

NEWS

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Burlington County Bridge Commission Consultant Pleads Guilty to Mail Fraud and Tax Evasion Charges

(More)

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CAMDEN – A consultant/lobbyist pleaded guilty today to mail fraud and tax evasion charges contained in a two-count Information in connection with inflated and fraudulent billings his company submitted to the Burlington County Bridge Commission, U.S. Attorney Christopher J. Christie announced.

Robert Stears, 51, of Lawrence in Mercer County, pleaded guilty before U.S. District Judge Jerome B. Simandle. Judge Simandle released the defendant on a \$10,000 personal recognizance bond pending sentencing, which is scheduled for March 30, 2007.

At his plea hearing, Stears admitted that from 1997 through 2003 he operated a scheme in which he submitted inflated and fraudulent bills to the Burlington County Bridge Commission (BCBC). Stears also admitted that he did not file federal income tax returns for tax years 1999 through 2004.

Stears told Judge Simandle that in 1997 he formed the Trenton consulting firm The Strategy Group. In 1997, Stears secured the BCBC as a client for The Strategy Group, and the BCBC remained a client of The Strategy Group through 2002. Stears stated that The Strategy Group agreed to perform lobbying and public relations work for the BCBC. Stears was the primary point of contact between The Strategy Group and the BCBC and admitted that he was aware of virtually all work performed by The Strategy Group for the BCBC.

Stears was responsible for the preparation of monthly invoices that The Strategy Group submitted to the BCBC, he said. The invoices, which stated that he and other Strategy Group employees worked specific hours performing specific tasks for the BCBC, were inflated and overstated the hours worked by members of The Strategy Group, he admitted. Stears admitted that he inflated and overstated hours worked by The Strategy Group employees so that the BCBC would pay the total fee as reflected on the invoice.

Stears admitted that the invoices, including the May 2002 invoice in the amount of \$48,788, were sent through the U.S. mail from The Strategy Group offices in Trenton to the BCBC offices in Palmyra. As a result of the invoices, the BCBC paid The Strategy Group over \$300,000 per year in 1997, 1998 and 1999, and over \$500,000 per year in 2000, 2001 and 2002, he admitted

Stears admitted that in 2002 he left The Strategy Group and formed the consulting firm Governmental Strategies, becoming the sole owner of the company. After he left The Strategy Group, the BCBC ended its business relationship with The Strategy Group and became a client of Governmental Strategies, Stears told the court. In the first four months of 2003, Stears prepared and submitted false invoices to the BCBC, which stated that certain employees of The Strategy Group had performed work for the BCBC during those months, when in fact that was false, he admitted. Stears admitted that the BCBC paid Governmental Strategies over \$100,000 in 2003, as a result of those fraudulent invoices.

Furthermore, Stears admitted that although he had received taxable income of approximately \$303,984 in calendar year 2002, he failed to file an income tax return when he owed income tax of approximately \$112,863. Stears admitted that in 2002 he opened a checking account under the name of Governmental Strategies using a nominee tax identification number and that in doing so, it was his intent to conceal this Governmental Strategies checking account from the Internal Revenue Service. Stears also admitted that while he received taxable income in the years of 1999, 2000, 2001, 2003 and 2004, he failed to file federal income tax returns for each of those tax years.

Stears admitted the total loss from both the mail fraud and tax evasion charges totaled between \$400,000 and \$1 million.

Count One of the Information charging mail fraud carries a maximum statutory penalty of 20 years in prison. Count Two, charging tax evasion, carries a maximum statutory penalty of five years in prison. Each count carries a maximum fine of \$250,000 or twice the gross amount of any pecuniary gain that any persons derived from the offense or twice the gross amount of any pecuniary loss suffered by any victims of the offense.

Christie credited Special Agents with FBI's Trenton Resident Agency, under the direction of Special Agent in Charge Leslie G. Wiser, Jr., in Newark, and the Internal Revenue Service, Criminal Investigation Division, under the direction of Special Agent in Charge Patricia J. Haynes, in Newark, for investigation of the case.

The government is represented by Deputy U.S. Attorney William E. Fitzpatrick and Assistant U.S. Attorney Joshua Drew, of the Criminal Division in Camden.

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Defense Attorney: Carl Herman, Esq. West Orange