

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

UNITED STATES OF AMERICA : **CRIMINAL NO.** _____
v. : **DATE FILED:** _____
ERON LLOYD : **VIOLATION:**
: **18 U.S.C. §371 (conspiracy to commit**
: **bribery offenses - 1 count)**

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

At all times material to this information:

1. The City of Reading, Pennsylvania constituted an "organization" which received annual benefits in excess of \$10,000 in each of the calendar years 2014 and 2015 under federal programs involving grants, contracts, subsidies, loans, guarantees, and other forms of federal assistance.
2. The City Council of Reading ("City Council") was the unicameral legislative body for the City of Reading, comprising seven members, each of whom was elected to a four-year term. Reading's Home Rule Charter allowed City Council to legislate by passing ordinances to be approved by Reading's Mayor, including new ordinances which would amend or repeal prior ordinances. Except for emergency legislation, the Reading Home Rule Charter required a waiting period of at least 14 days between the introduction and passage of any ordinance by City Council and a waiting period of at least 10 days between the Mayor's approving a passed ordinance and the law going into effect.

3. Public Official #1, known to the United States Attorney, was a public official who had the power to sign into law ordinances that had been passed by City Council. Public Official #1 also was a candidate in the Democratic Party's primary election, scheduled for May 19, 2015.

4. Defendant ERON LLOYD was a public official who reported to Public Official #1. Defendant LLOYD was also a member of Public Official #1's campaign staff during the 2015 election cycle.

5. Francisco Acosta, charged elsewhere, was a member of City Council since 2010, and President of City Council since 2012. As City Council President, Acosta had the effective power to schedule agenda items for City Council, including votes on proposed ordinances, by notifying the City Clerk in advance of City Council meetings.

6. Public Official #2, known to the United States Attorney, was a public official and a candidate in the Democratic Party's primary election, scheduled for May 19, 2015.

7. As public officials in Reading, Public Official #1, defendant ERON LLOYD, Francisco Acosta, and Public Official #2 each had fiduciary duties which prohibited them from engaging in the use of bribery or kickbacks.

The Reading Code of Ethics

8. To limit the influence of money on candidates seeking public office in Reading, Section 1012 of Reading's Code of Ethics ("the Code of Ethics") established certain limits on campaign contributions and certain reporting requirements for candidates. Section 1012 established, *inter alia*, the following annual limits on campaign contributions to any particular political candidate:

- a) a \$2,600 limit on contributions from an individual;
- b) a \$10,000 limit on contributions from an organization; and
- c) an aggregate limit on contributions of \$250,000 for any candidate for Mayor.

9. To limit the influence of money on public officials in Reading, Section 1006(H) of the Code of Ethics prohibited, *inter alia*, the City's awarding of a "no-bid contract" – that is, one which was "not awarded or entered into pursuant to an open and public process" – to any recipient who had made a recent campaign contribution to a Reading public official in excess of the contribution limitations set forth in Section 1012.

Campaign Contributions to Public Official #1

10. Between at least on or about April 15, 2014 and at least on or about July 10, 2015, Public Official #1 solicited, demanded, and received campaign contributions from parties who sought to receive or had previously received, favorable official action, including the awarding of contracts, from the City of Reading ("the vendors").

11. Prior to the election on May 19, 2015, Public Official #1 believed that some of these contributions were prohibited by the Code of Ethics, but that his best chance of winning re-election would require keeping these contributions and raising additional funds which would also be prohibited by the Code of Ethics. After the election (in which Public Official #1 was defeated), Public Official #1 believed that his best chance of retiring his campaign debt was to obtain additional campaign contributions from parties who sought favorable official action, including the awarding of contracts, from the City of Reading before the expiration of Public Official #1's term in office.

The Scheme to Defraud

12. From at least on or about April 15, 2014, until at least on or about July 10, 2015, Public Official #1 and others, known to the United States Attorney, knowingly devised and intended to devise a scheme and artifice to defraud and deprive the City of Reading and its citizens of the honest services of Public Official #1 and others through bribery and kickbacks, wherein Public Official #1 and others treated campaign contributions as incentives and rewards for past, continued, and future official actions that Public Official #1 and others took, attempted to take, and caused and attempted to cause the City of Reading to take.

The Defendant's Participation in the Conspiracy

13. From at least on or about June 30, 2014 until at least on or about July 10, 2015, in Reading, in the Eastern District of Pennsylvania, defendant

ERON LLOYD,

together with Public Official #1, Francisco Acosta, and others, known to the United States Attorney, conspired and agreed to commit bribery offenses in violation of federal criminal law, that is:

- a) for Public Official #1 to corruptly solicit, demand, accept and agree to accept anything of value from any person, intending to be influenced and rewarded as an agent of an organization, government, or agency in connection with any business, transaction, and series of transactions involving anything of value of \$5,000 or more of the City of Reading, an organization that received more than \$10,000 under a federal program during a one year period, in violation of Title 18, United States Code, Section 666(a)(1)(B);

- b) to knowingly devise a scheme and artifice to defraud and deprive the City of Reading and its citizens of their right to the honest services of Public Official #1, Francisco Acosta, and defendant LLOYD through bribery and involving material misrepresentation, false statement, false pretense, and concealment of fact, and to use interstate wire communications to further the scheme to defraud, in violation of Title 18, United States Code, Sections 1343 and 1346; and
- c) to travel in interstate commerce and to use facilities in interstate and foreign commerce, that is telephones and the Internet, 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 to thereafter perform and attempt to perform acts to promote, manage, establish, and carry on, and to facilitate the promotion, management, establishment, and carrying on of the unlawful activity, in violation of Title 18, United States Code, Section 1952(a)(3).

MANNER AND MEANS

14. Public Official #1, directly and through campaign staff, communicated to certain vendors that they were expected to provide him with items of value, including campaign contributions, in return for past or prospective official action by the City of Reading.

15. Public Official #1 caused and attempted to cause certain municipal staff, including defendant ERON LLOYD, to take official action favorable to certain vendors who had provided, or were expected to provide, campaign contributions benefiting Public Official #1.

16 Public Official #1, Francisco Acosta, and defendant ERON LLOYD agreed that, in exchange for campaign funding for Public Official #2, Acosta would use his official position as City Council President to introduce and obtain passage of legislation, to be approved by Public Official #1, repealing portions of the Code of Ethics in accord with Public Official #1's preferences ("the repeal bill"), all prior to the Democratic Party's primary election on May 19, 2015.

- a) Public Official #1, Francisco Acosta, and others, known to the United States Attorney, agreed that the repeal bill would repeal Section 1012 in its entirety, thereby eliminating all of the Ethics Code's reporting requirements and restrictions on campaign contributions and nullifying Section 1006(H)'s prohibition on awarding "no-bid contracts" to certain donors.
- b) Public Official #1 and defendant ERON LLOYD agreed that Public Official #1 would offer Francisco Acosta a "loan" of \$1,800 to the campaign committee of Public Official #2 which would be "forgiven" upon Acosta successfully orchestrating the passage of the repeal bill.
- c) Public Official #1 and defendant ERON LLOYD agreed that Public Official #1 would offer Francisco Acosta additional funding for the campaign committee of Public Official #2 as a reward for Acosta successfully orchestrating the passage of the repeal bill.

17. To conceal the quid pro quo nature of his transactions, Public Official #1 used and sought to use third parties and political action committees to disguise the true source of certain contributions, including the "loan" to the campaign committee of Public Official #2.

18. Public Official #1, Francisco Acosta, defendant ERON LLOYD, and

others, known to the United States Attorney, used facilities of interstate of commerce, that is, telephones and the Internet, in order to discuss, promote, manage, establish, carry on, and otherwise facilitate the conspiracy.

OVERT ACTS

In furtherance of this conspiracy, defendant ERON LLOYD, Public Official #1 and Francisco Acosta committed the following overt acts:

1. On or about April 10, 2015, Public Official #1 and defendant ERON LLOYD caused a check for \$1,800, payable to the campaign of Public Official #2 (“the bribe check”) to be delivered to Francisco Acosta by a member of Public Official #1’s campaign staff, known to the United States Attorney. Acosta then took possession of the bribe check and agreed that, in order to avoid scrutiny of his agreement with Public Official #1, neither Acosta nor Public Official #2 would deposit the bribe check until a later date.

2. On or about April 10, 2015, Francisco Acosta used an Internet e-mail account, serviced by Yahoo!, to cause to be sent to defendant ERON LLOYD and a member of Public Official #1’s campaign staff, known to the United States Attorney, a draft of the repeal bill that Acosta intended to introduce in his official capacity as City Council President.

3. On or about April 13, 2015, Francisco Acosta, acting in his capacity as City Council President, introduced the repeal bill, a proposed ordinance which would immediately repeal “Chapter 5 Administrative Code, Part 10, Code of Ethics, Section 1012, Campaign Contributions and Reporting Requirements. . . [and] [a]ll ordinances or parts of ordinances which are inconsistent herewith.” Acosta then attempted to persuade other members of City Council to pass the repeal bill before the Democratic primary election by asserting that he was motivated solely by the best financial interests of Reading and by concealing that he had

received the bribe check when, in fact, as Acosta well knew, he was fulfilling his end of a corrupt bargain with Public Official #1.

4. On or about April 21, 2015, in order to conceal and continue the conspiracy, Francisco Acosta made materially false statements to agents of the Federal Bureau of Investigation who were investigating the conspiracy. Acosta falsely denied that he had accepted a bribery offer from Public Official #1 or his surrogates and falsely denied that he had ever possessed or received the bribe check when in fact, as Acosta well knew, he had previously agreed to Public Official #1's bribery offer and still had possession of the bribe check at the time of his false statements to the agents.

5. On or about June 4, 2015, at the direction of Public Official #1, defendant ERON LLOYD met with a vendor and others, all known to the United States Attorney, for the purpose of helping the vendor's company receive a contract in exchange for the vendor making, and causing others to make, campaign contributions to Public Official #1.

6. On or about June 11, 2015, defendant ERON LLOYD met with Public Official #1 and others, known to the United States Attorney, for the purpose of implementing a plan to retire Public Official #1's campaign debt by causing city contracts, collectively worth millions of dollars, to be awarded to vendors who would be willing to provide Public Official #1 with sufficiently large campaign contributions.

7. On or about July 8, 2015, in order to conceal and continue the conspiracy, Public Official #1 made materially false statements to agents of the Federal Bureau of Investigation who were investigating the conspiracy. For example, Public Official #1 falsely claimed that he was unaware of Francisco Acosta being provided with anything of value in connection with the repeal bill when in fact, as he well knew, Public Official #1 had caused

Acosta to be provided the bribe check as an incentive for passing the repeal bill.

8. On or about July 10, 2015, in order to conceal and continue the conspiracy, defendant ERON LLOYD made materially false statements to agents of the Federal Bureau of Investigation who were investigating the conspiracy. For example, defendant LLOYD falsely claimed that he was not aware of Public Official #1 being involved in exchanging campaign donations for city contracts or taking official actions to benefit certain vendors, including certain engineering firms, when in fact, as LLOYD well knew, Public Official #1 was directly involved in exchanging campaign donations for city contracts and took official actions to benefit certain vendors, including certain engineering firms. LLOYD also falsely claimed that he was not aware of any effort by anyone to provide Francisco Acosta with any campaign contributions in exchange for Acosta's help in passing the repeal bill, when in fact, as LLOYD well knew, he and Public Official #1 had conspired together to provide Acosta with the bribe check in exchange for Acosta's help in passing the repeal bill.

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


ZANE DAVID MEMEGER
United States Attorney