

LNG:gpw

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

UNITED STATES of AMERICA :

CRIMINAL NO. 3:10CR75

vs :

ROBERT C. CORDARO :
a/k/a BOBBY CORDARO and :
ANTHONY J. MUNCHAK :
a/k/a A.J. MUNCHAK, :

Defendants :

INDICTMENT

THE GRAND JURY CHARGES:

COUNTS 1 through 8

**FILED
SCRANTON**

MAR 16 2010

PER  DEPUTY CLERK

HONEST SERVICES MAIL FRAUD AND MAIL FRAUD

At all times material to this Indictment:

1. Defendants Robert C. Cordaro (CORDARO) and Anthony J. Munchak (MUNCHAK) were the elected Majority Commissioners for Lackawanna County, Pennsylvania, and, by virtue of their majority vote, had the authority, *inter alia*, to enter contracts and other agreements on behalf of Lackawanna County and, as public officials, were required to conduct themselves in accordance with the Pennsylvania Public Official and Employee Ethics Act. See 65 Pa C.S.A. § 1101, *et seq.*

2. Lackawanna County and its citizens had a right to the honest services of

their public officials in the operation of County government. As public officials, Defendants CORDARO and MUNCHAK were prohibited from engaging in any conduct which is a conflict of interest. See 65 Pa. C.S.A. § 1103(a) and § 1109(b). The Defendants each owed the County and its citizens, under the Lackawanna County Home Rule Charter, the administrative code, and Pennsylvania and common law, a fiduciary duty to (a) refrain from the use of public office for private gain; (b) disclose conflicts of interests and other material information in matters over which they had authority and discretion that resulted in their direct or indirect personal gain; (c) refrain from holding financial interests that conflicted with the conscientious performance of their duties, or recuse themselves from matters in which their financial interests may be affected; (d) refrain from soliciting or accepting any item of monetary value, including gifts, cash, political contributions, rewards and loans, with the intent to be influenced, from any person seeking official action from, doing business with or whose interests may be affected by the performance or non-performance of their duties; (e) act impartially and not give preferential treatment to any private individual seeking to conduct or conducting business with the County; (f) disclose waste, fraud, abuse and corruption to appropriate authorities; and, (g) abide by and uphold the laws of the Commonwealth of Pennsylvania.

3. As Lackawanna County Commissioners, the Defendants held a public trust

and “any effort to realize personal financial gain through public office other than compensation provided by law is a violation of that trust.” See 65 Pa. C.S.A. § 1101.1(a).

4. As public officials of the Commonwealth of Pennsylvania, Defendants CORDARO and MUNCHAK were each required to file a statement of financial interests for the preceding calendar year with Lackawanna County by no later than May 1 of the following calendar year for each year that he was a Lackawanna County Commissioner and, if a candidate, by no later than the last day for filing a petition to appear on the ballot for the election as a candidate for public office. See 65 Pa. C.S.A. §1104(a), (b). Failure to file a statement of financial interests as required or the filing of a false financial statement is a criminal offense under state law. See 65 Pa. C.S.A. § 1109(b).

5. Pennsylvania law also prohibits any public official, public employee or nominee or candidate for public office from soliciting or accepting “anything of monetary value, including a gift, loan, political contribution, reward or promise of future employment, based on any understanding of that public official, public employee, or nominee that the vote, official action or judgment of the public official or public employee or nominee or candidate for public office would be influenced thereby.” See 65 Pa. C.S.A. §§ 1103(c) and 1109(a). “Any public official or public

employee who in the discharge of his official duties would be required to vote on matter that would result in a conflict of interest shall abstain from voting and, prior to the vote being taken, publicly announce and disclose the nature of his interest as a public record in a written memorandum . . .” See 65 Pa. C.S.A. § 1103(j).

6. “Friends of Munchak and Cordaro” was the campaign committee for the election and re-election of the Defendants. It is also a crime under Pennsylvania law for any person to make or receive cash campaign contributions for the benefit of any candidate in excess of \$100. See 25 P.S. §§ 3254 and 3550. In addition, willful failure to report all contributions and account for all expenditures on the applicable campaign finance report required by 25 P. S. § 3246 constitutes a crime under Pennsylvania law. See 25 P.S. §§ 3249 and 3502.

7. In violation of their duties, the Defendants’ actions as elected Lackawanna County Commissioners were unlawfully influenced by bribes, gifts, rewards, loans and other benefits they received from individuals and entities known and unknown to the grand jury all of which Defendants CORDARO and MUNCHAK failed to disclose on their respective statements of financial interests and campaign finance reports in violation of state law.

8. It was part of the scheme to defraud that Defendants CORDARO and MUNCHAK solicited and accepted cash and other items of monetary value from

individuals and entities seeking official action from, doing business with or whose interests may be affected by the performance or non-performance of the Defendants' duties.

9. It was also part of the scheme to defraud that Defendants CORDARO and MUNCHAK solicited and accepted cash campaign contributions in excess of \$100 from individuals and entities seeking official action from, doing business with or whose interests may be affected by the performance or non-performance of the Defendants' duties and did not report the receipt of these contributions on the campaign finance reports for the Friends of MUNCHAK and CORDARO. MUNCHAK and CORDARO signed these false and fraudulent campaign finance reports for the Friends of MUNCHAK and CORDARO in violation of state law.

10. It was also part of the scheme to defraud that Defendants CORDARO and MUNCHAK did not disclose, *inter alia*, their sources of income and other items of monetary value received by individuals and entities seeking official action from, doing business with or whose interests may be affected by the performance or non-performance of the Defendants' duties on their respective annual statements of financial interests.

11. On or about the following dates, in the Middle District of Pennsylvania and elsewhere, the Defendants

**ROBERT C. CORDARO and
ANTHONY J. MUNCHAK,**

being aided and abetted by each other as well as others known and unknown to the grand jury, having devised a scheme to defraud Lackawanna County and its citizens of their right to money, property and honest services in the affairs of Lackawanna County and to defraud The Friends of Munchak and Cordaro campaign committee of money and property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing the scheme to defraud and attempting to do so, on or about the following dates knowingly caused to be delivered by the United States mail or by a commercial interstate carrier, according to directions thereon, the items listed below, each use of the United States mail or a commercial interstate carrier being a separate count:

COUNT	DATE	DESCRIPTION
1	2/28/06	Invitation to attend cocktail party on behalf of Friends of Munchak and Cordaro
2	12/5/06	Invitation to attend cocktail party on behalf of Friends of Munchak and Cordaro
3	9/16/05	Invoice from Company #3 to the County of Lackawanna Transit System (COLTS)

COUNT	DATE	DESCRIPTION
4	9/23/05	Invoice from Company #3 to COLTS
5	10/13/05	Invoices from Company #3 to COLTS
6	9/21/05	Check mailed from the County of Lackawanna Transit System Authority (COLTS) to Company #3
7	10/12/05	Check mailed from COLTS to Company #3
8	11/16/05	Check mailed from COLTS to Company #3

All in violation of Title 18, United States Code, Sections 2, 1341 and 1346.

THE GRAND JURY FURTHER CHARGES:

COUNTS 9 through 12

HONEST SERVICES MAIL FRAUD AND MAIL FRAUD

The Grand Jury further charges that:

12. The allegations contained in paragraphs 1 through 11 of this Indictment are fully incorporated herein.

13. On or about the following dates in the Middle District of Pennsylvania and elsewhere, the Defendant

ROBERT C. CORDARO,

being aided and abetted by others known and unknown to the grand jury, having devised a scheme to defraud Lackawanna County and its citizens of their right to money and honest services in the affairs of Lackawanna County and to defraud The Friends of Munchak and Cordaro campaign committee of money and property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing the scheme to defraud, on or about the following dates knowingly caused to be delivered by the United States mail or by a commercial interstate carrier according to the directions thereon the items listed below, each use of the United

States mail or a commercial interstate carrier being a separate count:

COUNT	DATE	DESCRIPTION
9	5/06	Mailing of a 1099 for 2005 on behalf of Company Number 2 to an individual nominee
10	2/07	Mailing of a 1099 for 2006 on behalf of Company Number 2 to an individual nominee
11	2/08	Mailing of a 1099 for 2007 on behalf of Company Number 2 to an individual nominee
12	2/09	Mailing of a 1099 for 2008 on behalf of Company Number 2 to an individual nominee

In violation of Title 18, United States Code, Sections, 2, 1341 and 1346.

THE GRAND JURY FURTHER CHARGES:

COUNT 13

HONEST SERVICES WIRE FRAUD AND WIRE FRAUD

The Grand Jury further charges that:

14. The allegations contained in paragraphs 1 through 13 of this Indictment are fully incorporated herein.

15. On or about the following dates in the Middle District of Pennsylvania and elsewhere, the Defendant

ROBERT C. CORDARO,

being aided and abetted by others known and unknown to the grand jury, having devised a scheme to defraud Lackawanna County and its citizens of their right to money and honest services in the affairs of Lackawanna County and to defraud The Friends of Munchak and Cordaro campaign committee of money and property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted, and aided and abetted the transmission of, by means of wire communication in interstate

commerce, the following email:

COUNT	DATE	DESCRIPTION
13	10/2/06	Email from CORDARO using his secretary's email account regarding five tickets to a major league baseball playoff game

In violation of Title 18, United States Code, Sections 2, 1343 and 1346.

THE GRAND JURY FURTHER CHARGES:

COUNT 14

CONSPIRACY

16. From in or about November, 2003 until on or about January, 2008, in the Middle District of Pennsylvania and elsewhere, the Defendants,

**ROBERT C. CORDARO and
ANTHONY J. MUNCHAK,**

conspired and agreed together and with others known and unknown to the grand jury, to commit theft or bribery concerning programs receiving federal funds in violation of Title 18, United States Code, Section 666 as follows:

17. Lackawanna County is a local government which received benefits of over \$10,000 each year period under a federal program involving a grant, contract, subsidy, loan and other form of federal assistance during 2003-2007.

18. The allegations contained in paragraphs 1 through 15 of this Indictment are fully incorporated herein.

MANNER AND MEANS

19. Defendants CORDARO and MUNCHAK, who were Commissioners and agents of Lackawanna County, solicited and accepted cash and other items of monetary value from individuals and entities seeking official action from, doing

business with or whose interests may be affected by the performance or non-performance of the Defendants' duties.

20. Defendants CORDARO and MUNCHAK solicited and accepted cash campaign contributions in excess of \$100 from individuals and entities seeking official action from, doing business with or whose interests may be affected by the performance or non-performance of the Defendants' duties in matters of Lackawanna County involving \$5,000 or more and did so intending to be influenced and rewarded thereby and did not report the receipt of these contributions on the campaign finance reports for the Friends of Munchak and Cordaro in violation of state law. Defendants MUNCHAK and CORDARO signed these false and fraudulent campaign finance reports for the Friends of Munchak and Cordaro in violation of state law.

21. Defendants CORDARO and MUNCHAK did not disclose, *inter alia*, their sources of income and other items of monetary value received by individuals and entities seeking official action from, doing business with or whose interests may be affected by the performance or non-performance of the Defendants' duties on their respective annual statements of financial interests.

OVERT ACTS

22. In furtherance of the conspiracy and to effect the objects of the conspiracy the Defendants CORDARO and MUNCHAK and others known and unknown to the

grand jury committed the following overt acts in the Middle District of Pennsylvania and elsewhere:

(a) From on or about December 29, 2003 until on or about May 5, 2004, Defendant CORDARO accepted thousands of dollars in cash from a principal of Company #1 who made the payments in order to be allowed to maintain existing contracts valued in excess of \$5,000, for work at the Wilkes-Barre/Scranton International Airport, which received federal assistance in excess of \$10,000, and in anticipation of receiving additional County contracts valued in excess of \$5,000;

(b) From in or about January 2005 and continuing until on or about January 2008 Defendant CORDARO accepted payments which totaled approximately \$360,000 from a principal of Company #2 via a nominee who made the payments in an effort to be paid promptly for work performed for the County, to maintain existing County contracts valued in excess of \$5,000, and in anticipation of receiving additional County contracts valued in excess of \$5,000;

(c) From in or about May 2005 through in or about December 2005 three principals of Company #3 paid Defendant CORDARO and Defendant MUNCHAK a total of approximately \$90,000 (of which \$60,000 went directly to MUNCHAK and \$30,000 went directly to CORDARO) in an effort to be paid promptly for work performed for the County, to retain its existing contracts with the County valued in excess of \$5,000, and in anticipation of receiving additional County contracts valued in excess of \$5,000;

(d) On or about March 9, 2004, the Defendants authorized Lackawanna County to enter a contract valued in excess of \$5,000 for the administration of the Workers Compensation Fund with a company owned by a friend of Defendant CORDARO, Charles A. Costanzo (Costanzo), who subsequently used his position as third-party administrator of the Workers Compensation Fund to steal over \$600,000 from the County and who used thousands of that stolen money to pay for Defendant CORDARO and others to travel to the Playboy Mansion in

or about March, 2005;

(e) In or about the first quarter of 2006, Defendant CORDARO accepted thousands of dollars in cash from Costanzo who made the payment as a reward for granting a county contract valued in excess of \$5,000 to Company #9;

(f) Sometime in 2006 a principal of Company #4 gave approximately \$1,000 cash to Costanzo in hopes of getting a County contract valued in excess of \$5,000. Shortly thereafter, Company #4 was awarded such a contract at the Lackawanna County Courthouse;

(g) In or about November, 2003 and again, on or about September 19, 2007, Defendant MUNCHAK accepted approximately \$2,500 cash for a total of approximately \$5,000 from principals of Company #5 which had contracts with the County valued in excess of \$5,000;

(h) Sometime in 2003 Defendant CORDARO accepted approximately \$500 in cash from a principal of Company #6 which had a County contract valued in excess of \$5,000;

(i) Sometime in 2003 Defendant CORDARO accepted total of approximately \$2,000 in cash from a principal of Company #7 which had a County contract valued in excess of \$5,000;

(j) Sometime in 2003 Defendant MUNCHAK accepted \$500 cash from an individual who requested a specific County appointment and, after Defendants MUNCHAK and CORDARO were appointed majority commissioners, the individual was appointed to his requested position;

(k) Sometime during 2006, Defendant CORDARO entered an agreement involving four individuals whereby the individuals constructed a cell tower at the Lackawanna County 911 Center, Defendants CORDARO and MUNCHAK caused the County to buy it for approximately \$257,933 and CORDARO received approximately \$14,000 (or 1/5) of the profit;

(l) On or about August 5, 2005 Defendant CORDARO utilized his influence as a majority Lackawanna County Commissioner to have COLTS terminate the company which was awarded a contract at the Intermodal Transportation Center (ITC) after a bidding process and hire Company #3, which made \$90,000 in cash payments to the Defendants in 2005, without engaging in a bidding process, which prompted the Federal Transportation Administration (FTA) to demand that the County return approximately \$907,000 in federal funding;

(m) On or about May 24, 2006, Defendant CORDARO went on a trip to Monte Carlo valued at approximately \$3,269 paid for by an individual affiliated with a Company #8 which did business with the County;

(n) On or about October 3, 2006, Defendant CORDARO accepted five tickets to a major league baseball playoff game valued in excess of \$250 from a representative of a major league baseball team who was seeking or had a contract with the County valued in excess of \$5,000;

(o) On or about March 9, 2004, March 15, 2005, April 28, 2006 and August 18, 2007, Defendant CORDARO intentionally filed false annual Statements of Financial Interests which did not disclose the source of all the cash, trips and other things of value received previously set forth;

(p) Defendant CORDARO failed to file any Statement of Financial Interests form for 2007; and,

(q) On or about January 5, 2004, April 28, 2005, April 28, 2006, January 31, 2007 and April 29, 2008 Defendant MUNCHAK intentionally filed false annual Statements of Financial Interests which omitted the source of all the payments previously set forth;

(r) Defendants CORDARO and MUNCHAK failed to disclose the source of or the amount of the cash they received as described above in the respective Commonwealth of Pennsylvania Campaign Finance

Reports for "Friends of Munchak & Cordaro" which they each signed and falsely represented as accurate.

In violation of Title 18, United States Code, Section 371.

THE GRAND JURY FURTHER CHARGES:

COUNTS 15 through 18

THEFT OR BRIBERY CONCERNING PROGRAMS

RECEIVING FEDERAL FUNDS

23. The allegations contained in paragraphs 1 through 22 of this Indictment are fully incorporated herein.

24. On or about the following dates in the Middle District of Pennsylvania and elsewhere, the Defendants,

**ROBERT C. CORDARO and
ANTHONY J. MUNCHAK,**

aiding and abetting each other, were each an elected Lackawanna County Commissioner and agent of Lackawanna County, a local government which received benefits of over \$10,000 under a federal program involving a grant, contract, subsidy, loan and other form of federal assistance during each one year period commencing on January 1, 2004 through January 1, 2009, did corruptly solicit and demand or accept and agreed to accept for their own benefit anything of value in the approximate amount set forth below intending to be influenced and rewarded in connection with business, a transaction, and series of transactions of Lackawanna County involving anything of value of \$5,000 or more, that is, County contracts and subcontracts,

including, but not limited to, a contract with COLTS to design and construct the Intermodal Transportation Center (ITC) in Scranton, Pennsylvania at a cost in excess of \$700,000:

COUNT	DEFENDANT	DATE	DESCRIPTION
15	MUNCHAK	5/05	\$30,000 cash payment from a principal at Company #3
16	MUNCHAK	7/05	\$30,000 cash payment from a principal of Company #3
17	CORDARO	1/05 to 1/08	Payments totaling \$360,000 from a principal of Company #2 to Defendant CORDARO via a nominee
18	CORDARO	12/05	\$30,000 cash payment from a principal of Company #3

In violation of Title 18, United States Code, Sections 2 and 666(a)(1)(B) and (b).

THE GRAND JURY FURTHER CHARGES:

COUNT 19

**CONSPIRACY TO COMMIT EXTORTION
UNDER COLOR OF RIGHT**

25. In or about November, 2003 through in or about January, 2008, in the Middle District of Pennsylvania and elsewhere, the Defendants,

**ROBERT C. CORDARO and
ANTHONY J. MUNCHAK,**

willfully conspired to commit extortion under color of right in violation of Title 18, United States Code, Section 1951.

26. The grand jury hereby incorporates the allegations contained in paragraphs 1 through 24 of this Indictment which are fully incorporated herein.

In violation of Title 18, United States Code, Section 1951(a).

THE GRAND JURY FURTHER CHARGES:

COUNTS 20 through 23

EXTORTION UNDER COLOR OF RIGHT

27. The allegations contained in paragraphs 1 through 26 of this Indictment are fully incorporated herein.

28. On or about the dates set forth below in the Middle District of Pennsylvania and elsewhere, the Defendants,

**ROBERT C. CORDARO and
ANTHONY J. MUNCHAK,**

aiding and abetting each other, did knowingly obstruct, delay and affect in any way and degree commerce and the movement of articles and commodities in commerce by extortion as those terms are defined in Title 18, United States Code, Section 1951; that is, each Defendant obtained money in the approximate amount set forth below not due him or his office from the following individuals with the respective individual's consent under color of official right:

COUNT	DATE	DEFENDANT	DESCRIPTION
20	1/05 - 1/08	CORDARO	Monetary payments from a principal of Company #2 to Defendant CORDARO via a nominee

COUNT	DATE	DEFENDANT	DESCRIPTION
21	12/05	CORDARO	\$30,000 cash from a principal of Company #3
22	5/05	MUNCHAK	\$30,000 cash from a principal of Company #3
23	7/07	MUNCHAK	\$30,000 cash from a principal of Company #3

In violation of Title 18, United States Code, Sections 2 and 1951(a).

THE GRAND JURY FURTHER CHARGES:

COUNT 24

MONEY LAUNDERING

29. The allegations contained in paragraphs 1 through 28 of this Indictment are fully incorporated herein.

30. From on or about August 17, 2005 to on or about April 30, 2007 in the Middle District of Pennsylvania and elsewhere the Defendant,

ROBERT C. CORDARO,

aided and abetted by others known and unknown to the grand jury did knowingly and willfully conduct and attempt to conduct a financial transaction affecting interstate and foreign commerce, to wit: deposit into his Landmark Community Bank account entitled "Robert Cordaro - Real Estate Account" of approximately 3 checks totaling approximately \$30,000 from a nominee which constituted proceeds of a specified unlawful activity, to wit: bribery under state law and extortion under federal and/or state law knowing that the transactions were designed in whole or in part to conceal and disguise the nature, source, ownership and control of the proceeds of said specified unlawful activity and that while conducting and attempting to conduct such financial transactions knew that the property involved in the financial transactions, that is funds in the approximate amount of \$30,000, represented the proceeds of some

form of unlawful activity.

In violation of Title 18, United States Code, Sections 2 and 1956(a)(1)(B)(i).

THE GRAND JURY FURTHER CHARGES:

COUNT 25

CONSPIRACY TO COMMIT MONEY LAUNDERING

31. The allegations contained in paragraphs 1 through 30 of this Indictment are fully incorporated herein.

32. From in or about January 2005 until in or about January 2008 in the Middle District of Pennsylvania, the Defendant,

ROBERT C. CORDARO,

conspired and agreed with a principal of Company #2, the individual nominee and others known and unknown to the Grand Jury to commit money laundering in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i) as follows:

MANNER and MEANS

33. It was part of the conspiracy that Defendant CORDARO accepted payments from a principal of Company #2 who was seeking official action from, doing business with and had interests which would be affected by Defendant CORDARO's performance or non-performance of Defendant CORDARO's duties. These payments were received by CORDARO via the use of an individual nominee. The principal at Company #2 had company checks issued to the individual nominee who negotiated the checks and either gave the cash to Defendant CORDARO or

provided Defendant CORDARO with a blank check.

34. The principal of Company #2 issued a yearly IRS form 1099 to the individual nominee disguising the payments as “consulting fees” to the individual nominee.

35. The individual nominee passed the money from the principal of Company #2 to Defendant CORDARO by either giving him cash or blank checks.

OVERT ACTS

36. In furtherance of the conspiracy and to affect the objects of the conspiracy the following overt acts, among others, were committed in the Middle District of Pennsylvania and elsewhere:

(a) On or about August 17, 2005 the individual nominee provided Defendant CORDARO with a signed blank check which Defendant CORDARO subsequently negotiated for a total of \$10,000 by depositing it into a bank account he maintained at Landmark Community Bank in the name of “Robert Cordaro - Real Estate Account”;

(b) On or about September 30, 2005 the individual nominee provided Defendant CORDARO with a signed blank check which Defendant CORDARO subsequently negotiated for a total of \$10,000 by depositing it into a bank account he maintained at Landmark Community Bank in the name of “Robert Cordaro - Real Estate Account”;

(c) On or about April 30, 2007 the individual nominee provided Defendant CORDARO with a signed blank check which Defendant CORDARO subsequently negotiated for

a total of \$10,000 by depositing it into a bank account he maintained at Landmark Community Bank in the name of "Robert Cordaro - Real Estate Account";

(d) From in or about January 2005 and continuing until in or about January 2008 the individual nominee passed a total of approximately \$360,000 from a principal of company #2 to Defendant CORDARO;

(e) Company #2 issued false and fraudulent form 1099s for the calendar years 2005-2008 to the individual nominee and filed them with the Internal Revenue Service.

In violation of Title 18, United States Code, Section 1956(h).

THE GRAND JURY FURTHER CHARGES:

COUNTS 26 and 27

**ENGAGING IN MONETARY TRANSACTIONS IN PROPERTY
DERIVED FROM SPECIFIED UNLAWFUL ACTIVITY**

37. The allegations contained in paragraphs 1 through 36 of this Indictment are fully incorporated herein.

38. On or about the following dates in the Middle District of Pennsylvania and elsewhere the Defendant,

ROBERT C. CORDARO,

did knowingly engage and attempt to engage in the following monetary transaction by, through or to a financial institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, such property having been derived from a specified unlawful activity, as follows:

COUNT	DATE	DESCRIPTION
26	3/30/05	Down payment of \$23,000 cash to purchase a 2005 Chrysler C sedan.
27	10/18/06	\$56,000 cash to purchase a 2007 GMC Yukon

In violation of Title 18, United States Code, Section 1957.

THE GRAND JURY FURTHER CHARGES:

COUNT 28

RACKETEERING

THE ENTERPRISE

39. At all times relevant to this Indictment, Defendants

**ROBERT C. CORDARO and
ANTHONY J. MUNCHAK,**

and others known and unknown to the Grand Jury were members and associates of the Lackawanna County Commissioners, an organization whose members and associates engaged in acts of bribery, extortion, mail fraud and money laundering in and around Scranton, Pennsylvania.

40. The Lackawanna County Commissioners, including its leadership, membership and associates constituted an "enterprise" as defined by Title 18, United States Code, Section 1961(4) ("the enterprise"), that is, a group of individuals that is associated in fact. The enterprise constituted an ongoing organization whose members functioned as a continuing unit for a common purpose of achieving the objectives of the enterprise. This enterprise was engaged in, and its activities affected, interstate and foreign commerce.

THE PURPOSES OF THE DEFENDANTS

41. The purposes of the enterprise included the following:

- (a) Enriching the Defendants through, among other things, extortion, bribery, mail fraud, and money laundering; and,
- (b) Promoting and enhancing the Defendants and their associates' activities.

ROLES OF THE DEFENDANTS

42. Defendants CORDARO and MUNCHAK participated in the operation and management of the enterprise by virtue of their positions as majority Lackawanna County Commissioners.

MEANS and METHODS OF THE DEFENDANTS

43. Among the means and methods by which the Defendants and their associates conducted and participated in the conduct of the affairs of the enterprise were the following:

- (a) Members of the enterprise and their associates used, attempted to use, and conspired to use extortion by color of right, bribery, mail fraud, and money laundering; and,
- (b) The Defendants and their associates promoted a climate of fear through the performance or non-performance of an official action by the Defendants.

THE RACKETEERING VIOLATION

44. From on or about November 5, 2003 through on or about January 7, 2008, in the Middle District, and elsewhere the Defendants,

**ROBERT C. CORDARO and
ANTHONY J. MUNCHAK,**

together with others known and unknown to the Grand Jury, being persons employed by and associated with the Lackawanna County Commissioners which was an enterprise engaged in and the activities of which affected interstate commerce, unlawfully and knowingly conducted and participated, directly and indirectly, in the conduct of the affairs of that enterprise through a pattern of racketeering activity, that is, through the commission of the following acts:

RACKETEERING ACT 1

THE PAYMENT OF APPROXIMATELY \$360,000 FROM A PRINCIPAL OF COMPANY NUMBER 2 TO CORDARO

The Defendant ROBERT C. CORDARO committed the following acts, any one of which alone constitutes the commission of Racketeering Act 1:

- 1a. Extortion as set forth in Count 20, *supra*, is fully incorporated herein.
- 1b. Commencing on or about January 2005 and continuing thereafter until on or about January 2008, in the Middle District of Pennsylvania, Defendant ROBERT

C. CORDARO, an elected majority Lackawanna County Commissioner, intentionally obtained or withheld the property of another by threatening to take or withhold action as an official or cause an official to take or withhold action regarding county contracts relating to company Number 2 in violation of state criminal theft by extortion law under 18 Pa. C.S.A. § 3923. See 18 Pa. C.S.A. § 3903 and 106(a)(4).

1c. Commencing on or about January 2005 and continuing thereafter until on or about December 2007, in the Middle District of Pennsylvania the Defendant, ROBERT C. CORDARO, an elected majority Lackawanna County Commissioner, accepted a total of approximately \$360,000 from a principal of Company Number 2 via a nominee as consideration for the decision, vote, recommendation or other exercise of official discretion regarding County contracts by CORDARO, a public servant. In violation of state bribery criminal law under 18 Pa. C.S.A. § 4701.

See also 18 Pa. C.S.A. § 106(a)(4).

1d. Money Laundering as set for in Count 24, *supra*, is fully incorporated herein.

1e. Conspiracy to commit Money Laundering as set for in Count 25, *supra*, is fully incorporated herein.

1f. Mail fraud as set forth in Count 9, *supra*.

1g. Mail fraud as set forth in Count 10, *supra*.

1h. Mail fraud as set forth in Count 11, *supra*.

1i. Mail fraud as set forth in Count 12, *supra*.

RACKETEERING ACT 2

\$30,000 PAYMENT FROM COMPANY NUMBER 3 TO CORDARO

The Defendant ROBERT C. CORDARO committed the following acts, any one of which alone constitutes the commission of Racketeering Act 2:

2a. Extortion as set forth Count 21, *supra*, is fully incorporated herein.

2b. Commencing on or about December 2005, in the Middle District of Pennsylvania, ROBERT C. CORDARO, an elected majority Lackawanna County Commissioner intentionally obtained or withheld the property of another by threatening to take or withhold action as an official or cause an official to take or withhold an action regarding county contracts relating to company #3 in violation of state criminal theft by extortion law under 18 Pa. C.S.A. § 3923. See 18 Pa. C.S.A. § 3903 and 106(a)(4).

2c. In or about December 2005, in the Middle District of Pennsylvania, Defendant ROBERT C. CORDARO, an elected majority Lackawanna County Commissioner, did solicit, accept or agree to accept from a principal of Company Number 3 approximately \$30,000 cash as consideration for the decision, opinion, recommendation or vote other exercise of CORDARO's discretion as a public servant. In violation of state bribery criminal law under 18 Pa. C.S.A. § 4701. See also 18 Pa. C.S.A. § 106(a)(4).

RACKETEERING ACT 3

THE TWO \$30,000 PAYMENTS FROM PRINCIPALS OF COMPANY

NUMBER 3 TO MUNCHAK

The Defendant, ANTHONY J. MUNCHAK, committed the following acts, any one of which alone constitutes the commission of Racketeering Act 3:

3a. Extortion as set forth Count 22, *supra* is fully incorporated herein

3b. Commencing in or about May 2005, in the Middle District of Pennsylvania, Defendant ANTHONY J. MUNCHAK, an elected majority Lackawanna County Commissioner, intentionally obtained or withheld the property of another by threatening to take or withhold action as an official or cause an official to take or withhold action regarding to county contracts relating to company #3 in violation of state criminal theft by extortion law under 18 Pa. C.S.A. § 3923. See 18 Pa. C.S.A. § 3903 and 106(a)(4).

3c. On or about May 2005, in the Middle District of Pennsylvania, Defendant ANTHONY J. MUNCHAK, an elected majority Lackawanna County Commissioner, solicited, accepted or agreed to accept from a principal at Company Number 3 approximately \$30,000 cash as consideration for the decision, opinion, recommendation, vote or other exercise of MUNCHAK's discretion as a public servant relating to County contracts. In violation of state bribery criminal law under

18 Pa. C.S.A. § 4701. See also 18 Pa. C.S.A. § 106(a)(4).

3d. Extortion as set forth Count 23, *supra* is fully incorporated herein.

3e. In or about July 2005 the Defendant ANTHONY J. MUNCHAK, an elected majority Lackawanna County Commissioner, intentionally obtained or withheld the property of another by threatening to take or withhold action as an official or cause an official to take or withhold action regarding to County contracts relating to company #3 in violation of state theft by extortion criminal law under 18 Pa. C.S.A. § 3923. See 18 Pa. C.S.A. § 3903 and 106(a)(4).

3f. In or about July 2005, in the Middle District of Pennsylvania, Defendant ANTHONY J. MUNCHAK, an elected majority Lackawanna County Commissioner, solicited, accepted or agreed to accept approximately \$30,000 cash from a principal of Company Number 3 as consideration for the decision, opinion, recommendation, vote or other exercise of MUNCHAK's discretion as a public servant. In violation of state bribery criminal law under 18 Pa. C.S.A. § 4701. See also 18 Pa. C.S.A. § 106(a)(4).

RACKETEERING ACT 4

CASH CAMPAIGN CONTRIBUTIONS

The Defendants ROBERT C. CORDARO and ANTHONY J. MUNCHAK committed the following acts, any one of which alone constitutes the commission of Racketeering Act 4:

4a. Mail fraud as set forth Count 1, *supra* is fully incorporated herein.

4b. Mail fraud as set forth Count 2, *supra* is fully incorporated herein.

In violation of Title 18, United States Code, Sections 1962(c) and 2.

THE GRAND JURY FURTHER CHARGES:

COUNT 29

RACKETEERING CONSPIRACY

45. The allegations contained in paragraphs 39 through 44 of this Indictment are fully incorporated herein.

46. From on or about November 5, 2003 and continuing hereafter until on or about January 7, 2008, in the Middle District of Pennsylvania and elsewhere, the Defendants,

**ROBERT C. CORDARO and
ANTHONY J. MUNCHAK,**

together with other persons known and unknown to the Grand Jury, being persons employed by and associated with the Lackawanna County Commissioners, an enterprise, which engaged in, and the activities of which affected, interstate commerce, knowingly and intentionally conspired to violate Title 18, United States Code, Section 1962(c), that is, to conduct and participate directly and indirectly in the conduct of the affairs of that enterprise through a pattern of racketeering activity as that term is defined by Title 18, United States Code, Section 1961(1) and (5). The pattern of racketeering activity through which the Defendants agreed to conduct the affairs of the enterprise consisted of the acts set forth in paragraphs 40 through 44 of

Count 28, *supra*, of this Indictment which are incorporated as if fully set forth herein.

47. It was a further part of the conspiracy that the Defendants agreed that a conspirator would commit at least two acts of racketeering activity in the conduct of the affairs of the enterprise.

In violation of Title 18, United States Code, Section 1962(d).

THE GRAND JURY FURTHER CHARGES:

COUNT 30

FILING A FALSE TAX RETURN

51. The allegations contained in paragraphs 1 through 50 of this Indictment are fully incorporated herein.

52. On or about the 18th day of October, 2006 in the Middle District of Pennsylvania, the Defendant,

ROBERT C. CORDARO,

a resident of Dunmore, Pennsylvania, who during the calendar year 2005 was employed as a Lackawanna County Commissioner and self-employed as an attorney did willfully make and subscribe any return, statement or other document which contained or was verified by a written declaration that was made under the penalties of perjury and which he did not believe to be true and correct as to every material manner, to wit: the Defendant filed a false and fraudulent Form 1040 Federal Income Tax Return for the calendar year 2005 with the Internal Revenue Service, falsely and willfully omitting a material amount of income.

In violation of Title 26, United States Code, Section 7206(1).

THE GRAND JURY FURTHER CHARGES:

COUNT 31

FILING A FALSE TAX RETURN

53. The allegations contained in paragraphs 1 through 52 of this Indictment are fully incorporated herein.

54. On or about the 16th day of October, 2007 in the Middle District of Pennsylvania, the Defendant,

ROBERT C. CORDARO,

a resident of Dunmore, Pennsylvania, who during the calendar year 2006 was employed as a Lackawanna County Commissioner and self-employed as an attorney did willfully make and subscribe any return, statement or other document which contained or was verified by a written declaration that it was made under the penalties of perjury and which he did not believe to be true and correct as to every material manner, to wit: the Defendant filed a false and fraudulent Form 1040 Federal Income Tax Return for the calendar year 2006 with the Internal Revenue Service, falsely and willfully omitting a material amount of income.

In violation of Title 26, United States Code, Section 7206(1).

THE GRAND JURY FURTHER CHARGES:

COUNT 32

FILING A FALSE TAX RETURN

55. The allegations contained in paragraphs 1 through 54 of this Indictment are fully incorporated herein.

56. On or about the 20th day of October, 2008 in the Middle District of Pennsylvania, the Defendant,

ROBERT C. CORDARO,

a resident of Dunmore, Pennsylvania, who during the calendar year 2007 was employed as a Lackawanna County Commissioner and self-employed as an attorney did willfully make and subscribe any return, statement or other document which contained or was verified by a written declaration that it was made under the penalties of perjury and which he did not believe to be true and correct as to every material manner, to wit: the Defendant filed a false and fraudulent Form 1040 Federal Income Tax Return for the calendar year 2007 with the Internal Revenue Service, falsely and willfully omitting a material amount of income.

In violation of Title 26, United States Code, Section 7206(1).

THE GRAND JURY FURTHER CHARGES:

COUNT 33

FILING A FALSE TAX RETURN

57. The allegations contained in paragraphs 1 through 56 of this Indictment are fully incorporated herein.

58. On or about the 20th day of October, 2006 in the Middle District of Pennsylvania, the Defendant,

ANTHONY J. MUNCHAK,

a resident of Taylor, Pennsylvania, who during the calendar year 2005 was employed as a Lackawanna County Commissioner and self-employed as a return preparer, did willfully make and subscribe any return, statement or other document which contained or was verified by a written declaration that it was made under the penalties of perjury and which he did not believe to be true and correct as to every material manner, to wit: the Defendant filed a false and fraudulent Form 1040 Federal Income Tax Return for the calendar year 2005 with the Internal Revenue Service, falsely and willfully omitting a material amount of income.

In violation of Title 26, United States Code, Section 7206(1).

THE GRAND JURY FURTHER CHARGES:

COUNT 34

TAX EVASION

59. The allegations contained in paragraphs 1 through 58 of this Indictment are fully incorporated herein.

60. On or about the 18th day of October, 2006 in the Middle District of Pennsylvania, the Defendant,

ROBERT C. CORDARO,

a resident of Dunmore Pennsylvania, did willfully attempt to evade and defeat a large part of the tax due and owing by him to the United States of America for the calendar year 2005 by preparing and causing to be prepared and by signing and causing to be signed a false and fraudulent Form 1040, Federal Income Tax return for the calendar year 2005 which was filed with the Internal Revenue Service. In that tax return, the Defendant stated that his taxable income for said calendar year was \$71,007 and the amount of tax due and owing thereon, including self employment tax, was \$12,100. In fact, as Defendant knew, his taxable income for said calendar year was substantially in excess of the amount stated on the return, and, upon the additional

taxable income, a substantive additional tax was due and owing to the United States of America.

In violation of Title 26, United States Code, Section 7201.

THE GRAND JURY FURTHER CHARGES:

COUNT 35

TAX EVASION

61. The allegations contained in paragraphs 1 through 60 of this Indictment are fully incorporated herein.

62. On or about the 20th day of October, 2008 in the Middle District of Pennsylvania, the Defendant,

ROBERT C. CORDARO,

a resident of Dunmore Pennsylvania, did willfully attempt to evade and defeat a large part of the tax due and owing by him to the United States of America for the calendar year 2007 by preparing and causing to be prepared and by signing and causing to be signed a false and fraudulent Form 1040, Federal Income Tax return for the calendar year 2007 which was filed with the Internal Revenue Service. In that tax return, the Defendant stated that his taxable income for said calendar year was \$0 and the amount of tax due and owing, including self employment tax, was \$7,800. In fact, as Defendant knew, his taxable income for said calendar year was substantially in excess of the amount stated on the return, and, upon the additional taxable income, a substantive additional tax was due and owing to the United States of America.

In violation of Title 26, United States Code, Section 7201.

THE GRAND JURY FURTHER CHARGES:

COUNT 36

TAX EVASION

63. The allegations contained in paragraphs 1 through 62 of this Indictment are fully incorporated herein.

64. On or about the 20th day of October, 2006 in the Middle District of Pennsylvania, the Defendant,

ANTHONY J. MUNCHAK,

a resident of Taylor, Pennsylvania, did willfully attempt to evade and defeat a large part of the tax due and owing by him to the United States of America for the calendar year 2005 by preparing and causing to be prepared and by signing and causing to be signed a false and fraudulent Form 1040, Federal Income Tax return for the calendar year 2005 which return was filed with the Internal Revenue Service. In that tax return, the Defendant stated that his taxable income for said calendar year was \$57,041 and the amount of tax due and owing thereon was \$9,049. In fact, as Defendant knew, his taxable income for said calendar year was substantially in excess of the amount stated on the return, and, upon the additional taxable income, a substantive additional tax as due and owing to the United States of America.

In violation of Title 26, United States Code, Section 7201.

THE GRAND JURY FURTHER CHARGES:

COUNT 37

**CONSPIRACY TO COMMIT HONEST SERVICES MAIL FRAUD
AND MAIL FRAUD**

65. From on or about November 5, 2003, and continuing thereafter until on or about January 7, 2008, in the Middle District of Pennsylvania and elsewhere, the Defendants,

**ROBERT C. CORDARO and
ANTHONY J. MUNCHAK,**

conspired and agreed, together and with others known and unknown to the grand jury, to commit an offense against the United States, that is, to knowingly devise a scheme to defraud Lackawanna County and its citizens of the right to money and honest services in County affairs, and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and to use the United States mails and other interstate delivery services and interstate wire communications to further the scheme to defraud, in violation of Title 18, United States Code, Sections 1341, 1343 and 1346.

66. The allegations contained in paragraphs 1 through 64 of this Indictment are fully incorporated herein.

In violation of Title 18, United States Code, Section 1349.

THE GRAND JURY FURTHER CHARGES:

COUNT 38

FORFEITURE

RICO FORFEITURE 18 U.S.C. § 1963

67. The allegations contained in Counts 28 and 29 of this Indictment are hereby repeated, realleged, and incorporated by reference herein as though fully set forth at length for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 1963, and Title 28, United States Code, Section 2461(c).

68. Pursuant to Rule 32.2(a), Fed. R. Crim. P., the Defendants,

**ROBERT C. CORDARO and
ANTHONY J. MUNCHAK,**

are hereby notified that, upon conviction of the violation of Title 18, United States Code, Section 1962, as charged in Counts 28 or 29 of this Indictment, the Defendants shall forfeit, pursuant to Title 18, United States Code, Section 1963:

- a) all interests acquired and maintained in violation of Title 18, United States Code, Section 1962;
- b) all interests in, securities of, claims against, and property and contractual rights of any kind affording a source of influence over, the enterprise named and described herein which the Defendant established, operated, controlled, conducted, and participated in the conduct of, in violation of Title 18, United States Code, Section 1962; and
- c) all property constituting and derived from proceeds obtained, directly

and indirectly, from racketeering activity in violation of Title 18, United States Code, Section 1962.

The property subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963(a)(1), (a)(2), and (a)(3), includes, but is not limited to, at least \$450,000, said amount being the total of the interests acquired and the gross proceeds obtained through the violation of Title 18, United States Code, Section 1962;

69. Pursuant to Title 18, United States Code, Section 1963(m) and Title 21, United States Code, Section 853(p), as incorporated by 28 U.S.C. § 2461(c), the Defendants shall forfeit substitute property up to the value of the property described in the previous paragraph if that property, as a result of any act or omission of the Defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of this Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty.

70. The above-named Defendants are jointly and severally liable for the forfeiture allegations alleged above.

All in accordance with Title 18, United States Code, Section 1963; Title 28, United States Code, Section 2461(c); and Rule 32.2(a), Federal Rules of Criminal Procedure.

THE GRAND JURY FURTHER CHARGES:

COUNT 39

FORFEITURE-MONEY LAUNDERING

71. As a result of committing one or more of the money laundering offenses in violation of Title 18, United States Code, Sections 1956 and 1957, as alleged in Counts 24 through 27 of this Indictment, the Defendant,

ROBERT C. CORDARO

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982, all property, real and personal, involved in such offenses and any property traceable to such property.

SUBSTITUTE ASSET PROVISION

72. If any of the above-described forfeitable property, as a result of any act or omission of the Defendants:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or

- e. has been commingled with other property which cannot be subdivided without difficulty,

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b) and Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the Defendants up to the value of the forfeitable property described above.

Pursuant to Title 18, United States Code, Section 982.

THE GRAND JURY FURTHER CHARGES:

COUNT 40

FORFEITURE—MAIL AND WIRE FRAUD

73. As a result of committing one or more of the offenses constituting fraud as defined in Title 18, United States Code, Sections 1341 and 1343, as alleged in Counts 1 through 13 of this Indictment, the Defendants,

**ROBERT C. CORDARO and
ANTHONY J. MUNCHAK,**

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, any property, real and personal, that constitutes or is derived from proceeds traceable to the commission of said offenses.

SUBSTITUTE ASSET PROVISION

74. If any of the above-described forfeitable property, as a result of any act or omission of the Defendants:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or

- e. has been commingled with other property which cannot be subdivided without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the Defendants up to the value of the forfeitable property described above.

Pursuant to Title 18, United States Code, Section 981(a)(1) (C) and Title 28, United States Code, Section 2461.

A TRUE BILL



Dennis C. Pfannenschmidt
DENNIS C. PFANNENSCHMIDT
United States Attorney

Date: March 16, 2010