

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

UNITED STATES OF AMERICA	:	
	:	
v.	:	CRIMINAL NO. 14 -
	:	
THOMAS LINDENFELD	:	

GOVERNMENT'S GUILTY PLEA MEMORANDUM

I. INTRODUCTION

On November 5th, 2014, defendant Thomas Lindenfeld (“Lindenfeld”) was charged in a single-count information with conspiracy to commit honest services wire fraud in violation of Title 18, United States Code, Sections 1343, 1346, and 1349. The charges arose from defendant’s knowledge and participation in a wide-ranging scheme initiated by his associate and former employer, Elected Official A.

Defendant Lindenfeld and his consulting firm, LSG Strategies Service Corporation, Elected Official A, and others engaged in a fraud scheme that included arranging for an illegal \$1 million political contribution to Elected Official A in the City of Philadelphia’s 2007 mayoral race in the form of a loan routed through LSG which was subsequently repaid with stolen charitable funds and federal grant money routed through several entities, including LSG, under the guise of sham contracts for services that were never rendered. Then, in order to resolve Elected Official A’s mayoral campaign debt to Lindenfeld and LSG and to compensate them for participating in hiding the 1 million dollar campaign contribution, Lindenfeld and Elected Official A and others agreed to use Elected Official A’s official position to steer federal funding to Lindenfeld’s proposed environmental advocacy group, "Blue Guardians," an entity

created by Lindenfeld for the purpose of receiving federal funding. Additional criminal activities related to this scheme are described below. These include (1) creating false contracts between the parties to justify the interstate transfer of the funds stolen to repay the illegal campaign loan, and (2) filing false campaign reports which concealed the illegal campaign debt, among other things.

II. PLEA AGREEMENT

The government and defendant have reached a plea agreement in which the defendant will plead guilty to the Information. An executed copy of the plea agreement is attached as Exhibit A.

III. MAXIMUM PENALTIES

The Court may impose the following total maximum penalties: The maximum penalty for a violation of Title 18, United States Code, Sections 1343, 1346, and 1349 is twenty years imprisonment, a five year period of supervised release, \$250,000 fine and a \$100.00 special assessment.

IV. ELEMENTS OF THE OFFENSE

To prove that the defendant committed the crime of conspiracy to commit wire fraud in violation of 18 U.S.C. Sections 1343, 1346, and 1349, as alleged in Count One, the government must prove the following:

Conspiracy to Commit Wire Fraud

1. An agreement existed between two or more persons to commit wire fraud;
2. The defendant knowingly participated in the conspiracy with the intent to commit the wire fraud.

See United States v. Berger, 2010 WL 4237925 (W.D. Pa. 2010).

Wire Fraud

1. The defendant devised a scheme to defraud or to obtain property by materially false or fraudulent pretenses, representations or promises (or willfully participated in such a scheme with knowledge of its fraudulent nature);
2. The defendant acted with the intent to defraud;
3. In advancing, furthering, or carrying out the scheme, the defendant transmitted any writing, signal, or sound by means of a wire, radio, or television communication in interstate commerce or caused the transmission of any writing, signal, or sound of some kind by means of a wire, radio, or television communication in interstate commerce.

Pattern Crim. Jury Instr. 3d Cir. 6.18.1343.

Honest Services Wire Fraud

1. The defendant knowingly devised or participated in a scheme to defraud the public of its right to the honest services of a public official through bribery or kickbacks;
2. the defendant did so knowingly and with an intent to defraud;
3. the scheme or artifice to defraud involved a material misrepresentation, false statement, false pretense, or concealment of fact; and
4. in advancing, or furthering, or carrying out the scheme to defraud, the defendant transmitted, or caused to be transmitted, any writing, signal, or sound by means of a wire communication in interstate or foreign commerce.

See United States v. DeMizio, 741 F.3d 373 (2d Cir. 2014).

V. FACTUAL BASIS FOR PLEA

If this case were to proceed to trial, the government would present the following facts to prove the essential elements of the offenses beyond a reasonable doubt.

COUNT ONE

1. Defendant Thomas Lindenfeld is a political consultant and an associate of Elected Official A. Lindenfeld founded and operates a consulting firm named LSG Strategies Services Corporation (“LSG”). Lindenfeld and LSG were hired to work on Elected Official A’s 2007 mayoral campaign in Philadelphia, Pennsylvania.

2. Gregory Naylor, charged elsewhere, is a political consultant and former long-time employee of Elected Official A. Naylor has been a close personal friend of Elected Official A for over twenty years. Naylor founded and operates a consulting firm named Sydney Lei & Associates, Inc. ("SLA"). In 2007, Naylor and SLA also worked on Elected Official A's campaign for Mayor of the City of Philadelphia.

3. Nonprofit 1 was run by its Chief Executive Officer (“CEO”), Person A, also a former employee of Elected Official A. For years, Nonprofit 1 was also responsible for organizing an annual Conference on Higher Education named for Elected Official A. The conference was supported financially in large measure by the Sallie Mae Fund, the charitable arm of Sallie Mae, the student loan funder. Nonprofit 1 also received the vast majority of its funding from the federal government. Specifically, Nonprofit 1 received grant funding from the U.S. Department of Justice (“DOJ”), the Department of Commerce, the National Aeronautic and Space Administration (“NASA”), and the National Oceanic and Atmospheric Administration (“NOAA”), among other federal agencies.

4. Person C is the spouse of a former staffer of Elected Official A and founder of a for-profit Philadelphia-based public policy technology company, Company 2, located at 728 South Broad Street, Philadelphia, Pennsylvania.

5. In 2007, Elected Official A ran for election as a candidate for Mayor of Philadelphia, Pennsylvania. As his candidacy faltered and suffered in the polls, his campaign's finances began to suffer significantly. The growing weakness in the campaign's finances was a well-known and obvious fact to Elected Official A's inner circle which included, among others, defendant Lindenfeld and Naylor.

The \$1 million Illegal Campaign Contribution

6. In April 2007, as his mayoral campaign funds were diminishing, Elected Official A lost a challenge to Philadelphia's campaign finance contribution limits in the Pennsylvania Superior Court. After losing in court, Lindenfeld, Elected Official A and others engaged in a scheme to violate the applicable Philadelphia campaign finance laws and contribution limits by secretly arranging for and receiving an illegal \$1 million campaign contribution in the form of a personal loan from long-time friend and political supporter, Person D.

7. In April 2007, Elected Official A met in Philadelphia with Person D, who had previously contributed to Elected Official A's mayoral Exploratory Committee, to discuss the financial difficulties in Elected Official A's campaign. During the discussion, Elected Official A sought additional financial assistance from Person D for the campaign and obtained an agreement from Person D to meet with Lindenfeld. After Elected Official A met with Person D, Elected Official A directed Lindenfeld to arrange a meeting with Person D.

8. In April 2007, Lindenfeld and his partner in LSG met with Person D at Person D's office in Tyson's Corner, Virginia. Lindenfeld discussed with Person D arrangements for obtaining a 1 million dollar loan to be used in support of Elected Official A's mayoral campaign. Lindenfeld understood the arrangement was illegal and a violation of the applicable campaign finance laws and the contribution limits. Shortly after the meeting in Tyson's Corner, Lindenfeld reported to Elected Official A that he had met with Person D as directed. Lindenfeld explained the arrangement he had discussed with Person D and obtained Elected Official A's commitment to repay the loan to Person D. Lindenfeld expressed concern that his firm would be in a bad position if Elected Official A failed to honor his commitment to repay the loan. Elected Official A assured Lindenfeld, "I'm gonna be able to take care of you, don't worry. We got this covered."

9. Lindenfeld, Elected Official A and their co-conspirators routed the \$1 million loan from Person D through Lindenfeld's political consulting firm, LSG. Lindenfeld and LSG executed a promissory note with Person D, and used the Person D-supplied funds - received via wire transfer - to pay various expenses of Elected Official A's campaign directly in advance of the mayoral primary. Portions of the \$1 million dollars were directed to defendant Naylor's firm, SLA, and Naylor spent that money on behalf of the campaign.

10. Between April 30, 2007 and primary Election Day, at Elected Official A's direction, Lindenfeld and Naylor spent in total approximately \$600,000 from the loan proceeds in support of Elected Official A's mayoral campaign. Approximately \$200,000 in cash was spent as "walking around money" in support of the campaign for Mayor on Election Day itself. Naylor distributed the cash on Election Day.

11. To have some documentation of the \$200,000 in “walking around money” and to disguise the source of the funds on campaign finance reports, Lindenfeld and Naylor, at Elected Official A’s direction, agreed that Naylor would submit a false invoice for the cash from SLA to Elected Official A’s mayoral campaign. Naylor prepared the false invoice from SLA and addressed it to the mayoral campaign’s treasurer in the amount of \$193,580.19. At the time the invoice was prepared, Lindenfeld, Elected Official A, and Naylor were well aware that the campaign did not owe SLA any money for the services detailed in the SLA invoice dated June 1, 2007. Elected Official A subsequently lost the primary election, which ended his mayoral campaign. After discussion with Elected Official A, Lindenfeld, on or about June 22, 2007, returned the unspent \$400,000 of the loan proceeds to Person D, leaving a \$600,000 loan balance.

12. After Elected Official A lost the mayoral primary, Elected Official A and his campaign treasurer reported the campaign’s outstanding debt in its “Campaign Finance Statement” publicly filed with the Commonwealth of Pennsylvania on or about June 15, 2007. In that “Campaign Finance Statement,” the campaign did not report the loan from Person D and falsely reported the outstanding campaign “debt” to Naylor’s SLA in the amount of \$193,580.19 as documented by Naylor in the false invoice.

13. In late 2007, Person D experienced acute financial difficulty and instructed his son to contact Lindenfeld at LSG to call in the debt. Lindenfeld reported Person D's demand for repayment to Elected Official A and his friends, associates, and former and current employees, including Naylor and the mayoral campaign’s treasurer. Lindenfeld was well aware that Elected Official A had made no aggressive efforts to raise the funds necessary to retire the mayoral

campaign debts. Lindenfeld arranged a meeting with Elected Official A, and confronted him about Elected Official A's lack of fundraising and failure to provide Lindenfeld with the means to repay the outstanding loan balance to Person D. Elected Official A told Lindenfeld that he would take care of the problem.

14. Naylor also discussed the problem regarding the debt to Person D with Elected Official A, who told Naylor that he had a plan and was putting some things in place.

Settling the \$600,000 Campaign Debt to Person D Using Funds from Non-profits

15. Elected Official A arranged for Nonprofit 1 to route funds it received from the Sallie Mae Fund and also federal grant funds to a company run by Person C, an ally of Elected Official A, under the guise of a false contract for services. As described below, Person C's company, Company 2, executed a fake contract with Person A's Nonprofit 1 to disguise the movement of the money from Nonprofit 1 to Company 2. Company 2 and LSG, the political consulting firm operated by Lindenfeld, also executed a fake contract to disguise the movement of money from Company 2 to LSG, which money Lindenfeld then used to repay Person D.

16. On January 9, 2008, Lindenfeld received an email from Person C, owner of Company 2, which suggested forming a "strategic partnership" between LSG and Company 2. Person C subsequently proposed an upfront payment of \$600,000 to LSG. Fully understanding that Elected Official A did not have the money on hand to repay Person D, Lindenfeld immediately recognized this contact from Person C as the means by which Elected Official A would arrange for money to be routed to LSG to repay Person D.

17. Afterwards, Lindenfeld met with Elected Official A to report on the arrangement with Person C. Lindenfeld told Elected Official A he would use the \$600,000 provided by Person C to repay Person D.

18. On January 14, 2008, Person C transmitted to Person A at Nonprofit 1 a proposal to allegedly provide public policy software for Nonprofit 1. In the proposal, Person C sought “substantial upfront funding.” Lindenfeld was not included on the transmission.

19. On January 24, 2008, Lindenfeld emailed Person C and provided him with wiring instructions for a payment to be made to LSG's bank account at United Bank in Bethesda, Maryland.

20. Unbeknownst to Lindenfeld, around this time, Person C advised the Chief Financial Officer (“CFO”) of Company 2 that Company 2 would be receiving approximately one half million dollars from Nonprofit 1, and that the CFO was to thereafter wire transfer \$600,000 to LSG. The CFO objected to the wire transfer and pointed out to Person C that Company 2 was having difficulty making payroll. The CFO also inquired what LSG would be providing Company 2 in return for the \$600,000 and inquired whether a contract existed. Person C told the CFO that Company 2 would be receiving influence and political connections. Person C instructed the CFO to make the wire transfer to LSG once the funds were received from Nonprofit 1.

21. On January 27, 2008 at 10:59 p.m., Person C sent to Person A via email a proposed agreement between Company 2 and Nonprofit 1. Lindenfeld was not a recipient of the email exchange between Person C and Person A. In the email, Person C indicated that he would “send someone to pick up the check at about 1 PM.” Afterwards, at 11:12 p.m., Person C

emailed to Lindenfeld a proposed contract between Company 2 and LSG. The contract promised an advanced sum of \$600,000 to be paid by Company 2 to LSG by January 31, 2008. Lindenfeld replied the same day at 11:13 p.m., inquiring of Person C whether he received the wiring instructions for the payment to LSG. Well aware of the fact that LSG would be providing virtually no services to Company 2 and the fraudulent nature of the contract between Company 2 and LSG, Lindenfeld executed the contract anyway and returned it to Person C.

22. Unbeknownst to Lindenfeld, on January 28, 2008, Person A wrote an EAA check payable to Company 2 in the amount of \$500,000. In order to issue the \$500,000 check from Nonprofit 1, Person A used \$500,000 received by Nonprofit 1 from the Sallie Mae Fund which was intended by the donor to support the annual Conference on Higher Education named for Elected Official A. In fact, by accepting the donation, Person A and Nonprofit 1 certified to the Sallie Mae Fund that the money would be used for no other purpose than the Annual Conference on Higher Education.

23. Also on January 28, 2008, Person A responded to Person C at Company 2 from the Nonprofit 1's email account. In the response, Person A advised Person C that "You can pick up the check today as discussed, but as I stated I am not in a position to sign a contract committing funds that I am not sure that I will have." Lindenfeld was not a recipient of the email. In fact, Person A did not sign a version of Person C's contract with Company 2 until August of 2008, seven months after Nonprofit 1 paid Company 2. No work justifying the \$500,000 advanced payment from Nonprofit 1 to Company 2 was ever performed.

24. On January 28, 2008, at Person C's direction, Company 2's CFO emailed Bank of America and requested a draw down on Company 2's line of credit in the amount of \$150,000.

The line of credit supplied by Bank of America to Company 2 was secured by assets belonging to Person C's spouse, a former staffer for Elected Official A. The CFO asked Bank of America to wire the money to Company 2's operational account. According to the CFO, the draw down was necessary in order to add \$100,000 to the \$500,000 received from Nonprofit 1 in order to make the \$600,000 wire transfer to Company 2, as demanded by Person C. Company 2 used the remaining \$50,000 balance from the draw down on the line of credit to pay Company 2's ordinary expenses.

25. On January 30, 2008, Lindenfeld emailed Person C at Company 2 with a subject line, "You are killing me." In the message section of the email, Lindenfeld wrote, "I made a commitment based on yours to me. Please don't drag this out. I have a lot on the line."

26. On January 31, 2008, LSG received into its United Bank account a \$600,000 payment by wire transfer from Company 2's Bank of America account. No work justifying the \$600,000 advanced payment from Company 2 to LSG was ever performed by LSG. That same day, LSG sent \$600,000 by wire transfer from its account at United Bank to Person D's account at Wachovia Bank, settling the outstanding loan balance.

27. The accounting records for Company 2 falsely labeled the transaction from Nonprofit 1 to Company 2 as "Developmental Income," and the transaction from Company 2 to LSG was falsely labeled a "marketing" expense.

28. Sometime after LSG sent the \$600,000 by wire transfer to Person D's account, Naylor discussed the arrangement with Elected Official A. Elected Official A told Naylor that he had resolved the problem with Person D by arranging to have funds moved from Nonprofit 1 to Company 2 to LSG for the purpose of satisfying the debt to Person D.

29. In March of 2008, Person C began to contact Person A to inquire about the contract between Company 2 and Nonprofit 1 which was unsigned by Person A even though Person A had already routed money from Nonprofit 1 to Company 2 months earlier. While Person C was attempting to reach Person A, auditors from the United States Department of Justice (“DOJ”) were performing an audit of Nonprofit 1 regarding federal funds it had received. On March 23, 2008, Person A responded to Person C by email and stated, in part, “[The DOJ auditors] are still very uncomfortable with your [proposed] contract amongst other things and depending on their findings some of the [federal grant] funding may have to be returned . . . And you should know in the future that as a result of the DOJ audit I will not be in a position to do another contract such as this.”

30. In order to make Company 2 whole for its \$600,000 wire transfer to LSG, on May 20, 2008, Person A supplemented the \$500,000 which Person A had already provided by check from Nonprofit 1 to Company 2 with a second Nonprofit 1 check payable to Company 2 in the amount of \$100,000. To issue the check, Person A used funds Nonprofit 1 received from Nonprofit 2, another entity founded by Elected Official A. Nonprofit 1 originally received the funds by cashier's check from Nonprofit 2 dated May 19, 2008 in the amount of \$225,000. Nonprofit 1 documented the \$225,000 cashier's check in its books as a “loan payable.” A review of the books and records of Nonprofit 1 reveals that the payments to Company 2 were falsely classified as “computer center:database” for the January payment and “consulting” for the May payment.

31. In order to repay Nonprofit 2 for the \$100,000 Nonprofit 1 "borrowed" from it to write the second check to Company 2, Person A drew on funds received by Nonprofit 1 via a

federal grant in the amount of \$1,807,757 from the National Aeronautics and Space Administration (NASA). Under the terms of NASA's grant, the funds were intended to support a "Math, Science, & Technology Enrichment Program" for "members of underrepresented groups" in the City of Philadelphia. Person A, in fact, certified to NASA that was the case. Nonprofit 1 received the first draw down on the NASA grant on June 13, 2008 and placed the funds in Nonprofit 1's operating account. Person A then wrote a check drawn on Nonprofit 1's operating account to Nonprofit 2 in the amount of \$415,000 which included repayment of the \$100,000 Person A used from Nonprofit 2 to pay Company 2. Person A never disclosed to NASA that \$100,000 from the NASA grant was used to repay a loan from Nonprofit 2 to Nonprofit 1, which loan funds Person A and Nonprofit 1 had illegally used to pay Company 2 on May 20, 2008.

32. While the DOJ audit was ongoing and Person A continued to attempt to explain Nonprofit 1's questionable finances to the auditors, DOJ's Office of Inspector General ("DOJ OIG") issued a subpoena duces tecum on or about July 17, 2008 to Person C's company, Company 2, seeking any and all "contract documents, invoices, correspondence, timesheets, deliverables, and proof of payment, related to any services provided to or payments from [Nonprofit 2 or Nonprofit 1]." By August 26, 2008, Company 2 had still not responded to the DOJ OIG subpoena, and DOJ OIG contacted Person C by email to inquire as to the delay.

33. In the interim, on or about August 1, 2008, Person C contacted Person A by email with a revision Person A had previously requested to the contract between Company 2 and Nonprofit 1. After Person C made the revision, Person A subsequently executed the contract on behalf of Nonprofit 1, during the DOJ audit, after the issuance of the subpoena, and nearly seven

(7) months after Nonprofit 1 made the initial payment of \$500,000, which funds, ultimately, were used to repay Person D.

Settling the Campaign Debt to Lindenfeld and LSG

34. After Elected Official A lost the mayoral primary in May of 2007, Elected Official A's mayoral campaign owed Lindenfeld and LSG a substantial sum of money for the work Lindenfeld and LSG had done on Elected Official A's campaign.

35. In 2008, Lindenfeld met with Elected Official A to discuss the outstanding sum owed to LSG by Elected Official A's mayoral campaign. During the meeting, Elected Official A told Lindenfeld that he could not raise the funds necessary to pay Lindenfeld and LSG within the constraints of the campaign finance laws. Elected Official A then proposed instead a federal grant for a nonprofit organization to be created by Lindenfeld. In exchange, Elected Official A sought and received Lindenfeld's agreement to reduce the debt owed by Elected Official A to Lindenfeld's LSG as reported on the mayoral campaign's publicly filed Campaign Finance Reports.

36. In 2009, during the congressional appropriations process for fiscal year 2010, with Elected Official A's debt to Lindenfeld and LSG still unpaid, Elected Official A sought an earmark for \$15 million in federal funding from the National Oceanic and Atmospheric Administration ("NOAA") for an entity named "Blue Guardians."

37. On or before February 20, 2009, Lindenfeld and others at LSG, at the direction of Elected Official A, submitted to the Appropriations Committee of the United States House of Representatives an "FY 2010 APPROPRIATIONS PROJECT QUESTIONNAIRE" which sought 15 million dollars in federal funding for "Blue Guardians." The completed questionnaire

stated that “Blue Guardians is an environmental education and coastal heritage preservation effort working in poor communities along the Atlantic and Gulf Coasts, as well as the U.S. islands of the Caribbean Seas.” “Blue Guardians” did not, in fact, exist at this time.

38. In or around February 2009, Elected Official A instructed Lindenfeld to use a Philadelphia address for “Blue Guardians” because Elected Official A represented a Philadelphia constituency, and directed Lindenfeld to discuss using 728 South Broad Street, Philadelphia, Pennsylvania, the address of Company 2, with Person C, the owner of company 2.

39. In or around February 2009, Lindenfeld contacted Person C and secured Person C’s consent to use his company’s 728 South Broad Street, Philadelphia, Pennsylvania, address as the address for “Blue Guardians.”

40. Elected Official A memorialized and submitted his support for the earmark dedicated to “Blue Guardians” in a letter dated April 3, 2009 addressed to the Subcommittee Chairs of the House Appropriations Subcommittee on Commerce, Justice, and Science. In the letter, Elected Official A reported that “Blue Guardians” was located at “728 South Broad Street, Philadelphia, Pennsylvania, 19146” and further described “Blue Guardians” as an existing active organization.

41. In late 2009, Elected Official A’s office contacted Lindenfeld and advised him that funding had been appropriated for “Blue Guardians” in the amount of \$500,000 for fiscal year 2010.

42. On or about February 1, 2010, Elected Official A’s mayoral campaign reported the outstanding campaign debt to LSG in the campaign’s publicly filed “Campaign Finance Statement” filed periodically with the Commonwealth of Pennsylvania. In this filing, Elected

Official A falsely listed an “in-kind” contribution of \$20,000 from Lindenfeld’s LSG to the mayoral campaign and correspondingly reduced the reported amount owed to LSG. The Campaign Finance Report was signed by Elected Official A falsely affirming that his campaign “ha[d] not violated any provisions” of the applicable campaign finance laws.

43. On or before February 19, 2010, Lindenfeld and others, at the direction of Elected Official A, submitted to the Appropriations Committee of the United States House of Representatives an “FY 2011 APPROPRIATIONS PROJECT QUESTIONNAIRE” which sought 3 million dollars in additional federal funding for “Blue Guardians.” The completed questionnaire repeated that “Blue Guardians is an environmental education and coastal heritage preservation effort working in poor communities along the Atlantic and Gulf Coasts, as well as the U.S. islands of the Caribbean Seas.”

44. On or about March 19, 2010, Elected Official A delivered a speech on the floor of the House of Representatives in support of an appropriations bill for fiscal year 2011 containing funding for “Blue Guardians.”

45. In March of 2010, NOAA received formal notice that it was to provide a \$500,000 appropriation in federal grant funding to “Blue Guardians.” Before receiving that notice, NOAA received a Freedom of Information Act (“FOIA”) request on March 18, 2010 from a Philadelphia reporter seeking details on a Philadelphia-based entity named “Blue Guardians” using the address 728 South Broad Street, Philadelphia, Pennsylvania 19146. NOAA attempted to contact “Blue Guardians,” and learned that the entity did not have a website. NOAA was also unable to identify a point of contact for “Blue Guardians” until the agency

contacted Elected Official A's office, at which time a representative of Elected Official A provided NOAA with Lindenfeld's name and telephone number.

46. NOAA researched Lindenfeld and discovered he was a political operative who had worked for Elected Official A. Concerned about the propriety of the earmark, NOAA advised its legal counsel and began documenting all of its interactions with Lindenfeld concerning "Blue Guardians." When NOAA reached Lindenfeld, the agency requested, among other things, "Blue Guardians" articles of incorporation, its physical address, lists of Board of Directors or officers, and its tax status. Lindenfeld told NOAA that he would "speak with [Elected Official A] and get everything straightened out."

47. On or about March 22, 2010, Elected Official A publicly released from his office detailed information regarding the federal earmarks Elected Official A was seeking for fiscal year 2011 which included the 3 million dollar request for "Blue Guardians." To further conceal the conspiracy and the arrangement to repay Lindenfeld and LSG, Elected Official A listed "Blue Guardians" address as "728 South Broad Street, Philadelphia, Pennsylvania, 19146."

48. On or about April 1, 2010, Lindenfeld emailed his attorneys tasked with generating articles of incorporation for "Blue Guardians" and instructed them to use "728 South Broad Street, Philadelphia, Pa[,] 19146" as a corporate and mailing street address for "Blue Guardians."

49. On or about April 2, 2010, Lindenfeld and others known to the United States Attorney, at Lindenfeld's direction, created an email address, e.g., tlindenfeld@blueguardians.org, for use in corresponding with NOAA.

50. On or about April 8, 2010, Lindenfeld and his attorneys filed articles of incorporation in the District of Columbia creating “Blue Guardians.”

51. On or about April 8, 2010, Lindenfeld and others in Washington, D.C. applied for and obtained an Employer Identification Number (“EIN”) from the Internal Revenue Service (“IRS”) for “Blue Guardians” by completing an on-line application submitted over the internet and transmitted to the IRS in Cincinnati, Ohio.

52. On or about April 9, 2010, Lindenfeld opened a bank account in the name of “Blue Guardians” at SunTrust Bank by depositing \$10,000 which had been obtained from LSG into the new account. Lindenfeld identified himself to SunTrust as the “President” of “Blue Guardians,” and was the only signatory on the account.

53. On or about April 22, 2010, Lindenfeld emailed NOAA and reported that he and his organization were preparing documents to respond to the agency’s grant requirements before the \$500,000 could be disbursed to “Blue Guardians.”

54. Sometime after Lindenfeld had been notified of the \$500,000 appropriation for “Blue Guardians,” Lindenfeld was called by a reporter who inquired about “Blue Guardians” and the federal earmark. Uncomfortable with the telephone call, Lindenfeld referred the reporter to a staffer in the office of Elected Official A. Subsequently, Lindenfeld spoke with Elected Official A about the reporter’s call. Lindenfeld and Elected Official A agreed to attempt to divert the \$500,000 away from “Blue Guardians” in order to avoid further inquiry into the earmark or the relationship between Elected Official A and Lindenfeld.

55. After several attempts to obtain documentation from Lindenfeld and receiving none, NOAA contacted Lindenfeld via telephone on or about May 13, 2010. Lindenfeld told

NOAA during the May 13th call that he "had spoken with [Elected Official A]" and that they decided the money could be better spent on the oil spill in the Gulf of Mexico. From the beginning, NOAA was unable to verify that "Blue Guardians" even existed and was suspicious that the earmark was a "political payoff." After Lindenfeld declined to accept the funding, NOAA never disbursed the \$500,000 to Lindenfeld or his "Blue Guardians."

56. Lindenfeld engaged in the conduct described above knowingly, corruptly, and willfully, and not because of accident, mistake, or other innocent reason. This memorandum sets forth only the essential facts necessary that would need to be proven to establish the elements of the offenses charged. It does not include each and every fact known to defendant or the government, and it is not intended to be a full enumeration of all of the facts surrounding defendant's case or his knowledge or participation in the schemes described.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Government's Guilty Plea Memorandum has been served by Electronic Court Filing and e-mail upon the following:

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DATED: November 5th, 2014