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RECYCLER OF USED WATER METERS PLEADS GUILTY TO BRIBERY

Novato Man Paid over \$200,000 in Bribes to Municipal Employees in Sacramento, Sonoma and San Francisco

SACRAMENTO, Calif.—United States Attorney McGregor W. Scott and Federal Bureau of Investigation Special Agent-in-Charge Drew Parenti announced today that SHELDON MORRIS, 76, of Novato, pleaded guilty this morning before United States District Court Judge Garland E. Burrell, Jr. to making unlawful bribes to municipal employees of both Sacramento and Sonoma and admitted to making additional bribes to municipal employees of San Francisco within the Eastern and Northern Districts of California.

This case is the product of an extensive investigation by the Federal Bureau of Investigation and the City of Sacramento Police Department.

According to Assistant United States Attorney S. Robert Tice-Raskin, who is prosecuting the case, MORRIS admitted that between 1999 and 2007 he paid in excess of \$200,000 in bribes to various Sacramento, Sonoma and San Francisco municipal employees.

Said United States Attorney Scott, “Decisions made by those entrusted by the public, at whatever level of government, cannot and must not be corrupted by financial kickbacks.”

Special Agent-in-Charge Parenti said, “Public corruption is a betrayal of the public’s sacred trust. While these cases are challenging and difficult, we are committed to uncovering officials who elect to engage in this type of illegal conduct. Our most important partner in the

fight against public corruption is the American public and we welcome information that points us in the direction of corrupt officials—regardless of the level of government.”

Sacramento Bribery Scheme

MORRIS owned and operated Underground Express, a business that transported used municipal equipment to recyclers in exchange for a fee and bought and sold used municipal equipment. Between 1999 and 2007, MORRIS had an oral agreement with various employees of the City of Sacramento Water Distribution Branch to retrieve used meters from the branch, transport them to a recycler, and sell them for profit. MORRIS would keep a portion of the meter sale proceeds for himself as a fee and would maintain a separate portion of the meter sale proceeds in a “slush fund” that he would disburse to certain employees of the Water Distribution Branch or use to make purchases for the benefit of the Water Distribution Branch, all to reward employees for allowing him to conduct the used water meter transactions.

As part of this scheme, between October 1999 and November 2005, MORRIS gave 16 checks and cash totaling approximately \$10,371 to then Water Distribution Superintendent Barry Holland and gave various machinery to Holland for use by the branch, including two air motors with a combined value of approximately \$7,200, and a tapping machine valued at \$8,000 to \$9,000. MORRIS also gave two checks totaling \$2,300 to Mike M., Water Distribution Superintendent for the branch and also paid \$1,304 for catering for a branch holiday party.

Sonoma Bribery Scheme

MORRIS also sold used water meters on behalf of the Water Department, City of Sonoma, and maintained a portion of the proceeds in a “slush fund” that he later would disburse to Randall C., the Water Operations Supervisor for the department. In addition, MORRIS sold parts and equipment for the department requested by Randall C. and then sent Randall C.

kickbacks. Between 2002 and 2007, MORRIS gave Randall C. 38 checks, totaling \$149,529.84, and cash totaling approximately \$1,500. MORRIS gave the money to Randall C. to reward him for allowing MORRIS to conduct the sales of used water meters and to conduct the sales of equipment to the department.

San Francisco Bribery Scheme

Between 2002 and 2007, MORRIS gave numerous checks to two employees of the San Francisco Public Utilities Commission: \$4,575 to Gerald L. and \$13,348.50 in checks and cash to Alex D. to reward each of these employees for purchasing or selling goods to MORRIS on behalf of the Commission.

Penalties and Future Proceedings

The maximum statutory penalty for the bribery convictions is 20 years in prison and a fine of \$500,000. The actual sentence, however, will be determined at the discretion of the court after consideration of the Federal Sentencing Guidelines, which take into account a number of variables and any applicable statutory sentencing factors.

As part of the plea agreement, MORRIS has agreed to pay restitution to the City of Sacramento in the amount of \$22,449.91, to the City of Sonoma in the amount of \$144,029.84, and to the City of San Francisco in the amount of \$19,762.90.

Sentencing is scheduled for October 24, 2008, at 9:00 a.m., before Judge Burrell.

Related Proceedings

On January 25, 2008, Barry Holland entered a guilty plea in federal court to accepting unlawful bribes while serving as Superintendent for the Water Distribution Branch. Sentencing for that matter is scheduled before Judge Burrell on October 17, 2008.

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