

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
: :
: Crim No. 21-
v. : :
: 18 U.S.C. §§ 666(a)(1)(B), 666(a)(2), 981(a)(1)(C),
: 1343, 1346, 1349, 1952(a)(3), and 2
CARMELO G. GARCIA, :
FRANK VALVANO, JR., and :
IRWIN SABLOSKY :

INDICTMENT

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

COUNT 1

(Conspiracy to Defraud the City of Newark and the NCEDC of Defendant Garcia's Honest Services Facilitated by the Use of Interstate Wire Transmissions)

Defendants and Other Individuals and Entities

1. Defendant CARMELO G. GARCIA (“defendant GARCIA”) was the Executive Vice President and Chief Real Estate Officer (“EVP/Chief REO”) of the Newark (New Jersey) Community Economic Development Corporation (“NCEDC”) from in or about 2015 to at least in or about March/May 2018. Defendant GARCIA also served as Acting Deputy Mayor for the City of Newark, New Jersey, and Acting Director of the Newark Department of Economic and Housing Development (the “DEHD”), from in or about September 2017 to in or about March 2018. Defendant GARCIA was thereafter permanently hired as the City’s DEHD Director, and continued to serve in that capacity, and as Acting Deputy Mayor, from in or about March 2018 to in or about September 2018. After leaving his position as Acting Deputy Mayor and the DEHD Director,

defendant GARCIA continued to work for the City of Newark, including as the “Chief of Development” for the DEHD, until in or about April 2019.

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

A. Defendants FRANK VALVANO, JR. (“defendant VALVANO”) and IRWIN SABLOSKY (“defendant SABLOSKY”) were co-owners and operators of a New Jersey-based pawnbroker and jewelry business (the “Business”), which sold necklaces, bracelets, watches, and other jewelry in-store and online, and also provided “pawn” or collateral loans. Several of the Business’s retail locations, including retail stores in Newark and Belleville, New Jersey, also provided additional services, including check cashing services. Defendants VALVANO and SABLOSKY also pursued, through various limited liability companies, several redevelopment projects in Newark, including projects involving the proposed acquisition and redevelopment of City of Newark-owned properties located along: (i) Riverside Avenue and McCarter Highway (the “Riverside Properties”); (ii) Passaic Street and McCarter Highway (the “Passaic Properties”); (iii) Broadway and Oraton Street (the “Broadway-Oraton Properties”); and (iv) West Market Street (the “West Market Properties”).

B. There was an individual (“Individual 1”), who was involved in real estate deals in Newark through limited liability companies and was an associate of defendant GARCIA, and who from time to time acted as defendant GARCIA’s intermediary.

C. There was an individual (“Individual 2”), who was involved in a real estate investment venture with defendants VALVANO and SABLOSKY for the purpose of acquiring and renovating or redeveloping residential and commercial properties, including various City of Newark-owned properties, in Newark.

D. The NCEDC was an Internal Revenue Code Section 501(c)(3) organization, whom the Newark Municipal Council (the “City Council”) recognized as Newark’s “Economic Development arm” and whose stated purpose was to retain, attract, and grow business, enhance small and minority business capacity, and spur real estate development within Newark. It had a Board of Directors, a President and Chief Executive Officer, and other officers. In accordance with the NCEDC’s Bylaws, the NCEDC’s Board of Directors was comprised of nine members, two of whom were appointed directly by the Mayor of the City of Newark, and two of whom were appointed by the Mayor upon nomination and confirmation of the City Council. The NCEDC served as the lead developer and project manager on Newark development projects, and received the majority of the funding for its operations from the City of Newark.

The City of Newark’s and NCEDC’s Right to, and Defendant Garcia’s Duty of, Honest Services

3. At all times relevant to Count 1 of this Indictment, the City of Newark and the NCEDC had an intangible right to the honest services of their officials, officers and employees. As an officer and employee of the NCEDC and as an official and employee of the City of Newark, defendant GARCIA owed the NCEDC and the City of Newark a duty to refrain from seeking, accepting and agreeing to accept bribes and kickbacks in exchange for defendant GARCIA’s official action and assistance, and for violating his official and fiduciary duties, as an officer, official and employee of the NCEDC and the City of Newark, in connection with the affairs of the NCEDC and the City of Newark.

Conspiracy to Defraud the City of Newark and the NCEDC of Defendant GARCIA's Honest Services, Facilitated by Interstate Wire Transmissions

4. From at least in or about September 2016 to in or about April 2019, in the District of New Jersey, and elsewhere, defendants

CARMELO G. GARCIA,
FRANK VALVANO, JR., and
IRWIN SABLOSKY

did knowingly and intentionally conspire and agree with each other and others to devise and execute a scheme and artifice to defraud the City of Newark and the NCEDC of the right to the honest services of defendant GARCIA in the affairs of the City of Newark and of the NCEDC, furthered and facilitated by the use of interstate wire transmissions, contrary to Title 18, United States Code, Sections 1343 and 1346.

The Object of the Conspiracy

5. The object of the conspiracy was for defendant GARCIA to solicit, accept and receive a stream of concealed and undisclosed bribes from defendants VALVANO and SABLOSKY in exchange for: (i) defendant GARCIA's contemplated official action, assistance, and influence, and the violation of his duties, as specific opportunities arose, to advance real-estate development matters of interest to defendants VALVANO and SABLOSKY, to include obtaining and maintaining designated developer status and City of Newark-approved redevelopment agreements ("RDAs") authorizing the purchase and acquisition of City of Newark-owned properties for redevelopment; and (ii) to ensure that defendant GARCIA did not use his official action and influence to act against the interests of defendants VALVANO and SABLOSKY. These corrupt and fraudulent activities were furthered and facilitated through interstate wire transmissions.

6. It was part of this conspiracy that:

A. Defendant GARCIA did solicit and accept, and agreed to accept, a stream of cash payments, watches and other jewelry, and other benefits and things of value, from defendants VALVANO and SABLOSKY, to include:

- i. Cash payments from defendants VALVANO and SABLOSKY totaling at least \$30,000, including: (1) a cash payment of approximately \$25,000 from Individual 2, acting as an intermediary for defendants VALVANO and SABLOSKY, while in the bathroom of a restaurant in Mountainside, New Jersey, on or about June 14, 2018, and (2) a cash payment of approximately \$5,000 on or about April 12, 2019 at a location in New Jersey.
- ii. Approximately \$2,994 for defendant GARCIA's 4-night stay at a luxury beachfront hotel in South Beach, Miami, Florida from on or about March 8, 2017 to on or about March 12, 2017, which defendant VALVANO paid using funds held in a bank account belonging to a company controlled by defendant VALVANO.
- iii. Watches and other jewelry from defendants VALVANO and SABLOSKY through the Business, that defendant GARCIA did not pay for, including the following:
 - (a) On or about March 6, 2017, defendant GARCIA received jewelry: a Cartier watch with a "Selling Price" of approximately \$3,295, a chain with a "Selling Price" of approximately \$695, and an Omega watch with a "Selling Price" of approximately \$7,295.
 - (b) On or about June 28, 2017, defendant GARCIA received a Rolex watch with a "Selling Price" of approximately \$8,900.
 - (c) On or about December 23, 2017, defendant GARCIA received jewelry, including: two link chains with a "Selling Price" of approximately \$2,395, and \$2,175, respectively.
 - (d) On or about April 13, 2018, defendant GARCIA received jewelry: a chain with a "Selling Price" of \$3,150, a chain with a "Selling Price" of \$1,795, a chain with a "Selling Price" of \$1,015, and a bracelet with a "Selling Price" of \$2,295.

- (e) On or about March 8, 2019, defendant GARCIA received jewelry: a bracelet with a “Selling Price” of \$5,450, and a chain with a “Selling Price” of \$9,345.

B. Defendants GARCIA, VALVANO and SABLOSKY all intended for these payments to influence and reward defendant GARCIA in exchange for: (i) his official action, assistance and influence and in violation of his duties, as specific opportunities arose, in connection with real-estate development matters of interest to defendants VALVANO and SABLOSKY, to include obtaining and maintaining designated developer status and City of Newark-approved RDAs authorizing the purchase and acquisition of City of Newark-owned properties for redevelopment; and (ii) refraining from using his official action and influence to act against the interests of defendants VALVANO and SABLOSKY. In so doing, defendant GARCIA engaged in the following official action, among other of his official acts and exercises of official discretion, to assist defendants VALVANO and SABLOSKY:

- i. On or about March 23, 2017, defendant GARCIA emailed the City’s Director of Redevelopment, informing the Director of Redevelopment that he had spoken with the then-Deputy Mayor/DEHD Director regarding the “Passaic Properties” that defendants VALVANO and SABLOSKY were seeking to acquire for redevelopment, and that the Deputy Mayor/DEHD Director had given the “green light” to proceed with issuing the necessary preliminary designation letter (“PDL”) for the project, an official step in the process of defendants VALVANO and SABLOSKY acquiring City-owned properties through their limited liability companies. Defendant GARCIA then requested that the Director of Redevelopment send him the “preliminary designation” or PDL for the Passaic Properties. On or about April 5, 2017, the City’s Director of Redevelopment issued a PDL to defendant VALVANO preliminarily designating a limited liability company controlled by defendants VALVANO and SABLOSKY as the redeveloper for the Passaic Properties. Defendant GARCIA was copied on the letter, in his official capacity as the EVP/Chief REO of the NCEDC. A few weeks earlier, on or about March 20, 2017, the City’s Director of Redevelopment also issued a separate PDI. to defendant VALVANO preliminarily designating the same limited liability company controlled by defendants VALVANO and SABLOSKY as the redeveloper for the Riverside Properties. At defendant GARCIA’s request,

the Director of Redevelopment also sent a copy of the PDL for the Riverside Properties to defendant GARCIA.

ii. During the subsequent negotiation of the RDAs for the Passaic Properties (“Passaic RDA”) and the Riverside Properties (“Riverside RDA”), defendant GARCIA used his position and influence as the NCEDC’s EVP/Chief REO to support and approve terms favorable to the interests of defendants VALVANO and SABLOSKY, to include the following:

a. On or about August 16, 2017, an attorney representing defendants VALVANO and SABLOSKY emailed counsel for the City of Newark, setting forth his clients’ position regarding a notice from the United States Environmental Protection Agency (“EPA”) regarding a potential lien on certain of the Riverside Properties relating to the costs associated with the cleanup and remediation of environmental contamination at the properties. The email also was sent to defendant GARCIA (at his NCEDC email address) and to defendant SABLOSKY, as well as to another NCEDC employee (“NCEDC Employee 1”) who reported to defendant GARCIA. At the time, the draft Riverside RDA for the Riverside Properties already provided for the redeveloper (defendants VALVANO and SABLOSKY) to pay a significantly reduced purchase price for the Riverside Properties, notwithstanding the Riverside Properties significantly higher assessed value, in return for the redeveloper assuming responsibility for the costs of remediating and removing the environmental contamination on the properties. The RDA also contained provisions stating that the City of Newark would not assume any responsibility or liability for the condition of the Riverside Properties, including with regard to any environmental contamination. In the email, the attorney for defendants VALVANO and SABLOSKY proposed revising the RDA to include language stating that the redeveloper (defendants VALVANO and SABLOSKY) would bear no responsibility for the EPA lien.

b. On or about August 17, 2017, defendant SABLOSKY emailed defendant GARCIA (at his NCEDC email address) specifically addressing the issue of the EPA lien. Defendant SABLOSKY also copied defendant VALVANO on the email. In the email, defendant SABLOSKY, referring to the negotiation of the RDA for the Riverside Properties and to the potential EPA lien, stated, in relevant part, “This has taken further turns with possible liens from the state for cleanup already done for 4 million dollars . . . We are expected to do this?”

c. Later that same day, defendant GARCIA received an email from NCEDC Employee 1 raising concerns about the position taken by defendants VALVANO’s and SABLOSKY’s attorney regarding the

possible EPA lien, which would leave the City responsible for the lien. Defendant GARCIA was informed by NCEDC Employee 1, among other things, that accepting the language proposed by defendants VALVANO's and SABLOSKY's attorney would be "difficult" because if the City was "not able to resolve the lien issue at no cost," then the City would "either be on the hook to pay it (unlikely because we [the City] don't have 4+ million to pay the lien) or the lien will stay and they won't be able to close."

d. On or about August 18, 2017, defendant GARCIA directed a subordinate and the City's attorneys to use the language proposed by defendants VALVANO's and SABLOSKY's attorney. In this regard, NCEDC Employee 1 sent an email to the City's counsel, copying defendant GARCIA (at his NCEDC email), in which NCEDC Employee 1 advised the City's counsel that he had "just gotten off the phone with Carmelo [defendant GARCIA]," and that, per his conversation with defendant GARCIA and at defendant GARCIA's direction, "We are going to accept the proposed language" put forward by defendants VALVANO'S and SABLOSKY's attorney, which provided that the City, not the redeveloper (defendants VALVANO and SABLOSKY), would be responsible for any claims or liability arising out of the EPA lien.

iii. Defendant GARCIA also used his position as the NCEDC's EVP/Chief REO to advise and influence City officials in a manner intended to discourage and prevent other prospective redevelopers from acquiring properties that defendants VALVANO and SABLOSKY were seeking to acquire and redevelop, to include the following:

a. On or about August 28, 2017, an attorney representing another prospective ("Redeveloper 1") emailed the then-Deputy Mayor/DEHD Director and the City's Director of Redevelopment seeking to move forward with the purchase of certain of the Riverside Properties that defendants VALVANO and SABLOSKY were seeking to acquire and redevelop, for which Redeveloper 1 had previously successfully bid. Redeveloper 1 had previously made a payment to the City of Newark in partial satisfaction of the agreed upon purchase price for the properties, but refrained from taking title to the properties while the City pursued potential opportunities to secure funds to conduct the environmental remediation and cleanup of the properties.

b. On or about August 28, 2017, after receiving the email from Redeveloper 1's counsel, defendant GARCIA emailed the City's Director of Redevelopment, copying the then-Deputy Mayor/DEHD Director, instructing, among other things, that "We [the NCEDC and the City] won't be taken [sic] any action with them [Redeveloper 1] since these sites are

already accounted for in another RDA” (referring to the Riverside RDA that defendant GARCIA was actively working to secure for defendants VALVANO and SABLOSKY) and advising that the City and the NCEDC instead “work on an alternative site” for Redeveloper 1. On or about August 31, 2017, defendant GARCIA again emailed the City’s Director of Redevelopment, copying the then-Deputy Mayor/DEHD Director, stating, among other things, that “we’re to [sic] far along with the current RDA given that the PDL was issued in March & I spoke to the Councilman who had met [sic] approve the proposed redevelopment project put forth by” the limited liability company controlled by defendants VALVANO and SABLOSKY. Defendant GARCIA further instructed, again, that “we [the City and NCEDC] will proceed with the current RDA,” referring again to the Riverside RDA sought by defendants VALVANO and SABLOSKY, and advised that the City instead “refund” the “previous purchaser” (Redeveloper 1) the monies that Redeveloper 1 had already paid toward the purchase of properties that defendants VALVANO and SABLOSKY were seeking to include in the Riverside RDA.

iv. As Acting Deputy Mayor and DEHD Director, defendant GARCIA also continued to act to advance the interests of defendant VALVANO and SABLOSKY, and their efforts to secure the Passaic and Riverside RDAs, including by using his official position and influence to secure the approval of a Fiscal Monitor (“the Monitor”) appointed by the State of New Jersey to proceed with the sale of City-owned property to defendants SABLOSKY and VALVANO, as provided for in the Riverside and Passaic RDAs. In this regard, for example, on or about October 3, 2017, defendant GARCIA and another City official received an email from the Monitor, attaching a document setting forth the Monitor’s comments regarding “certain negotiated sales of City property,” including those reflected in the Riverside and Passaic RDAs. The Monitor provided “conditional approval” to advance the Riverside and Passaic RDAs, but sought information regarding, among other things, what efforts were made to market the properties, the process of selecting the redevelopers for the properties, and an explanation of the perceived “facial anomaly” between appraised valuation and purchase price for the properties. Defendant GARCIA personally addressed the Monitor’s comments regarding the Passaic and Riverside RDAs, including in an email that defendant GARCIA sent to the Monitor on or about October 4, 2017, providing the Monitor with assurances regarding the process of attracting and selecting the developers for the properties, and determining the valuation and purchase price for the properties, necessary to secure the Monitor’s approval to proceed with the proposed sale of the Riverside and Passaic Properties.

v. As Acting Deputy Mayor and DEHD Director, defendant GARCIA also used his official position and influence to secure the City Council’s approval for the Riverside and Passaic RDAs, including as follows:

a. On or about November 6, 2017, defendant GARCIA, from his NCEDC email account, emailed defendant VALVANO, attaching a copy of the “Meeting Agenda” for a November 8, 2017 “Special Meeting” of the City Council. The agenda items for the City Council meeting included two proposed resolutions authorizing and approving the Riverside RDA and the Passaic RDA.

b. On or about November 8, 2017, defendant GARCIA addressed the City Council in his capacity as Acting Deputy Mayor and DEHD Director. Defendant GARCIA supported the proposed resolutions authorizing and approving the Riverside RDA and the Passaic RDA, and urged the members of the City Council to adopt them. The City Council subsequently adopted the two resolutions approving the Riverside RDA and the Passaic RDA on or about November 8, 2017, and November 13, 2017, respectively. The Passaic RDA authorized a limited liability company controlled by defendants VALVANO and SABLOSKY (“Entity 1”) to purchase the Passaic Properties for the sum of \$40,000, and the Riverside RDA authorized a limited liability company controlled by defendant SABLOSKY (“Entity 2”) to purchase the Riverside Properties for the sum of \$50,000.

vi. As DEHD Director and Acting Deputy Mayor, defendant GARCIA continued to use his official action and influence to advance the interests of defendants VALVANO and SABLOSKY, including their efforts to obtain preliminary designated developer status for additional Newark-owned properties, by, among other things:

a. In or about March 2018, defendant GARCIA instructed an attorney working for defendants VALVANO and SABLOSKY to re-submit Letters of Interest (“LOIs”) for additional City-owned properties. In this regard, on or about March 15, 2018, defendant GARCIA received an email from an attorney representing two limited liability companies controlled by defendants VALVANO and SABLOSKY (“Entity 3” and “Entity 4”) attaching two LOIs. The two LOIs also were sent to the City’s Director of Property Management (who reported to defendant GARCIA). The first LOI, submitted on behalf of Entity 3, expressed Entity 3’s interest in purchasing and redeveloping the Broadway-Oraton Properties as the City’s “designated redeveloper” for the properties. The second LOI, submitted on behalf of Entity 4, expressed Entity 4’s interest in purchasing and redeveloping the West Market Properties as the City’s “designated redeveloper” for the properties. In the email, the attorney for Entity 3 and Entity 4 stated that the attorney was “instructed by” defendant GARCIA to “re-submit” the attached LOIs on behalf of Entity 3 and Entity 4.

b. On or about June 18, 2018, four days after receiving a \$25,000 cash payment from defendants VALVANO and SABLOSKY through Individual 2, defendant GARCIA sent an email from his City of Newark email address to the DEHD's Director of Redevelopment (who reported to GARCIA) instructing the Director of Redevelopment to, among other things, "produce the necessary PDL" for the Broadway-Oraton Properties and the West Market Properties, preliminarily designating Entity 3 and Entity 4 as the redevelopers for the properties. On or about June 19, 2018, per defendant GARCIA's instructions, the City's Director of Redevelopment issued two PDLs. The first PDL preliminarily designated Entity 3 "as the Redeveloper" for the Broadway-Oraton Properties, and the second PDL preliminarily designated Entity 4 "as the Redeveloper" for the West Market Street Properties.

vii. Later, as Chief of Development for the DEHD, defendant GARCIA continued to use his position to take official action, and to influence and advise others to take official action, to include advocating for and endeavoring to secure for defendants VALVANO and SABLOSKY an extension of the "due diligence" period in the Riverside RDA:

a. On or about February 28, 2019, defendant GARCIA received an email from an attorney representing defendants VALVANO and SABLOSKY, attaching a letter to defendant GARCIA, in his capacity as the City's Chief of Development, seeking the City's "consent" to a six-month extension of the "due diligence" period provided for under the terms of the Riverside RDA, during which the redeveloper (defendants VALVANO and SABLOSKY) was required to complete any "due diligence" investigations, including environmental assessments, of the Riverside Properties, and to determine whether to invoke provisions allowing for the termination of the RDA. Defendants VALVANO and SABLOSKY were copied on the letter. In the email, the attorney for defendants VALVANO and SABLOSKY stated, "Carmelo, here is the extension letter we discussed in our call the other day. Please address this at your earliest opportunity."

b. On or about March 1, 2019, defendant GARCIA emailed the attorney for defendants VALVANO and SABLOSKY informing the attorney that defendant GARCIA would "be meeting with [the then-interim Deputy Mayor/DEHD Director] to approve" the extension request.

c. On or about March 4, 2019, following his meeting with the interim Deputy Mayor/DEHD Director, defendant GARCIA confirmed in an email to a City of Newark employee that he had "reviewed & discussed

[the] extension with [the Interim Deputy Mayor/DEHD Director] as it has my approval.” Defendant GARCIA then directed the City of Newark employee to also secure the Interim Deputy Mayor/DEHD Director’s “sign off” so that “the document [granting the extension request] can be scanned & emailed to the attorney.”

d. When the signed document granting the extension request was not forthcoming, the attorney for defendants VALVANO and SABLOSKY again followed up with defendant GARCIA, writing in an email on or about March 7, 2019, “Carmelo, were you able to get this signed?”

e. Defendant GARCIA thereafter, once again, sought to use his official position and influence to secure approval of the extension request. For instance, on or about March 18, 2019, defendant GARCIA emailed the Interim Deputy Mayor/DEHD Director and again advocated for the approval of the extension request, insisting that the matter had been “previously addressed” and that the extension “needed” to be granted.

C. Defendants GARCIA, VALVANO, SABLOSKY, and others took steps to conceal material facts regarding this corrupt and fraudulent arrangement, to include:

- i. Some of the corrupt payments that defendant GARCIA received from defendants VALVANO and SABLOSKY were made in the form of cash, so as not to create an audit trail, thereby concealing the existence and nature of the payments.
- ii. Defendants VALVANO and SABLOSKY used Individual 2 as an intermediary to provide a \$25,000 cash bribe payment to defendant GARCIA.
- iii. Defendant VALVANO informally kept track of the money and jewelry that defendant GARCIA received from defendants VALVANO and SABLOSKY in the form of handwritten notes drafted in a manner intended to obscure defendant GARCIA’s identity. The notes, for instance, included a list of figures, some annotated with dates or other notations, under the letter “C,” a veiled reference to defendant GARCIA using only the first initial of his first name.
- iv. The Riverside RDA, which was executed on or about January 30, 2018, was signed by defendant SABLOSKY, on behalf of Entity 2, and by defendant GARCIA in his capacity as Acting Deputy Mayor and DEHD Director. Under the terms of the RDA, defendant SABLOSKY, in signing the RDA

on behalf of Entity 2, falsely “warrant[ed] that [Entity 2] has not paid or given, and shall not pay or give, any third person any money or other consideration for obtaining this Redevelopment Agreement, other than the normal costs of conducting business and costs of professional services such as architects, engineers, financial consultants and attorneys” and has “not paid or incurred any obligation to pay any officer or official of the City any money or other consideration for or in connection with” the Riverside RDA.

- v. The Passaic RDA, which was executed in or about February 2018, was signed by defendant SABLOSKY, on behalf of Entity 1. Under the terms of the RDA, defendant SABLOSKY, in signing the RDA on behalf of Entity 1, falsely “warrant[ed] that [Entity 1] has not paid or given, and shall not pay or give, any third person any money or other consideration for obtaining this Redevelopment Agreement, other than the normal costs of conducting business and costs of professional services such as architects, engineers, financial consultants and attorneys” and has “not paid or incurred any obligation to pay any officer or official of the City any money or other consideration for or in connection with” the Passaic RDA.
- vi. Defendants GARCIA, VALVANO, SABLOSKY and others used coded language in their electronic communications to refer to the corrupt cash payments that defendant GARCIA accepted and agreed to accept, referring to the payments, for instance, as “docs” and “butter.”
- vii. Defendants VALVANO and SABLOSKY created and maintained, or caused other persons employed by the Business to create and maintain, business records that would make it falsely appear that the watches and other jewelry that defendant GARCIA received from defendants VALVANO and SABLOSKY were loaned to defendant GARCIA “on consignment,” when, in fact, defendant GARCIA received the watches and other jewelry from defendants VALVANO and SABLOSKY free of charge as part of the part of their corrupt scheme.

D. Defendants GARCIA, VALVANO and SABLOSKY did communicate

about material aspects of the conspiracy through text messaging, to include:

- i. On or about September 7, 2017, after defendant GARCIA was appointed the Acting Deputy Mayor and DEHD Director, defendant GARCIA continued to communicate with defendants VALVANO, SABLOSKY, and Individual 2, including to discuss the “strategy” for advancing the efforts of defendants VALVANO and SABLOSKY, and Individual 2, to secure RDAs to acquire City-owned properties for redevelopment:

FROM	TEXT MESSAGE
Defendant VALVANO	I just got off the phone with [an individual]. She had some concern that the preliminary rda's had expired are we safe or is there something we have to do to renew them
Defendant SABLOSKY	She has to talk to the deputy mayor
Defendant VALVANO	That's why he is on this text LOL
Defendant GARCIA	Where are you guys so I can lay the smack down!
Defendant VALVANO	Does this mean he gets to add more initials at the end of his name?
Defendant SABLOSKY	DM <crowns>
Defendant GARCIA	Yes in deed!
Defendant VALVANO	Can we set up a current and future strategy meeting next week? Carmelo [defendant GARCIA] you determine when and where you have the busiest agenda!

- ii. Defendant GARCIA arranged to meet Individual 2 and defendant VALVANO, at a restaurant on Mountainside, New Jersey (the "Restaurant") on or about June 14, 2018, to receive a cash payment of approximately \$25,000:

FROM	TEXT MESSAGE
Defendant GARCIA	Can you come down to [a Country Club in Westfield, New Jersey]?
Individual 2	R u playing golf?
Defendant GARCIA	I'm [at] an outing, but there are some folks I want you to meet!
Defendant GARCIA	You can come in 30min or 1hour

FROM	TEXT MESSAGE
Defendant GARCIA	Or 2 hours!
Individual 2	I'm going to call you in 5
Individual 2	Brother call me
Defendant GARCIA	Let's meet at 5pm there!!
Defendant GARCIA	What time?
Individual 2	We'll be there in 15
Individual 2	[the Restaurant]

- iii. On or about October 25, 2018, defendants VALVANO and SABLSONKY, and Individual 2, discussed defendant GARCIA's receipt of "butter" (i.e., cash) and that there would be consequences if defendant GARCIA accepted the money and other benefits without fulfilling his end of the corrupt arrangement:

FROM	TEXT MESSAGE
Individual 2	Guys, I don't know how else to explain it. We're sitting on a goldmine when they [the City] thought it was a pile of [expletive]. Now there's a lot of sharks going for our [expletive] and Melo [defendant GARCIA] is the one playing us all.
Defendant SABLSONKY	No one is going to play us. We are merely getting info and an education. We didn't give up anything. He ain't that smart to play anybody. Let's see what happens.
Defendant VALVANO	He can't take all the butter and [expletive] people. It would be a huge scandal
Defendant SABLSONKY	I'm no [expletive]! No one is going to easily get over believe me.

FROM	TEXT MESSAGE
Defendant VALVANO	I'll put him in the [expletive] river!
Defendant SABLOSKY	Indeed

- iv. On or about March 31, 2019, defendants VALVANO and SABLOSKY explicitly discussed the previous payments of money and jewelry that they had already made to defendant GARCIA and to Individual 1, who from time to time acted as defendant GARCIA's intermediary, as well as defendant GARCIA's and Individual 1's efforts to solicit additional money payments:

FROM	TEXT MESSAGE
Defendant VALVANO	[Individual 1] starting already looking for money!
Defendant SABLOSKY	[Expletive] him
Defendant SABLOSKY	We've been working out asses off what the [expletive] did he do for all this.
Defendant VALVANO	I told him two months ago I will give him something in April because he would not stop hounding me.
Defendant SABLOSKY	We've done nothing but spend tons of money and give away jewelry
Defendant SABLOSKY	Tell him when we get some money we will give him. Carmelo [defendant GARCIA] wants more too. We can't afford it.
Defendant VALVANO	I've been telling him that for 2 months. And Carmelo [defendant GARCIA] should back the [expletive] off with all the [expletive] that is going on. Colossal balls
Defendant SABLOSKY	We're a [expletive] money well for these guys to keep coming back to. We don't have it to keep giving these freeloading [expletive].

- v. On or about April 12, 2019, defendants VALVANO and SABLOSKY, and Individual 2 discussed their ongoing efforts to obtain additional RDAs to acquire other Newark-owned properties for redevelopment, including the Broadway-Oraton Properties, defendant GARCIA's role in those efforts, and defendant SABLOSKY's payment of "another" approximately \$5,000 to defendant GARCIA as part of their corrupt agreement:

FROM	TEXT MESSAGE
Defendant VALVANO	Did anybody hear from Carmelo [defendant GARCIA]?
Individual 2	No, I tried calling him to no avail
Defendant SABLOSKY	Sorry I was tied up th[i]s morning. Oh yes he showed up [at] 5pm last night. He wanted us to put 225 on the RDA I said 150 we then came up to 175. He said they are much more cognizant of the values now. I think we go with it and get the RDA in.
Defendant SABLOSKY	He's done at the city as of Monday. He's now a consultant.
Defendant VALVANO	Any mention of\$\$
Defendant SABLOSKY	For him?
Defendant VALVANO	Yes
Defendant SABLOSKY	He didn't just come to visit!! Lol. He got another 5. When you get back we have to add everything and sit down with him. I want to get these RDAs through before we start rocking the boat.

E. Defendant GARCIA, VALVANO, and SABLOSKY used various interstate wire transmissions to further and facilitate their corrupt arrangement including, but not limited to, those set forth below in Counts 2 to 18 of this Indictment.

In violation of Title 18, United States Code, Section 1349.

COUNTS 2 to 18

(Honest Services Wire Fraud)

1. The allegations set forth in Paragraphs 1 to 3 and 6 of Count 1 of this Indictment are realleged and incorporated by reference as though fully set forth herein.

2. On or about the dates alleged herein, in the District of New Jersey and elsewhere, defendants

CARMELO G. GARCIA,
FRANK VALVANO, JR., and
IRWIN SABLOSKY

and others knowingly did devise and intend to devise a scheme and artifice to defraud the City of Newark and the NCEDC of the right to defendant GARCIA's honest services in the affairs of the City of Newark and the NCEDC.

3. On or about the dates set forth below, in the District of New Jersey and elsewhere, for the purposes of executing and attempting to execute this scheme and artifice to defraud, defendants

CARMELO G. GARCIA,
FRANK VALVANO, JR., and
IRWIN SABLOSKY

knowingly and intentionally 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, to include:

COUNT	DATE	DESCRIPTION OF WIRE TRANSMISSION
2	January 21, 2017	Defendant VALVANO received an email from an online travel agency, transmitted through a server located outside of the New Jersey, confirming a reservation for a 5-night stay at a luxury beachfront hotel in Miami, Florida, from on or about March 7, 2017 to on or about March 12, 2017, for three

COUNT	DATE	DESCRIPTION OF WIRE TRANSMISSION
		adults, including himself, Individual 2, and defendant GARCIA.
3	June 8, 2017	Defendant GARCIA sent an email to defendant SABLOSKY, transmitted through a server located outside of New Jersey, updating defendants VALVANO and SABLOSKY on the status of the Passaic RDA, writing: "We're on track to advance this once the appraisal comes back." (The email was also sent to defendant VALVANO.)
4	July 15, 2017	Defendant GARCIA sent an email to defendant SABLOSKY, transmitted through a server located outside of New Jersey, forwarding emails relating to the drafting and negotiation of the Riverside RDA, and keeping him apprised of his efforts to advance the Riverside RDA, writing, in part: "Hello & good morning, just keeping you abreast as we continue to move the chains. Now we're in the red zone & the goal line is near!" (The email was also sent to defendant VALVANO.)
5	July 15, 2017	Defendant SABLOSKY sent an email, transmitted through a server located outside of New Jersey, to defendant GARCIA in response to the email referenced in Count 4 above, in which defendant SABLOSKY wrote, in relevant part: "Thanks again for paying such close attention to our projects! Couldn't get it done without you." (Defendant VALVANO was also copied on the email.)
6	July 15, 2017	Defendant GARCIA sent an email, transmitted through a server located outside of New Jersey, to defendant SABLOSKY in response to the email referenced in Count 5 above, in which he wrote, in relevant part: "You're welcome my brothers as I want to see you in the end zone!" (Defendant VALVANO was also copied on the email.)
7	August 1, 2017	Defendant VALVANO sent an email, transmitted through a server located outside of New Jersey, to defendant GARCIA, with the subject line "End zone," inquiring about the status of defendant GARCIA's efforts to advance the Riverside and Passaic RDAs, writing: "Hey brother, how are things moving along?"

COUNT	DATE	DESCRIPTION OF WIRE TRANSMISSION
8	August 1, 2017	Defendant GARCIA sent an email, transmitted through a server located outside the State of New Jersey, to defendant VALVANO in response to the email referenced in Count 7 above, assuring defendant VALVANO that he was continuing his efforts to assist defendants VALVANO and SABLOSKY, and that he expected those efforts to succeed, writing: "I'm working it like a summer job a lot of back muscling so sure at this point!"
9	August 2, 2017	Defendant GARCIA sent an email, transmitted through a server located outside the State of New Jersey, to defendant VALVANO further updating him on his efforts to get the Riverside and Passaic RDAs on the City Council's agenda, writing, for instance: "We'll [sic] in great shape to move into that agenda position for the next one!" Defendant GARCIA further informed defendant VALVANO that an attorney from the law firm representing defendants VALVANO and SABLOSKY "didn't want me [defendant GARCIA] to push it any harder because it would create an inquisition of scrutiny given how much is on the agenda already revolving around redevelopment . . ."
10	August 17, 2017	Defendant SABLOSKY sent an email, transmitted through a server located outside the State of New Jersey, to defendant GARCIA, specifically questioning why he and defendant VALVANO should be responsible for the potential EPA lien on certain of the Riverside Properties. (Defendant VALVANO was also copied on the email.)
11	August 31, 2017	Defendant SABLOSKY sent an email, transmitted through a server located outside the State of New Jersey, to defendant GARCIA, asking defendant GARCIA: "Are we on the agenda?" (Defendant VALVANO was also copied on the email.)
12	September 22, 2017	Defendant GARCIA sent an email to defendant SABLOSKY, transmitted through a server located outside the State of New Jersey, updating defendants VALVANO and SABLOSKY on the status of defendant GARCIA's efforts to move forward with obtaining City Council approval for the Passaic RDA, observing "finally we got the BRC [Business Registration Certificate] & we're set now!" (The email was also sent to defendant VALVANO.)

COUNT	DATE	DESCRIPTION OF WIRE TRANSMISSION
13	September 22, 2017	Defendant SABLOSKY sent an email, transmitted through a server located outside the State of New Jersey, to defendant GARCIA in response to the email referenced in Count 12 above, stating: "Thanks that's a good start to year 5778!!," referring to the Jewish new year. (Defendant VALVANO was also copied on the email.)
14	September 22, 2017	Defendant GARCIA sent an email, transmitted through a server located outside the State of New Jersey, to defendant SABLOSKY in response to the email referenced in Count 13 above, further updating defendants VALVANO and SABLOSKY on the progress of his efforts to advance the Passaic RDA, writing: "Yes my good man as your scheduled for 9/26 to close out this matter!" (Defendant VALVANO was also copied on the email.)
15	September 22, 2017	Defendant VALVANO sent an email, transmitted through a server located outside of the State of New Jersey, to defendant SABLOSKY, in response to the email referenced in Count 14 above, confirming that he was pleased with the progress of defendant GARCIA's efforts to advance the Passaic RDA, writing: "The end zone is near!" (Defendant GARCIA was also copied on the email.)
16	November 6, 2017	Defendant GARCIA sent an email, transmitted through a server located outside the State of New Jersey, to defendant VALVANO attaching the "Meeting Agenda" for the November 8, 2017 "Special Meeting" of the Newark City Council, which included proposed resolutions authorizing and approving the Passaic RDA and the Riverside RDA.
17	June 19, 2018	The City's Director of Redevelopment, acting at the direction of defendant GARCIA, sent an email, transmitted through a server located outside the State of New Jersey, to an attorney representing Entity 3 and Entity 4, two limited liability companies controlled by defendants VALVANO and SABLOSKY, attaching two PDLs preliminarily designating Entity 3 and Entity 4 as the redevelopers for the Broadway-Oraton and West Market Properties, respectively. (Defendant GARCIA was also copied on the email.)

COUNT	DATE	DESCRIPTION OF WIRE TRANSMISSION
18	February 28, 2019	Defendant GARCIA received an email, transmitted through a server located outside of the State of New Jersey, from an attorney representing defendants VALVANO and SABLOSKY, attaching a letter to defendant GARCIA, in his capacity as the City's Chief of Development, seeking the City's "consent" to a six-month extension of the "due diligence" period provided for under the terms of the Riverside RDA. In the email, the attorney for defendants VALVANO and SABLOSKY stated, "Carmelo [defendant GARCIA], here is the extension letter we discussed in our call the other day. Please address this at your earliest opportunity."

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

COUNTS 19 to 22

(Defendants GARCIA, VALVANO, and SABLOSKY Traveled or Caused Travel, and Used or Caused the Use of Facilities in Interstate Commerce, with Intent to Promote and Facilitate Bribery in Violation of New Jersey Law)

1. Paragraphs 1 to 3 and 6 of Count 1 of this Indictment are realleged and incorporated by reference as though fully set forth herein.

2. On or in or about the dates set forth below, in the District of New Jersey and elsewhere, defendants

CARMELO G. GARCIA,
FRANK VALVANO, JR., and
IRWIN SABLOSKY

knowingly and intentionally did travel and cause travel in interstate commerce and use or cause the use of facilities in interstate commerce as set forth below with the intent to promote, manage, establish, carry on and facilitate the promotion, management, establishment, and carrying on of that unlawful activity – namely, bribery, contrary to N.J. Stat. Ann. §§ 2C:21-10 and 2C:27-2 – and, thereafter, performed and attempted to perform acts to promote, manage, establish, carry on, and facilitate the unlawful activity, as set forth below:

COUNT	TRAVEL OR USE OF INTERSTATE FACILITY	SUBSEQUENT ACTS
19	(a) On or about March 7, 2017, defendant VALVANO traveled from New Jersey to Miami, Florida. (b) On or about March 8, 2017, defendant GARCIA also traveled from New Jersey to Miami, Florida.	(a) On or about March 12, 2017, defendant VALVANO used a VISA checkcard linked to a bank account in the name of a limited liability company controlled by VALVANO to pay approximately \$2,994 for defendant GARCIA's 4-night stay at a luxury beachfront hotel in South Beach Miami. (b) On about March 23, 2017, defendant GARCIA emailed the City's Director of Redevelopment, informing the Director of Redevelopment that he had spoken with the then-Deputy

COUNT	TRAVEL OR USE OF INTERSTATE FACILITY	SUBSEQUENT ACTS
		<p>Mayor/DEHD Director regarding the Passaic Properties, and that the Deputy Mayor/DEHD Director had given the “green light” to proceed with issuing the necessary PDL for the project. Defendant GARCIA then requested that the Director of Redevelopment send him the “preliminary designation” or PDL for the Passaic Properties.</p>
20	<p>On or about November 6, 2017, defendant GARCIA sent an email, transmitted through a server located outside of the State of New Jersey, to defendant VALVANO, attaching the “Meeting Agenda” for the November 8, 2017 “Special Meeting” of the Newark City Council, which included proposed resolutions authorizing and approving the Passaic and Riverside RDAs.</p>	<p>(a) On or about November 8, 2017, defendant GARCIA appeared before the City Council and spoke in support of the proposed resolutions authorizing and approving the Riverside and Passaic RDAs, recommending that the members of the City Council adopt them.</p> <p>(b) On or about December 23, 2017, defendant GARCIA received two link chains with a “Selling Price” of approximately \$2,395, and \$2,175, respectively, from defendants VALVANO and SABLOSKY.</p>
21	<p>On or about March 15, 2018, defendant GARCIA received via email from an attorney representing Entity 3 and Entity 4, two limited liability companies controlled by defendant VALVANO and defendant SABLOSKY, two LOIs regarding the Broadway-Oraton Properties and the West Market Properties.</p>	<p>(a) On or about June 14, 2018, defendant GARCIA accepted a cash payment of approximately \$25,000 from Individual 2, acting as an intermediary for defendants VALVANO and SABLOSKY, while in the bathroom of a restaurant in Mountainside, New Jersey.</p> <p>(b) On or about June 18, 2018, defendant GARCIA sent an email to the DEHD’s Director of Redevelopment (who reported to GARCIA) instructing the Director of Redevelopment to, among other things, “produce the necessary PDL” for the Broadway-Oraton Properties and the West Market Properties, preliminarily designating Entity 3 and Entity 4 as the redevelopers for the properties.</p>

COUNT	TRAVEL OR USE OF INTERSTATE FACILITY	SUBSEQUENT ACTS
22	<p>(a) On or about February 28, 2019, defendant GARCIA received an email, transmitted through a server located outside the State of New Jersey, from an attorney representing defendants VALVANO and SABLOSKY, attaching a letter to defendant GARCIA, in his capacity as the City's Chief of Development, seeking the City's "consent" to a six-month extension of the "due diligence" period provided for under the terms of the Riverside RDA. In the email, the attorney for defendants VALVANO and SABLOSKY stated, "Carmelo [defendant GARCIA], here is the extension letter we discussed in our call the other day. Please address this at your earliest opportunity."</p> <p>(b) On or about March 4, 2019, following his meeting with the interim Deputy Mayor/DEHD Director, defendant GARCIA sent an email to a City of Newark employee, confirming that he had "reviewed & discussed" the extension of the "due diligence" period under the</p>	<p>(a) On or about March 8, 2019, defendant GARCIA received jewelry from defendants VALVANO and SABLOSKY: a bracelet with a "Selling Price" of \$5,450, and a chain with a "Selling Price" of \$9,345. Defendant GARCIA did not pay for the bracelet or the chain.</p> <p>(b) On or about March 18, 2019, defendant GARCIA emailed the Interim Deputy Mayor/DEHD Director and again advocated for the approval of the extension request, insisting that the matter had been "previously addressed" and that the extension "needed" to be granted.</p> <p>(c) On or about April 12, 2019, defendant GARCIA accepted a cash payment of approximately \$5,000 from defendant SABLOSKY at a location in New Jersey.</p>

COUNT	TRAVEL OR USE OF INTERSTATE VEHICLES	SUBSEQUENT ACTS
	Riverside RDA (as requested by defendants VALVANO's and SABLOSKY's attorney) "with [the Interim Deputy Mayor/DEHD Director] as it has my approval."	

In violation of Title 18, United States Code, Section 1952 (a)(3) and Section 2.

COUNTS 23 to 25

(GARCIA Corruptly Solicits, Demands, Accepts and Agrees to Accept Cash Payments and Other Things of Value from VALVANO and SABLOSKY to Influence and Reward GARCIA)

1. Paragraphs 1 to 3 and 6 of Count 1 of this Indictment are realleged and incorporated by reference as though fully set forth herein.

2. During the time period relevant to Counts 23 to 25 of this Indictment:

A. Defendant GARCIA was an agent of the City of Newark, within the meaning of Title 18, United States Code, Section 666(d)(1); and

B. The City of Newark government received benefits in excess of \$10,000 in the relevant one-year periods, within the meaning of Title 18, United States Code, Section 666(d)(5), under Federal programs involving a grant, contract, subsidy, loan, guarantee, insurance and other forms of Federal assistance, to include funds from programs administered by the Community Planning and Development Division of the United States Department of Housing and Urban Development whose purposes were, among other things, to develop viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities.

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

CARMELO G. GARCIA

did knowingly and corruptly solicit, demand, accept, and agree to accept, from defendants VALVANO, SABLOSKY and others, cash payments and other things of value in amounts of \$5,000 and more, intending to be influenced and rewarded in connection with a business, transaction, and series of transactions of the City of Newark involving a thing of value of \$5,000

and more, as follows:

COUNT	DATE	APPROXIMATE AMOUNT
23	June 14, 2018	\$25,000
24	March 8, 2019	Jewelry with an aggregate value of \$14,795
25	April 12, 2019	\$5,000

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

COUNTS 26 to 28

(VALVANO and SABLOSKY Corruptly Give, Offer, and Agree to Give Cash Payments and Other Things of Value to GARCIA to Influence and Reward GARCIA)

1. Paragraphs 1 to 3 and 6 of Count 1, and Paragraph 2 of Counts 23 to 25, of this Indictment are realleged and incorporated by reference as though fully set forth herein.

2. On or about the dates set forth below, in the District of New Jersey and elsewhere, defendants

FRANK VALVANO, JR. and
IRWIN SABLOSKY

did knowingly, corruptly, and with the assistance of others, give, offer, and agree to give to defendant GARCIA cash payments and other things of value in amounts of \$5,000 and more, intending to influence and reward defendant GARCIA in connection with a business, transaction, and series of transactions of the City of Newark involving a thing of value of \$5,000 and more, as follows:

COUNT	DATE	APPROXIMATE AMOUNT
26	June 14, 2018	\$25,000
27	March 8, 2019	Jewelry with an aggregate value of \$14,795
28	April 12, 2019	\$5,000

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

FORFEITURE ALLEGATION

1. Upon conviction of one or more of the offenses charged in Counts 1 through 28 of this Indictment, defendants

CARMELO G. GARCIA,
FRANK VALVANO, JR., and
IRWIN SABLOSKY

shall forfeit to the United States pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), all property, real and personal, the respective defendants obtained that constituted, or was derived from, proceeds traceable to the commission of each such offense, and all property traceable to such property.

2. If any of the above-described forfeitable property, as a result of any act or omission of defendants GARCIA, VALVANO, and SABLOSKY:

- 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 21 U.S.C. § 853(p) (as incorporated by 28 U.S.C. § 2461(c)), to seek forfeiture of any other property of defendants GARCIA, VALVANO and SABLOSKY up to the value of the forfeitable property.

[REDACTED]
A TRUE BILL

[REDACTED]
FOREPERSON

Rachael A. Honig

RACHAEL A. HONIG
ACTING UNITED STATES ATTORNEY

CASE NUMBER: _____

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

UNITED STATES OF AMERICA

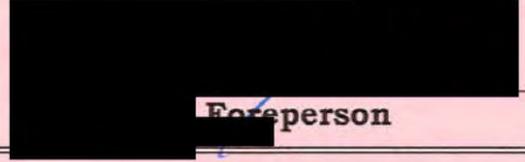
v.

**Carmelo G. Garcia
Frank Valvano, Jr., and
Irwin Sablosky**

INDICTMENT FOR

18 U.S.C. §§ 666(a)(1)(B) & (a)(2)
18 U.S.C. § 981(a)(1)(C)
18 U.S.C. §§ 1343, 1346 & 1349
18 U.S.C. § 1952(a)(3) & § 2

A True Bill,

Forfeiture

RACHAEL A. HONIG
ACTING UNITED STATES ATTORNEY
FOR THE DISTRICT OF NEW JERSEY

JEFFREY J. MANIS
ELAINE K. LOU
JIHEE G. SUH
ASSISTANT U.S. ATTORNEYS
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