

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon. James B. Clark, III
 :
 v. : Mag. No. 20-12355
 :
 JOSEPH A. MCCALLUM, JR. : **CRIMINAL COMPLAINT**

I, Michael Biondo, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent for the Federal Bureau of Investigation, and that this complaint is based on the following facts:

SEE ATTACHMENT B

Continued on the attached page and made a part hereof:

Michael Biondo 10/20/2020
Michael Biondo
Special Agent
Federal Bureau of Investigation

*Agent Biondo attested to this Complaint by telephone pursuant to FRCP 4.1(b)(2)(A).

Sworn to and subscribed via telephone,
This 20th day of October, 2020

Essex County, New Jersey
County and State

HONORABLE JAMES B. CLARK, III
UNITED STATES MAGISTRATE JUDGE

Honorable James B. Clark, III
Signature of Judicial Officer 10/20/2020

ATTACHMENT A

From at least in or about early 2017 through at least in or about February 2020, in the District of New Jersey, and elsewhere, defendant

JOSEPH A. MCCALLUM, JR.,

and others knowingly and intentionally did devise and intend to devise a scheme and artifice to defraud the City of Newark, New Jersey, and the Newark Community Economic Development Corporation ("NCEDC") of the right to defendant MCCALLUM's honest services in the affairs of the City of Newark and the NCEDC, and, for the purpose of executing such scheme and artifice to defraud, did transmit and cause to be transmitted by means of wire, radio, and television communications in interstate commerce, certain writings, signs, signals, pictures, and sounds, including the wire communications in Attachment B.

In violation of Title 18, United States Code, Sections 1343 and 1346, and Section 2,

ATTACHMENT B

I, Michael Biondo, a Special Agent with the Federal Bureau of Investigation (“FBI”), having personally participated in an investigation of the conduct of defendant JOSEPH A. MCCALLUM, JR. (defendant “MCCALLUM”) and others, which principally included a review of recordings of defendant MCCALLUM and others obtained through court-ordered interception of communications and consensual monitoring of communications and meetings; interviews of witnesses (including witnesses cooperating with law enforcement in this investigation); review of documents, records, and information obtained through court order or other process or method; and surveillance of subjects, including defendant MCCALLUM, and having spoken with other law enforcement officers and individuals, have knowledge of the following facts. Because this Complaint is submitted for the limited purpose of establishing probable cause, I have not included all facts known to me concerning this investigation. The contents of documents and the actions, statements, and conversations of individuals referenced below are provided in substance and in part, unless otherwise indicated. Conversations and communications where speakers are quoted herein were recorded by law enforcement either by consent of one of the parties, or by court-ordered interception.

RELEVANT INDIVIDUALS AND ENTITIES

- I. At times relevant to this Criminal Complaint:
 - a. Defendant MCCALLUM was an elected member of the Municipal Council for the City of Newark, New Jersey (the “City Council”), having held that office since in or about July 2014, representing the West Ward. Since in or about 2014, MCCALLUM has served on the Board of Directors of the NCEDC.
 - b. The NCEDC was an Internal Revenue Code Section 501(c)(3) organization whose stated purpose was to retain, attract, and grow business, enhance small and minority business capacity, and spur real estate development within Newark. The NCEDC served as the lead developer and project manager on development projects in Newark. In or about October 2019, the NCEDC was renamed “Invest Newark.” Invest Newark’s mission was to advance Newark’s global competitiveness by growing a strong economy, building vibrant communities, and increasing economic prosperity for all Newarkers, and it focused on business development, land banking, real estate development, and equitable economic growth. It had a Board of Directors, a President and Chief Executive Officer, and other officers.
 - c. Malik Frederick, a/k/a “J. Malik A. Frederick” (“Frederick”), was the president, chief executive officer, and director of a company (“Frederick’s Company”) whose stated purpose was to consult private individuals, companies, organizations, and business entities in international business

transactions, contract negotiations, entertainment and law, and to engage in any legal business that the company saw fit.

- d. The “Contracting Company,” located in New Jersey, was a contracting and construction company that retained Frederick’s Company as part of its efforts to obtain construction-related contracts in Newark, including the West Ward of Newark.
- e. “Developer 1” was the president of a company (“Developer 1’s Company”) that was located in Newark.
- f. “Developer 2” co-owned a development company (“Developer 2’s Company”) located in West Orange, New Jersey, that sought to purchase and otherwise acquire real estate, and engage in development in Newark. (Collectively, the Contracting Company, Developer 1’s Company, and Developer 2’s Company are referred to herein as the “Companies.”)
- g. The “Seller” was an owner of certain businesses in Newark who was attempting to sell property in the West Ward (the “Seller’s Property”).

CITY OF NEWARK’S AND THE NCEDC’S RIGHT TO, AND DEFENDANT MCCALLUM’S DUTY OF, HONEST SERVICES

2. At all times relevant to the Complaint, the City of Newark and the NCEDC had an intangible right to the honest services of its officials. As a Councilman and NCEDC board member, defendant MCCALLUM owed the City of Newark and the NCEDC a duty to refrain from seeking, demanding, accepting, and agreeing to accept bribes and kickbacks in exchange for defendant MCCALLUM’s action and assistance as an official for the City of Newark and the NCEDC and for defendant MCCALLUM’s violation of his official duties in connection with their affairs.

OVERVIEW OF THE SCHEME TO DEFRAUD

3. From at least in or about early 2017 and continuing through in or about February 2020, defendant MCCALLUM participated with others in a scheme and artifice to defraud the City of Newark and the NCEDC of the right to defendant MCCALLUM’s honest services in the affairs of the City of Newark and the NCEDC. As set forth in greater detail below, defendant MCCALLUM directly and indirectly solicited, demanded, accepted, and agreed to accept concealed bribes and kickbacks for his benefit from Frederick, funded by developers and others, including the Companies, seeking contracts and approvals principally related to development, construction, and real estate projects and deals in Newark, in exchange for defendant MCCALLUM’s official action and assistance and the violation of his duties in the affairs of the City of Newark and the NCEDC as specific opportunities arose. Specifically, the scheme included the following:

- a. Frederick solicited developers and others to engage and pay Frederick's Company for what Frederick described as "access," "information," "guidance," or "consultancy."
- b. Defendant MCCALLUM was introduced by Frederick to the particular developer or other seeking contracts, real estate deals and projects in Newark as the Councilman who was behind the particular project or initiative of interest to the particular developer or other.
- c. Defendant MCCALLUM received kickbacks and bribes from the fees that Frederick obtained from the developer or other who retained Frederick's Company.
- d. In exchange for these bribes and kickbacks, defendant MCCALLUM provided and attempted to provide official action and assistance to the developers and others who were willing to pay the fees charged by Frederick's Company.
- e. Defendant MCCALLUM and Frederick intended to prevent developers and others from obtaining contracts, agreements, and work from the NCEDC and the City of Newark and otherwise not assist them with their business before the City of Newark and the NCEDC, if the developers and others refused to, or were hesitant to, pay the fees charged by Frederick's Company.
- f. Defendant MCCALLUM and Frederick concealed these bribes and kickbacks and other material aspects of their arrangement and dealings with these developers and others.

UNLAWFUL ACTIVITY IN FURTHERANCE OF THE SCHEME TO DEFRAUD

Defendant MCCALLUM Accepted a Concealed \$16,000 Bribe from Frederick, through Frederick's Company, Funded by a Payment from the Contracting Company.

4. In or about June 2016, the Contracting Company first retained Frederick for his "consulting services." Frederick's Company thereafter sent invoices to the Contracting Company via e-mail related to projects in the City of Newark, including an invoice, dated on or about April 3, 2017, sent from Frederick's e-mail account on or about the same date, for approximately \$33,319.60.

5. Between on or about June 27, 2016, until at least on or about July 18, 2017, the Contracting Company made over \$160,000 in payments to Frederick's Company, including a payment dated on or about April 7, 2017, for approximately \$33,319.60.

6. On or about April 11, 2017, defendant MCCALLUM obtained a check for approximately \$16,000, from Frederick, drawn on Frederick's Company's bank account in New

Jersey, in exchange for defendant MCCALLUM's official assistance and favors for Frederick as specific opportunities related to construction projects in Newark arose that were of interest to the Contracting Company, according to Frederick. The memo portion of the check stated "Independent Consultant," in an effort to create the false pretense that the payment was legitimate. The check was funded by monies provided to Frederick's Company from the Contracting Company. On or about April 12, 2017, in Newark, New Jersey, defendant MCCALLUM deposited the \$16,000 check in his personal bank account.

7. On or about September 14, 2017, defendant MCCALLUM received an e-mail from Frederick, forwarding an August 11, 2017 e-mail conversation between Frederick and the president of the Contracting Company. Frederick stated that the president "said he would NOT pay my fee." According to Frederick, Frederick was informing defendant MCCALLUM not to expect any further payment from the Contracting Company through Frederick.

8. To further conceal the material fact that defendant MCCALLUM had received this \$16,000 bribe, on or about April 30, 2018, defendant MCCALLUM intentionally did not report the source of these funds and the amount of income on his financial disclosure statement that defendant MCCALLUM was required to file with the New Jersey Department of Community Affairs, Division of Local Government Services ("DOCA"), for calendar year 2017.

Defendant MCCALLUM Accepted a Concealed \$25,000 Bribe and Kickback from Frederick Through Frederick's Company, Funded by a Payment from Developer 1's Company.

9. From in or about 2017 to in or about 2019, defendant MCCALLUM and Frederick arranged for defendant MCCALLUM to receive a concealed bribe and kickback funded by Developer 1's Company. In exchange, defendant MCCALLUM agreed to support and did take official action to assist Developer 1 from in or about early 2017 to in or about January 2019, including presenting to the City a letter of support and an official Resolution for the sale and redevelopment of certain City-owned properties in Newark's West Ward in connection with a redevelopment project in which Developer 1 had an interest.

10. On or about March 11, 2017, defendant MCCALLUM sent an e-mail attaching a sample endorsement letter to Frederick, which an employee of Developer 1's Company used to draft a letter of support for defendant MCCALLUM's signature for a development project for Developer 1.

11. On or about April 5, 2017, defendant MCCALLUM received an e-mail from Frederick forwarding an e-mail from an employee of Developer 1's Company and attaching a draft letter of support for a project in the West Ward for defendant MCCALLUM's signature and submission as part of the redevelopment agreement approval process.

12. Between in or about September 2018 and in or about November 2018, Frederick's Company received three payments by check from Developer 1 through Developer 1's Company, in the approximate amounts of \$15,000, \$50,000, and \$50,000, respectively.

13. On or about October 29, 2018, defendant MCCALLUM accepted a check for approximately \$25,000 from Frederick's Company bank account. The memo portion of the check stated "Consultant Commission/Fee," in an effort to create the false pretense that the payment was legitimate. On or about October 30, 2018, in Newark, New Jersey, defendant MCCALLUM deposited the \$25,000 check to his personal bank account.

14. To further conceal the material fact that he had received this \$25,000 bribe and kickback, on or about July 2, 2019, defendant MCCALLUM intentionally did not report the source of these funds and the amount of income on his financial disclosure statement that defendant MCCALLUM was required to file with DOCA, for calendar year 2018.

Defendant MCCALLUM Accepted a Concealed Bribe from Frederick, Funded by Developer 2's Company, and, when Developer 2 Hesitated to Further Pay Frederick's Company, defendant MCCALLUM Told Frederick that He Would Replace Developer 2 on a Particular Development Deal.

15. Defendant MCCALLUM, employing Frederick's assistance, endeavored to obtain bribes funded by Developer 2's Company to ensure official approvals of Developer 2's plans for acquiring and redeveloping properties in Newark, including a plan for acquiring and redeveloping multiple City-owned lots in the West Ward, and the City Council's passage of Developer 2's proposed resolution for a redevelopment agreement (the "Resolution").

16. Frederick, through Frederick's Company, received monthly payments of approximately \$5,000 each from Developer 2's Company. Defendant MCCALLUM obtained a portion of one of these monthly payments from Frederick. Moreover, defendant MCCALLUM and Frederick had planned to share an additional balloon payment that Developer 2 promised to make after the City Council passed the Resolution. For instance, in furtherance of these endeavors:

- a. On or about October 2, 2019, Frederick solicited, via text message, a monthly payment check from Developer 2. Developer 2 responded that the check would reach Frederick by that Friday.
- b. On or about October 9, 2019, defendant MCCALLUM, while in New Jersey, called Frederick, while in New York. During their telephone conversation, defendant MCCALLUM and Frederick agreed that Frederick would cash a check received from Developer 2 and that defendant MCCALLUM would obtain approximately \$500 in cash from Developer 2's payment for defendant MCCALLUM's upcoming trip abroad. To provide defendant MCCALLUM with the \$500, Frederick withdrew cash later that day at a bank in New Jersey. Subsequently, according to Frederick, defendant MCCALLUM accepted \$500 in cash from Frederick at a cigar lounge in Newark.
- c. On or about February 5, 2020, following the approval of the Resolution by the City Council, during a telephone conversation, defendant

MCCALLUM and Frederick discussed that Developer 2 was hesitating to make the additional balloon payment. During that conversation, defendant MCCALLUM said that he would therefore replace Developer 2 on the particular redevelopment deal and find another builder instead. Subsequently, on or about February 7, 2020, during another meeting at a cigar lounge in Newark, after being informed by Frederick that Developer 2 was hesitating on making the additional balloon payment, defendant MCCALLUM said: "But, I, I was counting on the f-----' money man. I mean, you know somethin', ya know. . . . he better pay. . . . I put a lot a work into that m---- f---- man."

Frederick Attempted to Obtain Payments from the Seller and Developer 1, to be Shared with Defendant MCCALLUM, for Assistance with the Sale and Development of the Seller's Property in Newark's West Ward

17. From at least in or about October 2019, Frederick tried to enter an arrangement with the Seller to assist the Seller with the sale of the Seller's Property to Developer 1 for development. Under the arrangement, according to Frederick, defendant MCCALLUM and Frederick planned to share payments from the Seller and Developer 1 in exchange for defendant MCCALLUM's official action and assistance to ensure Developer 1's acquisition and eventual development of City-owned lots adjoining the Seller's Property. For instance, in furtherance of this endeavor:

- a. On or about October 31, 2019, during a telephone conversation, Frederick, after informing the Seller that Frederick had spoken with defendant MCCALLUM, asked the Seller if Frederick needed to have the Seller enter into a contract with Frederick's Company or if a "shake hand deal" would suffice. Frederick, referring to his intent to share a portion of the payment received from the Seller with defendant MCCALLUM in connection with this arrangement, further informed the Seller: "I'm not the only one, uh, [that] is going to benefit from the deal, if you understand what I'm saying. . . . Whatever I get I have to share."
- b. On or about November 1, 2019, defendant MCCALLUM, while in New Jersey, received a call from Frederick, while in New York. During their telephone conversation, defendant MCCALLUM and Frederick discussed Frederick's conversations with the Seller regarding the sale and development of the Seller's Property. Defendant MCCALLUM informed Frederick that the Seller had called defendant MCCALLUM seeking his approval to proceed with entering into a contract with Frederick's Company for the sale of the Seller's Property. Frederick told defendant MCCALLUM that the Seller had initially offered to pay Frederick ten percent of the sales price but then tried to change the arrangement to a development deal with Developer 1 that would not involve a sale and that would "hav[e] no money pass hands." Frederick said he rejected that proposal and told the Seller he was uncomfortable with it, because,

according to Frederick, “if you do that, how am I gonna get paid?” During this conversation, defendant MCCALLUM also was updated by Frederick on Frederick’s efforts to reach an agreement with Developer 1 on what Developer 1 would pay and Frederick indicated that he did not want to get shortchanged again by Developer 1 (an allusion to the corrupt arrangement set forth in paragraph 9), stating: “I told [Developer 1], I mean, because the last time my company worked with [Developer 1], I mean, ya know, that shit happened and he got more out of the deal than the company got, ya know? So I want to be clear with that m----- f----- this time. You know what I’m saying?” Defendant MCCALLUM responded “yeah” and “That m----- f----- got too much.”

- c. On or about December 12, 2019, Frederick continued to solicit the Seller to enter the arrangement with Frederick’s Company for the sale of the Seller’s Property to Developer 1 and to pay money that defendant MCCALLUM and Frederick planned to share, informing the Seller, during a telephone conversation, among other things, that: “I’ll need some money up front, because I have, you know, expenses like everybody else and I have people that I’m responsible to take care of like everybody else. . . .”
- d. On or about February 7, 2020, during a meeting at a cigar lounge in Newark, when defendant MCCALLUM and Frederick discussed the status of the sale of the Seller’s Property to Developer 1 and Frederick reminded defendant MCCALLUM that Developer 1 would want to acquire the adjoining City-owned properties and that Developer 1 “wants us to do something,” defendant MCCALLUM said: “I’ll go to the Mayor” Frederick indicated that he would be meeting with Developer 1 “to discuss price,” to which defendant MCCALLUM responded: “Let that m-- -- f---- know, man, I need, I need some f-----’ money, I need somethin’,” and indicated that he was trying to close on a purchase of a home in a couple of weeks.

**THE USE OF INTERSTATE WIRE COMMUNICATIONS
IN FURTHERANCE OF THE SCHEME TO DEFRAUD**

18. On or about the dates listed below, in Essex County, in the District of New Jersey, and elsewhere, for the purpose of executing and attempting to execute the scheme and artifice to defraud, defendant MCCALLUM and/or Frederick knowingly and intentionally transmitted and caused to be transmitted by means of wire, radio, and television communications in interstate commerce, certain writings, signs, signals, pictures, and sounds, to include:

Approximate Dates	Description of Interstate Wire Communication
March 11, 2017	An e-mail, through a server outside of New Jersey, from defendant MCCALLUM to Frederick attaching a sample endorsement letter that was used to write a letter of support under defendant MCCALLUM's signature for a development project for Developer 1
April 3, 2017	An e-mail, through a server outside of New Jersey, from Frederick to the president of the Contracting Company attaching an invoice for payment of \$33,319.60
April 5, 2017	An e-mail, through a server outside of New Jersey, to defendant MCCALLUM from Frederick relating to a draft of the letter of support by defendant MCCALLUM for the project involving Developer 1's plans to acquire City-owned property in the West Ward of Newark
September 14, 2017	An e-mail, through a server outside of New Jersey, to defendant MCCALLUM from Frederick regarding the stoppage of payments to Frederick from the Contracting Company
October 9, 2019	A telephone call, made from New Jersey, by defendant MCCALLUM, to Frederick, in New York, regarding \$500 cash that defendant MCCALLUM was to receive from Frederick from a payment by Developer 2 to Frederick
November 1, 2019	A telephone call, made from New York, by Frederick, to defendant MCCALLUM, in New Jersey, regarding reaching an agreement with the Seller about payments to Frederick's Company in connection with the sale of the Seller's Property to Developer 1 and the payment to be obtained from Developer 1 by Frederick