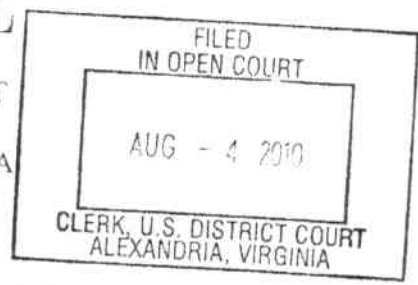


~~UNDER SEAL~~

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA



Alexandria Division

UNITED STATES OF AMERICA)	CRIMINAL NO. 1:10CR286
)	
)	<u>Counts 1 to 3</u> : 18 U.S.C. §§ 1001, 2
v.)	(False Statements)
)	
)	<u>Counts 4 to 7</u> : 2 U.S.C. § 441f
PAUL J. MAGLIOCCHETTI,)	(Illegal Conduit Campaign Contributions)
)	
)	<u>Counts 8 to 11</u> : 2 U.S.C. § 441b
Defendant.)	(Illegal Corporate Campaign Contributions)
)	

INDICTMENT

August 2010 Term – At Alexandria

THE GRAND JURY CHARGES THAT:

GENERAL ALLEGATIONS

At all times relevant to this Indictment:

1. PAUL J. MAGLIOCCHETTI, the defendant, was the founder and owner of PMA Group, Inc. (formerly known as Paul Magliocchetti Associates, Inc.) (hereinafter referred to as “PMA”).
2. PMA was a lobbying firm incorporated in the State of Virginia and located in Arlington, Virginia, within the Eastern District of Virginia. PMA had as clients various private companies and individuals, including many that worked in the defense industry. On their behalf, PMA acting through MAGLIOCCHETTI regularly sought funding or benefits in the form of federal appropriations, commonly known as earmarks.

3. The Federal Election Campaign Act of 1971, as amended, Title 2, United States Code, Sections 431 through 455, (the “Campaign Act”) regulated financial activity intended to influence the election of candidates running for federal office, including the Senate, House of Representatives, Presidency, and Vice Presidency.

4. In order to limit the influence that any one person could have on the outcome of a federal election, the Campaign Act established limits on the amounts individuals could contribute to individual candidate political campaign committees and multi-candidate political campaign committees (commonly referred to as political action committees or PACs). The Campaign Act also prohibited corporations from making political contributions, and prohibited any officer of a corporation from consenting to such contribution, in order to eliminate the influence of corporate funds in federal elections. The Campaign Act’s ban on corporate contributions also prevented individuals from hiding behind the corporate form in order to make contributions in excess of the legal limits on personal contributions.

5. To promote transparency and prevent individuals and corporations from circumventing these regulations, the Campaign Act prohibited a person from making a political contribution in the name of another person, including giving funds to a straw donor or conduit for the purpose of having the conduit pass the funds on to a federal candidate as his or her own contribution. It was also a violation of the Campaign Act for a person to reimburse a donor who had already given to a candidate, thereby converting the donor’s contribution to his or her own.

6. The Federal Election Commission (“FEC”) was an agency of the United States Government entrusted with the responsibility of administering and enforcing the Campaign Act. In order to deter abuses and instill public confidence in the election process, the FEC was and is

responsible for making available to the public specific information about the amounts and sources of political contributions to federal candidates and their political committees.

7. Pursuant to the Campaign Act, the FEC required campaign committees and political action committees to file periodic reports of receipts and disbursements identifying, among other things, each person who made a contribution to such committee during the relevant reporting period whose contribution or contributions had an aggregate amount or value in excess of \$200 within the calendar year, together with the date and the amount of any such contribution. In preparing these reports, federal candidates and political committees relied on the information provided by the donor, including the individual's name, address, and occupation. These periodic reports, which were filed with the FEC and made publicly available, were intended to provide citizens with a transparent record of all contributions to candidates for federal office. As such, they constitute the public's only window into the sources of funding for federal election campaigns.

COUNT 1
(False Statements)

THE GRAND JURY FURTHER CHARGES THAT:

8. The allegations contained in paragraphs 1 through 7 of this Indictment are realleged as if fully set forth herein.

THE SCHEME

9. From at least January 2003 through November 2008, in the Eastern District of Virginia and elsewhere, in a matter within the jurisdiction of a department and agency of the United States Government, to wit, the FEC, the defendant, PAUL J. MAGLIOCCHETTI, knowingly and willfully falsified, concealed, and covered up by trick, scheme, and device a material fact, in that MAGLIOCCHETTI caused scores of campaign committees and political action committees of candidates for federal office to unknowingly create and submit false reports to the FEC which indicated that lawful contributions were made by individuals other than MAGLIOCCHETTI and PMA to the respective committees when, in truth and in fact, as MAGLIOCCHETTI well knew, it was MAGLIOCCHETTI and PMA that had made unlawful contributions to these committees and not the conduits listed in the reports filed with the FEC.

THE PURPOSE OF THE SCHEME

10. As the founder and president of the company that bore his name, MAGLIOCCHETTI sought to enrich both PMA and himself by increasing the firm's influence, power, and prestige – both among the firm's base of current and potential clients as well as among the elected public officials to whom PMA and its lobbyists sought access. Political contributions to campaign committees and political action committees of various candidates for

federal office (collectively, “federal campaign contributions”) were a key part of MAGLIOCCHETTI’s plan to increase PMA’s profile and its profitability.

11. In an effort to achieve his twin goals of increasing PMA’s influence and enriching himself, MAGLIOCCHETTI made hundreds of thousands of dollars in illegal conduit and corporate federal campaign contributions. Aware of the strict limits on individual federal campaign contributions – and the outright ban on corporate contributions – MAGLIOCCHETTI, unbeknownst to the federal campaigns, funneled personal and corporate money to friends, family members, and PMA lobbyists in order to make these unlawful contributions.

12. The purpose of the scheme, therefore, was to conceal from the FEC and the public the fact that MAGLIOCCHETTI and PMA were the true source of the funds for illegal federal campaign contributions. At the same time, MAGLIOCCHETTI ensured that he and PMA received credit for these contributions from the federal campaigns and candidates by, among other things, using PMA lobbyists and others associated with MAGLIOCCHETTI as the conduits, and by hosting fund-raising events in which he or his associates delivered the contributions.

MANNER AND MEANS

The scheme was carried out in the following ways, among others:

13. MAGLIOCCHETTI directly and indirectly solicited numerous individuals, including, family members, associates, and PMA employees, to make federal campaign contributions. MAGLIOCCHETTI used personal and corporate money to advance funds to and reimburse these individuals for the federal campaign contributions they made on MAGLIOCCHETTI’s behalf. The funding of the conduits’ contributions took several forms, including, MAGLIOCCHETTI issuing personal checks, MAGLIOCCHETTI authorizing PMA

to issue business checks, and MAGLIOCCHETTI authorizing PMA to make salary and bonus payments designed to disguise the fact that the funds were earmarked for political contributions.

14. It was a part of the scheme that MAGLIOCCHETTI used members of his family to make federal campaign contributions. MAGLIOCCHETTI directly and indirectly instructed his family members to write checks out of their personal checking accounts to specific candidates for federal office. At various times, for the purpose of making these contributions, MAGLIOCCHETTI advanced funds to or reimbursed his family members through personal checks, checks from PMA, and by employing them at PMA and giving them additional payments calculated to fund the family member's campaign contributions.

15. It was a part of the scheme that MAGLIOCCHETTI used two acquaintances to make federal campaign contributions, "Acquaintance A" and "Acquaintance B," both of whom lived near MAGLIOCCHETTI's Florida vacation home. MAGLIOCCHETTI directly and indirectly instructed these two acquaintances to write checks out of their personal checking accounts to specific candidates for federal office. At various times, for the purpose of making these contributions, MAGLIOCCHETTI advanced funds to or reimbursed these two acquaintances through personal checks, checks from PMA, and by designating them as members of PMA's Board of Directors even though the acquaintances lived in Florida, never worked as lobbyists, and never attended PMA board meetings.

16. It was further a part of the scheme that MAGLIOCCHETTI used lobbyists employed by PMA to make federal campaign contributions. At various times, for the purpose of making these contributions, MAGLIOCCHETTI advanced funds to or reimbursed these PMA employees through personal checks and checks from PMA. For the purpose of making these contributions, MAGLIOCCHETTI also earmarked PMA payroll payments calculated to fund the

employee's contributions and cover the applicable taxes and withholdings. In some instances, MAGLIOCCHETTI instructed the PMA lobbyists to write checks out of their personal checking accounts to specific candidates for federal office. In other instances, MAGLIOCCHETTI provided PMA lobbyists with a specific pool of PMA funds and directed that they used the funds for campaign contributions without specifying which federal candidates should receive the contributions.

17. MAGLIOCCHETTI, through this scheme, caused various campaign and political action committees, subject to the reporting provisions of the Campaign Act, to unwittingly file reports with the FEC which falsely stated that the conduits had made federal campaign contributions when in truth and in fact each contribution was made by MAGLIOCCHETTI or PMA.

18. In order to perpetuate the scheme, among other things, MAGLIOCCHETTI disguised the payments from PMA to the conduits by causing them to be falsely characterized in the books and records of the company as salary or bonus payments. MAGLIOCCHETTI also tracked the campaign contributions of the straw donors using spreadsheets which were updated and maintained by MAGLIOCCHETTI's assistant. MAGLIOCCHETTI further pressured PMA employees to individually contribute, leading them to believe that their failure to make the required political contributions would adversely impact their employment at PMA.

(All in violation of Title 18, United States Code, Sections 1001(a)(1) and 2.)

COUNT 2
(False Statements)

THE GRAND JURY FURTHER CHARGES THAT:

19. The allegations contained in paragraphs 1 through 7 and paragraphs 10 through 18 of this Indictment are realleged as if fully set forth herein.

20. On or about October 12, 2006, in the Eastern District of Virginia and elsewhere, in a matter within the jurisdiction of a department and agency of the United States Government, to wit, the FEC, the defendant, PAUL J. MAGLIOCCHETTI, knowingly and willfully caused the submission of a materially false, fictitious, and fraudulent statement and representation, in that MAGLIOCCHETTI caused Political Action Committee A to unwittingly file a materially false quarterly report with the FEC, which falsely showed that four PMA lobbyists had contributed \$5,000 each to the committee when, in truth and in fact, as MAGLIOCCHETTI well knew, the contributions were made by MAGLIOCCHETTI and PMA.

(All in violation of Title 18, United States Code, Sections 1001(a)(2) and 2.)

COUNT 3
(False Statements)

21. The allegations contained in paragraphs 1 through 7 and paragraphs 10 through 18 of this Indictment are realleged as if fully set forth herein.

22. On or about October 13, 2008, in the Eastern District of Virginia and elsewhere, in a matter within the jurisdiction of a department and agency of the United States Government, to wit, the FEC, the defendant, PAUL J. MAGLIOCCHETTI, knowingly and willfully caused the submission of a materially false, fictitious, and fraudulent statement and representation, in that MAGLIOCCHETTI caused Campaign Committee A to unwittingly file a materially false quarterly report with the FEC, which falsely showed that two individuals known to MAGLIOCCHETTI had contributed \$2,300 each to the committee when, in truth and in fact, as MAGLIOCCHETTI well knew, the contributions were made by MAGLIOCCHETTI and PMA. (All in violation of Title 18, United States Code, Sections 1001(a)(2) and 2.)

COUNT 4
(Illegal Conduit Campaign Contributions)

THE GRAND JURY FURTHER CHARGES THAT:

23. The allegations contained in paragraphs 1 through 7 and paragraphs 10 through 18 of this Indictment are hereby realleged as if fully set forth herein.

24. During the calendar year 2005, in the Eastern District of Virginia and elsewhere, the defendant, PAUL J. MAGLIOCCHETTI, knowingly and willfully violated the Campaign Act by making contributions and causing contributions to be made in the names of others to campaign committees and political action committees of various candidates for federal office aggregating \$10,000 or more during the 2005 calendar year.

(All in violation of Title 2, United States Code, Sections 441f and 437g(d)(1)(A) and Title 18, United States Code, Section 2.)

COUNT 5
(Illegal Conduit Campaign Contributions)

25. The allegations contained in paragraphs 1 through 7 and paragraphs 10 through 18 of this Indictment are hereby realleged as if fully set forth herein.

26. During the calendar year 2006, in the Eastern District of Virginia and elsewhere, the defendant, PAUL J. MAGLIOCCHETTI, knowingly and willfully violated the Campaign Act by making contributions and causing contributions to be made in the names of others to campaign committees and political action committees of various candidates for federal office aggregating \$25,000 or more during the 2006 calendar year.

(All in violation of Title 2, United States Code, Sections 441f and 437g(d)(1)(A) and Title 18, United States Code, Section 2.)

COUNT 6
(Illegal Conduit Campaign Contributions)

27. The allegations contained in paragraphs 1 through 7 and paragraphs 10 through 18 of this Indictment are hereby realleged as if fully set forth herein.

28. During the calendar year 2007, in the Eastern District of Virginia and elsewhere, the defendant, PAUL J. MAGLIOCCHETTI, knowingly and willfully violated the Campaign Act by making contributions and causing contributions to be made in the names of others to campaign committees and political action committees of various candidates for federal office aggregating \$25,000 or more during the 2007 calendar year.

(All in violation of Title 2, United States Code, Sections 441f and 437g(d)(1)(A) and Title 18, United States Code, Section 2.)

COUNT 7
(Illegal Conduit Campaign Contributions)

29. The allegations contained in paragraphs 1 through 7 and paragraphs 10 through 18 of this Indictment are hereby realleged as if fully set forth herein.

30. During the calendar year 2008, in the Eastern District of Virginia and elsewhere, the defendant, PAUL J. MAGLIOCCHETTI, knowingly and willfully violated the Campaign Act by making contributions and causing contributions to be made in the names of others to campaign committees and political action committees of various candidates for federal office aggregating \$25,000 or more during the 2008 calendar year.

(All in violation of Title 2, United States Code, Sections 441f and 437g(d)(1)(A) and Title 18, United States Code, Section 2.)

COUNT 8
(Illegal Corporate Campaign Contributions)

31. The allegations contained in paragraphs 1 through 7 and paragraphs 10 through 18 of this Indictment are hereby realleged as if fully set forth herein.

32. During the calendar year 2005, in the Eastern District of Virginia and elsewhere, the defendant, PAUL J. MAGLIOCCHETTI, knowingly and willfully violated the Campaign Act by making, consenting to, and causing to be made corporate contributions by PMA to campaign committees and political action committees of various candidates for federal office aggregating \$2,000 or more in calendar year 2005.

(All in violation of Title 2, United States Code, Sections 441b and 437g(d)(1)(A) and Title 18, United States Code, Section 2.)

COUNT 9
(Illegal Corporate Campaign Contributions)

33. The allegations contained in paragraphs 1 through 7 and paragraphs 10 through 18 of this Indictment are hereby realleged as if fully set forth herein.

34. During the calendar year 2006, in the Eastern District of Virginia and elsewhere, the defendant, PAUL J. MAGLIOCCHETTI, knowingly and willfully violated the Campaign Act by making, consenting to, and causing to be made corporate contributions by PMA to campaign committees and political action committees of various candidates for federal office aggregating \$25,000 or more in calendar year 2006.

(All in violation of Title 2, United States Code, Sections 441b and 437g(d)(1)(A) and Title 18, United States Code, Section 2.)

COUNT 10
(Illegal Corporate Campaign Contributions)

35. The allegations contained in paragraphs 1 through 7 and paragraphs 10 through 18 of this Indictment are hereby realleged as if fully set forth herein.

36. During the calendar year 2007, in the Eastern District of Virginia and elsewhere, the defendant, PAUL J. MAGLIOCCHETTI, knowingly and willfully violated the Campaign Act by making, consenting to, and causing to be made corporate contributions by PMA to campaign committees and political action committees of various candidates for federal office aggregating \$25,000 or more in calendar year 2007.

(All in violation of Title 2, United States Code, Sections 441b and 437g(d)(1)(A) and Title 18, United States Code, Section 2.)

COUNT 11
(Illegal Corporate Campaign Contributions)

37. The allegations contained in paragraphs 1 through 7 and paragraphs 10 through 18 of this Indictment are hereby realleged as if fully set forth herein.

38. During the calendar year 2008, in the Eastern District of Virginia and elsewhere, the defendant, PAUL J. MAGLIOCCHETTI, knowingly and willfully violated the Campaign Act by making, consenting to, and causing to be made corporate contributions by PMA to campaign committees and political action committees of various candidates for federal office aggregating \$25,000 or more in calendar year 2008.

(All in violation of Title 2, United States Code, Sections 441b and 437g(d)(1)(A) and Title 18, United States Code, Section 2.)

DATED this ____ day of August 2010
A TRUE BILL

REDACTED

Forfeiture of the Grand Jury

Neil H. MacBride
United States Attorney
Eastern District of Virginia

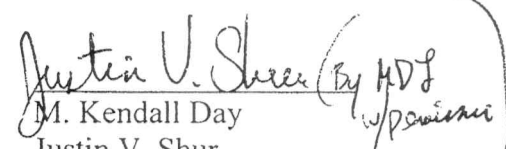
Jack Smith
Chief
Public Integrity Section

By:


Mark D. Lytle
Assistant United States Attorney

3-4-10

By:


M. Kendall Day
Justin V. Shur
Kevin O. Driscoll

3-4-10