

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA : **CRIMINAL NO.**
v. : **DATE FILED:** _____
GARRET STRATHEARN : **VIOLATION:**
: **18 U.S.C. § 1349 (conspiracy to commit**
: **mail and wire fraud - 1 count)**

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

At all times material to this information:

The Public Officials

1. Defendant GARRET STRATHEARN was the Finance Director for the City of Allentown. Through his office, defendant STRATHEARN had actual and perceived authority and influence over certain other public officials, including the City of Allentown's Purchasing Agent.

2. Dale Wiles, charged elsewhere, was an Assistant City Solicitor for the City of Allentown whose duties included coordinating the outsourcing of certain Allentown municipal projects to attorneys in the private sector.

3. Public Official #3, known to the United States Attorney, was a public official who represented the City of Allentown through an elective office. Public Official #3's elective office vested him with actual and perceived authority and influence over, among other things, the awarding of certain municipal contracts by the City of Allentown. Through his

elective office, Public Official #3 had actual and perceived authority over certain other public officials (“the municipal officials”), including defendant GARRET STRATHEARN and Dale Wiles.

Allentown’s Revenue Collection Contract

4. To obtain revenue for its budgetary needs in the most efficient and effective way, the City of Allentown outsourced its collection of delinquent real estate taxes and municipal claims (“the revenue collection”) to a law firm with experience in collecting taxes.

5. For several years, the contract for the City’s revenue collection had been serviced by Law Firm #1, known to the United States Attorney, whose contract had been renewed annually without Law Firm #1 being required to compete with other firms in order to keep the contract.

6. In or about August 2013, Dale Wiles was notified that firms would need to compete in order to be awarded the City’s revenue collection contract for the calendar year 2014. Wiles was tasked with coordinating the selection process.

7. Dale Wiles then formed a committee (“the revenue committee”) which was responsible for soliciting and evaluating proposals before selecting one to recommend to the Purchasing Agent, based on the best interests of the City and its citizens. The revenue committee was comprised of Wiles and two municipal officials, known to the United States Attorney, who reported to defendant GARRET STRATHEARN.

8. On or about November 11, 2013, the revenue committee used the U.S. mail system and Internet to publish a request for proposals (RFP), which invited potential contractors to bid on servicing Allentown’s revenue collection contract for 2014. According to the RFP, the City would evaluate competing proposals based on their merits and select a winner

based on which one would "be most advantageous to the City."

9. Law Firm #1, Law Firm #2, and Law Firm #3, all known to the United States Attorney, were all law firms which maintained one or more offices in the Eastern District of Pennsylvania. Relying on the representations in the RFP, several competitors submitted proposals for the revenue collection contract, including Law Firm #1, Law Firm #2, and a partnership between Law Firm #3 and a revenue collection company ("the Partnership"), all known to the United States Attorney.

10. The revenue committee members graded each of these proposals using pre-established criteria which were consistent with the representations in the RFP and memorialized these scores on preprinted government forms ("the score sheets"). The original three score sheets records reflected, among other things, that:

- a) the committee members had given Law Firm #2's proposal the highest aggregate score;
- b) the committee members had given Law Firm #1's proposal the second highest aggregate score; and
- c) none of the committee members had concluded that the Partnership's proposal would be the most advantageous to the City.

11. By on or about January 9, 2014, after reviewing, evaluating, and discussing each of the proposals submitted in response to the RFP, the revenue committee members agreed that Law Firm #2's proposal would be the most advantageous to the City.

Campaign Contributions to Public Official #3

12. Public Official #3 aspired to win election to a statewide elective office. To achieve this goal and others, Public Official #3, while still serving as a public official in Allentown, hired and directed certain political operatives ("the campaign operatives"), known to the United States Attorney, to help him raise campaign contributions from donors, including

parties who had profited from their dealings with the City of Allentown and who sought favorable treatment from the City of Allentown. Public Official #3 also directed certain municipal officials to give preferential treatment to certain of his past and potential political donors.

13. Dissatisfied with the amount of campaign contributions that he had received from Law Firm #1 and its affiliates, Public Official #3 believed that certain principals and affiliates of the Partnership were more promising sources of campaign contributions.

14. These principals and affiliates of the Partnership, known to the United States Attorney, funded and maintained a political action committee ("the Partnership PAC") that made campaign contributions to candidates for public office and the political action committees which supported them. In 2013 and 2014 the Partnership PAC pledged and contributed thousands of dollars to a campaign of Public Official #3 and a political action committee that supported him. In these same years, the Partnership paid thousands of dollars to Public Official #3's campaign operatives for their "consulting" services.

15. Public Official #3 instructed certain subordinates, known to the United States Attorney, that he wanted the Partnership to be awarded the 2014 revenue collection contract, that he did not want to be perceived as having influenced the contracting process, and that he would consider future renewals of the Partnership's contract based on whether the Partnership and its affiliates had given sufficient campaign contributions for the benefit of Public Official #3.

The Scheme to Defraud

16. From at least on or about January 7, 2014 to at least on or about February 26, 2014, defendant GARRET STRATHEARN and others, known to the United States Attorney,

devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

The Defendant's Participation in the Conspiracy

17. From on or about January 7, 2014 to on or about September 15, 2015, in Allentown, in the Eastern District of Pennsylvania, and elsewhere, defendant

GARRET STRATHEARN,

together with Public Official #3, Dale Wiles and others, known to the United States Attorney, conspired and agreed to knowingly devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and to use the U.S. Mails and interstate wire communications to further the scheme to defraud, in violation of Title 18, United States Code, Sections 1341 and 1343.

MANNER AND MEANS

18. To avoid the perception that he was involved in the decision to award the 2014 revenue collection contract to the Partnership, Public Official #3 communicated his desire for the Partnership to win the contract to subordinates, including defendant GARRET STRATHEARN, who could assert actual and apparent authority over the award process.

19. After Public Official #3 explained to him that awarding the contract to the Partnership would help advance Public Official #3's political ambitions, defendant GARRET STRATHEARN agreed to personally and directly interfere with the award process in order to cause the Partnership to be awarded the 2014 revenue collection contract.

20. To prevent the revenue committee from officially recommending Law Firm #2 to the City of Allentown's Purchasing Agent, defendant GARRET STRATHEARN reshaped the mission and composition of the committee.

- a) Defendant STRATHEARN announced that the committee had selected Law Firm #2 and the Partnership as its two “finalists” for an additional round of review, when in fact, as STRATHEARN well knew, the committee had neither decided to conduct a “finalist” round nor had it given the Partnership scores that would have established it as one of only two “finalists.”
- b) STRATHEARN removed from the committee the municipal official whose score for the Partnership was the lowest of the committee members and replaced her by joining the committee.
- c) STRATHEARN made clear to Dale Wiles that the contracting process was being corruptly manipulated in order to steer the 2014 revenue collection contract to the Partnership.
- d) STRATHEARN made clear to Wiles that he was expected to help STRATHEARN create the false impression that the Partnership had won the contract on the merits.

21. The revenue committee used communications over U.S. mail, telephones, and the Internet to convince Law Firm #2 and other competitors that their proposals had received, and were receiving, fair consideration for the 2014 revenue contract, when in fact, as defendant GARRET STRATHEARN and Dale Wiles well knew, defendant STRATHEARN had manipulated the award process to cause the Partnership to be awarded the contract.

22. Although the City had promised competitors a “confidential” process, defendant GARRET STRATHEARN had secret conversations with individuals advocating the Partnership’s bid, including certain campaign operatives, in order to make the Partnership’s proposal appear more responsive to the RFP than it had originally appeared.

23. After defendant GARRET STRATHEARN announced that the committee would interview the “finalists,” he took steps to be encouraging to the Partnership and discouraging to Law Firm #2 during their respective interviews.

24. After defendant GARRET STRATHEARN announced that he would personally check the references supplied by the “finalists,” he provided the committee false and misleading information about the contents of his communications, or lack thereof, with the references listed in Law Firm #2’s proposal. Defendant STRATHEARN then used the results of his “reference checks” to justify giving the Partnership’s proposal a higher aggregate score than Law Firm #2’s.

25. To conceal and continue the conspiracy, members of the conspiracy obstructed justice by making false statements to, and concealing documents from, a grand jury and FBI agents conducting a federal criminal investigation into the process of awarding contracts in Allentown.

OVERT ACTS

In furtherance of this conspiracy, defendant GARRET STRATHEARN and others, known to the United States Attorney, committed the following overt acts, among others:

1. On or about January 8, 2014, Public Official #3 contacted defendant GARRET STRATHEARN to explain the importance of awarding the 2014 revenue collection contract to the Partnership and ensure that defendant STRATHEARN would help achieve that result.

2. In approximately mid-January 2014, in order to help defendant GARRET STRATHEARN create the false impression that the Partnership had been selected as a “finalist” on the merits, Dale Wiles created a new version of the score sheet on which he had documented

his actual evaluation of the proposals submitted in response to the RFP. This false score sheet contained, among other things, artificially inflated scores for the Partnership which did not reflect Wiles's actual evaluation but were created to help the corrupted award process withstand future scrutiny.

3. On or about January 16, 2014, defendant GARRET STRATHEARN, Dale Wiles, and others, known to the United States Attorney, caused an e-mail communication to be sent via the Internet to Law Firm #2, advising that the firm was on the "short list" for review and inviting its representatives to travel to Allentown for an interview with the revenue committee.

4. On or about January 30, 2014, in order to give the false impression that the Partnership had earned the 2014 revenue collection contract on the merits, defendant GARRET STRATHEARN and Dale Wiles used false and pretextual information to create a public record indicating that the Partnership had scored higher than Law Firm #2 in the "finalist" round of review.

5. On or about February 3, 2014, defendant GARRET STRATHEARN, Dale Wiles, and others caused the Purchasing Agent to send the Partnership, via U.S. mail, a letter memorializing the City's decision to award the 2014 revenue collection contract to the Partnership ("the award letter").

6. On or about February 6, 2014, defendant GARRET STRATHEARN used a telephone to notify a campaign operative, known to the United States Attorney, that the award letter had been mailed to the Partnership.

7. Between on or about May 22, 2014 and on or about June 13, 2014, in order to conceal the conspiracy, Dale Wiles concealed certain score sheets and other records of and about the revenue committee ("the grand jury records") from a federal grand jury after

learning that these documents would be responsive to a federal grand jury subpoena and that Wiles had a duty to help produce them to the grand jury.

8. On or about May 27, 2014 and again on or about August 14, 2015, in order to conceal and continue the conspiracy, defendant GARRET STRATHEARN made materially false statements to agents of the Federal Bureau of Investigation who were investigating the conspiracy. For example, defendant STRATHEARN falsely claimed that he was unaware of Public Official #3 expressing any preference about, let alone having input or involvement in, the award process for the 2014 revenue collection contract when in fact, as STRATHEARN well knew, Public Official #3 had specifically told him that Public Official #3 wanted the Partnership to win the contract and that it was important for STRATHEARN to provide that result for Public Official #3's benefit.

9. On or about June 6, 2014 and again on or about October 16, 2015, in order to conceal the conspiracy, Dale Wiles concealed from agents of the Federal Bureau of Investigation facts about the award of the revenue collection contract to the Partnership, including the steps that he and defendant GARRET STRATHEARN took to ensure that the Partnership was awarded the contract, when Wiles knew that this information was material to the FBI's investigation.

10. Between on or about July 2, 2015 and on or about October 16, 2015, in order to conceal the conspiracy, Dale Wiles concealed certain of the grand jury records from a federal grand jury after learning that these documents would be responsive to a second federal grand jury subpoena and that Wiles had a duty to help produce them to the grand jury.

11. On or about July 2, 2015, in order to conceal and continue the conspiracy, Public Official #3 made materially false statements to agents of the Federal Bureau of

Investigation who were investigating the conspiracy. For example, Public Official #3 falsely denied having had any knowledge of, involvement in, or interference with Allentown's RFP process when, as Public Official #3 well knew, he had taken steps to help award the 2014 revenue collection contract to the Partnership.

All in violation of Title 18, United States Code, Section 1349.



ZANE DAVID MEMEGER
United States Attorney