

NEWS

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FOR IMMEDIATE RELEASE
Nov. 28, 2007

Former Top Aide to Newark City Council President Indicted;
Former South Jersey School Board Member Also Charged

(More)

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TRENTON – The former Chief of Staff to the Newark City Council President was indicted today, charged with accepting approximately \$13,500 in cash bribes to use his influence with public officials in Newark, Irvington and elsewhere to steer insurance brokerage business to an undercover FBI company, U.S. Attorney Christopher J. Christie announced.

Keith O. Reid, 48, allegedly accepted the bribes from representatives of Coastal Solutions, LLC, the undercover FBI company. Reid allegedly accepted the cash from a cooperating witness in exchange for assurances that he would influence the Newark City Council president and other Newark public officials to help secure insurance brokerage contracts for Coastal Solutions.

The Indictment also accuses Reid of conspiring with an Irvington Township official – identified only as Irvington Official 1 in the Indictment – and others to obtain corrupt payments from Coastal Solutions in exchange for Irvington Official 1's assistance in obtaining insurance brokerage business with Irvington for the FBI undercover company.

Also indicted separately today was James T. McCormick, a former member of the Pleasantville Board of Education. Reid and McCormick were among 11 public officials and one private individual arrested in September as part of a wide-ranging public corruption investigation by the FBI and U.S. Attorney's Office.

Neither defendant was required to appear in court today. Both will be arraigned on their respective indictments once their cases are assigned to a U.S. District Court Judge.

In numerous encounters, Reid was recorded by cooperating witnesses who purported to work for the FBI undercover company. According to Reid's Indictment, Reid was recorded as he complained that he had not been paid by the company in several months. At the conclusion of that meeting on July 25, 2007, Reid allegedly accepted a \$5,000 corrupt cash payment. Reid stated during the meeting:

“I want you to be clear on something,” he said. “This is not a hustle ... I got an initial payment in February. But since February, I have not gotten one red cent ... You're doing the hustle. You're doing the dance. I can make things happen within my sphere to a certain point because I'm council president's chief of staff. Full plate. And I have the kind of boss who's very reliant on me and staff.”

Reid was allegedly referring in part to an earlier payment of between approximately \$1,500 and \$3,500 that he received from Coastal Solutions. According to the Indictment, Reid received that payment through a friend and associate of Reid's from Irvington who maintained a consulting business with Reid which, they said, could be used to get other

business in other municipalities for the FBI undercover company.

“We have relationships obviously in Irvington and obviously in Newark” and other municipalities, Reid said, according to the Indictment. “Folks there we can pick up the phone and call and open doors.”

Reid also acted as an intermediary and accepted a \$5,000 cash payment on behalf of Irvington Official 1, according to the Indictment. Following a meeting in August with Reid and Reid’s Irvington associate, Irvington Official 1 and the undercover cooperators, Irvington Official 1 told one of the undercover cooperators to give the payment to Reid.

Later that same day, Reid accepted the bribe on Irvington Official 1's behalf, allegedly warning the undercover cooperator not to give cash directly to public officials. “I mean, there just needs to be, you know what I mean, a buffer or something,” Reid said, according to the Indictment.

Reid confirmed in a subsequent meeting in September that he gave the cash to Irvington Official 1 and another Irvington official, according to the Indictment. Reid stated that he would serve as Irvington Official 1's “go-through guy” and receive “marching orders” from Irvington Official 1.

Reid is charged with two counts of attempted extortion under color of official right, each of which carries a maximum statutory penalty of 20 years in prison; one count of conspiracy to commit extortion under color of official right, which carries a maximum statutory penalty of 20 years in prison; three counts of bribery, each of which carries a maximum statutory penalty of 10 years in prison; and one count of offering and accepting a bribe, which carries a statutory maximum penalty of 10 years in prison.

Also charged today in a separate indictment was James T. McCormick, a former member of the Pleasantville Board of Education. The six-count indictment returned by the grand jury charges McCormick with conspiracy, attempted extortion, bribery, violating the federal Travel Act and two counts of money laundering.

The conspiracy, attempted extortion and bribery charges arise from McCormick’s alleged participation with other Board of Education members and others in a scheme to agree to accept and actually accept corrupt cash payments in exchange for his and others’ official assistance in obtaining contracts with an insurance brokerage company.

The Indictment alleges that in late September 2006 McCormick arranged to have others, including a cooperating witness who was working with the federal authorities, arrange for a \$3,500 corrupt payment for McCormick to be wire transferred to the bank account of McCormick’s friend in Georgia. The Indictment further alleges that in February 2007

McCormick told his friend to send the \$3,500 in corrupt proceeds back to him in New Jersey by mail, and that McCormick received that money in late February 2007. The movement of that money to McCormick's friend in Georgia and then back to McCormick in New Jersey are charged as violations of the federal Travel Act and money-laundering.

The conspiracy, attempted extortion and money laundering counts (Counts 1, 2, 5 & 6) carry 20-year statutory maximums, and the bribery and Travel Act charges (Counts 3 & 4) carry 10- and 5-year statutory maximums, respectively.

Despite indictment, both defendants are presumed innocent unless and until proven guilty beyond a reasonable doubt.

Christie credited Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun, with the investigation leading to today's indictments and the wider investigation. Christie also thanked Special Agents of the IRS Criminal Investigations Division, under the direction of Special Agent in Charge William P. Offord, for their assistance in the McCormick investigation.

The cases are being prosecuted by Assistant U.S. Attorneys David Bocian and Christopher J. Gramiccioni.

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Defense Counsel:

Terry Ridley, Esq., Newark, for Reid

James R. Murphy, Esq., Princeton, for McCormick