UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Criminal No. 15-
	:	
v.	:	18 U.S.C. § 371
	:	18 U.S.C. § 666(a)(1)(A)
WASHINGTON BORGONO	:	18 U.S.C. § 2
	:	

I N D I C T M E N T

The Grand Jury in and for the District of New Jersey, sitting in Newark, charges:

COUNT 1
(Conspiracy)

1. At all times relevant to Count 1 of this Indictment:

a. Defendant WASHINGTON BORGONO ("defendant BORGONO") was a Compliance Officer at the Union City, New Jersey Community Development Agency ("UCCDA"). In this capacity, defendant BORGONO was an agent of a local government agency pursuant to 18 U.S.C. 666(d)(1).

b. The UCCDA was a local government agency that received funds from the United States Department of Housing and Urban Development ("HUD") to operate HUD programs aimed at the development of viable urban communities. From the year 2007 through 2013, the UCCDA received HUD grant funds well in excess of $10,000 per calendar year. Among the programs that the UCCDA operated through this funding was the residential rehabilitation program, which sought to assist individuals with low to moderate income in Union City with housing rehabilitation. The UCCDA also operated a sidewalk replacement program to replace damaged sidewalks in low to moderate income areas of Union City through this HUD funding.

c. Johnny Garces ("Garces") was an Inspector at the UCCDA. In this capacity, Garces was an agent of a local government agency pursuant to 18 U.S.C.

666(d)(1).

d. Joseph Lado ("Lado") owned a construction company, Lado Construction Inc. ("Lado Construction"), located in Union City.

e. Stanley Parzych ("Parzych") owned a paving contracting company, American Construction Co. ("American Construction"), located in Jersey City, New Jersey.

f. Leovaldo Fundora ("Fundora") owned a general contracting company, Falcon Remodeling ("Falcon"), located in Guttenberg, New Jersey.

g. There was an individual who owned a paving contracting company located in Weehawken, New Jersey ("Bidder 1").

h. There was an individual who owned a construction company located in Jersey City ("Bidder 2").

i. There was an individual who owned a construction company located in Ridgefield, New Jersey ("Bidder 3").

j. There was an individual who worked as an office manager ("Bidder 4") at a contracting company located in North Bergen, New Jersey ("Company 1"), as well as a secretary for a construction company located in West New York, New Jersey ("Company 2").

k. There was an individual who owned a construction company located in Ridgefield ("Bidder 5").

l. There was an individual who owned a home improvement company located in North Bergen ("Bidder 6").

m. There was an individual who owned an engineering and environmental services company located in North Bergen ("Bidder 7").

n. There was an individual ("Bidder 8") who owned a renovation company located in North Bergen ("Company 3").

2. Between in or about April 2007 and in or about February 2013 (the "Relevant Time Period"), in Hudson County, in the District of New Jersey and elsewhere, defendant

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did knowingly and intentionally conspire and agree with others, including Garces, Lado, Fundora and Bidder 8, to obtain by fraud, otherwise without authority knowingly convert to the use of others, and intentionally misapply, funds owned by and under the care, custody and control of the UCCDA, with a value of $5,000 and more, contrary to Title 18, United States Code, Section 666(a)(1)(A).

3. It was the object of the conspiracy that defendant BORGONO and others, including Garces, Lado, Fundora and Bidder 8, would obtain by fraud, otherwise without authority knowingly convert to the use of others, and intentionally misapply approximately $250,000 to $550,000 in HUD grant funds, owned by and under the care, custody and control of the UCCDA, by: (1) submitting false and materially misleading bids and invoices to the UCCDA; and (2) colluding to rig the process for the UCCDA to select contractors to obtain residential rehabilitation projects and sidewalk repair projects in order to favor certain contractors at certain times, including, on many occasions, the respective companies of Lado, Fundora and Bidder 8.

Acts Involving Leovaldo Fundora and Falcon Remodeling

4. It was part of the conspiracy that during the Relevant Time Period:

A. Defendant BORGONO and Garces separately instructed and caused Fundora to request from Bidder 1 and Bidder 2 numerous bids from Bidder 1's and Bidder 2's companies that were higher than Falcon's bids for residential rehabilitation projects and sidewalk replacement projects. Both defendant BORGONO and Garces would inform Fundora, in advance of Fundora's bid submissions, which projects defendant BORGONO or Garces intended to award to Fundora. Fundora then submitted Bidder 1's company's bids, Bidder 2's company's bids, and Falcon bids to the UCCDA, at times directly to defendant BORGONO or to Garces, in order to improperly obtain residential rehabilitation projects and sidewalk replacement projects, and ultimately, HUD grant funds, from the UCCDA for Falcon for the completion of those projects. In addition, on at least one occasion, defendant BORGONO and Garces together discussed the methods that Fundora was to employ to ensure that Falcon would win bids for UCCDA projects.

B. Defendant BORGONO and Garces showed Fundora bids submitted by Fundora's competitors for certain residential rehabilitation and sidewalk replacement UCCDA projects, and then requested that Fundora submit higher bids for the same UCCDA projects because defendant BORGONO and Garces had predetermined that Falcon would not secure

these projects and that other contractors would secure these projects.

Acts Involving Bidder 8 and Company 3

C. Defendant BORGONO instructed and caused Bidder 8 to request bids from other contractors that were higher than Bidder 8's bids, in order to secure HUD-funded UCCDA residential rehabilitation and sidewalk replacement projects for Bidder 8 and Company 3. At the request of Bidder 8, Bidder 4 provided Bidder 8 with bids from Company 1 and Company 2 that Bidder 4 understood would be losing bids for HUD-funded UCCDA residential rehabilitation and sidewalk replacement projects.

D. Garces caused Bidder 8 to provide him with a blank bid form from Company 3 that, on numerous occasions, Garces completed on his own, listing bid amounts that were higher than those of Company 3's competitors in order to secure from the UCCDA HUD-funded residential rehabilitation and sidewalk replacement projects for certain contractors.

Acts Involving Joseph Lado and Lado Construction

E. Defendant BORGONO requested that Lado provide defendant BORGONO with bids for amounts higher than Lado's competitors for residential rehabilitation and sidewalk replacement projects that defendant BORGONO had predetermined that Lado Construction would not win, in order to ensure that other contractors secured certain of these HUD-funded projects.

F. On at least one occasion, defendant BORGONO requested that Lado submit a bid for a sidewalk replacement project that defendant BORGONO had predetermined that Lado would win.

G. At the request of Garces, Lado provided Garces with bids for amounts higher than Lado's competitors for residential rehabilitation and sidewalk replacement projects that Garces had predetermined that Lado Construction would not win in order to ensure that other contractors secured these HUD-funded projects.

H. Garces instructed and caused Lado to (i) complete work beyond the scope of work (a) described in Lado's winning bids and (b) approved by the UCCDA, for certain residential rehabilitation projects and sidewalk replacement projects; and then (ii) increase the prices listed in Lado's invoices to the UCCDA as needed, but to falsely describe the work completed in the invoices as only the work listed in Lado's bids.

I. Garces instructed and caused Lado (i) on many occasions to obtain from Parzych bids from American Construction that were higher than Lado's own bids; and (ii) on some occasions, to obtain from Parzych blank American Construction bid forms that Lado later completed, listing bid amounts that were higher than Lado's bids for the same work. Under both of these scenarios, Lado would submit American Construction's phony bids and Lado's own bids to the UCCDA, at times directly to defendant BORGONO or to Garces to obtain HUD-funded residential rehabilitation and sidewalk replacement

projects. In addition, on at least one occasion, defendant BORGONO was present when Garces and Lado discussed the methods that Garces and Lado were employing to ensure Lado would secure such UCCDA projects.

J. Garces caused Lado to obtain from Parzych blank American Construction bid forms that Lado provided to Garces. Garces later completed these bids, listing bid amounts that were higher than Parzych's competitors to ensure that Parzych's competitors would win certain bids from the UCCDA for HUD-funded residential rehabilitation and sidewalk replacement projects.

Acts Involving Bidder 3

K. On or about August 20, 2007, defendant BORGONO utilized one of the fake American Construction bids created by Garces to ensure that Bidder 3 secured a HUD-funded sidewalk replacement project from the UCCDA at a location on 26th Street in Union City ("Property 1"). In addition, after Bidder 3 began the work at Property 1, defendant BORGONO requested that Bidder 3 also replace the sidewalk for the property located next to Property 1 ("Property 2"). Subsequently, defendant BORGONO instructed Bidder 3 to submit only one invoice for the work that Bidder 3 performed at both Property 1 and Property 2, and to prepare an invoice that would: (i) falsely describe the work completed as only work performed at Property 1, and (ii) have a price that reflected the work completed at both Property 1 and Property 2.

Acts Involving Bidder 3, Bidder 5, Bidder 6 and Bidder 7

L. Defendant BORGONO was the UCCDA inspector responsible for 28 sidewalk improvement projects that were bid in or about June 2010. These 28 sidewalk improvement projects were typed on a list titled "Washington Borgono Sidewalk List."

M. Defendant BORGONO requested and caused Bidder 3, Bidder 5, Bidder 6 and Bidder 7 to submit bids for some or all of the projects listed on the Washington Borgono Sidewalk List. Defendant BORGONO awarded seven sidewalks to each bidder, in most instances disregarding the lowest bidder, in order to ensure that each of the four bidders secured seven UCCDA sidewalk replacement projects and were paid by the UCCDA through HUD funding for those projects.

Overt Acts

5. In furtherance of the conspiracy and to effectuate the objects thereof, defendant BORGONO and his coconspirators committed the following overt acts in the District of New Jersey and elsewhere:

a. In or about June 2010, in Hudson County, defendant BORGONO requested and caused Bidder 3, Bidder 5, Bidder 6 and Bidder 7 to submit bids for some or all of the projects listed on the Washington Borgono Sidewalk List, but disregarded the lowest competing bid, as follows:

	Location of Project	Date of Winning Bid (on or about)	Winning Bidder	Winning Bid Amount	Lowest Bidder	Lowest Bid Amount	Date of Payment to Winning Bidder (on or in or about)
1	28th Street	6/22/2010	Bidder 3	$2,400	Bidder 5	$2,016	10/27/2010

2	20th Street	6/21/2010	Bidder 6	$3,400	Bidder 5	$2,860	9/21/2010
3	Brown Street	6/21/2010	Bidder 6	$5,400	Bidder 5	$5,000	10/5/2010
4	Kerrigan Ave.	6/21/2010	Bidder 6	$3,900	Bidder 5	$3,300	10/5/2010
5	New York Ave.	6/21/2010	Bidder 6	$4,500	Bidder 5	$4,400	10/28/2010
6	49th Street	6/28/2010	Bidder 7	$3,398.50	Bidder 5	$2,904	2/2013
7	28th Street	6/28/2010	Bidder 7	$2,595	Bidder 5	$2,200	2/2013
8	26th Street	6/28/2010	Bidder 7	$3,398.75	Bidder 5	$3,025	2/2013
9	22nd Street	6/28/2010	Bidder 7	$3,495.50	Bidder 5	$3,465	2/2013
10	21st Street	6/22/2010	Bidder 3	$4,100	Bidder 5	$2,192	2/3/2011
11	18th Street	6/28/2010	Bidder 7	$2,898.50	Bidder 5	$2,431	2/2013
12	18th Street	6/21/2010	Bidder 6	$3,200	Bidder 5	$2,827	11/3/2010
13	17th Street	6/22/2010	Bidder 3	$2,390	Bidder 5	$2,200	9/6/2011
14	17th Street	6/28/2010	Bidder 7	$2,392.50	Bidder 5	$2,200	2/2013
15	13th Street	6/22/2010	Bidder 3	$2,890	Bidder 5	$2,750	10/27/2010
16	28th Street	6/21/2010	Bidder 6	$2,000	Bidder 5	$1,920	9/21/2010
17	36th Street	6/21/2010	Bidder 5	$7,480	Bidder 6	$6,900	9/6/2011
18	Palisades Ave.	6/22/2010	Bidder 5	$10,692	Bidder 3	$9,699	3/29/2011

b. On or about June 15, 2010, in Hudson County, Garces completed a fraudulent bid in the amount of $11,300, purporting to be from Bidder 8's company, for a sidewalk replacement project located on 18th Street in Union City.

c. On or about June 21, 2010, in Hudson County, Fundora caused Bidder 1 to create a fraudulent bid in the amount of $4,200 for a sidewalk replacement project located on 13th Street, which project Garces awarded to Fundora.

d. On or about June 24, 2010, in Hudson County, at the request of Bidder 8, Bidder 4 created (1) a bid from Company 1 in the amount of $7,080 and (2) a bid from Company 2 in the amount of $6,880 for a sidewalk replacement project located on 18th Street.

e. On or about July 14, 2010, in Hudson County, Parzych, at the request of Lado, completed a fraudulent bid in the amount of $5,900 for a sidewalk replacement project located on 22nd Street in Union City.

f. On or about September 7, 2010, in Hudson County, defendant BORGONO instructed Lado to bid on a sidewalk replacement project on 13th Street that defendant BORGONO had predetermined that Lado

Construction would win, informing Lado to bid under a certain specified amount.

g. On or about November 15, 2010, in Hudson County, Garces completed a fraudulent bid in the amount of $8,100 from American Construction for a home improvement project located on 26th Street in Union City.

h. On or about November 18, 2010, in Hudson County, defendant BORGONO caused the UCCDA to pay approximately $3,290 to Lado Construction for work that Lado performed on a sidewalk replacement project on 13th Street in Union City, which defendant BORGONO had directed Lado to bid on, informing Lado to bid under a certain specified amount so that Lado would win the project, as set forth in paragraph 5.f above.

In violation of Title 18, United States Code, Section 371.

COUNT 2

(Obtaining by Fraud, Knowingly Converting, and Intentionally Misapplying Government Funds)

1. Paragraphs 1, 3, 4.F, 4.L, 4.M, 5.a (1-5, 10, 12, 15-16 and 18) and 5.f and 5.h of Count 1 of this Indictment are hereby incorporated and realleged as if fully set forth herein.

2. Between in or about June 2010 and May 2011, the UCCDA received HUD funds well in excess of $10,000.

3. Between in or about June 2010 and in or about May 2011, in Hudson County, in the District of New Jersey and elsewhere, defendant

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and others did knowingly obtain by fraud, otherwise without authority knowingly convert to the use of others, and intentionally misapply, funds owned by and under the care, custody and control of the UCCDA, with a value of $5,000 and more, as set forth in paragraphs 4.F, 4.L, 4.M, 5.a (1-5, 10, 12, 15-16 and 18), 5.f and 5.h above

In violation of Title 18, United States Code, Section 666(a)(1)(A) and Section 2.

A TRUE BILL

FOREPERSON

Paul J. Fishman/rah

PAUL J. FISHMAN
UNITED STATES ATTORNEY

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INDICTMENT FOR

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18 U.S.C. § 666(a)(1)(A)
18 U.S.C. § 2

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