

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

UNITED STATES OF AMERICA : **CRIMINAL NO. 10-**

v. : **DATE FILED: November 4, 2010**

CARLO DANIEL CASTRO : **VIOLATIONS:**

: **18 U.S.C. § 1951 (attempted interference**

: **with interstate commerce by extortion -**

: **1 count)**

: **18 U.S.C. § 894 (attempted extortionate**

: **collection of credit - 1 count)**

: **18 U.S.C. § 1001 (making a material false**

: **statement - 3 counts)**

: **18 U.S.C. § 1346 (honest services wire**

: **fraud - 2 counts)**

: **18 U.S.C. § 1952 (use of an interstate**

: **facility with the intent to promote an**

: **unlawful activity - 1 count)**

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

1. Defendant CARLO DANIEL CASTRO was an Inspector in the Philadelphia Police Department.
2. An individual known to the grand jury, and identified here as W.E., was a resident of New Jersey who, among other things, operated a real estate development business engaged in interstate commerce.

The Debt and Claim

3. In or about the Spring of 2006, defendant CARLO DANIEL CASTRO spoke with W.E. about investing money in a real estate development project (the “Real Estate

Project”) on which W.E. was working. Defendant CASTRO and W.E. discussed that CASTRO could earn a considerable return on his investment. W.E. guaranteed to CASTRO that he would not lose any money on his investment.

4. On or about June 2, 2006, after agreeing to invest in the Real Estate Project, defendant CARLO DANIEL CASTRO provided W.E. with approximately \$90,000. W.E. used defendant CASTRO’s \$90,000 as part of a \$100,000 deposit towards purchasing the Real Estate Project from the developer. W.E. provided from his own personal funds the remaining \$10,000 of the deposit, as well as for the other costs of the project.

5. In or about May 2007, when W.E. was unable to secure sufficient financing for the remainder of the Real Estate Project, W.E. exercised his right to terminate the agreement of sale for the Real Estate Project, and requested the developer to return the \$100,000 deposit. W.E. was unable, however, to obtain the return of the deposit from the developer to which he was entitled, so W.E. could not repay to defendant CARLO DANIEL CASTRO his investment of \$90,000.

6. Beginning in or about the Spring of 2007 through on or about September 29, 2010, defendant CARLO DANIEL CASTRO repeatedly demanded that W.E. return his \$90,000.

7. On or about June 2, 2010, defendant CARLO DANIEL CASTRO filed a civil lawsuit in the Court of Common Pleas of Philadelphia County against W.E., and others, seeking the return of his \$90,000 investment, plus consequential and punitive damages.

The Attempted Extortion

8. From in or about April 2010 through on or about October 12, 2010, in the Eastern District of Pennsylvania, defendant

CARLO DANIEL CASTRO

attempted to obstruct, delay and affect commerce, and the movement of articles and commodities in commerce, by extortion, in that defendant CASTRO attempted to obtain the property of W.E, with his consent having been induced by the wrongful use of actual and threatened force and violence, in that CASTRO attempted to demand a thing of value, that is, \$150,000 cash, from W.E., as a condition of not physically harming W.E.

Manner and Means

9. In an attempt to extort money from W.E, defendant CARLO DANIEL CASTRO asked a witness cooperating with the Federal Bureau of Investigation (the “CW”) to retain a “Collector.”

10. Defendant CARLO DANIEL CASTRO then arranged for the CW to represent him in dealing with the Collector, and instructed the CW not to disclose defendant CASTRO’s identity in order to conceal his involvement in the attempted extortion. In particular, CASTRO discussed with the CW that the Collector must not know that CASTRO was an Inspector with the Philadelphia Police Department.

11. As part of this attempted extortion, defendant CARLO DANIEL CASTRO:

a. authorized and instructed the CW to pay the Collector 10% of the amount of money obtained from W.E. as compensation for the Collector’s services;

b. instructed the CW and the Collector to obtain an additional \$60,000, for a total of \$150,000, from W.E. as “interest” on the \$90,000 he invested, even though the Real Estate Project had failed and defendant CASTRO was not entitled to this interest;

c. authorized the Collector to use threatened or actual force in order to induce W.E. to repay the \$90,000 to CASTRO; and

d. monitored the CW’s and the Collector’s progress in extorting money from W.E. through telephone calls and meetings with the CW.

Telephone Calls and Meetings Connected to the Attempted Extortion

April 7, 2010 Telephone Call

12. On or about April 7, 2010, defendant CARLO DANIEL CASTRO spoke to the CW on the telephone and discussed a \$90,000 debt owed to defendant CASTRO by W.E. When the CW told CASTRO that he had found someone who could collect the debt from W.E. if CASTRO wanted this done, CASTRO replied, “Good,” and asked the CW when they could “meet and talk about it.”

April 20, 2010 Meeting

13. On or about April 20, 2010, defendant CARLO DANIEL CASTRO met with the CW in person, and asked the CW “what do they charge” for collecting debts. When the CW told defendant CASTRO that the Collector charged a 15 percent fee, CASTRO told the CW that W.E. “owes me 90,000 plus interest, so I’m looking for . . . I’m thinking about 150 thousand, that’s what I want. Right? They can take off 15 percent.” CASTRO told the CW to instruct the Collector to collect his debt, telling the CW, “I want my fucking money, end of story.” CASTRO later agreed to a collection fee of 10 percent.

14. In addition, at this meeting:

a. CASTRO cautioned the CW to conceal his identity, advising the CW, “I can’t get myself in trouble.” CASTRO instructed the CW to “represent me” in his dealings with the Collector, and anyone working with the Collector, and told the CW, “When you talk to these people you can’t tell them who I am.” CASTRO explained that he did not want to meet the Collector, saying, “I don’t want to meet anybody.”

b. In response to the CW’s suggestion that the Collector go to W.E.’s home to collect the debt, CASTRO agreed that W.E. – who he said was “now married with a child” – would “get scared.” CASTRO provided the CW with W.E.’s full name and phone number, as well as the town in which W.E. lived, and promised to give W.E.’s home address to the CW later.

June 2, 2010 and June 4, 2010 Telephone Calls

15. On or about June 2, 2010, defendant CARLO DANIEL CASTRO spoke to an FBI undercover employee (the “UCE”), who posed as a “collector” from New York working with the CW to collect defendant CASTRO’s debt from W.E. The UCE explained that he was calling CASTRO because the CW “had me do some work for him and I did it for him.” After the UCE told CASTRO that he had something to give CASTRO, CASTRO agreed to meet the UCE on June 4, 2010, at 30th Street Train Station in Philadelphia.

16. On or about June 4, 2010, defendant CARLO DANIEL CASTRO spoke with the UCE on the telephone and told him that he was not able to meet because he was too busy. CASTRO asked the UCE, “What is it you have exactly for me?” When the UCE told CASTRO, “I was paid five thousand bucks, and I’m going to keep my 10 percent, so basically I

got forty-five hundred for you,” CASTRO asked “who gave you five thousand?” The UCE explained to CASTRO that the UCE had visited W.E. at his home, “collected” \$5,000 from him, and threatened to harm W.E. if he did not have the money the next time he came. CASTRO told the UCE that the UCE needed to “talk to [the CW] on this,” and asked the UCE not to call him directly anymore.

June 11, 2010 Meeting

17. On or about June 11, 2010, defendant CARLO DANIEL CASTRO met with the CW in person and reported, “your guy called me.” Despite the CW’s assurance that he did not tell the Collector about defendant CASTRO’s position in the Philadelphia Police Department, CASTRO reminded the CW: “Right, I can’t, I can’t meet him,” adding that he was in a very important position. In addition, at this meeting:

a. CASTRO instructed the CW to tell the Collector “to speed it up for me,” adding that W.E. could “sell the car, sell the house, I don’t care. He’s got, he’s got two cars.”

b. CASTRO advised the CW that based on CASTRO’S conversation with the UCE, CASTRO concluded that “This guy means serious business.” CASTRO sought assurance from the CW about the UCE’s techniques and asked the CW: “What’s to stop [W.E.] from going to the police or somebody?”

c. CASTRO confirmed with the CW that the CW instructed the Collector to collect a total of \$150,000 from W.E. CASTRO also clarified with the CW that the Collector would take 10 percent as a collection fee “off the top.”

d. At the end of the meeting, CASTRO entered the CW’s car along

with the CW, and received \$4,500 which the CW represented was money “collected” by the Collector as a result of the Collector threatening to harm W.E. CASTRO then reminded the CW that they were making their way up to \$150,000, and confirmed with the CW that “these guys are gonna make sure we get it in a bigger payment.”

July 20, 2010 Meeting

18. On or about July 20, 2010, defendant CARLO DANIEL CASTRO met the CW and received an envelope containing \$2,100, which the CW represented was money “collected” by the Collector from W.E. after W.E. was threatened with violence. In addition:

a. CASTRO warned the CW that the Collector should not become too aggressive with W.E. as that may cause “trouble.” CASTRO reminded the CW that he was a police officer, stating: “I can’t get myself in trouble. I want to be Police Commissioner.”

b. Still, CASTRO told the CW to instruct the Collector to go back out to W.E.’s house again, and to have the Collector speed up the collection process, obtaining \$10,000 on each visit.

September 10, 2010 Phone Call and Meeting

19. On or about September 10, 2010, defendant CARLO DANIEL CASTRO spoke with CW on the telephone to arrange a lunch meeting for that day. Defendant CASTRO told the CW, “I’ve got some information to share with you. Somebody wants to talk to you.” CASTRO explained, “somebody needed a favor, what you’re doing for me. I told them about you.”

20. Later that day, defendant CARLO DANIEL CASTRO met in person with the CW. The CW told defendant CASTRO that in order to collect money in larger increments

from W.E., the Collector would need to get “rough” with W.E. CASTRO responded: “Get, get my money. I want, I want my money,” adding, “They know how to get it, they get it.” CASTRO further explained to the CW: “They know what they’re doing. Just get, just get, I need to have my money. That’s all, that’s all I care about. . . I’ve waited too long. . . If he’s got a lot of money coming, that’s what he’s gotta pay. . . . If he’s got a hundred and fifty thousand dollars, that’s what I want. Hundred and fifty. That’s what I want. . . . I don’t know these guys, they don’t know me. . . . I just want, I want my money.”

21. Towards the end of the meeting, defendant CARLO DANIEL CASTRO referred another person who needed the Collector’s extortion services. Defendant CASTRO told the CW, “I want you to call a friend of mine before you leave” because “he needs help too.” CASTRO said that he told his friend, “I know a guy that’ll get your money back.” CASTRO gave the CW a telephone number and recommended that he call an individual known to the grand jury, and identified here as B.W., to arrange for the Collector to provide his extortion services to B.W.

September 21, 2010 Telephone Call

22. On or about September 21, 2010, defendant CARLO DANIEL CASTRO spoke with the CW on the telephone. When the CW represented that the Collector had obtained a significant amount of money from W.E., defendant CASTRO scheduled a meeting with the CW to obtain the money, stating: “I’m looking forward to seeing what the end result is.”

September 29, 2010 Meeting

23. On or about September 29, 2010, defendant CARLO DANIEL CASTRO met with the CW in person, and received from the CW \$14,500 which the CW represented had

been collected from W.E. after the Collector had “roughed him up.” In addition, defendant CASTRO received another \$500 from the CW, who represented to CASTRO that the \$500 came from the Collector as a referral fee for referring them to another “easy” collection case. CASTRO told the CW, “well, I’ll give them something else, too.”

October 12, 2010 Meeting

24. On or about October 12, 2010, defendant CARLO DANIEL CASTRO met with the CW in person. Defendant CASTRO told the CW that W.E. or his wife must have “complained to the police” because he had received a visit from the FBI. CASTRO further told the CW that the FBI did not “know who, who beat [W.E.] up,” but were interviewing about eight possible suspects, including himself. CASTRO explained to the CW that he had told the FBI that he sued W.E. for the return of his money, but otherwise told the FBI, “I don’t know anything about it.” In light of his meeting with the FBI, CASTRO instructed the CW to call the Collector to tell him to stop, but only “for right now.” CASTRO explained to the CW that the FBI was likely going to be watching W.E., and the Collector “could get in trouble” if he tried to collect money from W.E. again. CASTRO instructed the CW to tell the Collector to “get away from [W.E.], for right now. For right now, he’s too hot.”

25. Defendant CARLO DANIEL CASTRO also told the CW that he was concerned that someone could be listening to their telephones. CASTRO instructed the CW to speak in coded language on the telephone when talking about the extortion activity. For example, CASTRO instructed the CW to call him after confirming with the Collector to suspend collecting money from W.E. CASTRO told the CW, however, to use coded language, instructing the CW to say “a case of water would be good” as code for “everything is okay.”

26. Defendant CARLO DANIEL CASTRO also discussed with the CW another collection case involving B.W. Defendant CASTRO told the CW that B.W. had a friend in Florida who was owed \$1.5 million, and asked the CW if the Collector could “go to Florida?” CASTRO explained that “1.5 million is a lot of money.” CASTRO instructed the CW not to contact B.W. directly, but that he should talk only to CASTRO “in person.”

All in violation of Title 18, United States Code, Section 1951.

COUNT TWO

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 7, and 9 through 26 of Count One are incorporated here.

2. From in or about April 2010 through on or about October 12, 2010, in the Eastern District of Pennsylvania, defendant

CARLO DANIEL CASTRO

knowingly participated in the use of extortionate means to attempt to collect an extension of credit.

In violation of Title 18, United States Code, Section 894.

COUNT THREE

THE GRAND JURY FURTHER CHARGES THAT:

1. On or about October 4, 2010, in Philadelphia, in the Eastern District of Pennsylvania, defendant

CARLO DANIEL CASTRO,

in a matter within the jurisdiction of the executive branch of the Government of the United States, that is, the Federal Bureau of Investigation (“FBI”), an agency of the United States Department of Justice, knowingly and willfully made a materially false statement.

2. On or about October 4, 2010, agents of the FBI were investigating defendant CARLO DANIEL CASTRO’s participation in an attempted extortion scheme to collect a debt supposedly owed to him by W.E., as described in paragraphs 1 through 7, and 9 through 26 of Count One of this indictment. The details relating to defendant CASTRO’s participation in this scheme were material to the investigation.

3. With respect to a material matter, defendant CARLO DANIEL CASTRO told FBI agents that he had not received any payments from W.E. towards the debt W.E. supposedly owed to defendant CASTRO.

4. This statement of defendant CARLO DANIEL CASTRO, as he then and there well knew and believed, was false in that defendant CASTRO knew that he had in fact received payments from the CW that he believed were collected from W.E. in partial satisfaction of the debt supposedly owed to him by W.E.

In violation of Title 18, United States Code, Section 1001.

COUNT FOUR

THE GRAND JURY FURTHER CHARGES THAT:

1. On or about October 4, 2010, in Philadelphia, in the Eastern District of Pennsylvania, defendant

CARLO DANIEL CASTRO,

in a matter within the jurisdiction of the executive branch of the Government of the United States, that is, the Federal Bureau of Investigation (“FBI”), an agency of the United States Department of Justice, knowingly and willfully made a materially false statement.

2. On or about October 4, 2010, agents of the FBI were investigating defendant CARLO DANIEL CASTRO’s participation in an attempted extortion scheme to collect a debt supposedly owed to him by W.E., as described in paragraphs 1 through 7, and 9 through 26 of Count One of this indictment. The details relating to defendant CASTRO’s participation in this scheme were material to the investigation.

3. With respect to a material matter, defendant CARLO DANIEL CASTRO told FBI agents that, outside of the lawsuit and general complaining to friends, defendant CASTRO has not had any discussions with anyone about how he could collect from W.E. the debt W.E. supposedly owed to CASTRO.

4. This statement of defendant CARLO DANIEL CASTRO, as he then and there well knew and believed, was false in that defendant CASTRO knew that he had in fact repeatedly spoken to a cooperating witness about authorizing another individual to use violence and the threat of violence to collect the debt supposedly owed to him by W.E.

In violation of Title 18, United States Code, Section 1001.

COUNT FIVE

THE GRAND JURY FURTHER CHARGES THAT:

1. On or about October 4, 2010, in Philadelphia, in the Eastern District of Pennsylvania, defendant

CARLO DANIEL CASTRO,

in a matter within the jurisdiction of the executive branch of the Government of the United States, that is, the Federal Bureau of Investigation (“FBI”), an agency of the United States Department of Justice, knowingly and willfully made a materially false statement.

2. On or about October 4, 2010, agents of the FBI were investigating defendant CARLO DANIEL CASTRO’s participation in an attempted extortion scheme to collect a debt supposedly owed to him by W.E., as described in paragraphs 1 through 7, and 9 through 26 of Count One of this indictment. The details relating to defendant CASTRO’s participation in this scheme were material to the investigation.

3. With respect to a material matter, defendant CARLO DANIEL CASTRO told FBI agents that he did not hire anyone to threaten or hurt W.E. to collect the debt W.E. supposedly owed to CASTRO.

4. This statement of defendant CARLO DANIEL CASTRO, as he then and there well knew and believed, was false in that defendant CASTRO knew that he had in fact

hired an individual to use violence and the threat of violence to collect the debt supposedly owed to him by W.E.

In violation of Title 18, United States Code, Section 1001.

COUNTS SIX AND SEVEN

THE GRAND JURY FURTHER CHARGES THAT:

At all times material to this indictment:

1. Defendant CARLO DANIEL CASTRO was a Police Officer for the Philadelphia Police Department.
2. As a Philadelphia Police Officer, defendant CARLO DANIEL CASTRO was responsible for, among other things, promoting public safety and enforcing criminal laws within the City of Philadelphia.
3. As a Philadelphia Police Officer with access to law enforcement databases, defendant CARLO DANIEL CASTRO signed a form acknowledging that access to these law enforcement databases was for official law enforcement and criminal justice purposes only, and that information retrieved from these databases could not be disseminated beyond law enforcement and criminal justice agencies.
4. From in or about January 2010 through on or about April 20, 2010, in the Eastern District of Pennsylvania, and elsewhere, defendant

CARLO DANIEL CASTRO

devised and intended to devise a scheme and artifice to defraud and deprive the citizens of the City of Philadelphia and the Philadelphia Police Department of their right to the honest and faithful services of defendant CASTRO through bribery and the concealment of material information.

Purpose of the Scheme

5. The purpose of the scheme and artifice was for defendant CARLO

DANIEL CASTRO to secretly use his official position to enrich himself by soliciting and accepting gifts, payments, and other things of value from a witness cooperating with the Federal Bureau of Investigation (the “CW”), in exchange for favorable official action.

Manner and Means

6. The scheme and artifice to defraud was carried out in the following ways, among others:

a. Defendant CARLO DANIEL CASTRO solicited and accepted gifts, payments, and other things of value totaling approximately \$700 from the CW. The things of value included a 42 inch LCD flat screen television.

b. Defendant CASTRO provided favorable official action on behalf of the CW as requested, including checking a vehicle license plate for the CW, and providing the CW with the home address of the owner of the vehicle. The CW had told CASTRO that he wanted to find the owner of the vehicle because this person owed him money. The CW had asked CASTRO to run the license plate for the vehicle and provide him with the information on the vehicle’s owner.

c. CASTRO took steps to hide, conceal, and cover up his activity and the nature and scope of his dealings with the CW, including asking the CW to write down the results of the license plate search on a separate piece of paper, instead of providing the CW with the printed out results of the search, because the print out could help identify CASTRO as the person who conducted the license plate check.

Execution of the Scheme

7. On or about the dates listed below, in the Eastern District of Pennsylvania, and elsewhere, defendant

CARLO DANIEL CASTRO,

for the purpose of executing the above-described scheme and artifice to defraud and deprive, transmitted and caused to be transmitted by means of wire communication in interstate commerce, the following writings, signals, and sounds:

<u>COUNT</u>	<u>DATE</u>	<u>WIRE TRANSMISSION</u>
6	April 13, 2010	An electronic request sent from Philadelphia, Pennsylvania, to a motor vehicle information database maintained in New Jersey by the New Jersey Motor Vehicle Commission
7	April 13, 2010	An electronic request sent from Philadelphia, Pennsylvania to a stolen vehicle database maintained in West Virginia by the National Crime Information Center

All in violation of Title 18, United States Code, Sections 1343 and 1346.

COUNT EIGHT

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1, 2, 5 and 6 of Counts Six and Seven are incorporated here.
2. On or about April 7, 2010, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendant

CARLO DANIEL CASTRO

used a facility in interstate and foreign commerce with the intent to promote, manage, establish, and carry on, and to facilitate the promotion, management, establishment, and carrying on, of an unlawful activity, that is, Bribery in Official and Political Matters, in violation of Title 18 Pa. Cons. Stat. Ann. § 4701, and thereafter performed and attempted to perform an act to promote, manage, establish, and carry on, and to facilitate the promotion, management, establishment, and carrying on of bribery, that is, defendant CASTRO accepted a 42 inch LCD flat screen television from a witness cooperating with the Federal Bureau of Investigation (the “CW”), based upon the agreement that this benefit would influence the conduct of CASTRO in relation to the affairs of the CW, that is, CASTRO checked a vehicle license plate for the CW, and provided the CW

with the name and home address of the owner of the vehicle, after being told by the CW that the CW wanted to find the owner of the vehicle because this person owed him money.

In violation of Title 18, United States Code, Section 1952.

A TRUE BILL:

FOREPERSON

**ZANE DAVID MEMEGER
UNITED STATES ATTORNEY**