

# NEWS

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United States Department of Justice  
U.S. Attorney, District of New Jersey  
970 Broad Street, Seventh Floor  
Newark, New Jersey 07102

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***Christopher J. Christie, U.S. Attorney***

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Former Keyport Mayor Admits Trading Influence for Bribes

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(More)

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NEWARK – The former mayor of Keyport pleaded guilty today to extorting bribe payments for himself, U.S. Attorney Christopher J. Christie announced.

John Merla, 45, of Keyport, a former mayor and councilman, admitted before U.S. District Judge William J. Martini that he extorted the cash payments in exchange for agreeing to exercise official action and influence as mayor in the award of no-bid contracts.

Merla pleaded guilty to one count of bribery, which carries a statutory maximum penalty of 10 years in prison and a fine of \$250,000. Under the advisory U.S. Sentencing Guidelines, Merla faces a probable sentencing range of between 24 and 30 months in federal prison. Judge Martini, however, has wide discretion and can impose a sentence within, above or below that range. Sentencing is scheduled for May 8.

At his plea hearing, Merla admitted that during his most recent tenure as mayor from January 2003 to December 2006, he corruptly accepted cash payments from a confidential FBI informant (whom he believed to be a contractor) and undercover FBI agents, to reward him for helping the confidential informant obtain public contracts in Keyport.

The charge to which Merla pleaded guilty related to Merla's acceptance of a \$2,500 payment on Dec. 7, 2003 in connection with a contract for work on a bulkhead in Keyport which had been awarded to the confidential FBI informant on an emergency basis. Merla also admitted to accepting additional bribe payments from the informant and the undercover FBI agents on three other occasions between September 2003 and November 2004. As set forth in the Superseding Indictment, the four payments totaled approximately \$24,000.

“Merla traded his public position and influence for cash,” said Christie. “The list of public officials in Monmouth County who were willing to do that is disappointingly long. We can only hope that these prosecutions have the intended effect of deterring other public officials from engaging in the same conduct.”

Merla stated that he accepted the payments believing that the cooperating informant was an individual involved in the contracting and demolition business and that the undercover agents were employees of the informant. Merla also admitted that he accepted the cash payments knowing the payments were being provided to him for agreeing to assist the informant in obtaining public contracts in Keyport.

Merla told Judge Martini that the borough paid the cooperating informant \$36,200 for the bulkhead contract.

Merla's guilty plea is the latest conviction to arise from Operation Bid Rig, the same FBI

investigation which led to charges being filed against 13 officials, including Merla, and two contractors in February, March and April of 2005.

To date, the investigation has resulted in guilty pleas from former West Long Branch Mayor Paul Zambrano, former Hazlet Mayor Paul Coughlin, former Brick Township Mayor Joseph Scarpelli, former Ocean Township Mayor Terrance Weldon, former Neptune Township Deputy Mayor Richard Iadanza, former West Long Branch councilman Joseph DeLisa, former Asbury Park Councilman James Condos, as well as other officials and contractors from Monmouth County. In addition, the investigation has led to the conviction after trial of former Asbury Park Mayor Kenneth "Butch" Saunders and former Middletown councilman and mayor Raymond O'Grady.

A parallel public corruption investigation in Monmouth County resulted in convictions of several officials from Marlboro Township, including former mayor Matthew Scannapieco.

In Operation Bid Rig, Merla and others were extensively recorded on video and audio tape in discussions with undercover FBI agents whom they believed were employees of the cooperating witness, and who were purportedly involved in the laundering of loansharking proceeds as well as paying off local officials. In some cases, the defendants, the cooperating witness and undercover agents were recorded interacting with various named and unnamed Monmouth County public officials, according to criminal Complaints and the Indictments filed against Merla and others.

In determining an actual sentence, Judge Martini will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The Judge, however, is not bound by those guidelines in determining a sentence. Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Christie credited Special Agents of the FBI's Red Bank Resident Agency, under the direction of Special Agent in Charge Leslie Wiser, Jr. in Newark, for their work in the ongoing Monmouth County corruption investigation.

The case is being prosecuted by Assistant U.S. Attorneys Mark J. McCarren, the Chief of the Public Protection Unit, and Rachael Honig, of the Special Prosecutions Division.

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Defense Counsel: Michael Pappa, Esq., Hazlet