

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
v. : Crim. No. 06-
JOHN A. LYNCH : 18 U.S.C. §§ 1341 and 2,
and 26 U.S.C. § 7201

INFORMATION

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

COUNT ONE
(MAIL FRAUD)

1. At all times relevant to this Information:

a. Defendant JOHN A. LYNCH was a Senator in the State of New Jersey Senate. As a State Senator, defendant JOHN A. LYNCH considered and voted on matters affecting the State of New Jersey and its citizens and further had the power, authority and discretion to, among other things, sponsor legislation, vote on certain executive appointments, and make recommendations and endorsements to state and local government agencies and departments.

b. The State of New Jersey and its citizens had an intangible right to the honest services of their elected public officials. As an elected public official for the State of New Jersey, defendant JOHN A. LYNCH therefore owed the State and its citizens a duty to: (a) refrain from receiving corrupt

payments designed to (i) improperly affect the performance of his official duties, or (ii) coax his favorable official action or inaction; and (b) disclose conflicts of interest and other material information in State of New Jersey matters over which he attempted to exercise official power, authority and discretion and which resulted in his direct or indirect personal gain.

2. On or about May 5, 1993, Executive Continental, Inc. ("Executive Continental") was incorporated with the Secretary of State for the State of New Jersey ("the Secretary of State"). In or about Spring 1994, defendant JOHN A. LYNCH became a 50% shareholder of Executive Continental. Executive Continental purported to provide consulting services to various developers, other individuals and entities seeking to do business in the State of New Jersey in connection with proposed, or ongoing, development and other projects. At all times relevant to this Information, Executive Continental served as a conduit through which defendant JOHN A. LYNCH received corrupt payments.

3. On or about September 28, 1993, Alma Limited, Inc. ("Alma") was incorporated with the Secretary of State. Alma purported to provide consulting services to various developers, other individuals and entities seeking to do business in the State of New Jersey in connection with proposed or ongoing development and projects -- the identical services that Executive Continental purported to provide. Defendant JOHN A.

LYNCH used Alma to conceal defendant JOHN A. LYNCH's connection to developers, other individuals and entities.

4. A company with its primary place of business in South Brunswick, New Jersey was engaged in the mining of sand and other natural resources for use in the manufacturing of construction products (the "Sand Company"). Beginning in or about 1995, the Sand Company sought to obtain property adjacent to its property in South Brunswick to increase the lands from which the Sand Company could mine natural resources. The proposal to acquire the rights to mine the adjacent lands required the Sand Company to obtain the support of, and approvals from, the New Jersey Department of Environmental Protection (the "DEP"). In particular, the Sand Company had to obtain approval from the DEP for its proposal to mine certain state-owned land with the intent to ultimately transform the land into a recreation park (the "Recreation Park Project").

5. In or about December 1995, the Sand Company entered into an agreement (the "Sand Company Agreement") with Alma. The Sand Company Agreement provided that Alma would assist the Sand Company in, among other things, its dealings with state agencies and departments, including the DEP. The agreement further provided that Alma was to be paid for its efforts on behalf of the Sand Company. The Sand Company Agreement also set forth specific projects for which Alma would provide assistance

to the Sand Company. These specific projects included, but were not limited to, "guidance and assistance in getting [the Recreation Park] project approved for" the Sand Company. Alma received and sought payment for between \$120,000 to \$200,000 from the Sand Company.

6. Between in or about March 1998 and in or about February 2002, in Middlesex County, in the District of New Jersey, and elsewhere, defendant

JOHN A. LYNCH

knowingly and willfully devised and intended to devise a scheme and artifice to defraud the citizens of the State of New Jersey of his honest services as a State Senator.

7. The object of this scheme and artifice to defraud was for defendant JOHN A. LYNCH to solicit, demand and receive concealed corrupt cash payments, through Alma and Executive Continental, in exchange for official assistance for the Sand Company from defendant JOHN A. LYNCH in matters over which he had official power, authority and discretion, and, in certain instances, to intentionally not disclose to, and conceal from, the State of New Jersey and its citizens material information--namely, defendant JOHN A. LYNCH's official action and receipt of these payments.

8. It was part of this scheme and artifice to defraud that:

(A) Between in or about March 1998 and in or about February 2002, defendant JOHN A. LYNCH exercised and attempted to exercise official power, authority and discretion to assist the Sand Company in government matters, to include:

(i) On or about March 2, 1998, defendant JOHN A. LYNCH sent a letter on official New Jersey Senate letterhead to the Commissioner of the DEP (the "Commissioner") supporting the Sand Company. In this letter, defendant JOHN A. LYNCH stated that the Sand Company's Recreation Park proposal would enhance and improve "undeveloped" state-owned lands. Defendant JOHN A. LYNCH also stated that the Sand Company's proposal had "great appeal to the general public."

(ii) On or about December 3, 1998, defendant JOHN A. LYNCH sent a letter on official New Jersey Senate letterhead to the Deputy Commissioner of the DEP (the "Deputy Commissioner") supporting the Sand Company. In this letter, defendant JOHN A. LYNCH stated that "as a legislator from Central New Jersey" he was "very pleased to support the conceptual plan for [the Recreation Park] advanced by" the Sand Company. Defendant JOHN A. LYNCH further wrote that his constituents would benefit greatly from the additional open spaces that would result from the Sand Company's proposal. Defendant JOHN A. LYNCH further emphasized that the Sand Company's proposal was "unique" in that it would be accomplished "at no cost to the taxpayer."

(B) Between in or about March 1998 and in or about February 2002, defendant JOHN A. LYNCH caused invoices and demands for payment for services, which included the official services of defendant JOHN A. LYNCH, to be issued on Alma stationery and sent, on many occasions by United States mail, to the Sand Company, to include:

(i) On or about March 10, 1998, Alma sent a letter to the Sand Company discussing a March 6, 1998 meeting,

attended by defendant JOHN A. LYNCH and the president of the Sand Company, among others, where money owed to Alma by the Sand Company was discussed. To conceal defendant JOHN A. LYNCH's direct involvement, this letter referred to defendant JOHN A. LYNCH obliquely as "our friend."

(ii) On or about December 10, 1998, defendant JOHN A. LYNCH caused a letter on Alma stationery to be prepared by Alma and mailed to the Sand Company demanding payment for Alma. This letter referenced a December 9, 1998 meeting between, among others, defendant JOHN A. LYNCH and the president of the Sand Company during which the issue of money owed by the Sand Company was discussed. This letter further stated that the defendant JOHN A. LYNCH believed that the Sand Company owed Alma \$25,000 for services rendered on behalf of the Sand Company.

(iii) On or about December 23, 1998, Alma, on behalf of defendant JOHN A. LYNCH, submitted an invoice to the Sand Company in the amount of \$25,000 for "professional services rendered for Lobbying 1998," which included the official services of defendant JOHN A. LYNCH.

(C) Between in or about March 1998 and in about or about February 2002, defendant JOHN A. LYNCH received corrupt payments

(i) that, for the purposes of concealing the direct connection between defendant JOHN A. LYNCH and the Sand Company, had been passed through Alma and Executive Continental by Alma and (ii) that were financed by the Sand Company, as consideration for defendant JOHN A. LYNCH's exercise of official power, authority and discretion to assist the Sand Company in government matters, to include:

(i) On or about June 23, 1998, defendant JOHN A. LYNCH received a \$7,500 check issued from the Executive Continental bank account and made payable to defendant JOHN A. LYNCH. On or about June 26, 1998, defendant JOHN A. LYNCH received the benefit of an additional

\$4,500 check that was issued from an Executive Continental bank account to pay defendant JOHN A. LYNCH's income taxes. These checks were part of defendant JOHN A. LYNCH's share of a June 18, 1998 \$30,000 payment to Alma made on behalf of the Sand Company.

(ii) On or about December 31, 1998, defendant JOHN A. LYNCH received a \$10,000 check issued from the Executive Continental Bank account and made payable to defendant JOHN A. LYNCH. On or about this same date, defendant JOHN A. LYNCH received the benefit of a \$3,563.93 check that was issued from an Executive Continental bank account made payable to American Express to pay credit card charges incurred by defendant JOHN A. LYNCH. These checks were part of defendant JOHN A. LYNCH's share of December 23, 1998 \$25,000 payment made to Alma by the Sand Company.

9. On or about February 28, 2002, in Middlesex County, in the District of New Jersey, and elsewhere, for the purpose of executing this scheme and artifice to defraud, defendant

JOHN A. LYNCH

placed and caused to be placed in a Post Office and authorized depository for mail matter, a matter and thing to be sent and delivered by the United States Postal Service according to the directions thereon, namely, a letter from Alma to the Sand Company seeking payment for services, which included payment for official services rendered by defendant JOHN A. LYNCH.

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

COUNT TWO
(TAX EVASION)

1. Paragraph 1-3 of Count One of this Information are realleged as if set forth herein.

2. On or about July 13, 1999, the County of Middlesex purchased a piece of property located along the Raritan River (the "Raritan River Property") from Developer 1 for approximately \$800,000. On or about July 23, 1999, Developer 1 paid Developer 2 \$500,000 for Developer 2's interest in the Raritan River Property in accordance an agreement between Developer 1 and Developer 2.

3. On or about July 27, 1999, Developer 2, at defendant JOHN A. LYNCH'S instruction, issued a check for \$500,000 to Alma. On or about July 29, 1999, the \$500,000 check was deposited into the Alma's bank account. On or about August 2, 1999, Alma issued a check to Executive Continental in the amount of \$150,000. On or about August 3, 1999, defendant JOHN A. LYNCH caused a check in the amount of \$150,000 to be issued to himself from the Executive Continental bank account. In or about 2000, defendant Alma's accountant was directed to "eliminate" from Alma's records the \$500,000 income item that had been obtained from Developer 2 and the \$150,000 transfer to Executive Continental.

4. On or about October 15, 2000, defendant JOHN A. LYNCH signed, filed and caused to be filed with the Internal

Revenue Service, a 1999 U.S. Individual Income Tax Return, Form 1040 on behalf of himself and his spouse. The Form 1040 tax return contained a written declaration that it was signed under the penalties of perjury. Defendant JOHN A. LYNCH caused this Form 1040 tax return to be false by intentionally not including the approximately \$150,000 in additional income that defendant JOHN A. LYNCH had received in 1999 from the sale of the Raritan River property on the return. Upon this additional income, an additional tax of approximately \$57,028 was due and owing to the United States.

5. On or about October 15, 2000, in the District of New Jersey and elsewhere, defendant

JOHN A. LYNCH

knowingly and willfully did attempt to evade and defeat a substantial part of the income tax due and owing to the United States, in that he signed, filed and caused to be filed with the Internal Revenue Service, a false and fraudulent 1999 U.S. Individual Income Tax Return, Form 1040, knowing it to be false and fraudulent.

In violation of Title 26, United States Code, Section 7201.

CHRISTOPHER J. CHRISTIE
UNITED STATES ATTORNEY