

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. 07-_____
v.	:	DATE FILED: July 30, 2007
JAMES F. LYNCH	:	VIOLATIONS:
JAMES F. CAMPENELLA	:	18 U.S.C. § 371 (conspiracy to commit honest services fraud - 1 count)
		18 U.S.C. § 982 (notice of criminal forfeiture)

INFORMATION

COUNT ONE

CONSPIRACY TO COMMIT HONEST SERVICES FRAUD

THE UNITED STATES ATTORNEY CHARGES THAT:

At all times material to this information:

1. Defendant JAMES F. LYNCH was a tax assessor for the Philadelphia Board of Revision of Taxes, responsible for the tax assessment of industrial and other types of properties in the City of Philadelphia.
2. The City of Philadelphia and its citizens have a right to the honest services of their public employees in the operation of city government. As such a public employee, defendant JAMES F. LYNCH owed the city and its citizens, under the City Charter, the Philadelphia Code, and Pennsylvania and common law, a duty to: (a) refrain from the use of public office for private gain; (b) disclose conflicts of interest and other material information in matters over which he had authority and discretion that resulted in his direct or indirect personal gain; (c) refrain from holding financial interests that conflicted with the conscientious performance of his duties, or recuse himself from matters in which his financial interest may be

affected; (d) refrain from soliciting or accepting any item of monetary value, including gifts and loans, with the intent to be influenced or rewarded, from any person seeking official action from, doing business with, or whose interests may be affected by the performance or nonperformance of his duties; (e) act impartially and not give preferential treatment to any private individual seeking to conduct or conducting business with the city; and (f) disclose waste, fraud, abuse, and corruption to appropriate authorities.

3. In violation of each aspect of his duties listed above, defendant JAMES F. LYNCH's actions while acting as a tax assessor for the Philadelphia Board of Revision of Taxes were unlawfully rewarded and influenced by bribes, rewards, gifts, loans, and other benefits he received from defendant JAMES F. CAMPENELLA, all of which defendant LYNCH failed to disclose.

4. Defendant JAMES F. CAMPENELLA was the owner of Campenella Construction, Inc., a company that performed construction work and developed commercial real estate and which was located at 1601 South Columbus Boulevard in Philadelphia, Pennsylvania. Defendant CAMPENELLA also was a partner in various real estate projects, including the following partnerships, 2500 Mifflin, L.P., Bailey Chestnut Partners, L.P., Heid Partners, L.P., Oyr Realty Partners L.P., CCC Associates, L.P., Philadelphia Apartment Properties, LTD, Meadow Street Associates L.P., 4508 Chestnut Street Associates, L.P., and WU Locust Partners, L.P. As described below, defendant CAMPENELLA sought defendant JAMES F. LYNCH's assistance with tax assessments on properties owned by defendant CAMPENELLA or one of the partnerships with which he was affiliated. In or about November 2005, defendant CAMPENELLA gave defendant LYNCH \$20,000 in cash as a reward for the assistance

provided by defendant LYNCH and to maintain his relationship with defendant LYNCH when the need for assistance arose in the future.

THE CONSPIRACY

5. From in or about 2005 to in or about May 2007, in the Eastern District of Pennsylvania, and elsewhere, defendants

JAMES F. LYNCH and JAMES F. CAMPENELLA

conspired and agreed to commit an offense against the United States, that is, to knowingly devise a scheme to defraud the City of Philadelphia and its citizens of the right to defendant JAMES F. LYNCH's honest services in the affairs of the City of Philadelphia, and to obtain money and property by means of false and fraudulent pretenses, representations, and promises, and to use the United States mails and other interstate delivery services to further the scheme to defraud, in violation of Title 18, United States Code, Sections 1341 and 1346.

MANNER AND MEANS

It was part of the conspiracy that:

6. As part of his real estate development businesses, defendant JAMES F. CAMPENELLA often interacted with the Philadelphia Board of Revision of Taxes, receiving notices of increased tax assessments as a result of the increased value of properties that defendant CAMPENELLA developed, negotiating with tax assessors in an attempt to lower the tax assessments, appealing assessments to the Board of Revision of Taxes, defending lawsuits brought by the City of Philadelphia relating to real estate taxes, and otherwise resolving tax issues that arise as a result of the purchase and sale of property for development.

7. To assist in these dealings with the Philadelphia Board of Revision of Taxes, defendant JAMES F. CAMPENELLA often retained lawyers to appear on his behalf and to appeal tax assessments to the Board of Revision of Taxes and to negotiate with the Philadelphia Law Department.

8. In an effort to reduce the costs of retaining outside lawyers, defendant JAMES F. CAMPENELLA sought the assistance of defendant JAMES F. LYNCH to, among other things, resolve tax issues that arose out of the purchase and sale of property for development and negotiate the amount of increased tax assessments. In a number of cases, defendant LYNCH was able to resolve and negotiate these issues, saving defendant CAMPENELLA significant legal fees as well as tax payments.

9. Defendant JAMES F. CAMPENELLA sought to illegally reward and influence defendant JAMES F. LYNCH through a corrupt payment of approximately \$20,000 in cash.

10. Without disclosing the corrupt payment and recusing himself as he was required by local and state law to do, defendant JAMES F. LYNCH took official actions benefitting defendant JAMES F. CAMPENELLA and his businesses, including resolving a tax assessment issue involving a property at 2500 Mifflin Street, reducing the amount of a proposed increased tax assessment of a property at 323-27 N. 13th Street, reducing the amount of a proposed increased tax assessment of a property at 1101-13 Locust Street, and resolving a tax assessment issue involving a property at 5201 Old York Road.

OVERT ACTS

In furtherance of the conspiracy, defendants JAMES F. LYNCH and JAMES F. CAMPENELLA committed the following overt acts in the Eastern District of Pennsylvania and elsewhere:

A. PAYMENT BY CAMPENELLA TO LYNCH

1. On or about November 4, 2005, defendant JAMES F. CAMPENELLA signed two checks for \$5,000 each made payable to petty cash from the accounts of Bailey Chestnut Partners, L.P. at Hudson United Bank and caused the checks to be cashed.

2. On or about November 11, 2005, defendant JAMES F. CAMPENELLA signed two checks for \$5,000 each made payable to petty cash from the accounts of Bailey Chestnut Partners, L.P. at Hudson United Bank and caused the checks to be cashed.

3. In or about November 2005, defendant JAMES F. CAMPENELLA caused the \$20,000 in petty cash checks to be recorded on the accounting records of Bailey Chestnut Partners, L.P. as real estate tax expenses.

4. In or about November 2005, defendant JAMES F. CAMPENELLA gave to defendant JAMES F. LYNCH approximately \$20,000 in cash, which cash represented the proceeds of the four \$5,000 checks made payable to petty cash.

B. LYNCH'S CONCEALMENT OF HIS FINANCIAL RELATIONSHIP

5. From in or about November 2005 to at least in or about May 2007, defendant JAMES F. LYNCH failed to report to any supervisor at the Philadelphia Board of Revision of Taxes that he had received approximately \$20,000 in cash from defendant JAMES

F. CAMPENELLA and failed to recuse himself from matters affecting the financial interests of defendant CAMPENELLA and his businesses.

6. On or about March 31, 2006, defendant JAMES F. LYNCH filed his 2005 Commonwealth of Pennsylvania Statement of Financial Interests. In this statement, defendant LYNCH disclosed that, during 2005, he held a public position as a real estate tax assessor and that he had no other direct or indirect sources of income, gifts, or loans, failing to disclose that he had received an approximately \$20,000 cash payment from defendant JAMES F. CAMPENELLA.

C. LYNCH'S ASSISTANCE WITH 2500 MIFFLIN STREET

7. On or about August 1, 2005, defendant JAMES F. CAMPENELLA received by certified U.S. mail a notification from the City of Philadelphia that 2500 Mifflin, L.P. owed delinquent real estate taxes in the amount of \$73,544.87 for a property that defendant CAMPENELLA had acquired from the Philadelphia Industrial Development Corporation.

8. In or about August 2005, defendant JAMES F. CAMPENELLA asked defendant JAMES F. LYNCH if defendant LYNCH could help resolve the outstanding tax issues for the property at 2500 Mifflin Street.

9. On or about September 28, 2005, defendant JAMES F. CAMPENELLA received by U.S. mail a notice from the Court of Common Pleas of Philadelphia County that a conference in the case of City of Philadelphia v. 2500 Mifflin, L.P., relating to the city's efforts to collect delinquent real estate taxes for the property at 2500 Mifflin Street, had been rescheduled to December 6, 2005.

10. On or about October 13, 2005, defendant JAMES F. LYNCH contacted the City of Philadelphia Law Department and stated that the tax assessment for the property at 2500 Mifflin Street was not accurate and that the delinquent tax assessment should be deleted.

11. On or about September 29, 2006, defendant JAMES F. LYNCH contacted the City of Philadelphia Law Department and stated that he had issued certifications to have the tax delinquency removed for the property at 2500 Mifflin Street.

D. LYNCH'S ASSISTANCE WITH 323-27 N. 13th STREET

12. On or about August 10, 2005, defendant JAMES F. CAMPENELLA received notification from the Philadelphia Board of Revision of Taxes that the assessed value of the property at 323-27 N. 13th Street, a property that defendant CAMPENELLA had recently acquired, was to be raised to \$3,000,000.

13. In or about August 2005, defendant JAMES F. CAMPENELLA asked defendant JAMES F. LYNCH if defendant LYNCH could help lower the assessed value of the property at 323-27 N. 13th Street.

14. On or about October 24, 2005, defendant JAMES F. LYNCH submitted a request to the Philadelphia Board of Revision of Taxes to lower the assessed value of the property at 323-27 N. 13th Street to \$1,600,000.

15. On or about November 17, 2005, defendant JAMES F. CAMPENELLA received by U.S. mail a notice that the Philadelphia Board of Revision of Taxes revised the assessed value for the property at 323-27 N. 13th Street to \$1,600,000.

E. LYNCH'S ASSISTANCE WITH 1101-13 LOCUST STREET

16. In or about early 2005, after receiving notification from the Philadelphia Board of Revision of Taxes that the assessed value of the property at 1101-13 Locust Street, a property that defendant JAMES F. CAMPENELLA had recently acquired, was to be raised to \$4,600,000, defendant CAMPENELLA asked defendant JAMES F. LYNCH if defendant LYNCH could help lower the assessed value of the property at 1101-13 Locust Street.

17. On or about June 27, 2005, defendant JAMES F. LYNCH submitted a request to the Philadelphia Board of Revision of Taxes to lower the assessed value of the property at 1101-13 Locust Street to \$1,600,000.

F. LYNCH'S ASSISTANCE WITH 5201 OLD YORK ROAD

18. In or about February 2006, defendant JAMES F. CAMPENELLA received notification that the City of Philadelphia Law Department filed a lawsuit in the Court of Common Pleas of Philadelphia County, City of Philadelphia v. Oyr Realty Partners, L.P., relating to the tax assessments for the property at 5201 Old York Road.

19. On or about April 21, 2006, defendant JAMES F. CAMPENELLA received a copy of the City's pretrial memorandum in City of Philadelphia v. Oyr Realty Partners, L.P. and understood that his attorneys would prepare a response that was due to be filed with the court by May 22, 2006.

20. On or about April 21, 2006, defendant JAMES F. CAMPENELLA sent an e-mail to his attorneys stating, "Hold tight. I believe we will be resolved shortly. Please don't speak to assessors."

21. In or about April 2006, defendant JAMES F. CAMPENELLA asked defendant JAMES F. LYNCH if defendant LYNCH could help resolve the tax assessment dispute for the property at 5201 Old York Road.

22. On or about April 24, 2006, defendant JAMES F. CAMPENELLA sent an e-mail to his attorneys stating, "The matter is resolved."

23. On or about June 15, 2006, defendant JAMES F. CAMPENELLA caused his attorneys to have the case, City of Philadelphia v. Oyr Realty Partners, L.P., discontinued because, through the efforts of defendants CAMPENELLA and JAMES F. LYNCH, the case had been settled with the City of Philadelphia.

All in violation of Title 18, United States Code, Section 371.

NOTICE OF FORFEITURE

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. As a result of the violation of Title 18, United States Code, Sections 371, 1341, and 1346, set forth in this information, defendants

**JAMES F. LYNCH and
JAMES F. CAMPENELLA**

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offense, including, but not limited to, the sum of \$19,400 in United States currency recovered by the FBI on May 10, 2007.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendants:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendants up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

**PATRICK L. MEEHAN
UNITED STATES ATTORNEY**