

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

UNITED STATES OF AMERICA	:	CRIM NO. 10-_____
v.	:	DATE FILED: September 30, 2010
KERRI BIZZELL	:	VIOLATIONS:
		18 U.S.C. § 1951 (extortion– 21 counts)
	:	18 U.S.C. § 1512 (obstruction–1 count)
		Notices of forfeiture

INDICTMENT

COUNTS ONE THROUGH TWELVE

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

PHA AND BACKGROUND OF DEFENDANT KERRI BIZZELL

1. The Philadelphia Housing Authority (“PHA”) was a public, not-for-profit agency whose central mission was to provide low-income Philadelphians with decent, affordable housing. PHA owned, built, maintained and rented housing for low-income Philadelphians.

2. Much of PHA’s funding came directly and indirectly from the federal government.

3. PHA’s housing stock included low-rise garden complexes, clusters of attached town-house properties and what were called “scattered site” properties, that is, apartments and homes in individual, stand-alone houses located throughout Philadelphia. Sometimes this housing was also referred to as “Section 8” housing. These were federally subsidized rentals in private housing which Philadelphians may qualify to rent under the income restrictions of Section 8 of the Housing Choice Program.

4. PHA employed a staff for routine maintenance of the properties it owned.

5. However, it also awarded contracts for the repair, renovation and maintenance of its rental properties.

6. For its contract work, PHA had a special program to permit and increase the participation and experience of small businesses in repair, renovation and maintenance work. The program was known as the small contracts program. Small contracts were those for which bids did not exceed \$25,000. Under the program, PHA identified small jobs for which it would provide the requisite supplies and solicited bids for labor. PHA estimated that the cost of the work solicited from the contractors would not exceed \$25,000 and any bid over this amount was disqualified. Solicitations for bids for small contracts were primarily of interest to small contractors. Bidders under this program had to meet some, but not all of the qualifications PHA required of contractors on its large contracts.

7. Nonetheless, to bid on a contract under the small contracts program, a business had to be pre-qualified. To pre-qualify a business had to prove, among other things, that it had adequate bonding and that it paid its workers the requisite Philadelphia prevailing wage. Businesses owned by residents of PHA rental properties could be and were qualified to participate in the small contracts program.

8. Between approximately January 15, 2006 and November 10, 2008, defendant KERRI BIZZELL was employed by PHA.

9. Beginning in approximately December 2007, defendant KERRI BIZZELL was the PHA employee in charge of awarding contracts under the small contracts program. Her duties included qualifying small businesses and assisting them to qualify to work for PHA, giving notice and inviting small businesses to bid on work, evaluating submitted bids and selecting and notifying bidders of PHA's award of contracts, generating work orders under

awarded contracts and initiating the payment process for completed work.

PHA's Small Contracts Program Prior to Bizzell

10. Prior to defendant KERRI BIZZELL's control of the small contracts program, any small business that wanted to do repair, renovation and/or maintenance work for PHA on its rental properties had to complete a pre-qualification form and demonstrate both an ability to do the requisite work and to meet PHA's established labor payment standards and insurance requirements, and then, if qualified, submit a bid prior to the expiration of the deadline to submit a bid. Qualification lasted for three years, after which bidders had to requalify.

11. Prior to defendant KERRI BIZZELL's control of the small contracts program, requests for bids were posted on the internet and otherwise made public.

12. Prior to defendant KERRI BIZZELL's control of the small contracts program, the small contracts manager made public the time and place of the opening of bids. Bidders were permitted to be present and all bidders were permitted to see and have a copy of the bid of the lowest bidder to whom the contract had been awarded. If they were not present, on request of a bidder, the manager would send them a copy of the low bid or report it to them.

13. Prior to defendant KERRI BIZZELL's control of the small contracts program, PHA notified the successful bidder that it had been selected to do the contract work and invited the bidder to a pre-construction meeting. At the meeting, PHA was represented by the contract manager and by the on-site inspector who would review the progress of work and inspect the finished work. At the pre-construction meeting the exact scope and nature of the work was reviewed in detail and the bid price was confirmed.

14. Typically, at that meeting, PHA would issue a Notice to Proceed letter, with a date to begin the work and a date by which the contractor had to complete the work. Contractors

were not to begin work without a Notice to Proceed. At the same time, the small contracts manager would submit a requisition order to PHA's General Manager of Contracts for approval.

15. After PHA issued a requisition order on a small contract and after the company completed the work, it would notify an assigned work-site PHA inspector. If the PHA inspector approved the work, the inspector would notify the small contracts manager who would then initial the contractors' invoices and submit them for payment by PHA.

BIZZELL's Scheme To Extort Money and Kickbacks from Bidders

16. Shortly after being placed in control of the small business contracts program at PHA, defendant KERRI BIZZELL initiated and implemented changes to the small business contracting process. The changes that BIZZELL put in place had the effect of increasing her control over the award of contracts and making the process less subject to public and in-house PHA scrutiny.

17. In particular, defendant KERRI BIZZELL no longer posted requests for bids on PHA's internet website, or telephoned qualified bidders to give them notice of up-coming contract opportunities.

18. Defendant KERRI BIZZELL no longer sent letters to successful bidders notifying them of the award. Instead, defendant KERRI BIZZELL personally notified some small businesses of contract opportunities and only notified bidders that they had won an award with a telephone call.

19. Defendant KERRI BIZZELL no longer made public or told other bidders the amount of successful bids.

20. Defendant KERRI BIZZELL sometimes solicited bids for jobs that were not emergencies and were not put out for competitive bids.

21. Beginning no later than January 2008, defendant KERRI BIZZELL made secret demands of some of those who had submitted bids for work. BIZZELL told at least two contractors that even though it might be the low bidder, for BIZZELL to award the contract the contractor would have to pay her. At times BIZZELL demanded a percentage of any contract she proposed to award, at other times, she demanded a fixed, specific cash sum for the award of a contract.

22. To further facilitate the secret payments to and demands for secret payments by defendant KERRI BIZZELL, BIZZELL at times prior to the bid closing date gave a contractor a look at or notice of bids that competing companies had submitted or notice of what would constitute a winning bid and an opportunity to submit or resubmit its bid. Sometimes such submission permitted the contractor to become the low bidder; sometimes, it permitted the contractor to increase the amount of a bid so as to generate money that would be kicked back in cash payments to defendant BIZZELL.

23. To facilitate secret payments by contractors to her, defendant KERRI BIZZELL at times unilaterally modified bids to add to the contractor's bid the amount of her secret demand for cash for the award of the contract. If, for example, a contractor submitted a bid for \$15,000, and BIZZELL wanted \$4,000 from the contractor for the award of the bid, BIZZELL would change the contractor's bid documents to make it appear that the bid had been for \$19,000 and would then approve that amount as the contract price. BIZZELL did not always tell contractors in advance of the pre-construction meeting that she had increased or changed their bid prices. Thus, contractors could and did learn of the increase in their bid price at the pre-construction meeting in the presence of third parties who did not know of BIZZELL's kickback scheme.

24. Defendant KERRI BIZZELL's unlawful management of the small contracts

program deprived PHA of the economic savings of the competitive bidding process. On the work discussed below, PHA estimated that its total costs would be approximately \$199,989. In fact, for this work, PHA paid approximately \$283,756.00, including the approximately \$25,000 that BIZZELL extorted from H.Y. and T.B.

H.Y., an Independent Contractor

25. H.Y. was an experienced, independent contractor who owned his own business and who had for several years bid on, won and completed small contracts for PHA.

26. In approximately December 2007, defendant KERRI BIZZELL told H.Y. that from that time forward, to be the selected contractor on a PHA small contract, H.Y. would have to pay BIZZELL 10 percent of each contract BIZZELL awarded to H.Y.

27. Between December 2007 through March 2008, H.Y. consented to pay defendant KERRI BIZZELL approximately 5 percent of any PHA small contract defendant BIZZELL awarded to him to secure a series of small contracts with PHA.

28. From in or about December 2007 through in or about March 2008, in the Eastern District of Pennsylvania, defendant

KERRI BIZZELL

obstructed, delayed and affected commerce, and the movement of articles and commodities in commerce, and attempted to do so, by extortion, in that defendant BIZZELL obtained and attempted to obtain property, that is, a series of cash payments in the approximate amounts set forth below, which was not due defendant BIZZELL and her office, from H.Y., an independent contractor, with the consent of H.Y., under color of official right:

Count	Date	Work Location	Con- tractor	Bid History	Approx. Payment to Bizzell
1	12.28.07	3847 Folsom St.	H.Y.	PHA estimate: \$2,450 Initial Bid: \$2,990 Awarded at: \$3,190	\$149.50
2	12.28.07	1517 N. 7 th St.	H.Y.	PHA estimate: \$6,566 Initial Bid: \$10,770 Awarded at: \$11,170	\$500
3	12.28.07	1311 N. 7th St.	H.Y.	PHA estimate: \$4,297 Initial Bid: \$7,466 Awarded at: \$7,666	\$378
4	01.25.08	326 Robinson St.	H.Y.	PHA estimate: \$9,832 Initial Bid: No Bid Awarded at: \$13,505	\$637
5	01.25.08	1928 Susquehanna St.	H.Y.	PHA estimate: \$1,073 Initial Bid: \$4,300 Awarded at: \$4,588	\$215
6	01.25.08	1322 N. 6th St. 2140 N. Carlisle St.	H.Y.	PHA estimate: \$12,670 Initial Bid: \$24,450 Awarded at: \$25,919 PHA estimate: \$5,477 Initial Bid: \$8,453 Awarded at: \$9,372	 \$1,223
7	01.25.08	1713 W. Master St.	H.Y.	PHA estimate: \$13,973 Initial Bid: \$18,298 Awarded at: \$19,396	\$915
8	01.25.08	2550 N. Colorado St	H.Y.	PHA estimate: \$10,634 Initial Bid: \$13,018 Awarded at: \$13,799	\$651
9	01.25.08	1831 N. 22nd St.	H.Y.	PHA estimate: \$583 Initial Bid: \$1,300 Awarded at: \$1,378	\$65
10	01.25.08	3211 Dauphine St.	H.Y.	PHA Estimate: \$1,243 Initial Bid: \$3,359 Awarded at: \$3,563	\$168

Count	Date	Work Location	Con- tractor	Bid History	Approx. Payment to Bizzell
11	01.25.08	1844 N. 22nd St.	H.Y.	PHA estimate: None in file Initial Bid: \$3,640 Awarded at: \$3,859	\$182
12	03.07.08	2438 N. 30th St.	H.Y.	PHA estimate: \$9,790 Initial Bid: \$10,810 Awarded at: \$14,810	\$4,000

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

COUNTS THIRTEEN THROUGH TWENTY-ONE

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 23 of Count One are incorporated here.

T.B., an Independent Contractor

2. T.B. was a former PHA employee, a resident of PHA housing and the owner of a small contracting company. T.B.'s company had begun to bid on PHA small contracts several months prior to defendant KERRI BIZZELL's management of the program.

3. In approximately March 2008, defendant KERRI BIZZELL told T.B. that from that time forward, for T.B.'s company to be the selected contractor on a PHA small contract, T.B. would have to pay BIZZELL \$1,000 to \$2,000 each contract BIZZELL awarded to T.B.'s company.

4. Between December 2007 through May 2008, T.B. consented to pay defendant KERRI BIZZELL approximately \$16,000 in order to secure a series of small contracts with PHA.

5. From in or about December 2007 through in or about May 2008, in the Eastern District of Pennsylvania, defendant

KERRI BIZZELL

obstructed, delayed and affected commerce, and the movement of articles and commodities in commerce, and attempted to do so, by extortion, in that defendant BIZZELL obtained and attempted to obtain property, that is, a series of cash payments in the approximate amounts set forth below, which was not due defendant BIZZELL and her office, from T.B., owner of an independent contracting company, with the consent of T.B., under color of official right:

Count	Date	Work Location	Con- tractor	Bid History	Approx. Payment to Bizzell
13	01.09.08	408 East Haines St.	T.B.	PHA estimate: \$17,250 Initial Bid: No Bid Awarded at: \$16,700	\$2,000
14	01.09.08	225 East Haines St.	T.B.	PHA estimate: \$19,200 Initial Bid: No Bid Awarded at: \$18,700	\$2,000
15	01.09.08	5855 Morton St.	T.B.	PHA estimate: \$20,100 Initial Bid: No Bid Awarded at: \$19,900	\$2,000
16	03.07.08	1243 N. 10th St.	T.B.	PHA estimate: \$15,000 Initial Bid: \$19,000 Awarded at: \$24,900	\$2,000
17	03.07.08	1349 N. 10th St.	T.B.	PHA estimate: \$15,000 Initial Bid: \$19,000 Awarded at: \$14,900	\$2,000
18	03.07.08	1039 West Thompson St	T.B.	PHA estimate: \$15,000 Initial Bid: No Bid Awarded at: \$24,900	\$2,000
19	03.07.08	1249 N. 10th St.	T.B.	PHA estimate: \$15,000 Initial Bid: No Bid Awarded at: \$24,900	\$2,000
20	05.14.08	735 Montgomery St.	T.B.	PHA estimate: \$4,851 Initial Bid: Unknown Awarded at: \$10,500	
21	08.07.08	For future project	T.B.		\$2,000

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

COUNT TWENTY-TWO

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-23 of Count One are incorporated here.
2. On or about February 26, 2009, a PHA contractor, H.Y., notified defendant KERRI BIZZELL that he, the contractor, had been subpoenaed to testify before the grand jury.
3. In response, defendant BIZZELL told the contractor that no one at PHA had asked her whether the contractor had paid her money, reminded him of some wood that she had given him and directed him that he did not need to mention the “sandwiches” that he had given to her from time to time.
4. On or about February 26, 2009, in the Eastern District of Pennsylvania, defendant

KERRI BIZZELL

with the intent to impede, obstruct and influence the testimony of a person in an official proceeding, corruptly attempted to persuade another person to lie to the grand jury by omission, that is, attempted to persuade a contractor who had been called to testify in the grand jury, not to testify about cash payments that she had extorted and received from the contractor for the award to him of certain PHA contracts.

In violation of Title 18, United States Code, Section 1512(b).

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

As a result of the violation of Title 18, United States Code, Section 1951 set forth in Counts 1-21 of this Indictment, defendant

KERRI BIZZELL

shall forfeit to the United States of America any and all property, real and personal, traceable to such property, including, but not limited to, the sum of approximately \$25,000, including all proceeds and profit traceable to funds fraudulently paid to the defendant.

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

- 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 18, United States Code, Section 981(a)(C) and Title 28 United States Code, Section 2461, incorporating 21 U.S.C. § 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

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

GRAND JURY FOREPERSON

**ZANE DAVID MEMEGER
UNITED STATES ATTORNEY**