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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA

v.

JULIO I. RIVERA

: Hon. *William H. Walls*
:
: Criminal No. 18- *518* (~~0000~~)
:
: 18 U.S.C. §§ 666(a)(1)(B), 981(a)(1)(C),
: 1951(a), and § 2
: 26 U.S.C. § 7206(2)
: 28 U.S.C. § 2461(c)

INDICTMENT

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

COUNTS 1 to 3
(Extortion Under Color of Official Right)

1. At all times relevant to Counts 1 to 3 of this Indictment, defendant JULIO I. RIVERA (“defendant RIVERA”), who resided in Old Bridge, New Jersey, was employed by the City of Newark, New Jersey Police Department (“NPD”) as a police officer. Defendant RIVERA received an annual salary from the City of Newark ranging from approximately \$100,109 to approximately \$123,490.

2. Individual 1, a resident of Newark, owned and operated brothels at locations in Newark (collectively, the “Individual 1 Brothels”). The Individual 1 Brothels included a brothel located at Van Buren Street and Lafayette Street (the “Van Buren Brothel”) from in or about 2011 to in or about 2012 and a brothel located on Emmet Street (“Emmet Brothel 1”) from in or about 2015 to in or about November 2016. The Individual 1 Brothels employed prostitutes who resided outside of New Jersey, including in New York and Colombia, and traveled to Newark to work at the brothels.

3. Individual 2, a resident of the Bronx, New York, was employed at, then owned and operated, another brothel located on Emmet Street in Newark (“Emmet Brothel 2”) from in or about 2014 to in or about December 2016. Emmet Brothel 2 employed prostitutes who resided outside of New Jersey, including in New York, and traveled to Newark to work at Emmet Brothel 2.

4. Individual 3, a resident of Newark, owned and operated a brothel located on Jackson Street in Newark (the “Jackson Brothel”) from in or about September 2012 to in or about March 2018. The Jackson Brothel employed prostitutes who resided outside of New Jersey, including in Colombia and New York, and traveled to Newark to work at the Jackson Brothel.

5. From in or about 2011 to in or about November 2016, defendant RIVERA solicited, accepted, and received well in excess of \$100,000 in cash payments from brothel owners in Newark, including Individuals 1, 2, and 3. In exchange for these cash payments, defendant RIVERA agreed to engage in and forebear from official acts and to violate his official duties as an NPD officer.

Defendant RIVERA Obtains Payments from Individual 1

6. In or about 2011, defendant RIVERA, while in uniform, approached Individual 1 at the Van Buren Brothel. Instead of arresting Individual 1 for operating a brothel, defendant RIVERA solicited and began accepting weekly cash payments from Individual 1 in the approximate amount of \$200.

7. The amount of the weekly cash payments that defendant RIVERA

directly and indirectly accepted from Individual 1 increased over time from approximately \$200 per week in or about 2011 to as much as approximately \$800 per week when Individual 1 owned Emmet Brothel 1. The weekly cash payments that defendant RIVERA obtained varied by about \$100 to \$200 depending on the season, with defendant RIVERA accepting lower cash payments during the winter, which was a slower season for the brothels. On a few occasions, Individual 1 left the cash payment with an employee to give to defendant RIVERA.

8. In or about 2015, defendant RIVERA instructed Individual 1 to provide defendant RIVERA's cash payments to defendant RIVERA's girlfriend. Thereafter, as instructed by defendant RIVERA, Individual 1 made the weekly cash payments to defendant RIVERA's girlfriend at a clothing store located in Newark, for defendant RIVERA's benefit. For example, on or about March 7, 2016, defendant RIVERA sent a text message via cell phone to defendant RIVERA's girlfriend, stating "Account is still minus \$200.00+." Defendant RIVERA's girlfriend responded "I was waiting on chiquito and the bank closed . [sic] But I gave to [sic] Money to the manager and she will do it at 9 am when she get [sic] there." "Chiquito" is a name that defendant RIVERA used to refer to Individual 1.

9. The cash that defendant RIVERA received from Individual 1 was generated by, and derived from, the Individual 1 Brothels.

10. Defendant RIVERA accepted these payments in exchange for his

official action and inaction and the violation of his official duties as an NPD officer, including: (1) declining to arrest individuals, including Individual 1, who were committing, facilitating, and promoting prostitution at the Individual 1 brothels; (2) agreeing to shield such individuals from arrest by other NPD officers; (3) agreeing to take adverse action against competitor brothels; and (4) agreeing to use law enforcement resources to look up the license plate of a car parked near one of the Individual 1 brothels to verify that the license plate did not belong to a law enforcement vehicle.

11. For example, on or about June 27, 2016, defendant RIVERA solicited a payment from Individual 1 via text message:

FROM	CONTENT (Translated from Spanish to English)
Defendant RIVERA	My brother. How is everything?
Individual 1	Yes
Defendant RIVERA	Do you think that you can go by today and bring the food?
Individual 1	Ok

Defendant RIVERA's reference to "food" was a code word for cash. On June 27, 2016, after defendant RIVERA solicited this payment from Individual 1, defendant RIVERA agreed, in the following exchange of text messages, to assist Individual 1's business by targeting a competing brothel:

FROM	CONTENT (Translated from Spanish to English)
Individual 1	My clients tell me
Individual 1	That on Jackson
Individual 1	There's good food.
Individual 1	Many who go. All of a sudden
Individual 1	Don't come up to my office.
Individual 1	And I have a worker handing out cards
Defendant RIVERA	I'm going to see
Individual 1	Help me with that for the weekend.
Defendant RIVERA	Ok
Defendant RIVERA	Did not open the door
Individual 1	Where?
Defendant RIVERA	Jackson

Individual 1's reference to "food" in the above exchange was a reference to women and, by these messages, Individual 1 was requesting that defendant RIVERA, an NPD officer, visit a competing brothel located on Jackson Street in Newark. In this exchange, Individual 1 explained that because of the competing brothel's "good food," meaning "good" women, clients were not coming to Individual 1's "office," a code for Individual 1's brothel. By his response, "I'm going to see" and "[d]id not open the door" at "Jackson," defendant RIVERA indicated to Individual 1 that defendant RIVERA had visited the competing brothel at Jackson as Individual 1 requested, but had not gained entry.

12. On or about July 15, 2016, defendant RIVERA and at least one other NPD officer responded to a call for police service to the area of Emmet Brothel 1 and Emmet Brothel 2. At least one other NPD officer responding to

the scene entered Emmet Brothel 1. During the incident, defendant RIVERA updated Individual 1 by telephone and warned Individual 1 about the police activity at Emmet Brothel 1.

Defendant RIVERA Obtains Payments from Individual 2

13. In or about February 2016, defendant RIVERA, while in uniform, approached Individual 2 at Emmet Brothel 2. Instead of arresting Individual 2 for operating a brothel, defendant RIVERA solicited and began accepting cash payments approximately every other week from Individual 2 in the approximate amount of \$200.

14. Between in or about February 2016 and in or about August 2016, defendant RIVERA solicited, accepted, and received (both directly and indirectly) numerous cash payments from Individual 2. Defendant RIVERA and Individual 2 coordinated defendant RIVERA's visits to Emmet Brothel 2 by telephone. When Individual 2 was not at Emmet Brothel 2 to present defendant RIVERA with a payment, Individual 2 arranged for other employees of Emmet Brothel 2 to give defendant RIVERA an envelope containing \$200 that Individual 2 prepared. Defendant RIVERA would then confirm by telephone with Individual 2 that defendant RIVERA had received the cash payment. The cash that defendant RIVERA received from Individual 2 was generated by and derived from the Emmet Brothel 2.

15. Defendant RIVERA accepted these payments in exchange for his official action and inaction and the violation of his official duties as an NPD

officer, including: (1) declining to arrest individuals, including Individual 2, who were committing, facilitating, and promoting prostitution at Emmet Brothel 2; (2) agreeing to shield such individuals from arrest by other NPD officers; and (3) agreeing to use law enforcement resources to check if Individual 2's family member had any warrants out for his arrest.

16. For example, on one occasion, defendant RIVERA told Individual 2 that defendant RIVERA had prevented NPD officers, who responded to a call in the area of Emmet Brothel 2, from entering Emmet Brothel 2.

17. Additionally, defendant RIVERA agreed to check if there were any warrants out for the arrest of Individual 2's family member, who lived outside of the United States at that time. During a visit to Emmet Brothel 2, Defendant RIVERA advised Individual 2 of the results of the warrant check, and picked up a cash payment.

Defendant RIVERA Obtains Payments from Individual 3

18. In or about November 2012, defendant RIVERA, while in uniform, approached Individual 3 at the Jackson Brothel. Instead of arresting Individual 3 for operating a brothel, defendant RIVERA solicited and began accepting, directly and indirectly, weekly cash payments from Individual 3 in the approximate amount of \$150. For approximately two months, in or about 2015, when defendant RIVERA was recovering from an operation, an individual who defendant RIVERA identified as his nephew collected Individual 3's cash payments on defendant RIVERA's behalf. Subsequently, defendant RIVERA

resumed collecting the payments himself.

19. Between in or about November 2012 and in or about November 2016, defendant RIVERA solicited, accepted, and received numerous cash payments from Individual 3. The cash that defendant RIVERA received from Individual 3 was generated, at first, by Individual 3's legitimate income, which Individual 3 used to pay the Jackson Brothel's expenses. Once the Jackson Brothel earned enough income to cover its expenses, including the weekly payments to defendant RIVERA, the cash that defendant RIVERA received from Individual 3 was generated by, and derived from, the Jackson Brothel.

20. Defendant RIVERA accepted these payments in exchange for his official action and inaction and the violation of his official duties as an NPD officer, including declining to arrest individuals, including Individual 3, who were committing, facilitating, and promoting prostitution at the Jackson Brothel.

21. Between in or about the dates set forth below, in Essex County, in the District of New Jersey and elsewhere, defendant

JULIO I. RIVERA

knowingly and willfully did obstruct, delay, and affect interstate commerce by extortion under color of official right—that is, by obtaining payments from brothel owners as set forth below, with their consent, in exchange for his official action and inaction and the violation of his official duties as an NPD police officer, as specific opportunities arose:

Count	Dates (in or about)	Brothel Owner
1	2011 to 2016	Individual 1
2	February 2016 to August 2016	Individual 2
3	November 2012 to November 2016	Individual 3

In violation of Title 18, United States Code, Section 1951(a) and Section

2.

COUNTS 4 to 9**(Accepting Corrupt Payments with the Intent to Be Influenced and Rewarded)**

1. Paragraphs 1 to 12 and 18 to 20 of Counts 1 and 3 of this Indictment are hereby incorporated and realleged as if fully set forth herein.

2. The City of Newark, defendant RIVERA's employer, received in excess of \$10,000 each year under federal programs involving grants, contracts, subsidies, loans, guarantees, insurance, and other forms of federal assistance, beginning January 1, 2013 through December 31, 2016. The NPD was a department within the City of Newark government.

3. Between in or about the dates set forth below, in Essex County, in the District of New Jersey and elsewhere, defendant

JULIO I. RIVERA

did knowingly and corruptly solicit, demand, accept and agree to accept cash payments in the aggregate amounts of at least \$5,000 and more per year, intending to be influenced and rewarded in connection with a business, transaction, and series of transactions of the City of Newark and the NPD involving \$5,000 and more:

Count	Dates (In or about)	Brothel Owner
4	September 1, 2013 to August 31, 2014	Individual 1
5	September 1, 2013 to August 31, 2014	Individual 3
6	September 1, 2014 to August 31, 2015	Individual 1
7	September 1, 2014 to August 31, 2015	Individual 3

Count	Dates (In or about)	Brothel Owner
8	September 1, 2015 to August 31, 2016	Individual 1
9	September 1, 2015 to August 31, 2016	Individual 3

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

COUNTS 10 to 14

(Aiding and Assisting in the Preparation of False Tax Returns)

1. Paragraphs 1 to 20 of Counts 1 to 3 of this Indictment are hereby incorporated and realleged as if fully set forth herein.
2. At all times relevant to Counts 10 to 14 of this Indictment:
 - A. The Internal Revenue Service ("IRS") was an agency of the United States Department of the Treasury responsible for administering the tax laws, including the ascertainment, computation, assessment and collection of taxes, including income taxes. The IRS relied upon various forms filed by taxpayers and others, including United States Individual Income Tax Returns ("Forms 1040").
 - B. Defendant RIVERA engaged Tax Preparer 1, who owned a tax preparation service company located in Union County, New Jersey, to prepare individual income tax returns, including Forms 1040, for defendant RIVERA.
3. For each tax year between in or about 2012 and in or about 2016, defendant RIVERA intentionally withheld from Tax Preparer 1 information regarding the cash payments that defendant RIVERA received from brothel owners, including Individuals 1, 2, and 3, thereby causing the Form 1040 tax returns that defendant RIVERA caused to be filed with the IRS to understate the total income that defendant RIVERA received in each of those years.
4. On or about the dates set forth below, in Union County, in the

District of New Jersey and elsewhere, defendant

JULIO I. RIVERA

did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the IRS of defendant RIVERA's federal individual income tax returns, Forms 1040, for the tax years identified below. The tax returns were false and fraudulent as to material matters as described in paragraph 3, in that they falsely and fraudulently failed to report certain income, specifically, cash payments that defendant RIVERA received from brothel owners, as follows:

Count	Tax Year	Form 1040 Filing Date	Approximate Amount of Unreported Cash Payments
10	2012	February 11, 2013	\$19,250
11	2013	January 31, 2014	\$30,700
12	2014	February 5, 2015	\$35,800
13	2015	February 11, 2016	\$44,550
14	2016	February 13, 2017	\$35,650

In violation of Title 26, United States Code, Section 7206(2).

FIRST FORFEITURE ALLEGATION

1. The allegations contained in Counts 1 to 3 of this Indictment are hereby realleged and incorporated by reference for the purpose of noticing forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. The United States hereby gives notice to defendant RIVERA, that upon conviction of the offenses charged in Counts 1 to 3 of this Indictment, the United States will seek forfeiture of proceeds in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which requires any person convicted of such offenses to forfeit any property, real and personal, constituting and derived from proceeds traceable to such offenses.

3. If any of the above-described forfeitable property, as a result of any act or omission of defendant RIVERA:

- 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 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section

2461(c), to seek forfeiture of any other property of defendant RIVERA up to the value of the forfeitable property described in paragraph 2 of the First Forfeiture Allegation.

SECOND FORFEITURE ALLEGATION

1. The allegations contained in Counts 4 to 9 of this Indictment are hereby realleged and incorporated by reference for the purpose of noticing forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. The United States hereby gives notice to defendant RIVERA, that upon conviction of the offenses charged in Counts 4 to 9 of this Indictment, the United States will seek forfeiture of proceeds in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which requires any person convicted of such offenses to forfeit any property, real and personal, constituting and derived from proceeds traceable to such offenses.

3. If any of the above-described forfeitable property, as a result of any act or omission of defendant RIVERA:

- 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 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of defendant RIVERA up to the value of the forfeitable property described in paragraph 2 of the Second Forfeiture Allegation.

A TRUE BILL

[REDACTED]

FOREPER

Craig Carpenito
CRAIG CARPENITO
United States Attorney

CASE NUMBER: 18- 518 (WHW)

**United States District Court
District of New Jersey**

UNITED STATES OF AMERICA

v.

JULIO I. RIVERA

INDICTMENT FOR
18 U.S.C. §§ 666(a)(1)(B), 981(a)(1)(C),
1951(a), and § 2
26 U.S.C. § 7206(2)
28 U.S.C. § 2461(c)

A True Bill,


Foreperson

CRAIG CARPENITO
UNITED STATES ATTORNEY
NEWARK, NEW JERSEY

CARI FAIS
KAREN STRINGER
ASSISTANT U.S. ATTORNEYS

973-353-6076
973-645-2783
