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FOR IMMEDIATE RELEASE

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WHITE, KEMP, AND 10 OTHERS CHARGED IN PHILADELPHIA CORRUPTION CASE

PHILADELPHIA – United States Attorney Patrick L. Meehan, F.B.I. Special Agent-in-Charge Jeffrey Lampinski, and I.R.S. Special Agent-in-Charge Jerome Lisuzzo announced the indictment of 12 defendants, including attorney Ronald A. White, former Philadelphia City Treasurer Corey Kemp, and the president and regional vice-president of Commerce Bank/Pennsylvania, N.A., in a case alleging corruption in connection with financial transactions of the City of Philadelphia and other deals involving Kemp.

The indictment alleges that White corrupted City Treasurer Kemp, from January 2002 through October 16, 2003, by making payments and giving other benefits to Kemp. In exchange, Kemp followed White’s direction regarding the decisions Kemp was required to make regarding the employment of financial service companies to carry out bond transactions, and other matters. Kemp’s decisions created large financial gains for White and those White favored.

“The nameplate on the desk of the City Treasurer may have read Corey Kemp but Ron White was calling the shots,” said Meehan. “This is an indictment not only of the defendants but of a ‘pay to play’ culture that can only breed corruption.”

The indictment states that, throughout 2002 and 2003, White showered Kemp with payments and other gratuities, with the intent to influence Kemp in his official actions. These gifts included at least \$10,000 paid in 2002, a \$10,350 deck for Kemp’s house in 2003, a trip to the Super Bowl in San Diego in January 2003 (including transportation by private jet and limousine, and a ticket to the game), tickets and limousine rides to all three days of the NBA All-Star events in Philadelphia in February 2002, and numerous other meals, parties, and choice tickets to sports and entertainment events. The indictment asserts that White also held out the promise of vast future riches, assuring Kemp secret participation in what White represented would be lucrative financial opportunities in the development of the Philadelphia International Airport and a racetrack/casino proposed at the Philadelphia Naval Yard.

“There was a seemingly endless stream of benefits in exchange for control that Kemp was more than willing to surrender,” said Meehan. “In effect, the public trust was being bought and sold.”

The indictment states that in exchange for these benefits, Kemp permitted White to direct Kemp's decision-making as Treasurer of the City. On a daily basis, White instructed Kemp regarding which providers to select for participation in City transactions, and which to exclude, and Kemp followed those instructions. Kemp successfully recommended that White himself be hired as counsel in City bond deals, more frequently than any other attorney, earning White \$633,594 in fees during Kemp's tenure. Kemp also repeatedly recommended the selection of a printing company nominally controlled by White's paramour, defendant Janice Renee Knight, which earned \$308,632 in City bond deals during the same period. On one occasion, according to the indictment, Kemp told a financial advisor to the City that White would be paid \$35,000 on a deal "just for the hell of it," even though White "didn't really do anything." Kemp then informed White of the same thing, saying, "you got your boy sitting in, in the Treasurer's seat, man . . . that's what we do, man, take care of each other."

White also profited by directing Kemp to award City business to firms favored by White, which in turn, to obtain White's access and influence, paid White legal fees and retainers, gave additional business to Knight's printing company, and made contributions to politicians, charities, and other causes White favored. One of the firms that benefitted from White's and Kemp's corrupt scheme was Commerce Bank. The indictment charges that Commerce Bank/Pennsylvania president Glenn K. Holck and regional vice-president Stephen M. Umbrell themselves made favorable and otherwise unavailable loans to Kemp, such as for 100% financing on his house at a time that Kemp had extremely poor credit, and paid benefits to White knowing that White exerted influence over Kemp. As a result, Kemp favored Commerce Bank in the award of a \$30 million line of credit and other transactions. (With respect to the line of credit, after Commerce submitted its bid to the City in a closed bidding process with other banks, Kemp told White on May 28, 2003, "just some advice in the future, 'cause they submitted their proposal first, right? Tell them don't submit it first, because I can tell you what came in, and then you can tell them how to beat the s---." White so advised Holck and Umbrell. Kemp then informed Holck and Umbrell what offer would win the deal.)

The indictment rests in part on conversations monitored by the government pursuant to judicial authorization for approximately nine months during 2003. During that time, according to the indictment, White and Kemp openly discussed their criminal scheme, in which Kemp permitted White to take over Kemp's official decision-making in exchange for benefits from White and others. For example, on February 12, 2003, while discussing the selection of financial services firms favored by White, White stated, "well, we moving s---, ain't we Corey? . . . there ain't nobody in it but me and you now." Kemp replied, "That's it, everybody else out the picture, huh?"

During 2003, White occasionally promised Kemp that, if Philadelphia Mayor John F. Street, whom White supported and who employed Kemp, were reelected in November 2003, White would continue to benefit Kemp and Kemp would become financially set. For example,

on August 25, 2003, White stated to Kemp, "the key for us right now, man, is to concentrate on getting John elected, so it gives us four more years to do our thing. If we get four more years, Corey, we should be able to set up, you know, I mean and for you we maybe only talking about only two, you know what I mean?" Kemp said, "that's good, that's good, that's cool."

The indictment states further that in permitting White to direct his official actions, Kemp knew his actions not only benefitted White and White's interests but also the political candidates White supported, including the Mayor. White and Kemp agreed that when White demanded political contributions from financial services firms to the Mayor's campaign, the firms had to make them or face the loss of the ability to obtain City business. On August 26, 2003, discussing that matter, White said to Kemp, "either you down or you ain't with it." Kemp replied, "right, cause if they don't, if they ain't with us they ain't gonna get nothing." White said, "that's right." Kemp said, "you know, you just hate to say it but that's the way it is, man, I mean, this is . . . election time, this is time to either get down or lay down, man, I mean, come on, to me, personally it's not even a hard decision."

The indictment states that in furthering his political agenda White was motivated by financial gain rather than political conviction. It recounts a conversation he had on September 24, 2003, when he stated to a fellow fundraiser, "the whole thing, man, you know I don't care about none of this s---, man, none of this politics s--- means nothing to me. What we want to do is, we business people, we want to protect our f---ing investment, and we need to talk about how we gonna do that . . . if John loses."

The indictment further alleges that:

-- During the spring and summer of 2003, Kemp and White engaged in an effort to extort an investment broker at Legg Mason, Inc. in Baltimore, Maryland. When White and Kemp learned that the broker was interested in obtaining City of Philadelphia business, they acted to try to extract from the broker his assistance in getting work in Baltimore for White and for Knight's printing company, and later demanded a \$5,000 campaign contribution to the Mayor of Philadelphia. When the broker did not deliver, his request for business was summarily denied.

-- In August 2003, White, with Kemp's assistance, demanded a \$25,000 campaign contribution for Mayor Street's campaign from a Philadelphia financial advisory firm, in exchange for a ticket to the Mayor's box at the Philadelphia Eagles season opener and the opportunity to obtain City business from Kemp.

-- White, at the behest of defendants Charles LeCroy and Anthony C. Snell, who were executives of J.P. Morgan, submitted a false invoice to J.P. Morgan seeking the payment of \$50,000 for legal work which White did not actually perform on a Mobile, Alabama bond transaction. LeCroy and Snell arranged this payment, which was made on May 30, 2003, against

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the intent of their employer, in order to secure White's assistance in obtaining business for J.P. Morgan in Philadelphia, which could result in personal benefit for LeCroy and Snell.

-- In May 2003, Kemp traveled to New York City to play a fictitious role at a business meeting conducted by White and defendant La-Van Hawkins. The purpose was to deceive a person with whom Hawkins wished to do business into believing that Hawkins had available funds, from the Philadelphia pension fund, to engage in the transaction.

-- Kemp engaged in other fraudulent schemes.

First, Kemp and defendant Francis D. McCracken, the pastor of St. James Chapel Church, Church of God in Christ, in Reading, submitted false statements to Commerce Bank in order to obtain an advance of \$115,898.37 on a loan made by Commerce to the Church. By falsely representing that work had been done to refurbish the Church, Kemp and McCracken were able to obtain over \$50,000 which they diverted for their personal benefit, concealing their fraud by laundering proceeds through a series of bank accounts they controlled. They also discussed a plan to use an additional \$50,000 of the funds loaned to the Church to make an investment on their personal behalf in a private investment opportunity being offered by Ronald White regarding development of a racetrack/casino at the Philadelphia Naval Yard. This plan did not come to fruition, however, by the time the defendants' criminal conduct came to light.

Second, Kemp and McCracken perpetrated a fraud on a state-funded welfare-to-work program. Third, Kemp and an attorney, Rhonda M. Anderson, established a business to assist individuals in making claims against unclaimed funds held by the City or having payments made for lost or misplaced bonds issued by the City. Kemp received cash for his participation in this business even though, as he explained to Anderson, he was the City official charged with making such payments and was not permitted to receive cash payments in connection with the performance of his duties.

The defendants in this case are:

1. **Ronald A. White**, 54, an attorney, of Sedgwick Street in Philadelphia. White is charged with conspiracy to commit honest services fraud, 22 counts of wire fraud, four counts of mail fraud, two counts of extortion, and five counts of making false statements to the FBI. If convicted on all counts, he faces a maximum sentence of 555 years imprisonment and an \$8.25 million fine.

2. **Corey Kemp**, 34, the former City Treasurer, of King Fisher Drive in Birdsboro, Pennsylvania. Kemp is charged with conspiracy to commit honest services fraud, 20 counts of wire fraud, 15 counts of mail fraud, two counts of extortion, three counts of making false statements to a bank, four counts of money laundering, and one count of filing a false tax return. If convicted on all counts, he faces a maximum sentence of 798 years imprisonment and a \$10.75 million fine.

3. **Glenn K. Holck**, 44, the president of Commerce Bank/Pennsylvania, who resides on Greenbriar Lane in Newtown, Pennsylvania. Holck is charged with conspiracy to commit honest services fraud, eight counts of wire fraud, and one count of mail fraud. If convicted on all counts, he faces a maximum sentence of 185 years imprisonment and a \$2.5 million fine.

4. **Stephen M. Umbrell**, 44, the regional vice-president of Commerce Bank/Pennsylvania, who resides on Cornell Drive in Delran, New Jersey. Umbrell is charged with conspiracy to commit honest services fraud, eight counts of wire fraud, and one count of mail fraud. If convicted on all counts, he faces a maximum sentence of 185 years imprisonment and a \$2.5 million fine.

5. **La-Van Hawkins**, 46, a Detroit businessman. Hawkins is charged with conspiracy to commit honest services fraud, four counts of wire fraud, and four counts of committing perjury before the federal grand jury which investigated this case. If convicted on all counts, he faces a maximum sentence of 125 years imprisonment and a \$2.5 million fine.

6. **Janice R. Knight**, 40, a businesswoman, of Wade Drive in Cherry Hill, New Jersey. Knight is charged with conspiracy to commit honest services fraud, three counts of wire fraud, and three counts of making false statements to the FBI. If convicted on all counts, she faces a maximum sentence of 80 years imprisonment and a \$1.75 million fine.

7. **Charles LeCroy**, 49, a former managing director of the southeast regional office of J.P. Morgan, who resides in Winter Park, Florida. LeCroy is charged with two counts of wire fraud. If convicted on both counts, he faces a maximum sentence of 40 years imprisonment and a \$500,000 fine.

8. **Anthony C. Snell**, 44, a former vice-president of J.P. Morgan, who resides in Smyrna, Georgia. Snell is charged with two counts of wire fraud. If convicted on both counts, he faces a maximum sentence of 40 years imprisonment and a \$500,000 fine.

9. **Denis Carlson**, 49, a senior vice-president of Janney Montgomery Scott, who resides on Mermaid Lane in Philadelphia. Carlson is charged with two counts of making false statements to the FBI agents investigating this case; it is alleged that Carlson misrepresented his relationship with White and his purpose in giving Corey Kemp the free use of a vacation condominium Carlson owned. If convicted on both counts, he faces a maximum sentence of 10 years imprisonment and a \$500,000 fine.

10. **Francis D. McCracken**, 54, the pastor of the St. James Chapel Church, Church of God in Christ, who resides on North 3rd Street in Reading, Pennsylvania. McCracken is charged with three counts of making false statements to a bank, four counts of money laundering, and six counts of mail fraud. If convicted on all counts, he faces a maximum sentence of 290 years imprisonment and a \$3.25 million fine.

11. **Jose Mendoza**, 44, of Elm Street in Reading, Pennsylvania. Mendoza was a worker employed by McCracken, and allegedly assisted in the preparation of a false statement submitted to Commerce Bank. He is charged with one count of making a false statement to a bank, and if convicted, faces a maximum sentence of 30 years imprisonment and a \$1 million fine.

12. **Rhonda M. Anderson**, 30, of Walnut Park Drive in Philadelphia. Anderson is an attorney who allegedly participated in a fraudulent scheme with Kemp. She is charged with one count of mail fraud, and if convicted, faces a maximum sentence of 20 years imprisonment and a \$250,000 fine.

This case was investigated by the Federal Bureau of Investigation, with the assistance of the Internal Revenue Service, the Philadelphia District Office of the Securities and Exchange Commission, the Office of the Comptroller of the Currency, and the Pennsylvania Attorney General's Office, Medicaid Fraud Control Section.

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