

NEWS

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



Paul J. Fishman, United States Attorney

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Contact:

J. Gregory Reinert, Public Affairs Officer
856-757-5233

smit0209.rel

FOR IMMEDIATE RELEASE

Feb. 9, 2010

Former New Jersey Assemblyman Indicted for
Allegedly Accepting \$15,000 in Cash Bribes

(More)

Public Affairs Office
J. Gregory Reinert, PAO

856-757-5233

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NEWARK – Former New Jersey Assemblyman L. Harvey Smith was indicted today in connection with his acceptance of two corrupt cash payments totaling \$15,000 in exchange for his official assistance on real estate development matters in Jersey City, U.S. Attorney Paul J. Fishman announced.

The Indictment charges that Smith, while a member of the New Jersey General Assembly representing the 31st Legislative District, accepted \$15,000 in corrupt cash payments and illegal structured campaign contributions from a government cooperating witness (“CW”), in exchange for the promise of helping the CW obtain development approvals from New Jersey’s Department of Environmental Protection and Department of Transportation, among other things.

The Indictment stems from an undercover FBI political corruption and international money laundering investigation that became public on July 23. Smith was charged in a criminal complaint on that day.

Smith will have to appear for arraignment on the Indictment on a date to be determined.

According to the Indictment, on April 24, 2009, Smith met with the CW, Edward Cheatam, who was the Affirmative Action officer for Hudson County and a Commissioner on the Jersey City Housing Authority, and an individual the Indictment identifies as “the Consultant,” who owned a consulting business in Jersey City, at a restaurant in Staten Island, New York. Allegedly, at that meeting Smith directed the CW to “deal with [Cheatam]” with respect to a \$5,000 corrupt cash payment that was to be provided in exchange for Smith’s support of the CW’s real estate ventures in Jersey City. On April 30, 2009, according to the Indictment, Smith, Smith’s associate, Cheatam, the Consultant and the CW met at a restaurant in Bayonne. During this meeting, Smith allegedly told the CW, “[a]ll I need to know is what the project is, if you give me the name of the project and I’ll find out the site so I can question . . . what the status of the ahh, what what they’re looking for, the status of the clean up.” Following the meeting, in the parking lot outside of the restaurant, the CW confirmed how the exchange of cash would take place to which Smith responded “Stop talking - - just, I understand - - stop talking. . . [y]ou make me feel like I might want to pat you down. . .” In that parking lot, Smith’s associate allegedly accepted an envelope containing \$5,000 in cash from the CW, entered the front passenger side of Smith’s car and gave the cash to Smith. Later that same day, Smith provided the \$5,000 in cash that he had received from the CW, through Smith’s associate, to Cheatam for the purpose of converting the cash into money orders and checks to be deposited into the “Smith Team” campaign account for his mayoral candidacy, according to the Indictment. Subsequently, the monies were deposited into that account.

The Indictment further alleges that Smith met with Cheatam, the Consultant and the CW at a restaurant in Jersey City on July 16, 2009. During that meeting, Smith told the CW that he needed a “little list of what [the CW was] trying to do, so that before [Smith went] on

vacation [he could] get the ball rolling. First of all, I can put in some calls to see where the DEP situation is.” Referencing the corrupt cash payment provided on April 30, 2009, the CW stated that the CW was “generous” to which Smith jokingly responded “[a]ccording to your standards you’re generous.” Smith represented that he would make additional calls to try to help expedite the CW’s real estate projects. Following that meeting, the CW told Cheatam that he could inform Smith that the CW would give Smith \$10,000 this time since Smith had made clear that “he wasn’t happy with the five.” After speaking with Smith, Cheatam told the CW that Smith would take the \$10,000 “to get started.” On July 17, 2009, Smith again met with Cheatam, the Consultant and the CW at a restaurant in Hoboken. During that meeting, Smith confirmed that he had made some calls for the CW. Following the meeting, in the parking lot outside of the restaurant, the CW took an envelope containing \$10,000 in cash out of the trunk of the CW’s car and gave it to Cheatam who, in turn, gave the cash to Smith, according to the Indictment. Following the exchange of the cash, the CW approached Smith’s car and said “Harvey, I don’t want you to call me a cheap skunk anymore.”

The Indictment charges Smith with one count of conspiracy to commit extortion and two counts of attempt to commit extortion under color of official right, all of which carry a maximum statutory penalty of 20 years in prison and a \$250,000 fine; two counts of accepting corrupt payments in connection with a business or transaction or series of transactions with the State of New Jersey, an entity receiving more than \$10,000 in federal funds during a specified one-year period, each of which carries a maximum statutory penalty of 10 years in prison and a \$250,000 fine; one count of money laundering which carries a maximum statutory penalty of 20 years in prison and a \$500,000 fine; and forfeiture allegations.

All defendants are presumed innocent unless and until proven guilty beyond a reasonable doubt.

Fishman credited Special Agents of the FBI, under the direction of Acting Special Agent in Charge Kevin Cruise, and the IRS Criminal Investigation Division, under the direction of Special Agent in Charge William P. Offord, for the investigation of Smith and the other defendants. Fishman also thanked the Monmouth County Prosecutor’s Office, under the direction of Prosecutor Luis A. Valentin, for their assistance in the investigation.

The case is being prosecuted by Assistant U.S. Attorneys Richard E. Constable, III and Jenny R. Kramer of the Special Prosecutions Division.

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Defense counsel: Peter Willis, Esq. Jersey City