

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon. William G. Bassler  
United States District Judge  
v. : Crim. No. 01-637 (WGB)  
MARTIN G. BARNES : 18 U.S.C. §§ 371, 1001, 1341,  
1343, 1346, 1512, 1951 and 2;  
26 U.S.C. § 7206(1)

**SUPERSEDING INDICTMENT**

The Grand Jury, in and for the District of New Jersey,  
sitting at Newark, charges that:

**COUNTS 1-14**

**(Scheme to Defraud the Public of  
Defendant Barnes' Honest Services)**

**Defendant**

1. On or about January 8, 1997, defendant **MARTIN G. BARNES** was appointed acting Mayor of the City of Paterson by the Paterson City Council and on November 4, 1997, he was elected to that office in a special election for a term ending June 30, 1998. On or about May 12, 1998, defendant **MARTIN G. BARNES** was elected to a four-year term as the Mayor of the City of Paterson. As Mayor, defendant **MARTIN G. BARNES** considered and acted on financial matters affecting the City of Paterson, such as budget appropriations and the award of contracts to vendors doing business with the City of Paterson.

**Public's Right to, and Defendant's Duty of, Honest Services**

2. At all times relevant to Counts 1 to 14 of this Indictment, the City and citizens of Paterson had an intangible right to the honest services of their public officials. As a public official for the City of Paterson, the defendant **MARTIN G. BARNES** therefore owed the City and the citizens of Paterson a duty to: (A) refrain from receiving illegal payments designed to (i) improperly affect the performance of official duties, or (ii) coax favorable official action or inaction; and (B) disclose conflicts of interest and other material information in matters over which he had authority and discretion that resulted in his direct or indirect personal gain.

**Vendors/Contractors Doing and Seeking Business from Paterson**

3. At all times relevant to Counts 1 to 14 of this Indictment, the following companies or individuals contracted, and were seeking contracts or other business, with the City of Paterson:

- A. Contractor No. 1 provided gunite and concrete products.
- B. Contractor No. 2 was engaged in the business of paving and excavation and did business in the City of Paterson.
- C. Contractor No. 3 was in the business of

purchasing and restoring residential and commercial properties. In or about 1998, Contractor No. 3 became involved in residential building renovations in the City of Paterson.

D. Contractor No. 4 was an attorney doing business with, and in, the City of Paterson.

#### Individual No. 1

4. Individual No. 1 was a girlfriend of defendant **MARTIN G. BARNES** who was employed by the City of Paterson.

#### Scheme and Artifice to Defraud Public of Honest Services

5. From in or about January, 1997 to in or about July, 2000, in Passaic County, in the District of New Jersey, and elsewhere, defendant

#### **MARTIN G. BARNES**

and others knowingly and willfully did devise and intend to devise a scheme and artifice to defraud the City of Paterson and its citizens of the right to defendant **MARTIN G. BARNES'** honest services in the affairs of the City of Paterson.

6. The object of this scheme and artifice to defraud was for defendant **MARTIN G. BARNES** to receive significant personal benefits for himself and third parties, including cash, female companionship, dinners, a pool with a custom-designed waterfall, landscaping, home improvements, entertainment, furniture,

designer clothing, travel and hotel accommodations from individuals and entities doing, and seeking, business with and in the City of Paterson and seeking official favors from defendant **MARTIN G. BARNES** in matters over which he had authority and discretion, and to intentionally not disclose to, and conceal from, the City of Paterson and its citizens material information- -namely, defendant **MARTIN G. BARNES'** receipt of these benefits from these individuals and entities.

**Concealed Payments and Benefits from Contractor No. 1**

7. It was a part of this scheme and artifice to defraud that:

A. From in or about 1997 to in or about February, 2000, defendant **MARTIN G. BARNES** routinely received illegal payments, as further set forth below, from Contractor No. 1. These illegal payments were received by defendant **MARTIN G. BARNES** in order to influence and reward him for his official acts, including the awarding of municipal contracts to Contractor No. 1.

B. In or about the dates set forth below, defendant **MARTIN G. BARNES** received the following benefits paid for by Contractor No. 1:

<u>Approx. Dates of Travel</u>	<u>Destination</u>	<u>Benefits Received</u>
(i) February, 1997	Washington DC	Hotels, Meals & Train Fare
(ii) April, 1997	Philadelphia, PA	Hotel
(iii) January, 1998	Rio De Janeiro	Airfare & Hotel
(iv) February, 1998	Washington DC	Hotels, Meals & Train Fare
(v) June, 1998	Reno, NV	Airfare & Hotel
(vi) September, 1998	Nashville, TN	Airfare & Hotel
(vii) December, 1998	Aruba	Airfare & Hotel
(viii) February, 1999	Washington, DC	Hotel, Meals & Train Fare
(ix) March, 1999	Puerto Rico	Airfare
(x) April, 1999	Louisville, KY	Airfare, Hotel & Entertainment
(xi) June, 1999	New Orleans, LA	Airfare
(xii) September, 1999	London	Hotel & Meals
(xiii) November, 1999	Atlantic City, NJ	Hotel
(xiv) February, 2000	Washington, DC	Hotel & Train Fare

C. During the January, 1998 trip to Rio De Janeiro, defendant **MARTIN G. BARNES** also received drinks, meals, an excursion and female companionship paid for by Contractor No. 1.

D. From in or about 1997 to in or about February, 2000, defendant **MARTIN G. BARNES** received from Contractor No. 1 free home improvements and repairs to the private residence of

defendant **MARTIN G. BARNES** located in Paterson, New Jersey, including: (i) removing a swimming pool, (ii) installing a new pool, (iii) purchasing and installing pool hardware, (iv) landscaping, (v) installing a custom-designed waterfall, (vi) a retaining wall, (vii) painting his house, (viii) installing a new door, (ix) repairing windows, and (x) repointing and repairing a brick wall.

E. In or about the following dates, defendant **MARTIN G. BARNES** received the following items bought and paid for by Contractor No. 1, each of which was valued in excess of \$500.

	<u>Approximate Date</u>	<u>Clothing Item</u>
(i)	December, 1997	Designer Suit
(ii)	December, 1998	Designer Suit
(iii)	December, 1999	Designer Suit

F. On or about November 25, 1997, defendant **MARTIN G. BARNES** received approximately \$5,000 from Contractor No. 1 to pay for furniture selected by the defendant **MARTIN G. BARNES** for his personal residence.

G. From in or about 1997 to in or about February, 2000, defendant **MARTIN G. BARNES** regularly received dinners and entertainment, including theater tickets, provided by Contractor No. 1.

**Contractor No. 2 Pays \$3,540 to a Contractor to Excavate  
and Remove Dirt from Barnes' Backyard**

8. It was a further part of this scheme and artifice to defraud that:

A. In or about November, 1998, Contractor No. 1 was installing a new gunite swimming pool in defendant **MARTIN G. BARNES'** backyard. In order to install the new gunite pool, the existing in-ground swimming pool in defendant **MARTIN G. BARNES'** backyard had to be removed and the hole widened for the new and larger gunite pool that was being installed. While Contractor No. 1 was installing the pool, Contractor No. 1, with the assistance of Contractor No. 2, did additional work including tree removal, enlarging and leveling the back yard, removing a concrete deck and walkway, removing a railroad-tie retaining wall and installing a new and larger decorative block retaining wall.

B. The additional work done by Contractor No. 1 required excavation equipment and the removal of a large quantity of dirt and construction debris. With the knowledge and acquiescence of defendant **MARTIN G. BARNES**, Contractor No. 2, who assisted Contractor No. 1, hired an excavation contractor to (i) excavate and remove in excess of one hundred and fifty yards of dirt and concrete from defendant **MARTIN G. BARNES'** backyard, (ii) remove trees and (iii) remove a railroad-tie retaining wall. Contractor No. 2 paid the excavation contractor approximately

\$3,540 in December, 1998 and June, 1999 for these services.

**A \$5,000 Cash Payment from Contractor No. 3**

9. It was a further part of this scheme and artifice to defraud that:

A. In or about late 1998, Contractor No. 3 was introduced to defendant **MARTIN G. BARNES** through a third person.

B. On or about December 1, 1998, Contractor No. 3 met with defendant **MARTIN G. BARNES** at **BARNES'** City Hall office in Paterson, New Jersey. During this meeting, Contractor No. 3 told defendant **MARTIN G. BARNES** that Contractor No. 3 was in the real estate business and requested **BARNES'** help in matters involving City of Paterson business, including real estate matters. Defendant **MARTIN G. BARNES** told Contractor No. 3 that **BARNES** could help him if he "joined the team." At the conclusion of the meeting, a middleman on behalf of Contractor No. 3 gave defendant **MARTIN G. BARNES** a \$5,000 cash payment in exchange for favorable treatment for Contractor No. 3 on City of Paterson business as specific opportunities arose.

C. Several days after giving defendant **MARTIN G. BARNES** the \$5,000 in cash, Contractor No. 3 was approached by a second City of Paterson public official and told that he, Contractor No. 3, "was on the team" and should see this public official for any favors that he needed from the City of Paterson



government.

**Free Trip to Washington, D.C. for Defendant Barnes and Individual No. 1 from Contractor No. 4**

10. It was a further part of this scheme and artifice to defraud that:

A. In or about early 1997, shortly after defendant **MARTIN G. BARNES** was appointed Mayor, he assisted Contractor No. 4 in receiving legal work with the City of Paterson and promised Contractor No. 4 additional, lucrative contracts to provide legal services to the City of Paterson.

B. In or about early April, 1997, Contractor No. 4 offered to take defendant **MARTIN G. BARNES** on a three-day expense-paid trip to Washington, D.C. Defendant **MARTIN G. BARNES** agreed and advised Contractor No. 4 that he would be accompanied by his wife. Defendant **MARTIN G. BARNES** directed Contractor No. 4 to make the necessary reservations.

C. On or about April 13, 1997, Contractor No. 4 was scheduled to meet defendant **MARTIN G. BARNES** and his wife at Penn Station in Newark, New Jersey where they planned to depart to Washington, D.C. Defendant **MARTIN G. BARNES** arrived at Penn Station accompanied by Individual No. 1.

D. Contractor No. 4, defendant **MARTIN G. BARNES** and Individual No. 1 then traveled to Washington, D.C. where they

stayed at the Four Seasons Hotel in Georgetown. Contractor No. 4 paid for the travel, hotel accommodations, room charges and entertainment for a total cost of approximately \$1,877.

**False Financial Disclosure Statements and Other Acts of Concealment**

11. It was a further part of this scheme and artifice to defraud that:

A. Defendant **MARTIN G. BARNES** and others concealed his corrupt receipt of benefits by (i) deliberately omitting the corrupt payments from disclosure forms required to be filed with state and local authorities, (ii) engaging in sham financial transactions designed to conceal the true nature of the corrupt transactions, and (iii) making false statements and declarations regarding the corrupt payments.

**False Financial Disclosure Statements**

B. Defendant **MARTIN G. BARNES** concealed his financial relationship with the contractors from the public and the Paterson City Council by intentionally failing to disclose money and other benefits received from these individuals and entities on his Local Government Ethics Law Financial Disclosure Statements ("Financial Disclosure Statements") for the reporting years 1997, 1998 and 1999. The Financial Disclosure Statements were filed with the State of New Jersey, Department of Community Affairs, Division of

Local Government Services in Trenton, New Jersey and also were kept on file in the Municipal Clerk's Office, City Hall, Paterson, New Jersey. Defendant **MARTIN G. BARNES** was required to disclose all of the benefits described above.

C. After defendant **MARTIN G. BARNES** came to believe that a former officer of Contractor No. 1 was cooperating with federal agents, on or about May 26, 2000, he filed amended Financial Disclosure Statements for 1997, 1998, and 1999. While the amended Financial Disclosure Statements filed by defendant **MARTIN G. BARNES**' disclosed that he had, in fact, received in excess of \$400 in gifts, reimbursements or prepaid expenses from Contractor No. 1, the statements continued to omit material benefits that **BARNES** had accepted from other Paterson contractors and continued to mislead the public as to the source of payment for **BARNES**' trip to Rio De Janeiro.

#### Sham Financial Transactions

D. To conceal from the public the fact that defendant **MARTIN G. BARNES** was receiving illegal benefits from Contractor No. 1, defendant **MARTIN G. BARNES** sometimes gave a personal check purporting to repay Contractor No. 1 and then Contractor No. 1 would return the money to **BARNES** in cash.

#### False Statements to the Paterson City Council

E. Defendant **MARTIN G. BARNES** further sought to conceal his receipt of the above-described benefits by making false statements to the Paterson City Council when questioned about his extensive travel and the accuracy of his Financial Disclosure Statements.

F. In a letter dated January 4, 2000, the City Council submitted a written request to defendant **MARTIN G. BARNES** demanding that he provide (i) a list of foreign trips that he had taken since he became mayor, (ii) the purpose of each trip, (iii) who accompanied him on the trip and (iv) the source and amount of funds used to pay for the trip. On or about January 11, 2000, defendant **MARTIN G. BARNES** responded in writing to the City Council's demand for information with a two-and-half page letter that contained intentionally incomplete and misleading statements. Defendant **MARTIN G. BARNES** failed to fully disclose the source or amount of funds used to pay for the trips despite the specific request for such information by the City Council.

G. On or about January 21, 2000, the City Council responded with another written demand that defendant **MARTIN G. BARNES** identify the source and amount of funds used to pay for defendant's foreign travel. In a letter dated January 27, 2000, defendant **MARTIN G. BARNES** responded to the City Council's demand that he disclose who paid for his foreign travel by stating "I did answer your question. If you refer to my letter of 1/11/00 I

stated, I don't have any time for your nonsense."

H. On or about February 18, 2000, the City Council refused to accept defendant **MARTIN G. BARNES'** failure to provide the requested information and again demanded in writing that defendant provide the requested information stating:

When the governing body of Paterson considers proposals to award a contract to a vendor we try to make our decision based on the merits of the case and the qualifications of the recommended vendor. We strive to be as objective as possible. If one recommended vendor has given gifts of some type to one or more of our elected or appointed officials and another vendor has not we are certainly entitled to have that information as part our decision making process.

The letter requested a detailed breakdown of payments and the identity of the those who paid for the trips listed in defendant **MARTIN G. BARNES'** January 11, 2000 letter and specifically requested that defendant **MARTIN G. BARNES** include any companies or individuals who were doing or hoping to do business with the City of Paterson.

I. On or about February 24, 2000, defendant **MARTIN G. BARNES** again refused in writing to provide the information requested by the City Council stating, instead, that the information that they sought was disclosed by him on his Financial Disclosure Statements. Defendant **MARTIN G. BARNES** explained "[a]s you well know, we have to fill out and file a form every year to identify gifts and/or honorariums. I comply

with all aspects of this law." Defendant **MARTIN G. BARNES** knew that these statements, as well as the Financial Disclosure Statements that he filed, were false.

**Further Efforts to Conceal Receipt of Corrupt Benefits**

J. Defendant **MARTIN G. BARNES** further sought to conceal his corrupt receipt of benefits by (i) instructing the principal of Contractor No. 1 to lie to and mislead federal authorities about **MARTIN G. BARNES'** receipt of the corrupt payments from Contractor No. 1 and (ii) making false and misleading statements to federal agents about his receipt of the corrupt benefits.

12. On or about the dates listed below, in Passaic County, in the District of New Jersey, and elsewhere, for the purpose of executing and attempting to execute the scheme and artifice to defraud, defendant

**MARTIN G. BARNES**

and others, knowingly and willfully placed and caused to be placed in a post office and authorized depository for mail, and caused to be delivered thereon, certain mail matter, to be delivered by the United States Postal Service, as described below:

<u>Count</u>	<u>Date</u>	<u>Mailing</u>
--------------	-------------	----------------

- 1 April 4, 1997 Contractor No. 1 mails payment to American Express.
- 2 May 14, 1997 Contractor No. 4 mails payment to American Express.
- 3 February 3, 1998 Contract between the City of Paterson and Contractor No. 1 mailed to Contractor No. 1.
- 4 February 13, 1998 Contractor No. 1 mails payment to American Express.
- 5 March 20, 1998 Contractor No. 1 mails payment to American Express.
- 6 March 31, 1998 A Local Government Ethics Law, Financial Disclosure Statement for 1997, addressed to Department of Community Affairs, Trenton, New Jersey.
- 7 September 17, 1998 Contract between the City of Paterson and Contractor No. 1 mailed to Contractor No. 1.
- 8 October 23, 1998 Contractor No. 1 mails payment to American Express.
- 9 January 24, 1999 Contractor No. 1 mails payment to American Express.
- 10 February 19, 1999 A Local Government Ethics Law, Financial Disclosure Statement for 1998, addressed to Department of Community Affairs, Trenton, New Jersey.
- 11 May 15, 1999 Contractor No. 1 mails payment to American Express.
- 12 March 24, 2000 A Local Government Ethics Law, Financial Disclosure Statement for 1999, addressed to Department of Community Affairs, Trenton, New Jersey.
- 13 March 29, 2000 Contractor No. 1 mails payment to

American Express.

14            May 26, 2000

Amended Local Government Ethics  
Law, Financial Disclosure  
Statements for 1997, 1998, and  
1999, addressed to Department of  
Community Affairs, Trenton, New  
Jersey.

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



COUNT 15

**(Conspiracy to Travel and Use Interstate Facilities  
to Solicit and Accept Benefits From Contractor No. 1)**

1. Paragraphs 1, 3(a) and 7 of Counts 1 to 14 are repeated and realleged as if set forth in full herein.

2. From in or about January, 1997 to in or about March, 2000, in the District of New Jersey, and elsewhere, defendant

**MARTIN G. BARNES**

knowingly and willfully did conspire, combine, confederate and agree with others, to travel, and use and cause the use of the mail and facilities in interstate commerce, with the intent to promote, manage, establish, carry on and facilitate the promotion, management, establishment and carrying on of an unlawful activity--namely, bribery, by soliciting and accepting benefits not allowed by law to influence the performance of defendant **MARTIN G. BARNES'** official duties, contrary to N.J. Stat. §§ 2C:27-4 & 6(a)--and thereafter act to promote, manage, establish, carry on and facilitate the promotion, management, establishment and carrying on of the unlawful activity contrary to Title 18, United States Code, Section 1952(a)(3).

3. It was the object of the conspiracy that defendant **MARTIN G. BARNES** solicited and accepted money and other benefits from Contractor No. 1, in exchange for a continuing agreement to provide official assistance to Contractor No. 1, including

obtaining contracts and other business with the City of Paterson.

4. It was part of the conspiracy that interstate travel occurred and that the United States mail was used with the intent to promote, manage, establish, carry on and facilitate the continuing corrupt agreement.

5. It was a further part of the conspiracy that while he was the Mayor of Paterson, defendant **MARTIN G. BARNES** did, on a continuing basis, provide and agree to provide official assistance to Contractor No. 1, including obtaining contracts and other business with the City of Paterson.

#### OVERT ACTS

In furtherance of this conspiracy and to effect its objects, the following overt acts were committed in the District of New Jersey and elsewhere:

1. On or about November 25, 1997, defendant **MARTIN G. BARNES** caused an officer of Contractor No. 1 to write a check for \$5,000 to a furniture store in Paterson, New Jersey to pay for furniture selected by defendant **MARTIN G. BARNES**.

2. In or about December, 1997, defendant **MARTIN G. BARNES** obtained a designer suit valued in excess of \$500 from Contractor No. 1.

3. On or about January 17, 1998, defendant **MARTIN G.**

**BARNES** flew from JFK airport in New York to Rio De Janeiro, Brazil with an officer of Contractor No. 1.

4. During the trip to Rio De Janeiro, an officer of Contractor No. 1 paid several Brazilian women to act as companions to defendant **MARTIN G. BARNES**.

5. On or about January 23, 1998, an officer of Contractor No. 1 paid approximately \$2,233 to the Hotel Inter-Continental, in Rio De Janeiro, for room charges for defendant **MARTIN G. BARNES**, which included approximately \$1,041 in room service and charges for long distance telephone calls made by defendant **MARTIN G. BARNES**.

6. On or about February 3, 1998, defendant **MARTIN G. BARNES** signed an agreement awarding Contractor No. 1 the right to perform emergency sewer repair work in the City of Paterson.

7. On or about September 17, 1998, defendant **MARTIN G. BARNES** signed an agreement awarding Contractor No. 1 the right to perform emergency sewer repair work in the City of Paterson.

8. On or about September 23, 1998, an officer of Contractor No. 1 paid for defendant **MARTIN G. BARNES** and his wife to fly from Newark, New Jersey to Nashville, Tennessee where they stayed at the Opryland Hotel and Convention Center for a two-day all expense paid trip to an entertainment event at a total cost of \$1,131 to Contractor No. 1.

9. In or about December, 1998, defendant **MARTIN G. BARNES** obtained a designer suit valued in excess of \$500 from Contractor No. 1.

10. On or about December 28, 1998, defendant **MARTIN G. BARNES**, his wife and an officer of Contractor No. 1 flew from Newark, New Jersey to Aruba and checked into the La Cabana All Suite Beach Resort and Casino.

11. On or December 29, 1998, the defendant **MARTIN G. BARNES** checked into the Holiday Inn, Aruba Beach Resort and Casino.

12. On or about January 2, 1999, defendant **MARTIN G. BARNES**, his wife and an officer of Contractor No. 1 flew from Aruba to Tampa, Florida and then to Newark, New Jersey.

13. On or about April 29, 1999, defendant **MARTIN G. BARNES** flew from Newark, New Jersey to Louisville, Kentucky in connection with a three-day all-expense paid trip to the Kentucky Derby at a total cost of \$2,720, paid for by Contractor No. 1.

14. On or about November 7, 1998, an expert in waterscape designs flew from Nashville, Tennessee to Newark, New Jersey to design and oversee the construction of a custom waterfall for a new gunite pool installed in the defendant **MARTIN G. BARNES'** backyard at the expense of Contractor No. 1.

15. On or about May 20, 1999, an expert in

waterscape designs flew from Nashville, Tennessee to Newark, New Jersey to design and oversee the construction of a custom waterfall for a new gunite pool installed in the defendant **MARTIN G. BARNES'** backyard at the expense of Contractor No. 1.

16. On or about September 16, 1999, defendant **MARTIN G. BARNES** flew, along with his wife, from Zurich, Switzerland to London, England for a five-day vacation at a total cost to Contractor No. 1 of \$1,925.

17. On or about September 23, 1999, defendant **MARTIN G. BARNES**, along with his wife, checked into the Thornbury Castle in Bristol, Avon in England, where they stayed overnight at a cost to Contractor No. 1 of \$486.

18. In or about December, 1999, defendant **MARTIN G. BARNES** obtained a designer suit valued in excess of \$500 from Contractor No. 1.

19. On or about January 13, 2000, defendant **MARTIN G. BARNES** called an officer of Contractor No. 1 at which time the officer of Contractor No. 1 told defendant **MARTIN G. BARNES** that Contractor No. 1 was "strapped for work" and requested that the defendant **MARTIN G. BARNES** "shake loose" about a third of approximately \$300,000 worth of work that needed to be done at a particular City of Paterson location.

20. On or about January 13, 2000, in that same telephone conversation, defendant **MARTIN G. BARNES** agreed to assist Contractor No. 1 in obtaining the contract.

21. In or about January, 2000, defendant **MARTIN G. BARNES** advised another City official to assist Contractor No. 1 in obtaining work within the City of Paterson.

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

**COUNT 16**

**(Extortion of \$5,000 From Contractor No. 3)**

1. Paragraphs 1, 3(C) and 9 of Counts 1 through 14 are repeated and realleged as if set forth in full herein.

2. In or about December, 1998, in Passaic County, in the District of New Jersey, and elsewhere, defendant

**MARTIN G. BARNES**

knowingly and willfully did obstruct, delay and affect interstate commerce by extortion--that is, obtaining money from Contractor No. 3 with consent under color of official right.

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

COUNTS 17-21

(Mail and Wire Fraud-Fraudulently Obtaining Payment and Reimbursement from the City of Paterson for a Trip to Grand Rapids, Michigan for Defendant and Individual No. 1)

1. Paragraphs 1 and 11 of Counts 1 through 14 are repeated and realleged as if set forth in full herein.

2. Contractor No. 5 was a businessman in Paterson, New Jersey.

3. As an employee of the City of Paterson, defendant **MARTIN G. BARNES** was entitled to reimbursement from the City of Paterson for certain legitimate, business-related expenses that he incurred.

4. In or about March, 1999, Contractor No. 5 requested defendant **MARTIN G. BARNES** to travel to Battle Creek, Michigan to meet with representatives of a business organization. Defendant **MARTIN G. BARNES** agreed to go on the trip and advised Contractor No. 5 that he would be accompanied by his wife. Prior to the trip, defendant **MARTIN G. BARNES** advised Contractor No. 5 that he would be bringing Individual No. 1 on the trip instead of his wife. Contractor No. 5 then purchased the tickets at a cost of \$470 and provided them to defendant **MARTIN G. BARNES**.

5. On or about Wednesday, March 17, 1999, defendant **MARTIN G. BARNES** and Individual No. 1 traveled to Grand Rapids, Michigan and checked in at the Amway Grand Plaza Hotel. By the



middle of the following day, defendant **MARTIN G. BARNES** had terminated the meetings that Contractor No. 5 had arranged for the trip. Defendant **MARTIN G. BARNES** stayed at the Hotel with Individual No. 1 until Sunday, March 21, 1999.

6. From March 17, 1999 to March 21, 1999, defendant **MARTIN G. BARNES** and Individual No. 1 incurred room charges, including meals, movies and long-distance telephone charges in the amount of \$863.

7. On or about March 26, 1999, defendant **MARTIN G. BARNES** submitted an expense reimbursement form to the City of Paterson for \$1,098. Defendant sought reimbursement for the round-trip airfare which was already paid for by Contractor No. 5 and hotel and room charges for defendant **MARTIN G. BARNES** and Individual No. 1.

8. On or about April 19, 1999, defendant **MARTIN G. BARNES** deposited into his personal checking account the proceeds of a check that was issued by the City of Paterson to defendant **MARTIN G. BARNES** in the amount \$1,098 based upon the false and fraudulent representations set forth in the defendant's expense reimbursement form.

9. On or about March 24, 2000, defendant **MARTIN G. BARNES** concealed the fact that Contractor No. 6 paid for the airfare for defendant **MARTIN G. BARNES** and Individual No. 1 by failing to disclose the payment on his Financial Disclosure Statement

for the reporting year 1999.

10. From in or about March, 1999 to in or about March, 2000, in the District of New Jersey, and elsewhere, defendant

**MARTIN G. BARNES**

knowingly and willfully did devise and intend to devise a scheme and artifice to defraud and to obtain money and property from the City of Paterson by means of materially false and fraudulent pretenses, representations and promises.

11. The object of this scheme and artifice to defraud was that defendant **MARTIN G. BARNES** obtained approximately \$749 from the City of Paterson by submitting a false reimbursement form to the City for (i) hotel and rooms charges, including meals and telephone charges for the defendant and Individual No. 1 and (ii) airfare to Grand Rapids, Michigan which was already paid for by Contractor No. 5.

12. On or about the dates listed below, in the District of New Jersey, and elsewhere, for the purpose of executing and attempting to execute the scheme and artifice and for obtaining money and property by means of materially false pretenses, representations and promises, defendant

**MARTIN G. BARNES**

knowingly and willfully placed and caused to be placed in a post office and authorized depository for mail, and caused to be delivered thereon, certain mail matter, to be delivered by the United States Postal Service, and transmitted and caused to be

transmitted in interstate commerce by means of wire communications certain signs, signals and sounds, as described below:

<u>Count</u>	<u>Date</u>	<u>Mailing or Wire Communication</u>
17	March 10, 1999	Itinerary and Tickets mailed to Contractor No. 5.
18	March 19, 1999	Telephone call from Grand Rapids, Michigan to residence of Individual No. 1 in Paterson, NJ.
19	March 20, 1999	Telephone call from Grand Rapids, Michigan to residence of defendant <b>MARTIN G. BARNES</b> in Paterson, NJ.
20	April 16, 1999	Payment mailed to credit card company by Contractor No.5.
21	March 24, 2000	A Local Government Ethics Law, Financial Disclosure Statement for 1999, addressed to Department of Community Affairs, Trenton, New Jersey.

In violation of Title 18, United States Code, Sections 1341, 1343 and 2.

COUNTS 22-34

(Mail Fraud-Diverting  
Political Funds to Pay Salary of Individual No. 2)

1. Paragraph 1 of Counts 1 to 14 is repeated and realleged as if set forth in full herein.

Other Individuals and Entities

2. On or about February 9, 1999, a bank account was opened to raise funds and pay expenses for defendant **MARTIN G. BARNES'** 2002 candidacy for mayor (the "Fund"). Defendant **MARTIN G. BARNES** was required to register the Fund with the New Jersey Election Law Enforcement Commission ("ELEC"), but failed to do so.

3. At all times relevant to Counts 22 to 34 of this Indictment, a friend of defendant **MARTIN G. BARNES** served as the treasurer of the Fund (the "Treasurer"). New Jersey law required that the Treasurer and the Candidate keep true and detailed accounts of expenditures from the Fund and periodically file true and public records of these expenditures to ELEC in certain circumstances. The Treasurer and the Candidate also had a duty to the Fund and its contributors and creditors to honestly and faithfully account for expenditures and not to use the Fund for any improper purpose.

4. Contractor No. 6 was a vendor for the City of Paterson and was in the business of providing media relations and

consulting services to the City of Paterson. Defendant **MARTIN G. BARNES** advised contractor No. 6 that defendant was instrumental in awarding the above-described consulting work to Contractor No. 6.

5. At all times relevant to Counts 22 to 34, Individual No. 2 was a girlfriend of defendant **MARTIN G. BARNES** residing in Passaic, New Jersey. From in or about November, 1999 to March, 2000, defendant **MARTIN G. BARNES** assisted Individual No. 2 in purchasing and refurbishing a house located in Passaic, New Jersey. At the time that Individual No. 2 sought to purchase the house, she was not regularly employed and did not qualify for a mortgage. Defendant **MARTIN G. BARNES** assisted Individual No. 2 in purchasing the house by, among other things, causing a city contractor to create phony payroll records to submit to the mortgage company from whom she sought the loan. On or about November 19, 1999, Individual No. 2 obtained a mortgage in the amount of approximately \$93,600 for which she was responsible for a monthly payment of approximately \$856.20, excluding taxes and insurance.

**Scheme and Artifice to Defraud Fund and Contributors**

6. From in or about November, 1999 to in or about June, 2000, in the District of New Jersey, and elsewhere, defendant

**MARTIN G. BARNES**

and others knowingly and willfully did devise and intend to

devise a scheme and artifice to defraud and to obtain money and property from the Fund and its contributors and to deprive the Fund, its contributors and ELEC of the honest services of the Treasurer and defendant/candidate **MARTIN G. BARNES**, by means of materially false and fraudulent pretenses, representations and promises.

7. The object of this scheme and artifice to defraud was that defendant **MARTIN G. BARNES** diverted approximately \$20,000 from the Fund, concealed this diversion by sham and other financial transactions and intentional non-disclosures to ELEC, and used a substantial part of these moneys to fund a salaried position for Individual No. 2 at Contractor No. 6's business.

8. It was a part of this scheme and artifice to defraud that:

A. In or about November, 1999, defendant **MARTIN G. BARNES** told Contractor No. 6 that he wanted Contractor No. 6 to hire Individual No. 2 and pay her approximately \$42,000 annually so that she could pay the mortgage for a house that she recently purchased with the assistance of defendant **MARTIN G. BARNES**. Contractor No. 6 thereafter agreed to hire Individual No. 2 for a period of six months on the condition that his company receive a \$5,000 per month consulting fee to offset the expense of funding Individual No. 2's salary. Defendant **MARTIN G. BARNES** agreed and directed Contractor No. 6 to submit inflated invoices to the Fund in the amount of \$5,000 monthly to cover Individual

No. 2's salary.

B. To conceal the fraudulent nature of the payments to Contractor No. 6, defendant **MARTIN G. BARNES** caused others to make false and misleading notations in the memo section of the checks written from the Fund's bank account to Contractor No. 6. Defendant **MARTIN G. BARNES** caused the following checks to be written from the Fund to Contractor No. 6:

<u>Check No.</u>	<u>Date</u>	<u>Amount</u>	<u>False Memo Notations</u>
3001	12/20/99	\$5,000	"TV Ad"
3003	2/8/00	\$5,000	"Ad Survey"
3007	4/19/00	\$10,000	"Advertising"

C. In or about May or June, 2000, the Treasurer of the Fund and others forwarded bank statements, canceled checks, deposit slips and other documentation to an accountant to prepare reports of the Fund activity to be submitted to ELEC. Although draft reports were prepared, they were never filed.

D. When Contractor No. 6 determined that Individual No. 2 had provided little or no services to the Contractor, he telephoned defendant **MARTIN G. BARNES** and told him that he would not renew Individual No. 2's employment after the six-month period. The defendant **MARTIN G. BARNES** thereafter refused to release any additional outstanding "consulting fees" from the

Fund to pay for Individual No. 2's salary.

10. On or about the dates listed below, in the District of New Jersey, and elsewhere, for the purpose of executing and attempting to execute the scheme and artifice to defraud and for obtaining money and property by means of materially false pretenses, representations and promises, defendant

**MARTIN G. BARNES**

and others, knowingly and willfully placed and caused to be placed in a post office and authorized depository for mail, and caused to be delivered thereon, certain mail matter, to be delivered by the United States Postal Service, as described below:

<u>Count</u>	<u>Date</u>	<u>Mailing</u>
22	December 22, 1999	Payroll check mailed to Individual No. 2.
23	January 11, 2000	Invoice for \$5,000 for consulting fee from Contractor No. 6.
24	January 19, 2000	Payroll check mailed to Individual No. 2.
25	February 1, 2000	Invoice for \$5,000 for consulting fee from Contractor No. 6.
26	February 2, 2000	Payroll check mailed to Individual No. 2.
27	March 3, 2000	Invoice for \$5,000 for consulting fee from Contractor No. 6.
28	March 15, 2000	Payroll check mailed to Individual No. 2.
29	March 29, 2000	Invoice for \$5,000 for consulting fee from Contractor No. 6.



30	March 29, 2000	Payroll check mailed to Individual No. 2.
31	May 3, 2000	Invoice for \$5,000 for consulting fee from Contractor No. 6.
32	May 10, 2000	Payroll check mailed to Individual No. 2.
33	May 24, 2000	Invoice for \$5,000 for consulting fee from Contractor No. 6.
34	May 24, 2000	Payroll check mailed to Individual No. 2.

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

COUNTS 35 THROUGH 37

(False Subscription -- Personal Tax Returns)

1. Paragraphs 1 to 4 and 6 to 10 of Counts 1 to 14 of this Indictment are repeated and realleged as if set forth in full herein.

2. On or about the dates listed below, defendant **MARTIN G. BARNES** signed, filed and caused to be filed with the Internal Revenue Service ("IRS") U.S. Individual Income Tax Returns, Forms 1040, on behalf of himself and his wife for the years 1997 through 1999. Those returns stated their specific adjusted gross income for 1997 through 1999 and that defendant **MARTIN G. BARNES** and his wife were entitled to claim certain unreimbursed employee business expenses during those years.

3. The tax returns were signed by defendant **MARTIN G. BARNES** and contained a written declaration that they were signed under the penalties of perjury.

4. The returns were not true and correct as to every material matter in that the returns (i) did not include additional income that defendant **MARTIN G. BARNES** received in each year, including income that he received from illegal payments and other benefits described in Counts 1 through 14 above, and (ii) falsely claimed unreimbursed employee business expenses, including travel expenditures for trips to Aruba and Rio De Janeiro (a) for which the defendant did not pay and (b) which were not business related.

5. On or about the dates listed below, at Passaic County, in the District of New Jersey and elsewhere, defendant

**MARTIN G. BARNES**

knowingly and willfully did make and subscribe to false U.S. Individual Tax Returns, as described in paragraph 2 of Counts 35 through 37, which he did not believe to be true and correct as to every material matter, as described in paragraph 4 of Counts 35 through 37:

<u>Count</u>	<u>Date</u>	<u>Filing</u>
35	4/15/98	1997 Joint Individual Income Tax Return, Form 1040
36	4/15/99	1998 Joint Individual Income Tax Return, Form 1040
37	4/17/00	1999 Joint Individual Income Tax Return, Form 1040

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

COUNT 38

(Corruptly Persuading Witness to Provide Misleading Information)

1. Paragraphs 1 and 3(A) of Counts 1 to 14 are repeated and realleged as if set forth herein.

2. From in or about 1999 to the present, a federal investigation had been pending regarding allegations of public corruption, fraud and the concealment of income pertaining to defendant **MARTIN G. BARNES** and others.

3. From at least as early as May, 2000, defendant **MARTIN G. BARNES** was aware of the federal investigation regarding his activities as the Mayor of Paterson, New Jersey.

4. On or about June 30, 2000, defendant **MARTIN G. BARNES** called the principal of Contractor No. 1 to his Paterson City Hall office for a meeting. Defendant **MARTIN G. BARNES** called the meeting to discuss whether a former officer of Contractor No. 1 was cooperating with the federal authorities in an investigation of defendant **MARTIN G. BARNES'** receipt of corrupt benefits from Contractor No. 1. During the meeting, defendant **MARTIN G. BARNES** advised the principal of Contractor No. 1 that he had heard "on the street" that the Federal Bureau of Investigation ("FBI") was investigating him and that the former officer of Contractor No. 1 was cooperating in that investigation. Unbeknown to defendant **MARTIN G. BARNES**, the principal of Contractor No. 1 was cooperating with law

enforcement and secretly tape-recorded the meeting.

5. During the meeting, defendant **MARTIN G. BARNES** admitted to Contractor No. 1 that he had received things of value from the former officer, including a swimming pool with a waterfall, trips, furniture and suits, but that he believed that many of the things were "personal" gifts from the former officer of Contractor No.1.

6. During the meeting, the principal of Contractor No. 1 advised defendant **MARTIN G. BARNES** that when the FBI serves a subpoena for his company's records, they would see that Contractor No. 1 paid for, among other things, a pool with a waterfall for defendant **MARTIN G. BARNES**. Defendant **MARTIN G. BARNES** told the principal of Contractor No. 1 that he thought that these expenses adequately had been concealed in the costs of other jobs conducted by Contractor No. 1.

7. During the meeting, defendant **MARTIN G. BARNES** coached the principal of Contractor No. 1 to lie to and mislead the FBI agents and tell them that Contractor No. 1 simply repaired a leak in his existing swimming pool and that **BARNES** paid Contractor No. 1 for this service. Defendant **MARTIN G. BARNES** further told the principal of Contractor 1 to say that he just "helped him out" and to say that "you just fixed things" when, in fact, defendant **MARTIN G. BARNES** well knew that Contractor No. 1 had installed a new and larger gunite swimming pool and a custom-designed gunite waterfall in the pool.

8. During the meeting, defendant **MARTIN G. BARNES** told the principal of Contractor No. 1 that **BARNES** had agreed with the former officer that Contractor No. 1 would give him an invoice for "the basic costs", including "materials and what have you" and "no one could say anything."

9. During the meeting, the principal of Contractor No. 1 repeatedly told defendant **MARTIN G. BARNES** that whenever the former officer gave **BARNES** something of value, such as the swimming pool, trips, suits or furniture, the former officer advised the principal of Contractor No. 1 that the former officer had paid for the items.

10. During the meeting, defendant **MARTIN G. BARNES** told the principal of Contractor No. 1 that he should lie to investigators and tell them that he did not know anything about the things of value given to defendant **MARTIN G. BARNES** by the former officer. At the end of their meeting, defendant **MARTIN G. BARNES** coached the principal of Contractor No. 1 about how to mislead federal authorities when questioned by them:

DEF'T BARNES: If he can prove that you knew about all this stuff then [Contractor No. 1] is in trouble. Right now what you can show is that you didn't know nothing about this stuff - that this was him doing this on his own. And you were, you didn't do anything wrong. You know. You didn't pay for anything. All you did was ...

Principal: It turns the tables on me. You know. I don't know if I have much of an argument there. They're going to look at me and say

well then weren't you ultimately in charge?

DEF'T BARNES: No. He's in charge of marketing, sales and management.

Principal: Right.

DEF'T BARNES: That was his job. You never followed that stuff. All you know is ...

Principal: That's true.

DEF'T BARNES: That's my point. All you did is cut checks. Did he tell you that he was you know doing this? No, he didn't tell me that. He, that was part of his thing. I didn't ask any questions. That's what he did. He was in charge. Put it on him.

11. On or about June 30, 2000, in the District of New Jersey, defendant

**MARTIN G. BARNES**

did knowingly, willfully and corruptly attempt to persuade another person, namely, a principal of Contractor No. 1, with the intent to hinder, delay and prevent the communication to a law enforcement officer of information relating to the commission and possible commission of a federal offense, including the turnover of corrupt and concealed payments and benefits for defendant **MARTIN G. BARNES** as set forth in paragraphs 3 through 10 of this Count.

In violation of Title 18, United States Code, Sections 1512(b)(3) and 2.

COUNT 39

(False Statements to Federal Agents)

1. At all times relevant to this Count, departments of the United States--namely, the United States Department of Justice, Federal Bureau of Investigation and the United States Department of Treasury, Internal Revenue Service--were investigating, among other things, defendant **MARTIN G. BARNES'** (a) receipt of things of value from vendors of the City of Paterson and (b) whether defendant **MARTIN G. BARNES** accurately reported these and other items on his federal income tax returns.

2. Approximately eleven days after defendant **MARTIN G. BARNES** met with the principal of Contractor No. 1 as described in Count 38, **BARNES'** residence was searched by federal law enforcement agents pursuant to a court-authorized search warrant on or about July 11, 2000. Defendant **MARTIN G. BARNES** was present during the execution of the search warrant.

3. Prior to the search, two FBI agents interviewed defendant **MARTIN G. BARNES** about his personal finances and specifically (a) whether he had illegally received benefits from City of Paterson vendors and concealed his receipt of those benefits and (b) whether he had accurately reported his income and other items on federal tax returns and other disclosure statements.

4. During the interview, defendant **MARTIN G. BARNES**



made numerous false and misleading statements to federal agents.

A. Defendant **MARTIN G. BARNES** falsely told agents that: (i) his State of New Jersey financial disclosure forms were accurate when, in fact, they were not, (ii) his income and expenses were accurately reported on his federal income tax returns, when, in fact, they were not, and (iii) he had not improperly taken things of value from those doing or seeking business with the City of Paterson when, in fact, he had.

B. Defendant **MARTIN G. BARNES** told federal agents that a contractor other than Contractor No. 1 repaired his pool when he knew that statement was false, as he told a principal of Contractor No. 1, on June 30, 2000.

C. Defendant **MARTIN G. BARNES** falsely told federal agents that no employee of Contractor No. 1 had done any home improvements or repairs at his residence.

D. Defendant **MARTIN G. BARNES** told federal agents that he had traveled to Rio De Janeiro and that an organization known as the Rio Business Consortium paid for the hotel accommodations when, in fact, his six-day hotel stay was paid for by Contractor No. 1.

E. Defendant **MARTIN G. BARNES** told federal agents that he had paid for his airfare to Rio De Janeiro when, in fact, his airfare was paid for by Contractor No. 1.

F. Defendant **MARTIN G. BARNES** told investigators that the trip to Rio De Janeiro was strictly business in nature

and that he did not take any side trips when, in fact, he knew that he and an officer of Contractor No. 1 had taken a trip to a hotel located in Saquarema, Brazil with four women who an officer of Contractor No. 1 had paid to provide female companionship to defendant **MARTIN G. BARNES**.

G. Defendant **MARTIN G. BARNES** told investigators that his sole reason for amending his financial disclosure forms was to reflect that Contractor No. 1 had paid for a train trip when, in fact, he knew that Contractor No. 1 had provided him with many other illegal benefits.

H. Defendant **MARTIN G. BARNES** told investigators that he paid for the airfare for a vacation trip taken by **BARNES** and his wife to Aruba and that Contractor No. 1 paid for the hotel with frequent flyer miles when, in fact, Contractor No. 1 paid for the entire trip.

I. Defendant **MARTIN G. BARNES** told investigators that he paid for a vacation trip taken by the defendant **MARTIN G. BARNES** and his wife to London, England with an airline credit when, in fact, Contractor No. 1 paid for the hotel and another City of Paterson vendor paid for the airfare.

5. On or about July 11, 2000, in the District of New Jersey and elsewhere, in a matter within the jurisdiction of the Executive Branch of the Government of the United States, defendant

**MARTIN G. BARNES**

knowingly and willfully made materially false, fictitious and fraudulent statements and representations.

In violation of Title 18, United States Code, Section 1001.

COUNT 40

(Use of the Mails to Fraudulently Receive Reimbursement from Federally Funded Housing Program)

1. The Department of Housing & Urban Development ("HUD") was an agency and department within the executive branch of the United States government.

2. HUD operated the Home Investment Partnership Program (the "HOME Program") to help provide affordable housing to lower income households in participating jurisdictions.

3. The City of Paterson, New Jersey, was a participating jurisdiction that received funds from HUD through the HOME program.

4. The Department of Community Development within the City of Paterson administered the HUD-funded HOME programs.

5. The Department of Community Development, with the oversight of HUD, used HOME funds to operate, among other programs, the Investment Property Rehabilitation Program which was intended to upgrade substandard rental housing for low income tenants.

6. The City of Paterson received distributions from HUD to fund the Investment Property Rehabilitation Program via wire transfer from the Federal Reserve Bank in New York to an account maintained by the City of Paterson at First Fidelity Bank in New Jersey.

**Scheme and Artifice to Defraud**

7. From in or about August, 1995 to in or about October, 1996, defendant

**MARTIN G. BARNES**

did knowingly and willfully devise and intend to devise a scheme and artifice to defraud HUD and the City of Paterson and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises.

8. The object of this scheme and artifice to defraud was to obtain funds from HUD through the Department of Community Development in amounts and at times not authorized by the terms of the HOME program through the use of phony documentation designed to trick and lull HUD and the Department of Community Development.

9. It was part of this scheme and artifice to defraud that in or about August 1995, defendant **MARTIN G. BARNES** applied to the Department of Community Development, pursuant to the Investment Property Rehabilitation Program, for a \$29,000 HUD grant to be used to renovate property he owned located at 208 Carbon Street, Paterson, New Jersey. Under the terms of the contract between defendant **MARTIN G. BARNES** and the City of Paterson, HUD would loan defendant **MARTIN G. BARNES** \$29,000 to renovate the property, and the loan would be forgiven at the end of five years, if defendant rented the units to low-income tenants and did not sell the property during those five years.

10. It was a further part of this scheme and artifice to defraud that in or about October 1995, defendant **MARTIN G. BARNES** hired a contractor to renovate the 208 Carbon Street Property as required by the HUD grant. The contract between the contractor and defendant **MARTIN G. BARNES** required him to pay the contractor the sum of \$49,000 in three equal installments as the work was completed. According to the terms of the HOME program as operated by the Department of Community Development, defendant **MARTIN G. BARNES**, as owner, was required to pay any costs over \$29,000 incurred during the course of the renovation.

11. It was a further part of this scheme and artifice to defraud that defendant **MARTIN G. BARNES** submitted to the Department of Community Development documents purporting to be copies of the fronts and backs of "canceled" personal checks written, on the dates and in the amounts listed below, payable to the contractor:

	<u>Check Number</u>	<u>Check Date</u>	<u>Submission Date(approx)</u>	<u>Amount</u>
a.	#2184	10/3/95	10/03/95	\$15,000
b.	#2188	10/20/95	10/26/95	\$22,000
c.	#2210	11/15/95	2/09/96	\$ 6,000
d.	#2235	12/14/95	2/09/96	\$ 6,000

12. It was a further part of this scheme and

artifice to defraud that the checks submitted by defendant **MARTIN G. BARNES** to the Department of Community Development were not in fact "canceled" and had never been submitted for payment. Instead, the copies of the backs of the checks that reflected negotiation through the banking system were from different canceled checks as follows:

**Canceled Backs of Actual Checks  
Corresponding to Barnes Fraudulently Submitted Checks**

	<u>Submitted Check #</u>	<u>Submitted Check Amt</u>	<u>Actual Check #</u>	<u>Actual Date</u>	<u>Actual Amount</u>	<u>Actual Payee</u>
a.	#2184	\$15,000	#2170	8/15/95	\$100	FBS Credit Service
b.	#2188	\$22,000	#2181	9/28/95	\$90	All State Insurance
c.	#2210	\$6,000	#2194	11/20/95	\$960	Don Bosco Technical School
d.	#2235	\$6,000	#2199	12/15/95	\$3,000	Antoinette Smith

The false copies had been submitted to induce the City of Paterson and HUD into reimbursing defendant **MARTIN G. BARNES** for money that purportedly had been expended on the rehabilitation of the 208 Carbon Street Property.

13. It was a further part of this scheme and artifice to defraud that after each submission of a fraudulent copy of a check to the Department of Community Development, defendant **MARTIN G. BARNES** accepted a reimbursement from the City of Paterson and deposited the reimbursement check in his First Fidelity personal bank account on or about the dates set forth

below:

	<u>Fraud</u> <u>Check #</u>	<u>Date Check</u> <u>Submitted</u>	<u>\$ Reimbursed</u> <u>By City</u>	<u>Date of</u> <u>Deposit</u>
a.	#2184	10/03/95	\$ 8,990	10/20/95
b.	#2188	10/26/95	\$12,760	11/10/95
c.	#2210	02/09/96	\$ 7,250	2/26/96

14. It was a further part of this scheme and artifice to defraud that defendant **MARTIN G. BARNES** used the reimbursement money, in part, to pay for personal expenses unrelated to the renovation of the 208 Carbon Street Property, as follows:

**Personal Expenses of MARTIN G. BARNES**  
**At or Around Time of City Reimbursements**

	<u>Check</u> <u>Date</u>	<u>Check</u> <u>Number</u>	<u>Amount</u>	<u>Payee Type</u>
a.	10/20/95	2186	\$3,392	Mortgage Payment
b.	10/25/95	2187	\$533	Insurance
c.	11/10/95	2193	\$2,500	Civil Settlement
d.	11/28/95	2191	\$9,498	Mortgage Payment

15. It was a further part of this scheme and artifice to defraud that defendant **MARTIN G. BARNES** caused a total of \$49,000 worth of purportedly canceled checks to be submitted to Paterson's Department of Community Development to lull the City of Paterson into filing reports with HUD that falsely indicated that \$49,000 had been expended on renovating the 208 Carbon Street Property and that HOME funds had been appropriately applied. This would, in turn, lull HUD into believing that this was an appropriate transaction.

16. On or about October 10, 1996, for the purpose of



executing and attempting to execute the scheme and artifice described above, defendant

**MARTIN G. BARNES**

and others knowingly and willfully placed and caused to be placed in a post office and authorized depository for mail an Annual Performance Review Report to be delivered by the United States Postal Service, and deposited and caused to be deposited an Annual Performance Review Report to be sent and delivered by private and commercial interstate courier.

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

A TRUE BILL

---

FOREPERSON

---

CHRISTOPHER J. CHRISTIE  
UNITED STATES ATTORNEY