

Birdsall Services Group Executives Indicted in Large-Scale Pay-to-Play Scandal in New Jersey

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On March 26, Howard Birdsall, the former CEO of Birdsall Services Group, and six other Birdsall Services Group executives were indicted on conspiracy and money laundering charges by a grand jury in Mercer County, N.J. Over a six-year time frame, the executives purportedly violated the state's pay-to-play laws by making over \$500,000 in political contributions without reporting them to the state's Election Law Enforcement Commission or to the state agencies that awarded the contracts to the northern New Jersey-based engineering firm. Under the scheme, Birdsall Services Group allegedly solicited shareholders and employees to make personal contributions to state legislators of \$300 or less, then bundled the checks together and sent them to campaigns and political organizations. The company then reimbursed the shareholders and employees through a bonus system. New Jersey's pay-to-play law prohibits companies with government contracts of \$17,500 or more from making political contributions over \$300. According to data available on the Election Law Enforcement Commission's website, Birdsall Services Group had received over \$125 million in state and local contracts since 2006.

News accounts state that the seven executives charged face 10 to 20 years imprisonment and up to \$1 million in fines each if convicted. In addition to the conspiracy and money laundering charges, each of the executives also is charged with making false representations in government contracts, misconduct by a corporate official, tampering with public records, falsifying records, making prohibited corporate contributions through employees and misrepresentation of contributions. These remaining charges can carry prison terms of three to ten years.

In response to the Birdsall Services Group scandal, New Jersey Senate Democrats introduced a major campaign finance overhaul on April 25 that would strengthen New Jersey's existing pay-to-play laws, which have not historically stopped the flow of large contributions to politicians. The legislation would change the threshold at which businesses would have to file disclosure reports when granted a public contract. The current annual disclosure threshold of \$50,000 in public contracts would be lowered to a quarterly threshold of \$17,500, which is the threshold for the other pay-to-play rules. The proposed legislation also would prevent candidates and nonprofit advocacy groups from excluding from disclosure donors giving \$300 or less by requiring that every penny from a donor be reported.