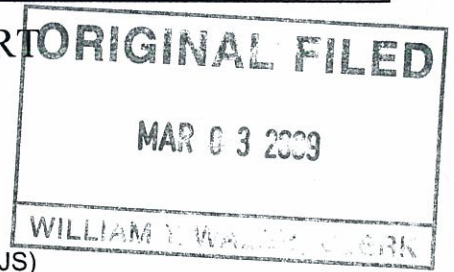


UNITED STATES DISTRICT COURT

for the
District of New Jersey



United States of America

v.

RUSSELL B. MCLAUGHLIN, JR.

Case No. 09-2017 (JS)

Defendant

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date of 7/07-12/08 in the county of Camden in the _____ District of
New Jersey, the defendant violated 18 U. S. C. § 666(a)(2), an offense described as follows:

See Attachment A.

This criminal complaint is based on these facts:

See Attachment B.

☒ Continued on the attached sheet.

Complainant's signature

William Grace, Special Agent, FBI

Printed name and title

Sworn to before me and signed in my presence.

Date: March 3, 2009

Judge's signature

City and state: Camden, New Jersey

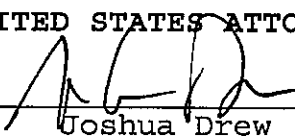
Honorable Joel Schneider

Printed name and title

CONTENTS APPROVED

UNITED STATES ATTORNEY

By:


Joshua Drew

Assistant U.S. Attorney

Date:

3/3/09

ATTACHMENT A

From in or about July 2007 to in or about December 2008, in Camden County, in the District of New Jersey and elsewhere, defendant

RUSSELL B. MCLAUGHLIN, JR.,

did knowingly and corruptly give, offer, and agree to give, and aid and abet the giving and offering of, cash payments totaling \$9,500 to ANTHONY SACCOMANNO, with intent to influence and reward an agent of the Township of Cherry Hill, New Jersey, namely, ANTHONY SACCOMANNO, in connection with a business, transaction, and series of transactions of the Township of Cherry Hill, New Jersey, involving a thing of value of \$5,000 or more.

In violation of Title 18, United States Code, Section 666(a)(2) and Section 2.

ATTACHMENT B

I, William Grace (the "affiant"), state that I am a Special Agent with the Federal Bureau of Investigation ("FBI"). I have personally participated in this investigation and am aware of the facts contained herein based upon my own investigation, as well as information provided to me by other law enforcement officers. Since this Affidavit is submitted for the sole purpose of establishing probable cause to support issuance of a complaint, I have not included herein the details of every aspect of this investigation. In referring to communications between persons in this affidavit, I have excerpted or summarized such communications in substance and in part.

Parties and Entities

1. At all times relevant to this Complaint:
 - a. Defendant RUSSELL B. MCLAUGHLIN, JR., was a resident of Chalfont, Pennsylvania, and President of Building Inspection Underwriters, Inc. ("BIU").
 - b. BIU was a private third-party inspection service headquartered in Pennsylvania with offices in New Jersey. BIU provided services such as plumbing, electrical, elevator and other inspections to New Jersey municipalities, including the Township of Cherry Hill, New Jersey ("Cherry Hill"). In 2008, BIU collected approximately \$240,000 in fees from Cherry Hill for the inspection services it performed.
 - c. "CW" was a cooperating witness who was employed as a Vice President at BIU until the latter part of 2008. CW's responsibilities at BIU included marketing BIU to various New Jersey municipalities. CW was responsible for leading BIU's efforts to secure and retain the contract for plumbing, electrical and elevator inspection services in Cherry Hill.
 - d. ANTHONY SACCOMANNO was the Director of the Department of Code Enforcement and Inspections (the "Department") for Cherry Hill.
 - e. Cherry Hill was a municipal government that received federal benefits in excess of \$10,000 per year involving a grant, contract, subsidy, loan, guarantee, insurance and other form of assistance.

- f. The Department, under the direction of ANTHONY SACCOMANNO, was responsible for ensuring that all construction in Cherry Hill (a) was inspected by licensed building, electrical, fire, elevator, mechanical and plumbing inspectors, and (b) complied with the requirements of the New Jersey Uniform Construction Code. With respect to plumbing, electrical, and elevator inspections, the Department did not employ its own inspectors. Rather, the Department used third-party inspectors such as BIU to ensure that all construction plans and projects complied with the applicable plumbing, electrical and elevator code standards.
- g. ANTHONY SACCOMANNO's responsibilities included overseeing the process through which private third-party inspection companies were chosen to perform inspection work in Cherry Hill. SACCOMANNO had a critical role in the selection process of third-party inspectors, including plumbing, electrical and elevator inspectors. Through his recommendation, SACCOMANNO could ensure that a particular third-party inspector was either selected or eliminated from consideration.

The Inspection Services Contract Between Cherry Hill and BIU

- 2. At all times relevant to this Complaint:
 - a. Cherry Hill regulations generally required an Invitation for Bid for any commodity or service when cost exceeded a threshold of \$21,000. Bids received in response to the Invitation for Bid were to be tabulated and evaluated for best price, compliance with bid specifications, financial responsibility, reputation of the vendor, service availability, and other relevant considerations.
 - b. The New Jersey Uniform Construction Code established maximum fee schedules for plumbing, elevator, electrical and other inspection work performed by third-party inspectors. Generally, when a municipality published an Invitation for Bid for a code inspection contract, the municipality asked the bidders to bid a percentage of the maximum fee schedule. For example, a company that bid 80% on a plumbing inspection contract was, in effect, bidding to be awarded a contract under which the municipality would pay the company 80% of the amount set forth in the maximum fee schedule for each plumbing inspection that it performed. In turn, the municipality generated its own revenues by charging property owners for the building permits that the municipality issued.

3. BIU successfully bid for inspection work in Cherry Hill. On or about February 8, 2006, Cherry Hill executed an Inspection Services Contract ("ISC") with BIU, pursuant to which BIU was awarded the right to provide electrical, elevator and plumbing inspection services in Cherry Hill. The ISC provided for a term of one year, with an option to renew by mutual consent of both parties for two additional one-year terms. On or about January 18, 2007, by mutual consent of the parties, the ISC was renewed for a second one-year term, to commence on or about February 9, 2007, and to expire on or about February 8, 2008. BIU sought to retain the ISC for the one-year term beginning in February 2008.
4. BIU previously had a similar contract with Cherry Hill to provide inspection services from 2003 to 2006.
5. At all times relevant to this Complaint, the ISC was a "thing of value of \$5,000 or more" for purposes of 18 U.S.C. § 666(a).

Corrupt Payments Related to the ISC

6. On or about July 19, 2007, ANTHONY SACCOMANNO and CW attended a retirement party at a hotel in Princeton, New Jersey. CW paid SACCOMANNO's expenses incurred in connection with the party, including SACCOMANNO's cost of attendance (approximately \$50) and hotel bill for an overnight stay (approximately \$246.88). At the party, during the course of a conversation that CW recorded, SACCOMANNO told CW that SACCOMANNO had taken annual cash payments of \$2,000 from a former BIU employee, during an earlier time when BIU had the ISC in Cherry Hill. CW responded "well, that's not far fetched," and that CW would have to "put it together . . . with the powers that be" at BIU. CW asked SACCOMANNO "how much" and SACCOMANNO indicated that he wanted to be paid \$2,500 in cash, rather than \$2,000. CW agreed to make the payment prior to an upcoming conference in Reno, Nevada which he and SACCOMANNO planned to attend (the "Reno conference").
7. In the same recorded conversation on or about July 19, 2007, CW said to ANTHONY SACCOMANNO that the "next thing we'll work on is me staying," a reference to BIU retaining its business with Cherry Hill. SACCOMANNO replied in the affirmative, stating "you ain't going anywhere."
8. On or about Friday, August 17, 2007, ANTHONY SACCOMANNO received an email from another Cherry Hill employee which stated:

The [ISC] expires on February 8, 2008. If you would like to extend for another year, I will need an email or memo from you stating that a little

bit before Nov 1st. At that point, I will send them a letter stating we wish to extend at same cost & terms & ask them if they want to continue. If not, we will go out to bid by the middle of November. . . . I can't do anything too far in advance of the contract expiration date.

SACCOMANNO forwarded this email to CW the following Monday morning, August 20, 2007.

9. On or about August 22, 2007, during a telephone call recorded by CW, ANTHONY SACCOMANNO and CW discussed a future meeting to make the \$2,500 corrupt payment, as follows:

CW: Now is it okay sometimes to talk in front of [another Cherry Hill employee] or no?

AS: Not like that.

CW: Okay that's -- we have to meet some day to discuss something, without anybody but us two.

AS: I don't think we need to talk about anything, it's done.

CW: Okay. Okay.

AS: You know what you got to do.

CW: Yeah that's not a problem, that's what I wanted to let you know, it's not a problem.

10. On or about August 28, 2007, ANTHONY SACCOMANNO and CW met at a steakhouse in Voorhees, New Jersey, where they were to be joined by another Cherry Hill employee. Prior to that employee's arrival at the restaurant, SACCOMANNO and CW had another conversation, which was recorded, relating to a future meeting at which the \$2,500 corrupt payment would be made:

CW: So when we gonna meet?

AS: Well I don't care.

CW: You gotta give me a date so I can do what I gotta do, by ourselves, call me. And I'll get everything together. Everything's cool, it's all good to go.

AS: Yeah okay. And when I get back I'll write that letter [for the renewal of BIU's Contract].

CW: When you get back from where?

AS: Reno.

11. On or about September 4, 2007, ANTHONY SACCOMANNO and CW spoke again, in a recorded telephone conversation, about the timing of the corrupt payment, including as follows:

AS: And, ah, get that other stuff together.

CW: What we talked about last week?

AS: Yeah, and when you got it together, give me a call.

CW: Okay, you said somewhere around the 18th, 19th, that would be okay?

AS: Well, yeah.

CW: You sure?

AS: 18th, 19th, yeah the 20th.

CW: Are we, are we stable on the, you can talk?

AS: 20th.

CW: 20th? You stable on the number?

AS: Yeah, that's okay.

CW: Okay.

AS: Unless you want to up it?

CW: That's up to you, let me know.

AS: Let's do it.

CW: Okay. I'll talk to them.

AS: Yeah.

CW: What I'm doing is expensing it, if you know what I mean.

AS: Mmm hmm.

CW: And it hides it well.

AS: Whatever. Alright.

12. On or about September 17, 2007, CW met with defendant MCLAUGHLIN at a diner in Cherry Hill, and recorded their conversation. CW stated, "I had a meeting with Tony and he wants \$2,500. And he wants it by Thursday. . . . I guess we have, you know, a few options. One, we do it. One, we don't do it. One we let it go out to bid and roll our cards." After some discussion, defendant MCLAUGHLIN stated, "Right now I don't know what I'm gonna do. I am not gonna go off half-cocked and make a decision one way or the other."
13. On or about September 18, 2007, in a recorded telephone conversation, CW spoke with defendant MCLAUGHLIN again about the \$2,500 corrupt payment to ANTHONY SACCOMANNO. Defendant MCLAUGHLIN stated, "I think we're pushed into a situation where we have to act. . . . I don't know what else we can do. . . . The problem is it's gonna cost more not to do it." Defendant MCLAUGHLIN further stated, "I want to, I want to limit our costs and our aggravation." Defendant MCLAUGHLIN then approved CW getting the cash from the bank, and agreed that CW could "expense" the \$2,500 corrupt payment to BIU.
14. On or about September 20, 2007, ANTHONY SACCOMANNO met with CW at an Italian restaurant in Cherry Hill, and CW showed SACCOMANNO an envelope containing \$2,500 cash. After they ate, SACCOMANNO and CW left the restaurant and walked to the parking lot, where SACCOMANNO motioned to the envelope CW was holding, and stated during the recorded conversation:

AS: Give me that envelope, ah the, you know. Now -- okay.

CW: I want you -- let's go -- I want you to make sure.

AS: Nah, that's all right, don't worry about that.

CW: Okay.

SACCOMANNO then accepted the \$2,500 corrupt payment.
15. On or about September 25, 2007, ANTHONY SACCOMANNO and CW discussed their travel to the upcoming Reno conference in a recorded telephone conversation. CW asked SACCOMANNO, was the "25 notes . . . was that okay," and SACCOMANNO responded, "Yeah, fine." CW stated, "We'll talk more about that later, though, in Vegas" and SACCOMANNO responded, "Yeah. Just bring your credit cards."

16. After returning from the Reno conference, ANTHONY SACCOMANNO recommended that BIU receive a one-year renewal of the 2008 ISC. As a result, on or about December 3, 2007, BIU was awarded the 2008 ISC for elevator, plumbing and electrical inspection services, for the year beginning February 8, 2008.
17. On or about April 30, 2008, in a recorded conversation during a conference at a hotel and casino in Atlantic City, New Jersey, SACCOMANNO solicited CW for a corrupt payment to influence the awarding of the 2009 ISC to BIU, including as follows:
- CW: But I uh, I got to know where you're at. We have to, like I said --
- AS: We're gonna do the contract.
- CW: We got to do the contract. We got to talk. I got to know.
- AS: . . . can you get five? Three?
- CW: Tell them what?
- AS: Three.
- CW: You want \$3,000?
- AS: Yeah.
- CW: This time. You want it when?
- AS: When we go to the thing.
- CW: Well you got -- what thing? What do you want, \$5,000 or \$3,000? You just gave me two --
- AS: Three.
- CW: You want \$3,000 this time?
- AS: . . . last time it was two.
- CW: Okay, wait a minute, you're confusing me, you're confusing me --
- AS: Last year.
- CW: Sit down here one second. Cause I don't want to f**k it up.

AS: Same as always.

CW: Same as always has only been one time with me. That's why it's new and I came through. Okay, no --

AS: It's two.

CW: No, I gave you 25.

AS: Two.

CW: 25.

AS: Two.

CW: 25.

AS: Well --

CW: We gonna fight. Was it two?

AS: Yeah, well make it 25.

CW: You want 25?

AS: 25.

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CW: Before we go in September, you want 2,500.

AS: 25, cash.

CW: Cash. Next time you want to up it to what?

AS: The next contract we'll go to three.

CW: You want three. And then everything else stays the same, the trips and all that?

AS: Yeah.

18. In the same recorded conversation on or about April 30, 2008, at the Atlantic City hotel and casino, CW told ANTHONY SACCOMANNO that BIU would put him on the payroll as a "consultant," after SACCOMANNO retired: ". . . you come on as municipal consultant,

you've been offered the job. Russ will be here, talk to him." SACCOMANNO responded that he "want[ed] to hear it from him [defendant MCLAUGHLIN]," and observed that "he could get me pretty cheap . . . pay me in cash, real cheap."

19. On or about June 16, 2008, in a recorded meeting at an Italian restaurant in Cherry Hill, CW and defendant MCLAUGHLIN discussed ANTHONY SACCOMANNO's solicitation of a corrupt payment in connection with the 2009 ISC, and defendant MCLAUGHLIN stated "I'll think about it, okay, I'll have to discuss it, I'll have to think about it."
20. On or about June 24, 2008, in a recorded meeting at a steakhouse in Cherry Hill, ANTHONY SACCOMANNO again advised CW, with regard to the ISC, that "it's supposed to be three this year," rather than \$2,500.
21. On or about July 3, 2008, in a recorded telephone conversation, CW informed defendant MCLAUGHLIN that "Mr. Cherry Hill" had "upped his number to three." Defendant MCLAUGHLIN responded that he had "a call in to Tony, for Tony to talk to me" and "I'll talk to Tony."
22. On or about July 23, 2008, during a recorded conversation at a restaurant in Cherry Hill, CW asked ANTHONY SACCOMANNO about the timing of the corrupt payment, and SACCOMANNO indicated that he had already received it from defendant MCLAUGHLIN, as follows:

CW: When do you need your money?

AS: It's taken care of.

CW: He, Russ took care of it, he already gave it to you?

AS: Yeah.
23. In an interview with FBI special agents that took place on or about February 5, 2009, defendant MCLAUGHLIN stated, in substance and in part, that in July 2008, at an Italian restaurant in Cherry Hill, he made a cash payment of \$2,000 to ANTHONY SACCOMANNO.
24. On or about October 27, 2008, BIU submitted its bid for the 2009 ISC. Another third-party inspection firm also bid on the 2009 Cherry Hill ISC, which was a source of concern to defendant MCLAUGHLIN.

25. On or about November 6, 2008, ANTHONY SACCOMANNO met defendant MCLAUGHLIN at an Italian restaurant in Cherry Hill to discuss the bids for the 2009 ISC, and what to do about the bid from the second inspection firm. In the conversation, which was recorded, SACCOMANNO asked "what do we do now?" and defendant MCLAUGHLIN responded, "Well, I don't know whether you can throw it out. I don't know if you can do that." SACCOMANNO pointed out that "you gave me that other two [thousand] and that was great" but that "I've gotta involve other people" to throw out a competing bid, to which defendant MCLAUGHLIN said "right." A short while later, SACCOMANNO asked "What's it worth to you to throw this out. If I could do that?" Defendant MCLAUGHLIN extended his hand and held out five fingers, SACCOMANNO said "five" and MCLAUGHLIN responded "alright." SACCOMANNO then said he would have to "talk to other people and get back to you if that['s] viable."
26. On or about November 21, 2008, ANTHONY SACCOMANNO and defendant MCLAUGHLIN met for coffee at a restaurant in Cherry Hill. In the conversation, which was recorded, SACCOMANNO told defendant MCLAUGHLIN that he has "made some moves on my end on this"--referring to the competing bid from the other inspection firm--and MCLAUGHLIN replied that "There was a deal made and I have no problem fulfilling my end of the deal." SACCOMANNO explained that both bids, including BIU's, would be thrown out, and he and defendant MCLAUGHLIN then discussed what terms BIU should submit to Cherry Hill when it re-bid on the 2009 ISC.
27. On or about December 9, 2008, ANTHONY SACCOMANNO and defendant MCLAUGHLIN met for lunch at an Italian restaurant in Cherry Hill. The meeting was recorded. Shortly after they arrived, defendant MCLAUGHLIN told SACCOMANNO "I got that other thing. Got that all resolved . . . So I'll give it to you when we go." At the end of the lunch, defendant MCLAUGHLIN gave SACCOMANNO a bank envelope containing \$5,000 cash.
28. In an interview with FBI special agents that took place on or about February 5, 2009, defendant MCLAUGHLIN stated, in substance and in part, that he paid ANTHONY SACCOMANNO \$5,000 in cash because he wanted a second chance to win the 2009 ISC contract, and he expected SACCOMANNO to throw out the earlier bids in exchange for the corrupt payment. Defendant MCLAUGHLIN also believed that paying SACCOMANNO would lead to less aggravation. Defendant MCLAUGHLIN stated that having the Cherry Hill ISC was a good selling point for BIU when bidding in other municipalities.