

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

UNITED STATES OF AMERICA	:	CRIMINAL NO.
v.	:	DATE FILED: _____
DALE WILES	:	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. Public Official #4, known to the United States Attorney, was a public official who represented the City of Allentown through an appointed office. Through his office, Public Official #4 had actual and perceived authority and influence over certain other public officials.

2. Defendant DALE WILES 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 Public Official #4 and defendant 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, defendant 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. Defendant WILES was tasked with coordinating the selection process.

7. Defendant DALE WILES then formed a committee, comprised of himself and two municipal officials who reported to Public Official #4, known to the United States Attorney (“the revenue committee”), which was responsible for soliciting and evaluating proposals before selecting one to recommend to the City of Allentown’s Purchasing Agent, based on the best interests of the City and its citizens.

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 (“the vendors”). Public Official #3 also directed certain municipal officials to give preferential treatment to certain of his past and potential political donors.

13. Public Official #3 was dissatisfied with the amount of campaign contributions that he had received from Law Firm #1 and its affiliates as of August 2013.

14. Certain principals and affiliates of the Partnership 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, Public Official #4 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 9, 2014 to on or about October 16, 2015, in Allentown, in the Eastern District of Pennsylvania, defendant

DALE WILES,

together with Public Official #4 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 revenue collection contract to the Partnership, Public Official #3 communicated his preference for the Partnership to subordinates, including Public Official #4, who could assert actual and apparent authority over the award process for the 2014 revenue collection contract.

19. Upon learning of Public Official #3's preference for the Partnership, Public Official #4 personally and directly interfered 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, Public Official #4 reshaped the mission and composition of the committee.

- a) Public Official #4 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 Public Official #4 and defendant DALE WILES 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) Public Official #4 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) Public Official #4 made clear to defendant WILES that the contracting process was being corruptly manipulated in order to steer the 2014 revenue collection contract to the Partnership.
- d) Public Official #4 made clear to WILES that he was expected to help Public Official #4 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 Public Official #4 and defendant DALE WILES well knew, Public Official #4 had manipulated the award process to cause the Partnership to be awarded the contract.

22. Although the City had promised competitors a “confidential” process, Public Official #4 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 Public Official #4 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 Public Official #4 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. Public Official #4 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 DALE WILES and others, known to the United States Attorney, committed the following overt acts, among others:

1. In approximately mid-January 2014, in order to help Public Official #4 create the false impression that the Partnership had been selected as a “finalist” on the merits, defendant 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 defendant WILES’s actual evaluation but were created to help the corrupted award process withstand future scrutiny.

2. On or about January 16, 2014, Public Official #4, defendant 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.

3. 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, Public Official #4 and defendant DALE WILES used false and pretextual information, including the results of Public Official #4's "reference checks," to create a public record indicating that the Partnership had scored higher than Law Firm #2 in the "finalist" round of review.

4. Between on or about May 22, 2014 and on or about June 13, 2014, in order to conceal the conspiracy, defendant 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 defendant WILES had a duty to help produce them to the grand jury.

5. On or about May 27, 2014 and again on or about August 14, 2015, in order to conceal and continue the conspiracy, Public Official #4 made materially false statements to agents of the Federal Bureau of Investigation who were investigating the conspiracy. For example, Public Official #4 falsely claimed that the revenue committee had narrowed its consideration of proposals to only Law Firm #2 and the Partnership before he became involved in the process when, as Public Official #4 well knew, it was Public Official #4 himself who caused the committee to make the Partnership a "finalist" even though the committee's findings would not have supported such an outcome.

6. On or about June 6, 2014 and again on or about October 16, 2015, in order to conceal the conspiracy, defendant 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 Public Official #4 took to ensure that the Partnership was

awarded the contract, when defendant WILES knew that this information was material to the FBI's investigation.

7. Between on or about July 2, 2015 and on or about October 16, 2015, in order to conceal the conspiracy, defendant 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 defendant WILES had a duty to help produce them to the grand jury.

8. 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 371.


ZANE DAVID MEMEGER
United States Attorney

JS

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

INFORMATION

15-561

DESIGNATION FORM to be used by counsel to indicate the category of the case for the purpose of assignment to appropriate calendar.

Address of Plaintiff: 615 Chestnut Street, Suite 1250, Philadelphia, PA 19106-4476Post Office: PhiladelphiaCounty: PhiladelphiaCity and State of Defendant: Allentown, PACounty: LehighRegister number: N/APlace of accident, incident, or transaction: Eastern District of PennsylvaniaPost Office: AllentownCounty: Lehigh

RELATED CASE, IF ANY:

Criminal cases are deemed related when the answer to the following question is "yes".

Does this case involve a defendant or defendants alleged to have participated in the same action or transaction, or in the same series of acts or transactions, constituting an offense or offenses?

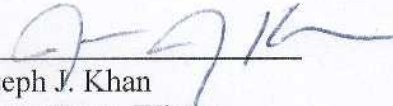
YES/NO: Yes

Case Number(s): (15-266) (15-414)

Judge: Juan R. Sanchez

CRIMINAL: (Criminal Category - FOR USE BY U.S. ATTORNEY ONLY)

1. ☐ Antitrust
2. ☐ Income Tax and other Tax Prosecutions
3. ☐ Commercial Mail Fraud
4. ☐ Controlled Substances
5. ☐ Violations of 18 U.S.C. Chapters 95 and 96 (Sections 1951-55 and 1961-68) and Mail Fraud other than commercial
6. ☒ General Criminal

(U.S. ATTORNEY WILL PLEASE DESIGNATE PARTICULAR CRIME AND STATUTE CHARGED TO BE VIOLATED AND STATE ANY PREVIOUS CRIMINAL NUMBER FOR SPEEDY TRIAL ACT TRACKING PURPOSES)
18 U.S.C. 1349 (conspiracy to commit mail and wire fraud - 1 count)DATE: 11-30-15

 Joseph J. Khan
 Nancy Beam Winter
 Assistant United States Attorneys

UNITED STATES OF AMERICA :

v. : **CRIMINAL NO. 15-561**

DALE WILES :

The maximum penalty for a violation of 18 U.S.C. § 1349 (conspiracy to commit mail and wire fraud) is 20 years' imprisonment, a three year period of supervised release, a \$250,000 fine, and a \$100 special assessment.

III. ELEMENTS OF THE OFFENSE

In order to prove a violation of 18 U.S.C. § 1349, the government would have to prove the following elements beyond a reasonable doubt:

1. That two or more persons agreed to commit mail or wire fraud; and
2. That the defendant knowingly joined the agreement or conspiracy knowing of its objective to commit mail or wire fraud and intending to join together to achieve that objective; that is, that the defendant and at least one co-conspirator shared a unity of purpose and the intent to achieve a common goal or objective, to commit mail or wire fraud

A person commits mail or wire fraud, in violation of (18 U.S.C. § 1341 or 1343), when:

1. A person, having devised, intended to devise, or participated in
2. a scheme or artifice to defraud or to obtain money or property by means of false or fraudulent pretenses, representations or promises
3. knowingly uses or caused the use of
 - a. the U.S. mails (mail fraud) or
 - b. interstate or foreign wires, including the Internet (wire fraud)
4. for the purpose of executing the scheme or artifice.

IV. FACTUAL BASIS FOR THE PLEA

A. Allentown's Revenue Collection Contract

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. For several years, the contract for the City's revenue collection had been serviced by a law firm (Law Firm #1) whose contract had been renewed annually without Law Firm #1 being required to compete with other firms in order to keep the contract.

In or about August 2013, the defendant was notified that firms would need to

compete in order to be awarded the City's revenue collection contract for the calendar year 2014. The defendant was tasked with coordinating the selection process. He then formed a committee, comprised of himself and two municipal officials who reported to Public Official 4 ("the revenue committee"), which was responsible for soliciting and evaluating proposals before selecting one to recommend to the City of Allentown's Purchasing Agent, based on the best interests of the City and its citizens.

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."

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 a revenue collection company and Law Firm #3 ("the Partnership"). The defendant and the other 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.

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.

B. The Defendant's Role in the Conspiracy

Beginning in January 2014, Public Official #4 secretly conspired with certain persons, known to the United States Attorney, to steer the contract to the Partnership so that it and its affiliates would then provide money, including campaign contributions, to Public Official #3 and his campaign operatives. Public Official #4 was not originally part of the revenue committee, but, in order to stop the revenue committee from officially recommending Law Firm #2 to the City of Allentown's Purchasing Agent, Public Official #4 reshaped the mission and composition of the committee as follows. Public Official #4 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 Public Official #4 and the defendant 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." Public Official #4 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. Public Official #4 soon made clear to the defendant that the contracting process was being corruptly manipulated in order to steer the 2014 revenue collection contract to the Partnership and that the defendant was expected to help create the false impression that the Partnership's proposal was advancing on the merits. Although the defendant was not privy to communications between Public Official #4 and other co-conspirators, the defendant understood that Public Official #4 was acting with the approval of, and for the benefit of, Public Official #3.

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 Public Official #4 and the defendant well knew, Public Official #4 had manipulated the award process to cause the Partnership to be awarded the contract.

Although the City had promised competitors a “confidential” process, Public Official #4 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.

After Public Official #4 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. After Public Official #4 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. Public Official #4 then used the results of his ‘reference checks’ to justify giving the Partnership’s proposal a higher aggregate score than Law Firm #2’s.

Although the defendant did not receive any bribes, kickbacks, or income beyond his salary in consideration for his minimal role in the conspiracy, he understood that the objectives of the conspiracy included obtaining money for the Partnership and some benefit for Public Official #4, and that Law Firm #2 would be deprived of resources spent on participating in a sham process where the result was pre-determined, contrary to what Law Firm #2 had been told. The defendant also understood that the U.S. mail and interstate wires would be used in furtherance of the scheme to defraud.

The defendant took certain overt acts in furtherance of the conspiracy. For

example, to help Public Official #4 create the false impression that the Partnership had been selected as a “finalist” on the merits, the defendant 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. The, false score sheet contained, among other things, artificially inflated scores for the Partnership which did not reflect the defendant’s actual evaluation but were created to help the corrupted award process withstand future scrutiny.

The defendant and other members of the conspiracy also engaged in repeated acts of obstruction of justice in order to help conceal the conspiracy. On two occasions, first between on or about May 22, 2014 and on or about June 13, 2014 , and later between on or about July 2, 2015 and on or about October 16, 2015, the defendant concealed the score sheets and other records of and about the revenue committee from a federal grand jury after learning that these documents would be responsive to federal grand jury subpoenas and that the defendant, as an Assistant City Solicitor, had a duty to help produce them to the grand jury. And on two occasions, first on or about June 6, 2014 and again on or about October 16, 2015, in order to conceal the conspiracy, the defendant made false statements and omissions of fact to agents of the Federal Bureau of Investigation in order to conceal material facts about the award of the revenue collection contract to the Partnership, including the steps that he and Public Official #4 took to ensure that the Partnership was awarded the contract. The defendant knew that the information and materials that he concealed were material to federal criminal investigations being conducted by a grand jury and the FBI.

C. The Defendant’s Withdrawal from the Conspiracy

Almost immediately after making his second set of false statements to the FBI, the defendant recanted his false statements and took steps to help expose the criminal activity in which

he had participated and which he had helped cover up.

Respectfully submitted,

ZANE DAVID MEMEGER
United States Attorney

/s/ Joseph J. Khan
JOSEPH J. KHAN
NANCY BEAM WINTER
Assistant United States Attorneys

CERTIFICATE OF SERVICE

I hereby certify that on or before this date I caused a true and correct copy of the foregoing Government's Guilty Plea Memorandum to be served by e-mail upon counsel for the defendant:

Kathryn Roberts, Esq.

/s/ Joseph J. Khan
JOSEPH J. KHAN
Assistant United States Attorney

Date: 11/25/15