

NEWS

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FOR IMMEDIATE RELEASE
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Contractors Admit Making Corrupt Payments to New Brunswick City Officials

– The Investigation Continues –

(More)

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NEWARK – The owners of a New Brunswick based construction and maintenance business, which received more than \$1.3 million in rehabilitation contracts from the City of New Brunswick’s Department of Community Planning and Economic Development, pleaded guilty today to making concealed payments to multiple officials in exchange for the receipt of contracting work and other official favors, U.S. Attorney Christopher J. Christie announced.

Joseph McNulty, 42, of North Brunswick, and Sam K. John, 48, of Sayreville, co-owners of the New Brunswick construction firm, each admitted to participating in a scheme to give cash and other benefits to multiple employees of the City of New Brunswick’s Department of Community Planning and Economic Development (the Department), in exchange for the officials exercising their influence in favor of McNulty and John’s company.

Between January 2004 and September 2006, McNulty and John’s construction firm received in excess of \$1.3 million in rehabilitation contracts from the Department. During that time, McNulty and John each admitted that they made concealed cash payments of approximately \$3,000 a month the Department’s Director of the Neighborhood Preservation Project in exchange for his awarding them rehabilitation contracts every month. To secure the contracts, McNulty and John also admitted to performing work for free or at a discounted rate at the Director’s personal residence and a rental property he owned.

McNulty and John further admitted to paying the Department’s Rehabilitation Construction Inspector and Assistant Zoning Officer (the Inspector) approximately \$500 every 4 to 6 weeks for expedited and lenient inspections. The contractors also stated that, at the Inspector’s request, they performed work at a property the Inspector owned in New Brunswick at a discounted rate in order to ensure favorable treatment.

McNulty and John also acknowledged that they made multiple payments of approximately \$100 to \$200 to a Supervisory Clerk for the Department. McNulty and John stated that they made these payments to the Supervisory Clerk in exchange for accelerating the payment of Department checks to their company.

In addition to making payments for the Department’s rehabilitation contracts, McNulty and John admitted to making a cash payment for a Department of Public Property contract in 2005. The contract was for the repair of the roof at a firehouse located on Bartlett Street in New Brunswick and the work was valued at \$15,000. McNulty and John admitted that, as part of an agreement reached in advance, they made a \$1,500 cash payment to the Inspector in exchange for receiving the contract. In accordance with the agreement, McNulty and John stated that they understood that the Inspector would split the \$1,500 cash payment with the City of New Brunswick’s Director of the Water Utility

and Public Properties Department for his role in awarding McNulty and John's company the contract.

The New Brunswick officials who received the payments were not identified in court nor in court documents.

"This investigation into official corruption in New Brunswick is continuing," said Christie. "The citizens of New Brunswick have a right on honest government. We will follow all evidence to where ever and whomever it takes us."

The federal investigation began after the matter, in its early stages, was referred by the Middlesex County Prosecutor's Office to the U.S. Attorney's Office and federal investigative agencies.

McNulty and John each pleaded guilty to separate one-count Informations before U.S. District Court Judge Joseph E. Irenas. The Information charged each defendant with making corrupt payments to a city official. The charge carries a maximum penalty of 10 years in prison and a \$250,000 fine, according to Assistant U.S. Attorney Brian R. Howe.

Today was McNulty's and John's first appearance in court in connection with the corruption investigation. Judge Irenas released each on an unsecured \$100,000 personal recognizance bond pending sentencing on July 27.

Christie credited Special Agents of the FBI's Franklin Township Resident Agency, under the direction of Acting Special Agent in Charge Pedro Ruiz; and Special Agents of U.S. Department of Housing and Urban Development Office of Inspector General, under the direction of Special Agent in Charge Renee Febles, with the investigation. The investigation also was assisted by investigators from the Middlesex County Prosecutor's Office, under the direction of Middlesex County Prosecutor Bruce J. Kaplan, and New Brunswick Police Department, under the direction of Police Chief Joseph Catanese.

The case is being prosecuted by Assistant U.S. Attorney Brian R. Howe of the U.S. Attorney's Special Prosecution's Unit in Newark.

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Defense counsel:
Henry E. Klingeman, Esq. (for McNulty)
James M. Curran, Esq. (for John)