

NEWS

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Christopher J. Christie, U.S. Attorney

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FOR IMMEDIATE RELEASE

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Former Atlantic City Council President Craig Callaway Sentenced
to 40 Months in Prison for Accepting \$36,000 in Bribes

(More)

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CAMDEN – Former Atlantic City Councilman Craig Callaway was sentenced today to 40 months in federal prison for accepting \$36,000 in bribes to assist a contractor in obtaining major construction work in Atlantic City, U.S. Attorney Christopher J. Christie.

The sentence was within the range of – 37 to 46 months – under the advisory U.S. Sentencing Guidelines. Callaway would have been eligible to receive a reduction in the sentence because of his cooperation in a three-year corruption investigation in Atlantic City. However, the U.S. Attorney's Office informed the Court before sentencing that it was withdrawing its support for a sentence below that range – a downward departure – due to Callaway's involvement in an alleged blackmail scheme, in which Callaway arranged for a prostitute to be videotaped engaging in sexual conduct with a political adversary.

In imposing sentence, Judge Joseph H. Rodriguez took into account that conduct, as well as other negative factors in imposing sentence.

Judge Rodriguez remanded Callaway to custody of the U.S. Marshals, rejecting the defense's request to have him surrender on a future date. Judge Rodriguez also fined Callaway \$1,000.

"Callaway posed as an honest public official. In reality, he was a fraud among the worst that public life in New Jersey has to offer," Christie said. "The way he conducted himself in Atlantic City was a disgrace to his office and, unfortunately, reinforced every cynical thought New Jersey citizens have about some of their public officials."

On Callaway's role in the investigation, Christie said:

“Cooperating witnesses like Callaway are often a necessary part of public corruption investigations, and we have succeeded in bringing other corrupt individuals to justice in Atlantic City due in part to Callaway's assistance. But through his own deceitful and self-destructive conduct, Callaway forfeited any right or expectation of leniency by our office or Judge Rodriguez.”

The investigation into official corruption in Atlantic City is continuing. The case against Callaway was prosecuted by Assistant U.S. Attorneys Thomas J. Eicher and Judith H. Germano of the U.S. Attorney's Office Special Prosecutions Division.

At his guilty plea on Aug. 30, 2006, Callaway admitted that, between December 2003 and January 2005, he accepted a total of \$36,000 in multiple payments from a contractor and undercover FBI agent whom he believed was a Wall Street financier. The financier told Callaway that he was backing the contractor who wanted development and construction work in Atlantic City, including development of what was known as the Garwood Mills

site. The contractor, Terry Jacobs, was a government cooperating witness.

Callaway admitted then that he accepted the cash payments in return for his official support to assist the financier and contractor to become the general contractor or the construction manager on the Garwood Mills development project.

Jacobs and former Camden councilman Ali Sloan El pleaded guilty the same day as Callaway. On Oct. 4, 2006, two other Atlantic City councilmen – Ramon Rosario and Gibb Jones – pleaded guilty to accepting bribes.

Sloan El admitted taking approximately the same amount from Jacobs – \$36,000 – as Callaway, in exchange for steering Camden redevelopment work to the same cooperating contractor, Jacobs. The promised projects included concrete, sidewalk and other construction work including Camden's Cooper's Ferry project and parking for the New Jersey Aquarium.

Jacobs, a contractor in Atlantic City, Camden and elsewhere, pleaded guilty to an unrelated drug offense, admitting to conspiring to distribute more than five kilograms of cocaine in Gloucester County on Jan. 30, 2004. During his guilty plea, Jacobs further admitted to paying bribes – independently and later as a cooperating witness for federal authorities – to public officials including Callaway and Sloan El in exchange for preferential treatment on city contracts.

The drug distribution charge against Jacobs carries a mandatory minimum term of imprisonment of 10 years and a maximum penalty of life imprisonment, as well as a fine of up to \$4 million or twice the gross gain or loss from the offense, whichever is greater.

Rosario admitted that he accepted \$14,000 from the undercover FBI agent and Jacobs. Jones admitted that he accepted more than \$5,000 in regular cash payments from a businessman seeking city development contracts for an associate.

Jacobs, Rosario and Jones are all scheduled to be sentenced on May 2. Sloan El's sentencing is scheduled for April 19.

In determining Callaway's sentence, Judge Rodriguez consulted the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history and other factors. The judge, however, was not bound by those guidelines in determining a sentence. Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

The case was prosecuted by Assistant U.S. Attorneys Thomas J. Eicher and Judith H.

Germano, both of the U.S. Attorney's Office, Special Prosecutions Division in Newark.

Christie credited Special Agents of the FBI, under the direction of Acting Special Agent in Charge Pedro Ruiz, with the investigation of Callaway and others.

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Callaway Defense Counsel: Jeremy Frey, Esq., Philadelphia