

UNITED STATES DISTRICT COURT
for the
Eastern District of Michigan

15

United States of America,

Plaintiff,

v.

DEAN REYNOLDS,

Defendant(s).

Case: 2:16-mj-30459
Assigned To : Unassigned
Assign. Date : 10/12/2016
Description: CMP USA v. SEALED MATTER (SO)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief:

On or about the date(s) of between July 2015 and May 2016, in the county of Macomb
in the Eastern District of Michigan, the defendant(s) violated:

Code Section
18 U.S.C. § 666

Offense Description
Theft or Bribery Concerning Programs Receiving Federal Funds

This criminal complaint is based on these facts:
See attached Affidavit



Continued on the attached sheet.

Robert F. Beeckman
Complainant's signature

FBI Special Agent Robert F. Beeckman
Printed name and title

Sworn to before me and signed in my presence.

Date: October 12, 2016

Elizabeth A. Stafford
Judge's signature

City and state: Detroit, Michigan

Hon. Elizabeth A. Stafford, U.S. Magistrate Judge
Printed name and title

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Affidavit in Support of Complaint and Arrest Warrant

I Robert F. Beeckman, Special Agent of the Federal Bureau of Investigation (FBI), having been duly sworn, depose and state that:

1. I have been a Special Agent with the FBI for more than 21 years. Nearly all of my career has been spent investigating public corruption. I am currently assigned to the Public Corruption Squad of the Detroit Field Division, which is located in the Eastern District of Michigan. I have been involved personally in numerous investigations concerning corruption of public officials.
2. This investigation is being conducted by the Detroit Area Corruption Task Force, a multi-agency task force comprised of the FBI and other federal and local agencies. I am familiar with all aspects of this investigation. Because this affidavit is submitted for the limited purpose of establishing probable cause, I have not set forth every fact known to me about this investigation.
3. This is an extensive investigation into systemic corruption in multiple municipalities in Southeast Michigan, primarily Macomb County. The investigation has employed multiple telephone wiretaps, cooperating individuals making consensual audio and video recordings, an undercover FBI agent, physical surveillance, telephone tracking warrants, and subpoenas of financial and other

records. The payment and receipt of bribes have been captured on video tape on multiple occasions.

Dean Reynolds

4. DEAN REYNOLDS is an elected trustee on the Clinton Township Board of Trustees in Clinton Township, Michigan. REYNOLDS has engaged in a pattern of corrupt activity, including demanding and accepting money and other things of value, in exchange for official acts as a trustee. There is probable cause to believe that REYNOLDS has violated 18 U.S.C. 666, which provides, in pertinent part:

- (a) Whoever, if the circumstance described in subsection (b) of this section exists –
 - (1) Being an agent of ... a State, local, or Indian tribal government, or any agency thereof –
 - ...
 - (B) corruptly solicits or demands for the benefit of any person, or accepts or agrees to accept, anything of value from any person, intending to be influenced or rewarded in connection with any business, transaction, or series of transactions of such organization, government, or agency involving any thing of value of \$5,000 or more;
 - ...
- shall be fined under this title, imprisoned not more than 10 years, or both.

5. Subsection (b) of the statute requires that the governmental agency in this case must receive “in any one year period, benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance,

or other form of Federal assistance.” Clinton Township receives far in excess of \$10,000 per year in federal funds, satisfying the requirement of Subsection (b). For example, in 2016, Clinton Township received \$515,000 in Federal Community Development Block Grants.¹

Free Legal Services as a Bribe

6. Dean REYNOLDS’ telephone has been intercepted pursuant to a court order. I have participated in monitoring and reviewing his recorded calls. The recordings revealed a conspiracy between REYNOLDS and a representative of a vendor [“Company A”] who was pursuing a contract with Clinton Township. The value of the contract exceeds the \$5,000 value required by 18 U.S.C. 666, as does the value of bribes paid to REYNOLDS.

7. REYNOLDS’ calls established that a principal of Company A was involved in providing an on-going stream of benefits to REYNOLDS in order to secure the Clinton Township contract. The principal was also the subject of a court-authorized telephone wiretap. The principal was later confronted with the evidence in the case. He retained counsel, admitted responsibility, and agreed to cooperate with the investigation. He is referred to in this affidavit as Cooperating Human Source One (CHS1).

¹ *Clinton Township sets CDBG project funding*, Macomb Daily, March 28, 2016.

8. Prior to CHS1's cooperation, the wiretaps revealed that CHS1, on behalf of Company A, was paying for legal services for REYNOLDS who was going through a divorce at the time. On July 22, 2015, REYNOLDS was intercepted telling a close family friend or relative that his divorce lawyer will be free:

REYNOLDS: Well, I mean the attorney's not gonna cost me anything, so... at least my attorney. You know. And they'll be, they'll be firing, you know, they'll be firing uh, you know, eight or ten-thousand dollar motions on her [his wife]. Sh-she won't know what hit her.

9. REYNOLDS has a close friend who is an attorney with a suspended law license. The friend (referred to in this affidavit as SA, for "suspended attorney") was frequently consulted by REYNOLDS about his bribery schemes. On July 23, 2015, REYNOLDS called SA and complained about the performance of his free divorce lawyer [Lawyer A]. REYNOLDS was upset that Lawyer A was going out of town for the funeral of a family member and was not going to be able to file a divorce pleading by a certain date. In this conversation, REYNOLDS established that the free lawyer is a *quid pro quo*:

REYNOLDS: She's [REYNOLDS' wife] going around ruining my reputation, and it's gonna affect my election, and something's gonna happen if I don't get her out of that house. And I'll call fucking [CHS1] and tell him that, you can kiss my ass goodbye [CHS1]. Cause your damn attorney isn't doing her job.

10. SA recommended that REYNOLDS call CHS1 and express his concern. Through a series of intercepted calls, it became clear that Lawyer A is an associate, working in the firm of another attorney [Lawyer B]. Lawyer B is also a business lawyer for CHS1.

11. On July 24, 2015, REYNOLDS talked to SA about what he planned to do if he did not get satisfaction in his divorce case:

REYNOLDS: Yeah, cause I don't think [CHS1] is gonna be real happy if he doesn't get his like, eighteen million dollar contract. Do you?

SA: No. I, thi, I think it... but you need to calm down before you ch... call [CHS1].

REYNOLDS: Should I, should I tell [CHS1] that it's, I mean it's, I'm scared it's gonna get to a point that I'm not gonna be able to help anybody, if stuff starts happening, if the police gets called and CPS [Child Protective Services] and everything, I'm just gonna be...

SA: Yeah, you do.. You-you want to stay out of the papers.

12. REYNOLDS then called CHS1's voicemail and left a lengthy message saying that he was "looking for some help" and that he was concerned that he will not be able to "help [his] friends" because of his wife's actions. REYNOLDS followed up with a text message to CHS1 saying "The bottom line is I will be unable to help anybody do anything until this is over." From the context, it is obvious that REYNOLDS meant that that he will be unable to help CHS1 get the contract until he gets a satisfactory result in his divorce case. The text

continued: "If they [the lawyers] make me a priority and I can get that motion filed, and hearing scheduled for August 3, it'll stop her in her tracks."

13. REYNOLDS followed the text message by consulting with SA. REYNOLDS made it clear that he is providing official action in exchange for the benefits from CHS1:

REYNOLDS: Ok, do I... You know [CHS1]'s losing money on Clinton Township.

SA: Ok.

REYNOLDS: He's gotta have this contract.

SA: Alright.

REYNOLDS: I already put it in fast forward for him. He, he um, he thanked me. Uh, it was stalled. It was stalled until September or October, and. . .

SA: Ok.

REYNOLDS: About, about two week. . . week and a half ago I got it, I got it going again. . . where they're working on it.

SA: Ok.

REYNOLDS: And he knows it, and he appreciates it.

SA: Ok.

REYNOLDS: He, he doesn't have it yet, and. . . it's, it's, he's closer to his goal, but he's not there yet. If I get neutralized, he's got a good shot that so does his contract. *[REYNOLDS is saying that if he is distracted because of poor performance from his free attorney, CHS1 is not going to get his contract].*

SA: Ok.

REYNOLDS: Is he gonna understand that in this message that I sent?

SA: Is he?

REYNOLDS: Yeah.

SA: Yeah he understands.

REYNOLDS: Ok.

REYNOLDS: Okay, and do you think uh, um cause I know [CHS1]'s gonna be. . . I wanted to make sure [CHS1] got the message. See [CHS1]'s on the line here. [CHS1] told me off the record. . .

SA: Yeah,

REYNOLDS: That if he doesn't get this Clinton Township contract. . .

SA: Yeah?

REYNOLDS: He's gonna have a problem with his partners.

SA: Okay.

REYNOLDS: That's. . .

SA: So that's how serious it is.

REYNOLDS: Yeah. Yeah. . .

SA: Okay.

REYNOLDS: He, he, if, if he doesn't get the Clinton Township contract, his joke was, he might not be...

SA: Ok...

REYNOLDS: He might not be there in charge anymore.

SA: Okay.

14. After REYNOLDS became dissatisfied with Lawyer A, the divorce litigation was handled by Lawyer B. As discussed below, REYNOLDS and Lawyer B conspired about how to hide the quid pro quo relationship between CHS1 and REYNOLDS. On July 28, 2015, REYNOLDS described the advice that he received from Lawyer B:

REYNOLDS: Well he's, I don't know, he must've, because [Lawyer B] was, [Lawyer B] was real, I mean he was clear that [CHS1] told - - He says we're gonna bury her, we're gonna take care of it. I said well, that's good. And I made the comment, you know, I, I, I don't exactly even remember even what I said about [CHS1]. And he [Lawyer B] goes, he says, 'No I understand, you take care of [CHS1],' He says, 'We'll take care of you.'

15. On August 14, 2015, CHS1 and Lawyer B discussed REYNOLDS. This call was intercepted on CHS1's telephone. Since Lawyer B was CHS1's attorney, a taint team was utilized by the FBI to redact any privileged discussion. The taint team turned over the portions of the call in which Lawyer B and CHS1 discussed the criminal conspiracy with REYNOLDS. Lawyer B told CHS1 that REYNOLDS needed \$5,000 to pay a psychologist for an evaluation. Lawyer B gave CHS1 advice about how to disguise the bribe as a loan from a third party and then "reimburse it or something."

Lawyer B: ...He [REYNOLDS] called; by the way, you've got to figure out how to do this. So he's got to get this psychological evaluation. He relayed to me your message but here's the problem. He doesn't have a whole lot of assets, he's been through bankruptcy, ok.

CHS1: Yeah.

Lawyer B: So, he's been ordered to pay. It's going to cost him like five grand, and his wife like a thousand for this doctor that they are getting to do this. He's going, the minute they go forward, and he coughs up 5k, she's going to ask him where it came from, and they are going to subpoena it. And it can't come from me.

CHS1: Oh I got ya.

Lawyer B: And if it comes from Dean, he's got. I told Dean, you've got to get someone to loan you the money. And you'd better get a promissory note. You can't even have someone give it to you as a gift, cause if all of a sudden you write a check for 5k and you're pleading poverty, that ain't gonna fly. They are going to think that you have money under the table or someone's giving you whatever, I said you know, you've got to figure out, get a loan from somebody. You can get the five, but you've better have a piece of paper so when you get grilled by your wife's lawyer, the answer is yeah, I went out and borrowed five thousand bucks, because I don't have it.

CHS1: Yeah, I can't help him then. I don't know how to help him, he's got to use.

Lawyer B: Yeah.

CHS1: Because here's the problem, I'm trying to get a contract extension [with Clinton Township].

Lawyer B: I know, I know, that's why I was—

CHS1: And this crazy lady, she'll start calling, you know, she'll tell the papers.

Lawyer B: It can't come from you personally. I'm telling you, you guys have got to find some third party that can loan him the money, and it has to be a loan loan.

CHS1: Well maybe he can find some, uh I don't know.

Lawyer B: Find someone you guys do work with that'll loan him 5k, and find out. We'll reimburse it or something. I don't know if there is some third party that that does some work for you guys, but someone has –

CHS1: Yeah I'll think about it.

Lawyer B: Someone has to give him a loan.

CHS1: For 5 grand.

Lawyer B: For 5.

...

16. On September 1, 2015, CHS1 spoke to a trusted employee about REYNOLDS. CHS1 said that he had to give money to REYNOLDS, and he described REYNOLDS as a “shakedown artist.” The employee asked if REYNOLDS helped out a lot with the contract. CHS1 described it as a “love/hate relationship, and then he said “But, I mean, the contract is increased by a million six a year, so you know, if everything works out right, worst case, a million four a year. So it's a big increase. You know what I mean?”

Historical Information from CHS1

17. In January of 2016, CHS1 was confronted with the wiretap evidence, and he agreed to cooperate. He retained counsel and provided information in a series of proffer sessions. CHS1 described his relationship with REYNOLDS and many other individuals. I have found CHS1 to be credible and reliable, and his information has been corroborated in great detail by telephone wiretaps, consensual recordings, meetings with public officials attended by an undercover FBI agent, and other evidence.

18. CHS1 met REYNOLDS more than four years ago, when Company A was bidding on a large contract with Clinton Township. After the contract was awarded to Company A, REYNOLDS explained that he was in financial trouble, and he began to ask CHS1 for things. In late 2012 or early 2013, CHS gave REYNOLDS a loan of approximately \$2500. Over the next 4 to 6 months, CHS1 gave REYNOLDS multiple loans totaling between \$20,000 and \$25,000. REYNOLDS always requested cash, and no promissory note was ever created. Although REYNOLDS initially characterized the money as "loans," he has never paid back any of the money given to him by CHS1. CHS1 continued to give money to REYNOLDS while REYNOLDS and other officials considered a contract extension. The contract with Company A was extended. CHS1 continued to provide cash to REYNOLDS throughout 2015. CHS1 also paid for

REYNOLDS' divorce and bankruptcy attorneys. CHS1 estimated that he paid REYNOLDS between \$50,000 and \$70,000 in cash.

Covert Cooperation of CHS1 and Undercover FBI Agent

19. The FBI used CHS1 and an undercover employee of the FBI (UCE) to make controlled bribe payments to REYNOLDS on six occasions. In total, the FBI funded \$17,000 in controlled bribe payments to REYNOLDS. REYNOLDS made constant demands for money from CHS1, and it became necessary to make payments to REYNOLDS in order to continue the undercover scenario. The bribery of REYNOLDS was useful to this investigation because REYNOLDS unwittingly led the investigation to other criminal associates who are expected to be prosecuted in the near future. The amounts were always less than what REYNOLDS was demanding. The payments were always audio and video recorded, and I have reviewed the recordings. In exchange for the money, REYNOLDS provided official actions to CHS1 on a regular basis. He often provided the status of other trustees' expected votes, recommendations to CHS on how to proceed, and he delivered his own vote in favor of Company A's contract. REYNOLDS' own vote was the product of a bribery scheme, but REYNOLDS was never a deciding vote during the time period in which CHS1 was supervised by the FBI.

20. CHS1 paid REYNOLDS controlled bribe payments of \$2,000 on March 7, 2016, and \$2,000 on March 14, 2016. These payments were audio and video recorded by CHS1 at the direction of the FBI.

21. CHS1 paid REYNOLDS a controlled bribe of \$6,000 on March 25, 2016. CHS1 explained to REYNOLDS that \$2,000 of this money was from CHS1. CHS1 explained that the other \$4,000 was from another potential municipal vendor (Company B) who was interested in bidding on a contract in Clinton Township. CHS1 had introduced REYNOLDS to the owner of Company B on a previous occasion. REYNOLDS agreed to assist the owner of Company B in exchange for cash. CHS1 agreed to be a go-between, or "bag man" for transactions between REYNOLDS and the owner of Company B. CHS1 met previously with the owner of Company B, who handed CHS1 \$4,000 in cash to give to REYNOLDS. This meeting was audio and video recorded, and I seized the cash as evidence. The owner of Company B has been the subject of FBI investigations in previous years, based on numerous bribery allegations.

22. CHS1 introduced REYNOLDS to the UCE. The UCE paid REYNOLDS controlled bribes of \$2,000 each on March 31, 2016 and April 27, 2016.

23. On May 18, 2016, the UCE paid REYNOLDS a controlled bribe of \$3,000. The UCE explained that the cash came from the owner of Company B. CHS1 had met previously with the owner of Company B, who gave \$3,000 in cash to CHS1 with instructions to give it to REYNOLDS. This meeting was audio and video recorded. I collected the cash from CHS1 after the meeting and seized it as evidence.


Conclusion

24. Based on all of the above evidence, probable cause exists that DEAN REYNOLDS has committed the offense of Theft or Bribery Concerning Programs Receiving Federal Funds, contrary to 18 U.S.C. § 666.

Respectfully submitted,


ROBERT F. BEECKMAN
Special Agent, Federal Bureau of
Investigation

Subscribed and sworn to before me
on October 12, 2016, at Detroit, Michigan.


HON. ELIZABETH A. STAFFORD
United States Magistrate Judge