

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF RHODE ISLAND

UNITED STATES OF AMERICA

v.

GORDON D. FOX

Defendant

Cr. No.

In violation of 18 U.S.C. § 666(a)(1)(B)  
18 U.S.C. § 1343, and  
26 U.S.C. § 7206(1)

INFORMATION

The United States Attorney charges that:

Introduction

At all times material to this Information:

1. Defendant GORDON D. FOX was a Rhode Island State Representative serving District 4 in the Rhode Island General Assembly.
2. From approximately February 2002 to approximately February 2010, defendant GORDON D. FOX held the position of House Majority Leader in the Rhode Island General Assembly. From approximately February 2010 until on or about March 24, 2014, defendant GORDON D. FOX held the position of Speaker of the House.
3. The City of Providence was a local government that received federal assistance in excess of \$10,000 during the one-year period beginning May 1, 2008, and ending July 30, 2009.
4. The City of Providence, Board of Licenses was a five-member board appointed by the Mayor with the approval of the City Council that was responsible for processing a range of license applications and license violations for the City of Providence, including, among other items, liquor licenses.

5. From approximately January 2006 to approximately December 2009, defendant GORDON D. FOX held the position of Vice-Chairman of the City of Providence, Board of Licenses (hereafter referred to as the "Board of Licenses") and thus, was an agent of the City of Providence, Rhode Island. As such, FOX's duties included, but were not limited to, hearing testimony relating to liquor license applications and violations and voting on whether to approve liquor license applications.

6. Defendant GORDON D. FOX was self-employed as an attorney.

7. In 2009, Santander, a Spanish banking company, purchased Sovereign Bank. In approximately October 2013, Sovereign Bank's name was changed to Santander. Santander operates branches throughout the United States, including Rhode Island, and internationally.

8. Defendant GORDON D. FOX formed and maintained a campaign organization titled Friends of Gordon Fox (hereafter referred to as "Friends of Fox") in order to solicit and raise campaign funds from individuals and political action committees. The campaign funds were solicited on the representations and premise that the funds would be used to facilitate defendant FOX's reelection and maintain his leadership positions within the Rhode Island General Assembly.

9. Defendant GORDON D. FOX maintained and had exclusive signatory authority over the Friends of Fox campaign account at Santander Bank, account number XXXXXXXX0401 (hereafter referred to as the "Friends of Fox account").

10. Defendant GORDON D. FOX also maintained and had signatory authority over the following Santander bank accounts: (A) the joint personal checking account he shared with his partner, account number XXXXXXXX7422 (hereafter referred to as the "joint personal account"); (B) the joint personal savings account he shared with his partner, account number

XXXXXXX7724 (hereafter referred to as the “joint savings account”); (C) the business account for his law practice, account number XXXXXXX4105 (hereafter referred to as the “law office account”); and (D) the account for Imagine Hair Salon, account number XXXXXXX8271 (hereafter referred to as the “hair salon account”). Together, these accounts will hereafter be referred to as the “personal accounts.”

11. Online electronic transfers between accounts at Santander Bank required interstate wire authentication of the user name and password through servers located in Pennsylvania, and effectuating a transfer between accounts required transmission of interstate wire communications to points outside the State of Rhode Island, including but not limited to Ohio, and at times, outside of the United States.

12. The Campaign Finance Law of the State of Rhode Island prohibits the use of campaign funds by any elected public office holder or any candidate for public office to pay for personal expenses, such as mortgage, rent and utility payments, and clothing, other than clothing items of de minimis value that are used in a campaign. R.I.G.L. § 17-25-7.2.

13. The Campaign Finance Law of the State of Rhode Island states that the State of Rhode Island is committed to facilitating public access to reports of campaign contributions and expenditures by candidates for public office. R.I.G.L. § 17-25-7.5.

14. To that end, the Campaign Finance Law of the State of Rhode Island requires elected public officer holders and candidates for public office to file electronically with the Rhode Island Board of Elections detailed quarterly reports of all campaign contributions received and all expenditures made from a campaign account, by or on behalf of such public office holder or candidate. The Campaign Finance Law of the State of Rhode Island requires that these reports be filed more frequently in an election year. R.I.G.L. §§ 17-25-7, 17-25-11.



15. Campaign finance reports, once filed, are available to be viewed by the public online at <http://www.elections.ri.gov/finance/publicinfo>.

16. Acting at defendant GORDON D. FOX's direction and on his behalf, Person A prepared the Friends of Fox campaign finance reports for their filing with the Rhode Island Board of Elections. After their completion, defendant GORDON D. FOX reviewed the Friends of Fox campaign finance reports and filed them.

### **COUNT ONE**

#### **(Bribery – 18 U.S.C. § 666(a)(1)(b))**

17. The United States Attorney realleges and incorporates by reference paragraphs 1 through 6 of this Information as though fully set forth herein.

18. In approximately April 2007, Persons B and C were partners in the Shark Sushi Bar and Grill, Inc., (hereafter referred to as "Shark") a new restaurant establishment the two were opening on Thayer Street in Providence.

19. On behalf of Shark, in approximately May 2008, Persons B and C applied for a Class B liquor license from the City of Providence .

20. At some time prior to August 2008, Person B informed Person C that in exchange for \$35,000, defendant GORDON D. FOX would assist them in his official capacity to obtain a liquor license for Shark.

21. At some point prior to August 2008, Persons B and C met with defendant FOX at his law office at which time FOX agreed that he would assist them in obtaining a liquor license for Shark.

22. As a result of that meeting, prior to August 2008, defendant GORDON D. FOX agreed to accept money from Persons B and C in exchange for taking official action in his

capacity as Vice-Chairman of the Board of Licenses by supporting, advocating and ultimately voting in favor of the Board granting Shark's liquor license application.

23. There were numerous business owners and residents that expressed opposition to Shark's liquor license application. These views were expressed at, among other times, an August 13, 2008, Board of Licenses hearing. Defendant GORDON D. FOX, as Vice-Chairman, attended the August 13th hearing. Both Persons B and C appeared and testified at the hearing on behalf of Shark.

24. At the conclusion of the August 13, 2008, Board of Licenses hearing, the Board took the matter of Shark's liquor license application under advisement and noted that it would issue its decision within ten days.

25. At an August 29, 2008, Board of Licenses hearing, defendant GORDON D. FOX articulated the reasons in favor of granting Shark's liquor license application and moved to approve the application. The motion passed and Shark was awarded a Class B liquor license.

26. On or about September 5, 2008, in exchange for his official action in moving and voting to approve Shark's liquor license application, Persons B and C met with defendant GORDON D. FOX at his law office. At the September 5th meeting, Person B gave FOX \$17,500 in cash and Person C gave FOX two checks totaling \$17,500.

27. In addition, unbeknownst to Person C, at the September 5, 2008, meeting in defendant GORDON D. FOX's office, Person B provided FOX with two additional checks totaling \$17,500. The additional two checks were from Person D, at the time a silent partner in Shark.

28. Wherefore, from at least on or before August 1, 2008, and continuing until on or about September 5, 2008, in the District of Rhode Island, defendant GORDON D. FOX did

knowingly and corruptly, solicit, demand, accept, and agree to accept something of value, that is United States currency and checks, totaling \$52,500, from a person or persons known to the United States Attorney, intending to be influenced and rewarded in connection with a transaction and series of transactions of the City of Providence involving \$5,000 or more, that is the granting of a liquor license application.

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

### **COUNT TWO**

**(Wire Fraud – 18 U.S.C. § 1343)**

#### **The Scheme and Artifice to Defraud**

29. The United States Attorney realleges and incorporates by reference paragraphs 1 and 2, and 6 through 16 of this Information as though fully set forth herein.

30. Beginning in or about February 2008, and continuing until in or about February 2014, in the District of Rhode Island and elsewhere, defendant GORDON D. FOX did knowingly and willfully devise and intend to devise a scheme and artifice to defraud and to obtain money and property in the amount of approximately \$108,000 from Friends of Fox and from contributors to Friends of Fox by means of materially false and fraudulent pretenses, representations, and promises, as a means to pay the prohibited personal expenses of defendant GORDON D. FOX.

#### **Manner and Means**

31. It was part of the scheme to defraud that the defendant GORDON D. FOX would solicit and cause to be solicited individuals and political action committees to contribute monies to Friends of Fox for the purposes of supporting his reelection and maintaining his leadership positions in the Rhode Island General Assembly.



32. It was further part of the scheme to defraud that the defendant GORDON D. FOX solicited contributors to Friends of Fox and never disclosed to potential contributors that he had already used a substantial portion of funds contributed to Friends of Fox for his personal benefit, nor did he disclose that he intended to use a portion of any new Friends of Fox contributions to pay for personal expenses.

33. It was further part of the scheme to defraud that the defendant GORDON D. FOX caused the public filing of false and misleading campaign finance reports with the Rhode Island Board of Elections wherein defendant FOX omitted that he had transferred funds from the Friends of Fox account to his personal accounts to use the money to pay for personal expenditures unrelated to his campaign or maintaining and holding public office.

34. It was further part of the scheme to defraud that the defendant GORDON D. FOX caused the public filing of false and misleading campaign finance reports with the Rhode Island Board of Elections wherein defendant FOX falsely overstated the account balance for the Friends of Fox account, so as to hide his diversion of campaign funds to pay for prohibited personal expenses.

35. It was further part of the scheme to defraud that the defendant GORDON D. FOX's false and misleading campaign finance reports enabled him to continue the scheme to defraud without detection for a lengthy period of time and without questions from the Rhode Island Board of Elections or the general public that likely would have ensued had defendant FOX filed truthful and accurate reports.

36. It was further part of the scheme to defraud that the defendant GORDON D. FOX made transfers totaling approximately \$108,000 from the Friends of Fox account to his personal

bank accounts for the purpose of using the transferred campaign funds to pay for personal expenses.

37. It was further part of the scheme to defraud that the defendant GORDON D. FOX spent the transferred Friends of Fox campaign funds to pay, among other items, his personal mortgage payments to Litton Loan Servicing, his personal car loan payments to Bank of America, and to pay for American Express account expenditures on personal items, including but not limited to, purchases at Tiffany's, TJ Maxx, Target, Walmart, Urban Outfitters, and Warwick Animal Hospital.

### **The Execution of the Scheme**

38. On or about June 15, 2010, in the District of Rhode Island and elsewhere, the defendant GORDON D. FOX, for the purpose of executing aforesaid scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, knowingly transmitted and caused to be transmitted by means of wire communication in interstate commerce from Rhode Island to Pennsylvania and Ohio and other locations outside of Rhode Island, certain writings, signs, signals and sounds, to wit an online electronic transfer from Friends of Fox account number xxxxxx20401 to Fox personal account number xxxxxx37422 in the amount of \$6,000.

All in violation of Title 18, United States Code Section 1343.

### **COUNT THREE**

**(False Tax Return – 26 U.S.C. § 7206(1))**

39. The United States Attorney realleges and incorporates by reference paragraphs 29 through 38 of this Information as though fully set forth herein.



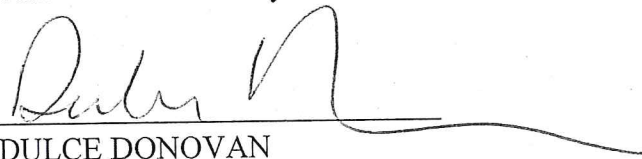
40. In 2010, defendant GORDON D. FOX fraudulently transferred approximately \$43,500 in income from the Friends of Fox account to the joint personal account.

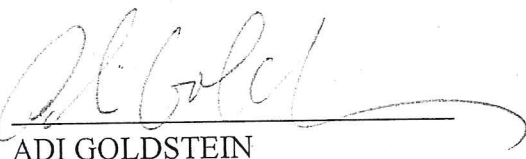
41. On or about April 20, 2012, in the District of Rhode Island, defendant GORDON D. FOX did willfully make and subscribe a delinquent U.S. Individual Tax Return, Form 1040, which was verified by a written declaration that it was made under the penalties of perjury and which defendant FOX did not believe to be true and correct as to every material matter. That U.S. Individual Tax Return, Form 1040, which was filed with the Director, Internal Revenue Service Center, on behalf of defendant FOX, stated that his total adjusted gross income for the calendar year 2010 was the sum \$59,622, whereas, as he then and there knew, the Return did not include the approximately \$43,500 in income defendant FOX received as a result of his fraudulent transfers from the Friends of Fox account.

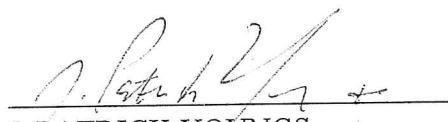
All in violation of Title 26, United States Code, Section 7206(1).

PETER F. NERONHA  
United States Attorney

By:

  
DULCE DONOVAN  
Assistant United States Attorney

  
ADI GOLDSTEIN  
Assistant United States Attorney  
Chief, Criminal Division

  
J. PATRICK YOUNGS  
Special Assistant U.S. Attorney

DATED: MARCH 2, 2015