

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

**UNITED STATES OF AMERICA** : **CRIMINAL NO.** \_\_\_\_\_  
**v.** : **DATE FILED: July 25, 2017**  
**VAUGHN SPENCER** : **VIOLATIONS:**  
**REBECCA ACOSTA** : **18 U.S.C. § 371 (conspiracy to**  
**JAMES HICKEY** : **commit bribery, honest services wire**  
: **fraud – 1count)**  
: **18 U.S.C. § 666(a)(1)(B) (bribery – 10**  
: **counts)**  
: **18 U.S.C. § 666(a)(2) (bribery - 2**  
: **counts)**  
: **18 U.S.C. § 1343, 1346 (wire fraud:**  
: **deprivation of right to honest**  
: **services of public official – 2 counts)**  
: **18 U.S.C. § 1341, 1346 (mail fraud:**  
: **deprivation of right to honest**  
: **services of public official – 1 count)**  
: **18 U.S.C. § 1341 (mail fraud – 1**  
: **count)**  
: **18 U.S.C. § 1343 (wire fraud – 1**  
: **count)**  
: **18 U.S.C. § 2 (aiding and abetting)**

**INDICTMENT**

**COUNT ONE**

**THE GRAND JURY CHARGES THAT:**

At all times material to this indictment:

1. The City of Reading constituted an "organization" which received annual benefits in excess of \$10,000 in each of the calendar years 2012, 2013, 2014, and 2015 under federal programs involving grants, contracts, subsidies, loans, guarantees, and other forms of federal assistance.
2. The School District of Reading constituted an "organization" which

received annual benefits in excess of \$10,000 in the calendar year 2015 under federal programs involving grants, contracts, subsidies, loans, guarantees, and other forms of federal assistance.

3. The citizens of the City of Reading and the Reading School District had an intangible right to the honest services of their public officials, including defendants VAUGHN SPENCER and REBECCA ACOSTA.

4. Defendant VAUGHN SPENCER was the Mayor of the City of Reading. Defendant SPENCER's office vested him with actual and perceived authority and influence over, among other things, the awarding of certain municipal contracts by the City of Reading.

5. Defendant VAUGHN SPENCER's office also vested him with actual and perceived authority over certain other public officials ("the Reading officials"), including Special Assistant Eron Lloyd, charged elsewhere.

6. Defendant VAUGHN SPENCER took office on January 2, 2012, and was a candidate in the Democratic Party's primary election for re-election as Mayor, scheduled for May 19, 2015.

7. Reading's Code of Ethics Section 1012 ("Section 1012") established certain limits on the amount of money that contributors could donate to candidates running for city offices, including the mayoral office that defendant VAUGHN SPENCER held and sought to retain. Section 1012 limited campaign contributions to any person running for City office to \$2,600 per individual contributor and \$10,000 per company contributor in any calendar year.

8. To minimize the impact of the campaign finance restrictions in Section 1012, defendant VAUGHN SPENCER made use of a political action committee controlled by his campaign operatives ("the Reading PAC"). The campaign operatives actively sought campaign contributions for defendant SPENCER.

9. As of March 2015, defendant VAUGHN SPENCER already had exceeded Section 1012's campaign contribution limitations for calendar year 2015 with respect to two donors, including Person #2 and Person #3, who are known to the grand jury. As of March 2015, Person #2 already had contributed to defendant SPENCER approximately \$5,500 in 2014 and \$50,000 in 2015. As of March 2015, Person #3 already had contributed to SPENCER approximately \$5,000 in 2014 and \$5,000 in 2015. SPENCER believed he needed to retain these contributions if he was going to succeed in the 2015 re-election.

### **The Co-Conspirators**

10. Mark Neisser, charged elsewhere, was an employee of an engineering firm ("Engineering Firm #1") which heavily relied on contracts with governmental organizations in Pennsylvania, including the City of Reading. Mark Neisser was in charge of business development for the firm.

11. In 2013, Engineering Firm #1 created a political action committee ("PAC") in order to make campaign contributions to various elected officials, replacing its past practice of the company and its officers making direct contributions. The firm also created a campaign contribution review committee to evaluate and approve campaign contribution requests, and Mark Neisser was a member of this committee.

12. Matthew McTish, charged elsewhere, was an employee of a separate engineering firm ("Engineering Firm #2") which heavily relied on contracts with governmental organizations in Pennsylvania, including the City of Reading.

13. Francisco Acosta, charged elsewhere, was the City Council President for the City of Reading.

14. Defendant REBECCA ACOSTA was the President of the Reading School District Board of Directors, and was running a campaign in early 2015 for election to a magisterial district judge position. Defendant REBECCA ACOSTA was married to Francisco Acosta.

15. Michael Fleck, charged elsewhere, was a political consultant who, himself and through his agents, was actively seeking campaign contributions for defendant VAUGHN SPENCER.

16. Eron Lloyd, charged elsewhere, was defendant VAUGHN SPENCER's chief of staff and the treasurer of his re-election campaign for 2015.

#### **Company A and Company B**

17. Company A was a company headquartered in New Jersey that had been awarded an energy savings contract (ESCO) by the Reading School District to perform energy cost savings modifications for the School District. The contract was worth approximately \$11,000,000. Due to a dispute between Company A and the Reading School District, Company A sued to rescind the contract.

18. Company B was an energy services company, a subcontractor which received a small portion of Company A's Reading School District ESCO contract, and a potential competitor on an anticipated re-bid for the project. Defendant JAMES HICKEY, charged in Counts 13 and 15-17 of this Indictment, acted as an agent for Company B and planned to submit a competing bid on the Reading School District ESCO on behalf of Company B. Defendant HICKEY's consulting firm was known as Sovereign Enterprises.

19. From at least on or about January 2012 until on or about July 2, 2015, in Reading, in the Eastern District of Pennsylvania, and elsewhere, defendants

**VAUGHN SPENCER and  
REBECCA ACOSTA,**

together with Mark Neisser, Matthew McTish, Francisco Acosta, Eron Lloyd, and Michael Fleck, all charged elsewhere, and others known and unknown to the grand jury, conspired and agreed to commit bribery and honest services wire fraud offenses in violation of federal criminal law, that is

- a) to corruptly solicit, demand, accept, and agree to accept anything of value from any person, intending to be influenced and rewarded as an agent of an organization, government, and agency in connection with any business, transaction, and series of transactions involving anything of value of \$5,000 or more of an organization, government and agency that received more than \$10,000 under a federal program during a one year period, including the City of Reading, in violation of Title 18, United States Code, Section 666(a)(1)(B);
- b) to corruptly give, offer, and agree to give anything of value to a person, with intent to influence or reward an agent of an organization, a State government, and any agency thereof, in connection with any business, transaction, and series of transactions of such organization, government, and agency involving anything of value of \$5000 or more of an organization, government and agency that received more than \$10,000 under a federal program during a one year period, including the City of Reading and the City of Allentown, in violation of Title 18, United States Code, Section 666(a)(2); and

- c) to transmit or cause to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce any writing, sign, signal, picture, or sound for the purpose of executing a scheme or artifice, having devised or intending to devise any scheme or artifice to deprive another of the intangible right of honest services through bribes or kickbacks in violation of Title 18, United States Code, Section 1343 and 1346.

### **MANNER AND MEANS**

20. Defendant VAUGHN SPENCER sought to maximize contributions to his 2015 re-election campaign for Mayor of Reading by attempting to have Section 1012 of Reading's Code of Ethics repealed or amended, and by engaging in "pay-to-play" arrangements with contractors seeking to do business with the City of Reading.

### **Repeal of Section 1012**

21. In order to retain the campaign contributions from Person #2 and Person #3 -- contributions that were in excess of Section 1012's limitations -- defendant VAUGHN SPENCER devised a scheme to have Section 1012 amended or repealed by the Reading City Council in advance of the May 2015 primary election. To further this scheme, defendant SPENCER directed his campaign operatives to offer City Council President Francisco Acosta a bribe in the form of campaign contributions to Francisco Acosta's wife, defendant REBECCA ACOSTA, a member of the Reading School Board of Directors, who was campaigning for an elected position as a district justice in Reading.

22. Francisco Acosta agreed to use his position as City Council President to propose legislation to amend or repeal Section 1012 in return for bribes in the

form of campaign contributions to his wife, defendant REBECCA ACOSTA, who was running for a district justice position in Reading. In connection with the scheme, Francisco Acosta agreed to urge REBECCA ACOSTA to use her position as a member of the Reading School Board to obtain "bid" information about a planned construction project in the school district in exchange for a campaign contribution from defendant JAMES HICKEY, who was acting on behalf of Company B, a bidder on the planned project.

23. Defendant REBECCA ACOSTA encouraged her husband, Francisco Acosta, to propose legislation repealing Section 1012, understanding that she would receive contributions to her district justice campaign as a result of the agreement with defendant VAUGHN SPENCER's campaign operatives. As part of the discussions with defendant SPENCER's campaign operatives, defendant ACOSTA used her position as a Reading School Board member to obtain and then disseminate to defendant JAMES HICKEY the bid of Company A in return for a promise that Company B would provide her with a contribution for her campaign for the magisterial district judge position.

### **Pay-to-Play**

24. To further maximize campaign contributions, defendant VAUGHN SPENCER made clear that in Reading, certain city business would be conducted on a "pay to play" basis.

- a) Defendant SPENCER and others acting on his behalf, including Michael Fleck and his subordinates, communicated to certain donors that they were expected to provide items of value, including campaign contributions, in return for certain past or prospective official actions in

Reading.

- b) SPENCER made clear that favorable official action would be withheld from certain donors who failed to provide satisfactory campaign contributions.
- c) SPENCER caused, agreed to cause, and attempted to cause other public officials known to the grand jury to take official action favorable to certain donors who had provided, or were expected to provide, significant campaign contributions.

25. Defendant VAUGHN SPENCER targeted certain engineering firms as reliable sources for campaign contributions.

- a) Defendant SPENCER believed that certain engineering firms were particularly vulnerable to fundraising solicitations by elected city officials because of the firms' reliance on municipal contracts and desire for such contracts in Reading.
- b) SPENCER expected that these firms would make thousands of dollars' worth of campaign contributions to avoid the risk that they would be considered for millions of dollars' worth of municipal contracts.
- c) Despite checks and balances on his ability to steer lucrative engineering contracts towards favored donors, SPENCER had actual and apparent authority to influence the contract award processes in Reading.

26. Defendant VAUGHN SPENCER requested campaign contributions from engineering firms directly and through campaign operatives. Defendant SPENCER tasked Eron Lloyd, Michael Fleck, and other subordinates with helping him solicit campaign contributions

from engineering firms who sought city contracts.

27. To pressure the engineering firms into making campaign contributions, defendant VAUGHN SPENCER personally requested contributions from representatives of those firms during meetings and conversations about pending municipal engineering contracts.

28. On behalf of their engineering firms, Mark Neisser and Matthew McTish provided and caused to be provided a stream of benefits to defendant VAUGHN SPENCER in order for him to steer municipal engineering contracts to their firms. Included in these benefits were campaign contributions as well as a gift in the form of tickets to a Philadelphia Phillies game.

#### **OVERT ACTS**

In furtherance of this conspiracy, defendant VAUGHN SPENCER, along with Mark Neisser, Matthew McTish, defendant RECECCA ACOSTA, Francisco Acosta, Eron Lloyd, Michael Fleck, and others, committed the following overt acts, among others:

#### **Pay-to-Play**

##### **Engineering Firm #1 Scheme**

1. On various dates between on or about January 5, 2012 and July 2, 2015, to gain and maintain his firm's competitive edge for receiving municipal engineering contracts in Reading, Mark Neisser caused Engineering Firm #1's PAC to give thousands of dollars in campaign contributions to defendant VAUGHN SPENCER and the Reading PAC.

2. On various dates between at least on or about January 5, 2012 and on or about July 2, 2015, defendant VAUGHN SPENCER and others discussed steering Reading engineering contracts to Engineering Firm #1 in exchange for campaign contributions for defendant VAUGHN SPENCER's benefit.

3. On January 5, 2012, Engineering Firm #1 contributed \$1,500 to defendant VAUGHN SPENCER's inauguration and transition fund.
4. In or about March 2012, defendant VAUGHN SPENCER directed that Engineering Firm #1 be awarded an engineering contract in Reading despite not being the preferred bidder for the contract. The approximate value of this contract was \$205,000.
5. On or about July 23, 2013, Mark Neisser caused Engineering Firm #1 to give a \$1,000 campaign contribution to defendant VAUGHN SPENCER.
6. On or about April 23, 2014, defendant VAUGHN SPENCER directed that Engineering Firm #1 be awarded an engineering contract in Reading despite not being the preferred bidder for the contract. The approximate value of this contract was \$190,000.
7. On or about April 25, 2014, defendant VAUGHN SPENCER stated to a campaign operative, "I cleared [a specific engineering contract] for [Engineering Firm #1]. So we need to get something from them," referring to a campaign contribution.
8. On October 24, 2014, defendant VAUGHN SPENCER stated to a campaign operative regarding his expectation of a \$1,500 campaign contribution from Engineering Firm #1, "I went out of my way for [Engineering Firm #1] . . . [T]hat project, they weren't even, they were, they were already ruled out. . . . And I got them back in there and got them approved."
9. On or about October 30, 2014, at the direction of defendant VAUGHN SPENCER, his campaign operative contacted Mark Neisser by telephone and stated that defendant SPENCER was expecting a \$1,500 campaign contribution.
10. On or about October 31, 2014, Mark Neisser asked defendant VAUGHN SPENCER's campaign operative where to send money "to make sure that we don't

. . . have a direct affect on the Reading pay to play” law, and was told to send the money to a specific political action committee, and was assured that it would benefit defendant SPENCER. In this same conversation, Mark Neisser acknowledged that SPENCER “went out of his way” for Engineering Firm #1 by awarding it two prior municipal engineering contracts.

11. On or about November 24, 2014, Mark Neisser met defendant VAUGHN SPENCER for lunch at a restaurant. At that meeting, Mark Neisser confirmed that Engineering Firm #1’s PAC would be giving defendant SPENCER a \$1,500 campaign contribution. SPENCER stated, “I had to assert myself into” a prior contract bidding process on behalf of Engineering Firm #1, and Mark Neisser responded, “I remember,” and, “We appreciate your help, Mayor. We really do.” SPENCER then stated that he would “look into” an upcoming contract that Engineering Firm #1 was bidding on. Mark Neisser also offered SPENCER four tickets and a parking pass to a Philadelphia Phillies game. SPENCER then reiterated to Mark Neisser that he would use his elected office to help Engineering Firm #1 receive a specific future engineering contract from the City of Reading, valued at approximately \$227,000.

12. On or about November 24, 2014, Mark Neisser caused a \$1,500 contribution to be made by Engineering Firm #1’s PAC to defendant VAUGHN SPENCER’s re-election campaign.

13. On or about January 2, 2015, Engineering Firm #1 bid on a municipal engineering contract in Reading. However, their bid was approximately three times higher than of the other firms.

14. On or about May 20, 2015, Mark Neisser advised defendant VAUGHN SPENCER’s campaign operative that he was sending a check for \$500 and discussed the potential for his firm to receive another specific municipal engineering contract in Reading.

## **Engineering Firm #2 Scheme**

15. On various dates between on or about January 5, 2012 and July 2, 2015, in order to receive municipal engineering contracts in Reading, Matthew McTish gave thousands of dollars in campaign contributions to defendant VAUGHN SPENCER and the Reading PAC.

16. On various dates between at least on or about January 5, 2012 and on or about July 2, 2015, defendant VAUGHN SPENCER and others discussed steering Reading engineering contracts to Matthew McTish's engineering firm ("Engineering Firm #2") in exchange for campaign contributions for defendant SPENCER's benefit.

17. On or about April 21, 2014, Matthew McTish made a \$1,500 campaign contribution to defendant VAUGHN SPENCER.

18. On or about October 9, 2014, Matthew McTish made a \$1,250 campaign contribution to defendant VAUGHN SPENCER.

19. On or about December 10, 2014, defendant VAUGHN SPENCER arranged a meeting for Matthew McTish with a Reading city official, known to the grand jury, to discuss Engineering Firm #2 doing future work for the city. During that meeting, defendant SPENCER called on speaker phone to confirm that the two were meeting and stated to the city official that he wanted Engineering Firm #2 to receive a specific engineering contract.

20. On or about December 22, 2014, Matthew McTish caused a \$1,125 contribution to be made to defendant VAUGHN SPENCER's re-election campaign by another representative of Engineering Firm #2.

21. The next day, on or about December 23, 2014, defendant VAUGHN SPENCER spoke to the same Reading official, known to the grand jury, about awarding a

city contract to Engineering Firm #2.

22. On or about March 2, 2015, defendant VAUGHN SPENCER caused the City of Reading to award Engineering Firm #2 a contract, after granting Matthew McTish special access to a city official, known to the grand jury, to discuss and modify his firm's proposal. This contract was valued at approximately \$7,000.

23. On or about April 11, 2015, Matthew McTish attended a fundraiser for defendant VAUGHN SPENCER and gave defendant SPENCER a \$1,500 campaign contribution. On or about April 30, 2015, Matthew McTish told SPENCER that he may be able to secure campaign contributions from another particular engineering firm, and SPENCER discussed with Matthew McTish Engineering Firm #2 receiving additional work in the City of Reading. SPENCER and his campaign operative also agreed to show a competitor's proposal to Matthew McTish so that Engineering Firm #2 could underbid the competitor.

24. On or about May 15, 2015, shortly before the primary election, in exchange for the "inside track" on the award of a Reading engineering contract, Matthew McTish caused others known to the grand jury to donate approximately \$1,000 to defendant VAUGHN SPENCER's re-election campaign. Shortly after the election, defendant SPENCER instructed Eron Lloyd to ensure that Matthew McTish was "taken care of" with respect to a specific engineering contract.

25. On or about June 4, 2015, at defendant VAUGHN SPENCER's direction, Eron Lloyd met with Matthew McTish for the purpose of helping McTish's company receive a contract, all in exchange for McTish making, and causing others to make, campaign contributions to defendant SPENCER. At that meeting, McTish provided a \$500 check to the Reading PAC.

### **Section 1012 Repeal Scheme**

26. On or about March 26, 2015, a campaign operative of defendant VAUGHN SPENCER asked Francisco Acosta to propose a bill in City Council to amend or repeal Section 1012, and further requested of Francisco Acosta that his wife, defendant REBECCA ACOSTA, obtain a copy of a specific bid proposal an energy company (“Company A”) had made to the Reading School District so that the campaign operative could provide the proposal to a competitor energy company (“Company B”) at the request of Company B’s agent, defendant JAMES HICKEY, to achieve an unfair advantage. In exchange for these two acts, the campaign operative of defendant SPENCER told Francisco Acosta that he would give defendant REBECCA ACOSTA a campaign contribution of \$1,000 to \$2,000 from the Reading PAC, as well as the promise of contributions from another specific set of contributors of \$10,000.

27. On or about March 30, 2015, the campaign operative of defendant VAUGHN SPENCER additionally told Francisco Acosta that he would ensure a campaign contribution of \$5,000 to defendant REBECCA ACOSTA from Person #2, a major local donor who is known to the grand jury, in exchange for defendant REBECCA ACOSTA’s assistance.

28. On or about April 2, 2015, defendant REBECCA ACOSTA gave Company A’s bid proposal to the campaign operative of defendant VAUGHN SPENCER, and whispered that she needed it back because “I need to cover myself.” She then asked, “When am I getting a check?” The campaign operative stated that defendant REBECCA ACOSTA would be receiving donations from several different sources, including representatives of Company B.

29. On or about April 2, 2015, defendant VAUGHN SPENCER’s campaign

operative sent a copy of Company A's bid proposal by Federal Express directly to Company B, as instructed by defendant JAMES HICKEY, a consultant for Company B.

30. After sending the proposal, on or about April 2, 2015, the campaign operative of defendant VAUGHN SPENCER returned the original proposal to defendant REBECCA ACOSTA and told defendant REBECCA ACOSTA to ensure that her husband, Francisco Acosta, amended or repealed Section 1012. Defendant REBECCA ACOSTA complained that she hadn't received the promised \$5,000 from Person #2. She further pointed out that she should not have given the campaign operative Company A's bid proposal because "that information is private," and that any further effort to channel the School District contract to Company B had to be delayed because "I don't need them to be looking at my finance report right before the election." The campaign operative of defendant SPENCER then reminded defendant REBECCA ACOSTA to talk to Francisco Acosta about repealing Section 1012, and she responded, "I will talk to him." The campaign operative of SPENCER assured her that once the matter was resolved, defendant REBECCA ACOSTA would receive the \$5,000 from Person #2.

31. On or about April 7, 2015, the campaign operative of defendant VAUGHN SPENCER again asked Francisco Acosta to repeal or amend Section 1012, and said that defendant REBECCA ACOSTA would receive the \$5,000 from Person #2. Francisco Acosta stated that defendant REBECCA ACOSTA needed \$1,800 for billboards for her judicial campaign.

32. The campaign operative then spoke to defendant VAUGHN SPENCER, and defendant SPENCER said he wanted an advanced copy of the proposed bill to amend or repeal Section 1012, agreed to give \$1,800 from the Reading PAC to defendant REBECCA ACOSTA as a "loan," and said, "I just wanna make sure [Francisco Acosta] follows through on

it.”

33. On or about April 10, 2015, defendant VAUGHN SPENCER’s campaign operative handed Francisco Acosta an \$1,800 check made out to Friends for REBECCA ACOSTA from the Reading PAC, and they discussed whether the repeal was likely to pass. Francisco Acosta agreed to introduce the bill to amend or repeal Section 1012 the following Monday.

34. On or about April 10, 2015, as requested by defendant VAUGHN SPENCER, Francisco Acosta sent an electronic mail message to defendant SPENCER’s campaign operative containing a draft bill to amend Section 1012 by increasing the individual contribution limit from \$2,600 to \$4,000, and an alternative draft bill to repeal Section 1012 entirely.

35. On or about April 13, 2015, Francisco Acosta introduced the draft bill to repeal Section 1012 in City Council.

36. On or about April 16, 2015, defendant REBECCA ACOSTA provided defendant VAUGHN SPENCER’s campaign operative with an address to which defendant JAMES HICKEY, the consultant for Company B, could send her a campaign contribution check. Defendant REBECCA ACOSTA told defendant SPENCER’s campaign operative that she had gone with Francisco Acosta to speak to two council members who were opposed to the repeal of Section 1012. The campaign operative told defendant REBECCA ACOSTA that Person #2 couldn’t write her a campaign contribution check until Section 1012 was repealed, and defendant REBECCA ACOSTA said, “[Person #2] can write me checks. I’m not running for the city. I’m not employed by the city. I’m not an elected official in the city.”

37. On or about April 17, 2015, Francisco Acosta stated to defendant VAUGHN SPENCER’s campaign operative that he hadn’t deposited the \$1,800 check for

defendant REBECCA ACOSTA from the Reading PAC and would not until after the primary election, so that the money would not appear to be connected to Francisco Acosta introducing the bill to repeal Section 1012.

38. On or about April 17, 2015, defendant REBECCA ACOSTA told defendant VAUGHN SPENCER's campaign operative that "if [Company B] is gonna send something, send it to Francis[co Acosta]'s PAC, not mine," referring to a campaign contribution. Defendant REBECCA ACOSTA further stated that the Section 1012 repeal was "already in the works."

All in violation of Title 18, United States Code, Section 371.

**COUNT TWO**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 12, 15, 16, 20 and 24-28, and Overt Acts 1 to 25 of Count One of this indictment are incorporated here.

2. On or about April 21, 2014, in Reading, in the Eastern District of Pennsylvania, and elsewhere, defendant

**VAUGHN SPENCER,**

aided and abetted by others known and unknown to the grand jury, while Mayor of Reading, being an agent of the City of Reading, which received benefits in excess of \$10,000 in the one-year period from January 1, 2014 to December 31, 2014, from federal programs involving a grant, contract, subsidy, loan, guarantee, insurance, and other forms of federal assistance, corruptly solicited, demanded, accepted, and agreed to accept something of value intending to be influenced and rewarded in connection with any business, transaction, and series of transactions of such city government involving anything of value of \$5,000 or more, namely, defendant SPENCER accepted a \$1,500 campaign contribution from Matthew McTish, intending to be influenced and rewarded in connection with the awarding of a city contract valued in excess of \$5,000.

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

**COUNT THREE**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 12, 15, 16, 20 and 24-28, and Overt Acts 1 to 25 of Count One of this indictment are incorporated here.

2. On or about October 9, 2014, in Reading, in the Eastern District of Pennsylvania, and elsewhere, defendant

**VAUGHN SPENCER,**

aided and abetted by others known and unknown to the grand jury, while Mayor of Reading, being an agent of the City of Reading, which received benefits in excess of \$10,000 in the one-year period from January 1, 2014 to December 31, 2014, from federal programs involving a grant, contract, subsidy, loan, guarantee, insurance, and other forms of federal assistance, corruptly solicited, demanded, accepted, and agreed to accept something of value intending to be influenced and rewarded in connection with any business, transaction, and series of transactions of such city government involving anything of value of \$5,000 or more, namely, defendant SPENCER accepted a \$1,250 campaign contribution from Matthew McTish, intending to be influenced and rewarded in connection with the awarding of a city contract valued in excess of \$5,000.

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

**COUNT FOUR**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 12, 15, 16, 20 and 24-28, and Overt Acts 1 to 25 of Count One of this indictment are incorporated here.

2. On or about November 24, 2014, in Reading, in the Eastern District of Pennsylvania and elsewhere, defendant

**VAUGHN SPENCER,**

aided and abetted by others known and unknown to the grand jury, while Mayor of Reading, being an agent of the City of Reading, which received benefits in excess of \$10,000 in the one-year period from January 1, 2014 to December 31, 2014, from federal programs involving a grant, contract, subsidy, loan, guarantee, insurance, and other forms of federal assistance, corruptly solicited, demanded, accepted, and agreed to accept something of value intending to be influenced and rewarded in connection with any business, transaction, and series of transactions of such city government involving anything of value of \$5,000 or more, namely, defendant SPENCER accepted a \$1,500 campaign contribution from Engineering Firm #1 caused by Mark Neisser, intending to be influenced and rewarded in connection with the awarding of a city contract valued in excess of \$5,000.

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

**COUNT FIVE**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 12, 15, 16, 20 and 24-28, and Overt Acts 1 to 25 of Count One of this indictment are incorporated here.

2. On or about December 22, 2014, in Reading, in the Eastern District of Pennsylvania and elsewhere, defendant

**VAUGHN SPENCER,**

aided and abetted by others known and unknown to the grand jury, while Mayor of Reading, being an agent of the City of Reading, which received benefits in excess of \$10,000 in the one-year period from January 1, 2014 to December 31, 2014, from federal programs involving a grant, contract, subsidy, loan, guarantee, insurance, and other forms of federal assistance, corruptly solicited, demanded, accepted, and agreed to accept something of value intending to be influenced and rewarded in connection with any business, transaction, and series of transactions of such city government involving anything of value of \$5,000 or more, namely, defendant SPENCER accepted a \$1,125 campaign contribution from a representative of Engineering Firm #2 caused by Matthew McTish, intending to be influenced and rewarded in connection with the awarding of a city contract valued in excess of \$5,000.

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

**COUNT SIX**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 12, 15, 16, 20 and 24-28, and Overt Acts 1 to 25 of Count One of this indictment are incorporated here.

2. On or about April 11, 2015, in Reading, in the Eastern District of Pennsylvania, and elsewhere, defendant

**VAUGHN SPENCER,**

aided and abetted by others known and unknown to the grand jury, while Mayor of Reading, being an agent of the City of Reading, which received benefits in excess of \$10,000 in the one-year period from January 1, 2015 to December 31, 2015, from federal programs involving a grant, contract, subsidy, loan, guarantee, insurance, and other forms of federal assistance, corruptly solicited, demanded, accepted, and agreed to accept something of value intending to be influenced and rewarded in connection with any business, transaction, and series of transactions of such city government involving anything of value of \$5,000 or more, namely, defendant SPENCER accepted a \$1,500 campaign contribution from Matthew McTish, intending to be influenced and rewarded in connection with the awarding of a city contract valued in excess of \$5,000.

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

**COUNT SEVEN**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 12, 15, 16, 20 and 24-28, and Overt Acts 1 to 25 of Count One of this Indictment are incorporated here.

2. On or about May 15, 2015, in Reading, in the Eastern District of Pennsylvania and elsewhere, defendant

**VAUGHN SPENCER,**

aided and abetted by others known and unknown to the grand jury, while Mayor of Reading, being an agent of the City of Reading, which received benefits in excess of \$10,000 in the one-year period from January 1, 2015 to December 31, 2015, from federal programs involving a grant, contract, subsidy, loan, guarantee, insurance, and other forms of federal assistance, corruptly solicited, demanded, accepted, and agreed to accept something of value intending to be influenced and rewarded in connection with any business, transaction, and series of transactions of such city government involving anything of value of \$5,000 or more, namely, defendant SPENCER accepted a \$1,000 combined campaign contribution from a third party as requested by Matthew McTish, intending to be influenced and rewarded in connection with the awarding of a city contract valued in excess of \$5,000.

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

## COUNT EIGHT

### THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 to 12, 15, 16, 20 and 24-28, and Overt Acts 1 to 25 of Count One of this indictment are incorporated here.

2. On or about May 20, 2015, in Reading, in the Eastern District of Pennsylvania and elsewhere, defendant

#### **VAUGHN SPENCER,**

aided and abetted by others known and unknown to the grand jury, while Mayor of Reading, being an agent of the City of Reading, which received benefits in excess of \$10,000 in the one-year period from January 1, 2015 to December 31, 2015, from federal programs involving a grant, contract, subsidy, loan, guarantee, insurance, and other forms of federal assistance, corruptly solicited, demanded, accepted, and agreed to accept something of value intending to be influenced and rewarded in connection with any business, transaction, and series of transactions of such city government involving anything of value of \$5,000 or more, namely, defendant SPENCER accepted a \$500 campaign contribution from Engineering Firm #1, caused by Mark Neisser, intending to be influenced and rewarded in connection with the awarding of a city contract valued in excess of \$5,000.

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

**COUNT NINE**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 12, 15, 16, 20 and 24-28, and Overt Acts 1 to 25 of Count One of this indictment are incorporated here.

2. On or about June 4, 2015, in Reading, in the Eastern District of Pennsylvania and elsewhere, defendant

**VAUGHN SPENCER,**

aided and abetted by others known and unknown to the grand jury, while Mayor of Reading, being an agent of the City of Reading, which received benefits in excess of \$10,000 in the one-year period from January 1, 2015 to December 31, 2015, from federal programs involving a grant, contract, subsidy, loan, guarantee, insurance, and other forms of federal assistance, corruptly solicited, demanded, accepted, and agreed to accept something of value intending to be influenced and rewarded in connection with any business, transaction, and series of transactions of such city government involving anything of value of \$5,000 or more, namely, defendant SPENCER accepted a \$500 campaign contribution from Matthew McTish, intending to be influenced and rewarded in connection with the awarding of a city contract valued in excess of \$5,000.

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

## COUNT TEN

### **THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 9, 13, 18, and 20-23, and Overt Acts 26-38 of Count One of this indictment are incorporated here.

2. On or about April 10, 2015, in Reading, in the Eastern District of Pennsylvania, and elsewhere, defendant

### **REBECCA ACOSTA**

knowingly aided and abetted her husband, Francis Acosta, City Council President for the City of Reading, an agent of the City of Reading, which received benefits in excess of \$10,000 in the one-year period from January 1, 2015 to December 31, 2015, from federal programs involving a grant, contract, subsidy, loan, guarantee, insurance, and other forms of federal assistance, who corruptly solicited, demanded, accepted, and agreed to accept something of value intending to be influenced and rewarded in connection with the business, transaction, and series of transactions of the City of Reading involving something of value of \$5,000 or more, namely, defendant REBECCA ACOSTA accepted a \$1,800 campaign contribution to her campaign for a district justice position from defendant VAUGHN SPENCER knowing that the contribution was given to influence and reward Francis Acosta in connection with proposing legislation to amend or repeal Section 1012 of the Reading Code of Ethics, and to influence and reward defendant ACOSTA in connection with Reading School district information on the bidding for an energy savings contract (ESCO) with the Reading School District.

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

**COUNT ELEVEN**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 9, 13-18, and 20-23, and Overt Acts 26-38 of Count One of this indictment are incorporated here.

2. On or about April 23, 2015, in Reading, in the Eastern District of Pennsylvania, and elsewhere, defendant

**REBECCA ACOSTA,**

aided and abetted by others known and unknown to the grand jury, while a member of the Reading School District Board of Directors, being an agent of the Reading School District Board of Directors and the Reading School District, which received benefits in excess of \$10,000 in the one-year period from January 1, 2015 to December 31, 2015, from federal programs involving a grant, contract, subsidy, loan, guarantee, insurance, and other forms of federal assistance, corruptly solicited, demanded, accepted, and agreed to accept something of value intending to be influenced and rewarded in connection with the business, transaction, and series of transactions of the Reading School District involving something of value of \$5,000 or more, namely, ACOSTA agreed to accept a \$250 campaign contribution from JAMES HICKEY via Sovereign Enterprises to the Friends for Rebecca Acosta intending to be influenced and rewarded in connection with Reading School district information on the bidding for an energy savings contract (ESCO) with the Reading School District.

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

## COUNT TWELVE

### **THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 9, 13-18, 20-23, and Overt Acts 26 to 38 of Count One of this indictment are incorporated here.

2. On or about April 10, 2015, in the Eastern District of Pennsylvania and elsewhere, defendant

### **VAUGHN SPENCER,**

aided and abetted by others known and unknown to the grand jury, corruptly gave, offered, and agreed to give something of value to an agent of the City or Reading with the intent to influence and reward the agent in connection with the business, transaction, and series of transactions of such city government involving something of value of \$5,000 or more, namely, SPENCER gave an \$1,800 campaign contribution from his PAC to Friends for Rebecca Acosta, the campaign fund of defendant REBECCA ACOSTA, at the direction of Francis Acosta, President of Reading City Council, being an agent of the City of Reading, which received benefits in excess of \$10,000 in the one year period from January 1, 2015 to December 31, 2015, from federal programs involving a grant, contract, subsidy, loan, guarantee, insurance and other forms of federal assistance, to influence and reward Francis Acosta in connection with proposing legislation to amend or repeal Section 1012 of the Reading Code of Ethics.

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

**COUNT THIRTEEN**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 9, 13-18, 20-23, and Overt Acts 26 to 38 of Count One of this Indictment are incorporated here.

2. On or about April 23, 2015, in the Eastern District of Pennsylvania and elsewhere, defendant

**JAMES HICKEY,**

aided and abetted by others known and unknown to the grand jury, corruptly gave, offered, and agreed to give something of value to an agent of the Reading School District with intent to influence or reward the agent in connection with any business, transaction, and series of transactions of such organization, government, and agency involving anything of value of \$5,000 or more, namely, HICKEY gave a \$250 online payment from Sovereign Enterprises to Friends for Rebecca Acosta, the campaign fund of defendant REBECCA ACOSTA, a member of the Reading School District Board of Directors, being an agent of the Reading School District Board of Directors and the Reading School District, which received benefits in excess of \$10,000 in the one-year period from January 1, 2015 to December 31, 2015, from federal programs involving a grant, contract, subsidy, loan, guarantee, insurance and other forms of federal assistance, to influence and rewarded REBECCA ACOSTA in connection with Reading School district information on the bidding for an energy savings contract (ESCO) with the Reading School District.

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

**COUNT FOURTEEN**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 9, 13-18, 20-23, and Overt Acts 26 to 38 of Count One of this Indictment are incorporated here.

2. On or about April 10, 2015, in the Eastern District of Pennsylvania and elsewhere, defendant

**VAUGHN SPENCER,**

having devised a scheme to defraud the City of Reading and its citizens of the right to defendant VAUGHN SPENCER's and Francisco Acosta's honest services in the affairs of the City of Reading, for the purposes of executing the scheme to defraud, knowingly caused to be transmitted, and aided and abetted the transmission of, by means of wire communication in interstate commerce, signals and sounds, that is, an electronic mail message from Francisco Acosta to defendant SPENCER's campaign operative, containing draft legislation to amend or repeal Section 1012 of Reading's Code of Ethics.

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

**COUNT FIFTEEN**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 9, 13-18, 20-23, and Overt Acts 26 to 38 of Count One of this Indictment are incorporated here.

**The Scheme to Defraud**

2. From on or about February 2015 through on or about April 23, 2015, in Reading, in the Eastern District of Pennsylvania, defendants

**REBECCA ACOSTA and  
JAMES HICKEY**

devised and intended to devise a scheme and artifice to defraud Company A and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises.

**MANNER AND MEANS**

3. Defendants REBECCA ACOSTA and JAMES HICKEY deprived and attempted to deprive Company A of money and property by giving Company B a secret advantage in the bidding for the ESCO contract with the School District of Reading through an agreement wherein Company B would obtain the bid of Company A and use this information to offer a lower bid for the ESCO contract.

4. On or about April 2, 2015, in the Eastern District of Pennsylvania and elsewhere, defendants

**REBECCA ACOSTA and  
JAMES HICKEY,**

having devised a scheme to defraud Company A, and to obtain money and property by means of false and fraudulent pretenses, representations, and promises, knowingly caused to be deposited

any matter and thing whatever to be sent and delivered by any private and commercial interstate carrier, that is, the bid proposal of Company A to Company B by Federal Express.

In violation of Title 18, United States Code, Section 1341.

**COUNT SIXTEEN**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 9, 13-18, 20-23, and Overt Acts 26 to 38 of Count One and Paragraphs 2 and 3 of Count Fifteen of this indictment are incorporated here.

2. On or about April 23, 2015, in the Eastern District of Pennsylvania and elsewhere, defendants

**REBECCA ACOSTA and  
JAMES HICKEY**

having devised a scheme to defraud Company A, and to obtain money and property by means of false and fraudulent pretenses, representations, and promises, knowingly transmitted and caused to be transmitted by means of wire in interstate commerce any writing, sign, signal, picture and sound for the purpose of executing such scheme or artifice, that is, an online payment of \$250 through Bills.com from his Sovereign Enterprises company account to Friends of REBECCA ACOSTA.

In violation of Title 18, United States Code, Section 1343.

## COUNT SEVENTEEN

### THE GRAND JURY FURTHER CHARGES THAT:

1. The allegations set forth in paragraphs 1-9, 13-18, 20-23, and Overt Acts 26-38 of Count One of this Indictment are realleged here.

2. At all times relevant to this information, the City of Reading, the School District of Reading, and the citizens of Reading, had an intangible right to the honest services of defendant REBECCA ACOSTA.

3. As an agent of Company B, defendant JAMES HICKEY believed that acquiring the bid proposal of Company A would give Company B an advantage in that it would allow Company B to underbid Company A and obtain the entire ESCO contract from the Reading School District.

4. Defendant REBECCA ACOSTA was interested in obtaining contributions for her campaign to be elected to a magistrate district justice in Reading, including campaign funds that could be used to pay for “judge training” if she won the election.

### **THE SCHEME**

5. From on or about February 26, 2015 through in or about April 23, 2015, in Reading, in the Eastern District of Pennsylvania, and elsewhere, defendants

### **REBECCA ACOSTA and JAMES HICKEY**

and others known to the grand jury, devised and intended to devise a scheme and artifice to defraud and deprive through bribery the City of Reading, the School District of Reading, and the citizens of Reading of their intangible right to the honest services of defendant REBECCA ACOSTA.

## MANNER AND MEANS

It was part of the scheme to defraud that:

6. Defendant JAMES HICKEY sought to obtain information about the bid submitted by Company A on an energy savings contract (ESCO) by the Reading School District to perform energy cost savings modifications for the School District.

7. Defendant JAMES HICKEY wanted this information so he could submit a lower, competing bid for the Reading School District bid on behalf of his client, Company B.

8. In or about February 2015, defendant JAMES HICKEY advised a campaign operative of Reading Mayor VAUGHN SPENCER that he was willing to contribute money to the magistrate district justice campaign of defendant REBECCA ACOSTA in exchange for defendant REBECCA ACOSTA giving to him confidential information about the bid submitted by competitor Company A on the ESCO contract from the Reading School District.

9. On or about February 26, 2015, defendant JAMES HICKEY met with the campaign operative and coached him on how to explain to defendant REBECCA ACOSTA that in order to receive campaign contributions, she needed to provide Company B with the bid proposal of Company A, and ensure that Company B would ultimately get the School District ESCO. Defendant HICKEY said that the campaign operative should say to defendant REBECCA ACOSTA, “Becky, . . . A lot of the people in my, uhh, food chain are very transactional. They give money to raise their visibility in front of elected officials and there’s no quid pro quo but in return for that they hope that some of their business uh, pros- some of their business prospects pan out. . . . I need you to be responsive going forward . . . This ESCO thing is hugely important and there’s a bunch of people.’ . . . You know, that’s how you couch the message. . . . “It’s the right thing to do, Becky.””

10. After the campaign operative spoke to defendant REBECCA ACOSTA, she agreed to accept things of value, that is, campaign contributions from defendant JAMES HICKEY and in return provide defendant HICKEY with the bid information of Company A.

11. On or about April 1, 2015, defendant JAMES HICKEY directed the campaign operative of defendant VAUGHN SPENCER to send Company A's proposal directly to Company B. When the campaign operative indicated that defendant REBECCA ACOSTA wanted a campaign contribution in return, defendant JAMES HICKEY replied, "She also understands that if we hand her a check as she gives us a package, that becomes illegal, so. [Let's try to avoid] going to jail over a fucking district justice race."

12. Defendant REBECCA ACOSTA used her official position as a the President of the Reading School District Board of Directors to obtain and then disseminate to defendant JAMES HICKEY the competing bid of Company A in return for defendant HICKEY's promise that Company B would provide her with a contribution for her campaign for the magisterial district judge position.

13. After defendant REBECCA ACOSTA obtained and caused the bid proposal of Company A to be disseminated to Company B according to defendant JAMES HICKEY's instructions, on or about April 23, 2015, defendant HICKEY attempted to make an online payment of \$250 to Friends for REBECCA ACOSTA from the account of his consulting company, Sovereign Enterprises. Defendant HICKEY further encouraged Company B to make a campaign contribution to defendant REBECCA ACOSTA, but Company B declined to do so.

14. On or about April 23, 2015, in Reading, in the Eastern District of Pennsylvania and elsewhere, defendants

**REBECCA ACOSTA and  
JAMES HICKEY,**

for the purpose of executing the scheme and artifice to defraud, and attempting to do so, and aiding and abetting its execution, transmitted and caused to be transmitted by means of wire communication in interstate commerce, the following writings, signals and sounds: an online payment from defendant JAMES HICKEY via Sovereign Enterprises to Friends for REBECCA ACOSTA.

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

**COUNT EIGHTEEN**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 to 9, 13-18, 20-23, and Overt Acts 26 to 38 of Count One, and paragraphs 1-13 of Count Seventeen of this Indictment are realleged here.

2. On or about April 2, 2015, in Reading, in the Eastern District of Pennsylvania and elsewhere, defendants

**REBECCA ACOSTA and  
JAMES HICKEY,**

for the purpose of executing the scheme and artifice to defraud, and attempting to do so, and aiding and abetting its execution, knowingly caused to be deposited any matter and thing whatever to be sent and delivered by any private and commercial interstate carrier, that is: the bid proposal of Company A to Company B, by Federal Express.

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

**A TRUE BILL:**

---

**GRAND JURY FOREPERSON**

---

**LOUIS D. LAPPEN  
ACTING UNITED STATES ATTORNEY**