduct is prohibited by federal election law.

As in the original Indictment, the Superseding Indictment charges the defendants with a scheme in which Vas and Ramos, 53, of Perth Amboy, allegedly misused Vas’s position and authority as mayor to assist Vas in selling a 12-unit Perth Amboy apartment building on DeKalb Avenue to a real estate company owned by a contractor. The Indictment alleges that Vas bought this property in December 2005 for approximately \$660,000 – well under the \$955,000 property appraisal Vas had obtained – and then five months later in May 2006, “flipped” the property to a contractor for approximately \$950,000. The Indictment further alleges that Vas and Ramos, to induce the contractor to buy the property, assured the contractor that a significant amount of public funding, including RCA funding, would be available to offset the cost of renovating the building.

RCA funds are moneys administered by COAH that generally are provided by “sending” municipalities to “receiving” municipalities to satisfy in part the “sending” municipalities’ obligations under New Jersey law to establish low and moderate income housing.

Additionally, the Indictment alleges that after the sale of the property, Vas used his official influence as mayor to obtain \$360,000 in RCA funding for the contractor by directing city employees to submit a resolution to the Perth Amboy City Council to authorize the RCA funds for the rehabilitation of the property. According to the Indictment, City Council members voted to approve the resolution on June 14, 2006. Though Vas was present at the council meeting, the Indictment alleges he did not disclose any facts regarding his then-recent sale of the property and the lucrative profit he received from that sale.

Furthermore, the Indictment alleges that later in 2006 and early 2007, Vas misused his authority to obtain a \$90,000 advance payment in RCA funds for the contractor by directing city employees to make this payment, even though COAH had not yet approved this project. The Superseding Indictment further alleges that Vas failed to completely recuse himself from this matter; that he and Ramos acted to conceal material aspects of this arrangement; and that both defendants furthered their scheme through the mails and a courier service.

The Indictment also charges Vas with fraud and misapplication of funds in connection with the \$90,000 in RCA funds that Vas personally arranged for the contractor. Additionally, the Indictment charges Vas with making repeated false statements to Special Agents of the FBI during an interview on Dec. 4, 2008, which included falsely relating to the agents that he had never spoken with the contractor at any time about the availability of city funds for the property and that he never directed the assistant personnel officer to sign off on the \$90,000 disbursement.

According to the Indictment, Vas used approximately \$75,000 of his approximately \$290,000 in profits from the sale of the apartment building to fund his 2006 federal congressional primary campaign for the Democratic nomination to run for Congress in New Jersey's 13th District.

Ramos also was charged for his alleged participation in a scheme to use conduit donors to funnel contributions to Vas's 2006 Congressional primary campaign. According to the Superseding Indictment, Ramos, who was Vas's campaign treasurer, used four straw donors to contribute between \$2,000 and \$2,100 a piece to Vas's federal campaign. Ramos allegedly funded the straw donations by giving each donor cash in an amount equal to the donation that he was seeking and then having the straw donor provide him with a check made out to the campaign fund. Such conduct is prohibited by federal election law. The Indictment also alleges Ramos, as Vas's Treasurer, filed false and fraudulent reports with the FEC regarding these contributions.

Both defendants are charged in Counts One through Six, which charge mail fraud. Each count of mail fraud carries a maximum statutory penalty of 20 years in prison and a fine of \$250,000 or twice the aggregate loss to the victims or gain to the defendants. Count Seven charges Vas with fraud and misapplication of funds involving a local government receiving federal funds, which carries a maximum penalty of 10 years in prison and a fine of \$250,000. Vas is charged in Count Eight with making false statements to federal agents, which carries a maximum penalty of 5 years in prison and a fine of \$250,000.

Ramos is charged in Count Nine with making contributions to a federal candidate in the names of others, which carries a maximum statutory penalty of one year in prison and a fine of \$100,000. Counts 10 and 11 of the Indictment charge Ramos with making false statements to the Federal Election Commission. Each count of making false statements to the Federal Election Commission carries a maximum statutory penalty of 5 years in prison and a fine of up to \$250,000. Vas is charged in Count 12 with making contributions to a federal candidate in the names of others and involving an amount aggregating to more than \$10,000

during a calendar year, which carries a maximum statutory penalty of two years in prison and a mandatory minimum fine of 300 percent of the amount involved in the violation and a discretionary maximum fine of the greater of \$50,000 or 1,000 percent of the amount involved in the violation.

In determining an actual sentence, U.S. District Judge Susan D. Wigenton would, upon a conviction, 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. The judge, however, 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 that time.

Despite indictment, the defendants are presumed innocent unless proven guilty beyond a reasonable doubt. There is a status conference scheduled for Thursday, August 6, 2009, before Judge Wigenton.

Marra credited Special Agents with the FBI, under the direction of Special Agent in Charge Weysan Dun in Newark, with the ongoing investigation. Marra also thanked New Jersey Attorney General Anne Milgram for her office's assistance in the investigation.

The government is represented by Assistant U.S. Attorney Brian R. Howe, Deputy Chief, and Assistant U.S. Attorney Jenny R. Kramer, both of the U.S. Attorney's Office Special Prosecutions Division.

– end –

Defense Attorneys:

Vas - Alan Zegas, Esq. Chatham

Ramos - Alberto Rivas, Esq. Newark