

# NEWS

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United States Department of Justice  
U.S. Attorney, District of New Jersey  
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Newark, New Jersey 07102

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

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

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jame0729.rel  
FOR IMMEDIATE RELEASE  
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Ex-Newark Mayor Sharpe James Sentenced to 27 Months  
for Land Fraud Scheme; Mistress Given 15-Month Term

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NEWARK – Former Newark mayor Sharpe James was sentenced today to 27 months in federal prison and fined \$100,000 for his corruption convictions related to a scheme that enabled his girlfriend, Tamika Riley, to fraudulently obtain steeply discounted city-owned land and resell it for hundreds of thousands of dollars in profits, U.S. Attorney Christopher J. Christie announced.

At the same hearing, Riley was sentenced to 15 months in prison for convictions related to the same fraud, as well as fraudulent receipt of rental assistance she was not qualified to receive, tax fraud and tax evasion. Riley was also ordered to pay \$27,000 in restitution for the rental assistance fraud.

U.S. District Judge William J. Martini ordered James and Riley to surrender to the federal Bureau of Prisons on Sept. 15 to begin serving their prison terms. There is no parole in the federal system.

Following the sentencings, Christie announced his intention to appeal the sentencings to the Third Circuit Court of Appeals.

The U.S. Attorney's Office had argued before Judge Martini and in a sentencing brief to the Court that, under the advisory U.S. Sentencing Guidelines, James faced a sentencing range as high as between 15.5 years to 19.5 years in prison. That range took into account James' leadership role in the scheme to defraud Newark and its citizens, as well as other sentencing enhancements available in the Sentencing Guidelines. For Riley, the Sentencing Guidelines resulted in an advisory range of 97 to 121 months in prison.

The U.S. Probation Department determined in its presentencing report and recommendations to the judge that James faced a prison sentence of between 12.5 years and 15.5 years in prison, in accordance with the federal sentencing Guidelines, and that Riley faced 97 to 121 months in prison.

Given the disparity between the Guidelines recommendations and the sentences imposed by Judge Martini, the U.S. Attorney's Office intends to appeal the sentence. The Sentencing Guidelines, while advisory only, must be consulted by a sentencing judge and considered in formulating a sentence.

A jury convicted James on all counts against him on April 16: three counts of mail fraud related to the sale of the city lots to Riley, one count of fraud involving a local government receiving federal funds, and one count of conspiracy to defraud the public of James' honest services.

The jury also convicted Riley, of Jersey City, on three counts of mail fraud for her fraudulent receipt of housing rental assistance for which she was not qualified; two counts

of tax fraud for failing to report the income she received from her sale of the Newark properties; one count of corporate tax fraud, and one count of tax evasion.

The case was tried by Assistant U.S. Attorneys Judith Germano, Phillip Kwon, and Special Assistant U.S. Attorney Perry Primavera, on assignment from the New Jersey Attorney General's Office, under the direction of Attorney General Anne Milgram.

The prosecution was built around the sale to Riley of municipally-owned properties in Newark. The properties, according to evidence and testimony, were steered to Riley by James, who had a long-running romantic relationship with her. Riley paid only \$46,000 for a total of nine properties, and then quickly resold, or "flipped" the properties for more than \$600,000.

Evidence at trial revealed that James used his influence and power as both mayor and as a state senator to manipulate and control a city program designed to redevelop run-down properties in the city. The program was intended to enable experienced, financially sound and qualified developers to buy blighted lots and houses at substantially less than market rates on the condition that they rehabilitate the properties before re-selling them at market prices. With James's help, Riley acquired the properties at cut-rate prices and resold them without any rehabilitation.

Riley had no real estate or construction experience and did not possess the financial wherewithal or backing required to participate in the program. She was, in fact, the owner of a failed Newark clothing store and had operated an entertainment and public relations firm that reported no income or assets on tax returns in 1999 or 2000, the years before she started flipping Newark properties.

According to trial testimony, throughout the period of their relationship and the property transactions benefitting Riley, James and Riley traveled and socialized together, shared hotel rooms and stayed in fine resorts, among other things. Testimony also revealed that James once directed his security personnel to purchase and install an air-conditioner in Riley's Jersey City apartment. Riley also donated several times to James' political campaigns.

Christie credited Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun; Special Agents of the IRS Criminal Investigation Division, under the direction of Special Agent in Charge William P. Offord, and investigators from the New Jersey Division of Criminal Justice, under the direction of Attorney General Anne Milgram, for their combined expertise and exhaustive investigation of the case.

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