

4/20/10

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ATTORNEY GENERAL OF NEW JERSEY  
Division of Law 5th Floor  
124 Halsey Street  
P.O. Box 45029  
Newark, New Jersey 07101  
Attorney for the New Jersey Fire Alarm, Burglar Alarm  
and Locksmith Advisory Committee

**FILED**  
**FIRE ALARM, BURGLAR ALARM AND**  
**LOCKSMITH ADVISORY COMMITTEE**  
*Lawrence D. Mango*  
**DEPUTY DIRECTOR**

STATE OF NEW JERSEY  
DEPARTMENT OF LAW & PUBLIC SAFETY  
DIVISION OF CONSUMER AFFAIRS  
NEW JERSEY FIRE ALARM, BURGLAR ALARM  
AND LOCKSMITH ADVISORY COMMITTEE

IN THE MATTER OF THE SUSPENSION  
OR REVOCATION OF THE LICENSE OF

**PAUL A. KERTH**  
**Burglar Alarm License No. 34BA00023900**  
**Fire Alarm License No. 34FA00024100**

TO PRACTICE AS A BURGLAR ALARM  
AND FIRE ALARM LICENSEE  
IN THE STATE OF NEW JERSEY

Administrative Action

PROVISIONAL ORDER  
OF DISCIPLINE

This matter was opened to the New Jersey Fire Alarm, Burglar Alarm and Locksmith Advisory Committee ("the Committee") upon receipt of information which the Committee has reviewed and on which the following preliminary findings of fact and conclusions of law are made:

FINDINGS OF FACT

1. Paul A. Kerth ("respondent") is a licensed burglar alarm and fire alarm installer in the State of New Jersey and has been a licensee at all times relevant hereto.
2. Respondent is the president of Independent Alarm Distributors, Inc. ("Independent Alarm Distributors") which was originally registered to do business in New Jersey on February 9, 1982 and has been registered at all times relevant hereto. On January 1, 2008, the Committee began licensing alarm and locksmith businesses in New Jersey. However, respondent did not submit a business license application to the Committee for Independent Alarm Distributors until

October 28, 2009. Therefore, respondent was operating Independent Alarm Distributors for almost twenty-two (22) months without the benefit of a business license, as is required pursuant to N.J.S.A. 45:5A-25 and N.J.A.C. 13:31A-3.4. (Exhibit A, copy of New Jersey Certificate of Change of Registered Office Or Registered Agent, Or Both, dated February 9, 1982, attached and made a part of hereto).

3. On November 8, 2000, respondent registered the name "Adirondack Alarm" as an alternate trade name for Independent Alarm Distributors. However, the Committee has never received a business license application from respondent seeking a business license for Adirondack Alarm. (Exhibit B, copy of New Jersey Department of the Treasury, Division of Revenue, Registration of Alternate Name, dated November 8, 2000, attached and made a part of hereto).

4. On November 20, 2000, respondent registered the name "Automatic Alarm Associates" as an alternate trade name for Independent Alarm Distributors. (Exhibit C, copy of New Jersey Department of the Treasury, Division of Revenue, Registration of Alternate Name, dated November 20, 2000, attached and made a part of hereto).

5. On January 14, 2009, a Camden County Grand Jury indicted respondent on nine separate counts. Count One charged respondent with Conspiracy in the Second Degree. Specifically, it was alleged that respondent conspired with others to commit the crimes of Official Misconduct, Contracts and Combinations in Restraint of Trade, Theft by Deception, False Representations for Government Contracts, and Misconduct by Corporate Official. (Exhibit D, copy of January 14, 2009 superseding indictment, pgs. 3 thru 7, attached and made a part of hereto).

6. Count Two of the January 14, 2009 indictment charged respondent with Official Misconduct in the Second Degree. Specifically, it was alleged that respondent submitted rigged bids to Frederick J. Armstrong, the Construction Management Specialist within the New Jersey Department of Corrections, with the purpose to have Mr. Armstrong use his influence and steer contracts awarded by the New Jersey Department of Corrections to Independent Alarm Distributors. (Exhibit D, copy of January 14, 2009 superseding indictment, pgs. 8 & 9, attached and made a part of hereto).

7. Count Three of the January 14, 2009 indictment charged respondent with Conspiracy in Restraint of Trade in the Second Degree. Specifically, it was alleged that respondent conspired with others to restrain trade or commerce by agreeing to fix prices and to submit rigged bids for public contracts issued by the New Jersey Department of Corrections. (Exhibit D, copy of January 14, 2009 superseding indictment, pg. 10, attached and made a part of hereto).

8. Count Four of the January 14, 2009 indictment charged respondent with Theft by Deception in the Second Degree. Specifically, it was alleged that respondent created a false impression that the bids submitted by him and his companies were submitted competitively when in fact the bids were submitted collusively. (Exhibit D, copy of January 14, 2009 superseding indictment, pg 11, attached and made a part of hereto).

9. Count Five of the January 14, 2009 indictment charged respondent with Theft by Deception in the Second Degree. Specifically, it was alleged that respondent obtained payments on contracts from the Borough of Oaklyn and the Township of Haddon in an amount in excess of \$500 by creating or reinforcing a false impression that bids submitted by respondent, Independent Alarm Distributors, Adirondack Alarm, Automatic Alarm Distributors and a second individual were submitted competitively when the bids were actually submitted collusively. (Exhibit D, copy of January 14, 2009 superseding indictment, pg 12, attached and made a part of hereto).

10. Count Six of the January 14, 2009 indictment charged respondent with False Representations for a Government Contract in the Second Degree. Specifically, it was alleged that between on or about April 1, 1999 and on or about January 28, 2005 respondent knowingly made material representations that were false in connection with the performance of a government contract. (Exhibit D, copy of January 14, 2009 superseding indictment, pgs 13 & 14, attached and made a part of hereto).

11. Count Seven of the January 14, 2009 indictment charged respondent with False Representations for a Government Contract in the Second Degree. Specifically, it was alleged that between on or about May 24, 2000, and on or about September 23, 2004 respondent made material representations that were false in connection with the negotiation, award or performance

of a government contract. (Exhibit D, copy of January 14, 2009 superseding indictment, pgs 15 & 16, attached and made a part of hereto).

12. Count Eight of the January 14, 2009 indictment charged respondent with Misconduct by Corporate Official in the Second Degree. Specifically, it was alleged that between on or about April 1, 1999, and on or about January 28, 2005, respondent knowingly did use a corporation, that is Independent Alarm Distributors, in furtherance of criminal objects thereby deriving a benefit. (Exhibit D, copy of January 14, 2009 superseding indictment, pg. 17, attached and made a part of hereto).

13. Count Nine of the January 14, 2009 indictment charged respondent with Misconduct by Corporate Official in the Third Degree. Specifically, it was alleged that between on or about May 24, 2000, and on or about September 23, 2004, respondent knowingly did use a corporation, that is Adirondack Alarm, in furtherance of criminal objects thereby deriving a benefit. (Exhibit D, copy of January 14, 2009 superseding indictment, pg. 18, attached and made a part of hereto).

14. On September 26, 2009, respondent, as well as the three companies he owns - Independent Alarm Distributors, Adirondack Alarm and Automatic Alarm associates - each pleaded guilty to Third Degree Theft by Deception. Respondent admitted that he individually, as well as on behalf of Independent Alarm Distributors and Adirondack Alarm, committed Theft by Deception by obtaining contracts from the State of New Jersey in an amount in excess of \$500 by creating, or reinforcing the false impression that the bids were submitted competitively when in truth the bids were prepared collusively. (Exhibit E, copy of September 26, 2009 transcript of plea hearing, pg. 17, attached and made a part of hereto).

15. Respondent admitted to the allegations stated in Count Four of the indictment that starting in 1998 and continuing until at least the end of 2004, Independent Alarm Distributors submitted bids for contracts to perform work at various state prisons and also solicited other alarm contractors to submit fake, cover bids so that Independent Alarm Distributors would win the contracts. (Exhibit E, copy of September 26, 2009 transcript of plea hearing, pgs. 18 & 19, attached and made a part of hereto).

16. Specifically, respondent admitted that he instructed his office manager to approach two vendors and ask them to submit fake, sham, cover bids on behalf of their companies for the installation of closed circuit television components at Mid-State Correctional Facility in January and March of 2003. Respondent provided the vendors with the prices to use on their bids knowing ahead of time that these bids would be higher than the bids submitted by Independent Alarm Distributors. As a result, Independent Alarm Distributors was awarded the contract for the work at the Mid-State Correctional Facility. (Exhibit E, copy of September 26, 2009 transcript of plea hearing, pgs. 19 & 20, attached and made a part of hereto).

17. Respondent also admitted to the allegations contained in Count Five of the indictment that between the dates of May 24, 2000, and on or about September 23, 2004, he did purposely obtain the property of another by deception in that he and Independent Alarm Distributors obtained payments on contracts from Haddon Township, by creating or reinforcing a false impression that bids submitted by respondent, Independent Alarm Distributors, Adirondack Alarm, and Automatic Alarm Associates were submitted competitively when in truth the bids were prepared collusively. (Exhibit E, copy of September 26, 2009 transcript of plea hearing, pgs. 21 & 22, attached and made a part of hereto).

18. Specifically, respondent admitted that in order for Independent Alarm Distributors to be awarded the contract involving the installation of upgraded alarm equipment for the Edison and Jennings Schools in Haddon Township, he instructed his office manager to submit a price on a bid by Automatic Alarm Associates which would be higher than the bid submitted by Independent Alarm Distributors. As a result, Independent Alarm Associates was awarded the contract for the work for the installation of upgraded alarm equipment for the Edison and Jennings Schools. (Exhibit E, copy of September 26, 2009 transcript of plea hearing, pgs. 22 & 23, attached and made a part of hereto).

#### CONCLUSIONS OF LAW

1. The above preliminary findings of fact provide grounds to suspend respondent's burglar alarm license and fire alarm license, and to deny his request for a burglar alarm or fire

alarm business license, pursuant to N.J.S.A. 45:1-21(b) and N.J.A.C. 13:31A-1.9(a)(2), in that respondent's convictions on two counts of Theft by Deception constitute the use or employment of dishonesty, fraud, deception, misrepresentation, false promise or false pretense.

2. The above preliminary findings of fact provide grounds to suspend respondent's burglar alarm license and fire alarm license, and to deny his request for a burglar alarm or fire alarm business license, pursuant to N.J.S.A. 45:1-21(f) and N.J.A.C. 13:31A-1.9(a)(6), in that respondent's convictions on two counts of Theft by Deception are convictions constituting crimes and offenses involving moral turpitude and relating adversely to the activity regulated by the Committee.

3. The above preliminary findings of fact provide grounds to suspend respondent's burglar alarm license and fire alarm license, and to deny his request for a burglar alarm or fire alarm business license, pursuant to N.J.S.A. 45:1-21(h), in that respondent's failure to apply for a business license for Independent Alarm Distributors, Adirondack Alarm and Automatic Alarm Associates, as required pursuant to N.J.S.A. 45:5A-25 and N.J.A.C. 13:31A-3.4, is the violation of a provision of a statute and a regulation administered by the Committee.

4. The above preliminary findings of fact provide grounds to suspend respondent's burglar alarm license and fire alarm license, and to deny his request for a burglar alarm or fire alarm business license, pursuant to N.J.S.A. 45:1-21(n), in that respondent has permitted the unlicensed entities Independent Alarm Distributors, Adirondack Alarm and Automatic Alarm Associates to perform acts for which a license is required by the Committee.

5. The above preliminary findings of fact provide grounds to deny respondent's business license application for Independent Alarm Distributors, and to deny him from holding a business license for any other proposed burglar alarm or fire alarm business entity, pursuant to N.J.S.A. 45:1-21(h), in that Independent Alarm Distributors has been engaging in the provision of alarm services without obtaining a business license as required pursuant to N.J.S.A. 45:5A-25 and N.J.A.C. 13:31A-3.4.

ACCORDINGLY, IT IS, on this 20<sup>th</sup> day of April, 2010

HEREBY ORDERED THAT:

1. Respondent's license to practice as a burglar alarm installer in the State of New Jersey is hereby provisionally suspended for one year. Additionally, prior to reinstatement, respondent shall demonstrate that he has complied with and satisfied all of his criminal related sanctions and requirements.

2. Respondent's license to practice as a fire alarm installer in the State of New Jersey is hereby provisionally suspended for one year. Additionally, prior to reinstatement, respondent shall demonstrate that he has complied with and satisfied all of his criminal related sanctions and requirements.

3. Respondent's business license application for Independent Alarm Distributors is hereby provisionally denied. The Committee will not consider respondent's business license application for Independent Alarm Distributors for a one year period and until respondent can demonstrate that he has complied with and satisfied all of his criminal related sanctions and requirements. Additionally, respondent is provisionally prohibited from holding a business license for any other proposed burglar alarm or fire alarm business entity for a one year period and until respondent can demonstrate that he has complied with and satisfied all of his criminal related sanctions and requirements.

4. Respondent shall refrain from engaging in practice as a burglar alarm installer in the State of New Jersey and shall not represent himself as a burglar alarm installer until such time as his license is reinstated.

5. Respondent shall refrain from engaging in practice as a fire alarm installer in the State of New Jersey and shall not represent himself as a fire alarm installer until such time as his license is reinstated.

6. The within order shall be subject to finalization by the Committee at 5:00 p.m. on the 30<sup>th</sup> business day following entry hereof unless respondent requests a modification or dismissal of the above stated Findings of Fact or Conclusions of Law by:

a) Submitting a written request for modification or dismissal to Executive Director, New Jersey Fire Alarm, Burglar Alarm and Locksmith Advisory Committee, P.O. Box 45042, Newark, NJ 07101.

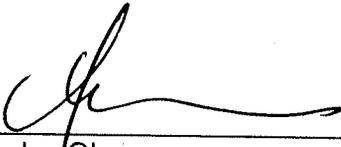
b) Setting forth in writing any and all reasons why said findings and conclusions should be modified or dismissed.

c) Submitting any and all documents or other written evidence supporting respondent's request for consideration and reasons therefore or offered in mitigation of penalty.

7. Any submissions will be reviewed by the Committee and the Committee will thereafter determine whether further proceedings are necessary. If no material discrepancies are raised through a supplemental submission during the thirty-day period, or if the Committee is not persuaded that the submitted materials merit further consideration, a Final Order of Discipline will be entered.

8. In the event that respondent's submissions establish a need for further proceedings, including, but not limited to, an evidentiary hearing, respondent shall be notified with regard thereto. In the event that an evidentiary hearing is ordered, the preliminary findings of fact and conclusions of law contained herein may serve as notice of the factual and legal allegations in such proceeding. Further, in the event a hearing is held, and upon review of the record, the Committee shall not be limited to the findings, conclusions and sanctions stated herein.

NEW JERSEY FIRE ALARM, BURGLAR ALARM  
& LOCKSMITH ADVISORY COMMITTEE

By:   
\_\_\_\_\_  
Charles Okun  
Vice-Chairman

**EXHIBIT A**

**CERTIFICATE OF CHANGE OF REGISTERED OFFICE**

**OR REGISTERED AGENT, OR BOTH**

(For Use by Domestic or Foreign Corporations)  
"Federal Employer Identification No."

To: The Secretary of State  
state of New Jersey

Pursuant to the provisions of Section 14A:4-3, Corporations, General, of the New Jersey Statutes,  
the undersigned corporation, organized under the laws of the State of New Jersey,  
submits the following certificate for the purpose of changing its registered office or its registered agent, or  
both, in the State of New Jersey:

FIRST: The name of the corporation is INDEPENDENT ALARM DISTRIBUTORS, INC.

SECOND: The name of its new registered agent is Bruce Kaplan

THIRD: The address\* of its new registered office is 407 White Horse Pike,  
Oaklyn, NJ 08107  
(\*Include Zip Code)

FOURTH: The name of its former registered agent is Charles M. Rand

FIFTH: The address\* of its former registered office is 76 Euclid Avenue  
Haddonfield, NJ 08033  
(\*Include Zip Code)

SIXTH: The corporation further states that the address of its new registered office and the  
address of its new registered agent are identical.

SEVENTH: The changes designated above were authorized by resolution duly adopted by its board  
of directors.

Dated this 9th day of February, 19 82

INDEPENDENT ALARM DISTRIBUTORS, INC.  
(Corporation Name)

By [Signature]  
Paul A. Kerth, President  
(Type or print name and title)

(\*May be executed by the Chairman of the board, or the president or a vice-president of the corporation.)

FILE # 46-4-9-1623  
EXHIBIT # 1A  
PAGE 4 OF 5 PAGES

CERTIFICATE OF CHANGE OF REGISTERED OFFICE  
OR REGISTERED AGENT, OR BOTH

(For Use By Domestic or Foreign Corporations)

Fees for filing in Office of the Secretary of State, State House, Trenton, N. J. 08625.

Change of Registered Agent: Filing Fee	\$5.00
Change of Registered Office: Filing Fee	\$5.00
Change of Both Registered Agent and Registered Office: Filing Fee	\$10.00

- NOTE:
1. No recording fee will be assessed.
  2. All checks drawn on Out-of-State Banks must be certified.

JANE BURGIO  
Secretary of State  
FEB 23 1982  
FILED

FILED BY:

CERTIFICATE OF CHANGE  
OF REGISTERED OFFICE  
OR REGISTERED AGENT,  
OR BOTH

RECORDED AND FILED:

DEPARTMENT OF STATE  
1982 FEB 16 PM 11:47  
COMMERCIAL RECORDING  
BUREAU  
Recorder's Initials

FOLDER NO.:

0100077772

TRANSACTION NO.:

FILE # 46-4-9-7623  
EXHIBIT # 1A  
PAGE 5 OF 5 PAGES

**EXHIBIT B**

L-115 NJSA 42 (2/94)

FILED  
NOV 17 2000  
State Treasurer  
Roland Machold

New Jersey Department of the Treasury  
Division of Revenue  
Registration of Alternate Name: Limited Liability Company

ANA

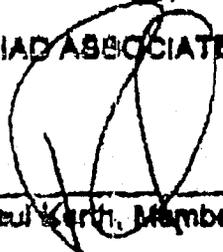
This form may be used to obtain an alternate name for a Limited Liability Company, pursuant to New Jersey State law. Applicants must insure strict compliance with NJSA, the New Jersey Limited Liability Company Act, and insure that all applicable filing requirements are met.

1. Name of Limited Liability Company: **IAD Associates, LLC**
2. Purpose of LLC: **Security Company**
3. LLC State: **New Jersey**
4. Original formation date: **March 29, 1996**
5. Alternate Name: **Adirondack Alarm**
6. Date name first used in NJ (if other than effective date of filing):  
**Effective upon filing.**

The undersigned represent(s) that this Limited Liability Company intends to use the above-referenced name in this State and has not used this name in violation of New Jersey State law.

IAD ASSOCIATES, LLC

By:

  
Paul Korth, Member

0600026570

Date: November 8, 2000

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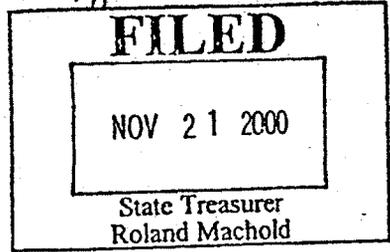
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FILE # 46-4-9-1623  
EXHIBIT # 1C  
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**EXHIBIT C**

HNA



L-115 NJSA 42 (2/84)

New Jersey Department of the Treasury
Division of Revenue
Registration of Alternate Name: Limited Liability Company

This form may be used to obtain an alternate name for a Limited Liability Company, pursuant to New Jersey State law. Applicants must insure strict compliance with NJSA, the New Jersey Limited Liability Company Act, and insure that all applicable filing requirements are met.

- 1. Name of Limited Liability Company: IAD Associates, LLC
2. Purpose of LLC: Security Company
3. LLC State: New Jersey
4. Original formation date: March 29, 1996
5. Alternate Name: Automatic Alarm Associates
6. Date name first used in NJ (if other than effective date of filing): Effective upon filing.

The undersigned represent(s) that this Limited Liability Company intends to use the above-referenced name in this State and has not used this name in violation of New Jersey State law.

IAD ASSOCIATES, LLC

By: [Signature]
Paul Kerth, Member

0600026520

Dated: November 20, 2000

MANU 11/20/00/02/1512

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**EXHIBIT D**

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JAN 14 2009

SUPERIOR COURT  
CLERK'S OFFICE

SUPERIOR COURT  
CLERK'S OFFICE

SUPERIOR COURT OF NEW JERSEY  
LAW DIVISION - CRIMINAL

State Grand Jury  
Number SGJ 563-09-26-S

Superior Court **09-01-00012-S**  
Docket Number

STATE OF NEW JERSEY )

v. )

SUPERSEDING INDICTMENT

FREDERICK J. ARMSTRONG, )

PAUL KERTH, )

INDEPENDENT ALARM )  
DISTRIBUTORS, INC., )

ADIRONDACK ALARM )

and )

AUTOMATIC ALARM )  
ASSOCIATES )

The Grand Jurors of and for the State of New Jersey, upon their oaths, present that:

COUNT ONE

(Conspiracy - Second Degree)

FREDERICK J. ARMSTRONG - *Portelle*

PAUL KERTH - *Popolun*

INDEPENDENT ALARM DISTRIBUTORS, INC.

ADIRONDACK ALARM

AND

AUTOMATIC ALARM ASSOCIATES

who are named as defendants herein, and Edward F. Brewer, Sr., Jozef

FILE # 46-4-9-1673  
EXHIBIT # 3  
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Caputa and other persons whose identities are known to the Grand Jurors, who are coconspirators, but not named as defendants herein, between on or about April 1, 1999, and on or about January 28, 2005, at the City of Trenton, in the County of Mercer, at the Borough of Audubon, and at the Borough of Collingswood, both in the County of Camden, at the Township of Evesham, in the County of Burlington, elsewhere, and within the jurisdiction of this Court, with the purpose of promoting or facilitating the commission of the crimes of Official Misconduct, Contracts and Combinations in Restraint of Trade, Theft By Deception, False Representations for Government Contracts, and Misconduct by Corporate Official, did agree that:

A. One or more of them knowingly would engage in conduct which would constitute the aforesaid crime(s), or

B. One or more of them knowingly would aid in the planning, solicitation or commission of said crime(s), that is:

1. Official Misconduct, in that FREDERICK J. ARMSTRONG, being a public servant, acting with the purpose to obtain a benefit for himself or another in excess of \$200 or to injure or deprive another of a benefit in excess of \$200, did commit an act relating to his office, but constituting an unauthorized exercise of his official functions, knowing that such act was unauthorized or that he was committing it in an unauthorized manner or did refrain from performing a duty imposed upon him by law or clearly inherent in the nature of his office; that is, the said FREDERICK J. ARMSTRONG, then

and there being a public servant, to wit: Construction Management Specialist within the New Jersey Department of Corrections, having thereby the official functions and duties, among others, to oversee all types of construction, renovation and repair projects with the specialized knowledge required for prison application, including reviewing plans and specifications, participating in the selection of qualified design, engineering and construction contractors, and serving as overall manager on all projects; to perform his duties in a legal and proper manner; to display good faith, honesty and integrity; to be impervious to corrupting influences; and to conduct himself with undivided loyalty to his public trust, did assist in the submission of rigged bids to the New Jersey Department of Corrections by PAUL KERTH, INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM, AUTOMATIC ALARM ASSOCIATES, Edward F. Brewer, Sr., Jozef Caputa and other persons and entities whose identities are known to the Grand Jurors, and in otherwise using his influence over contracting procedures to steer contracts awarded by the New Jersey Department of Corrections to INDEPENDENT ALARM DISTRIBUTORS, INC., with the purpose to secure a benefit to himself or another in excess of \$200, contrary to the provisions of N.J.S.A. 2C:30-2a, N.J.S.A. 2C:2-6, and N.J.S.A. 2C:2-7;

2. Contracts and Combinations in Restraint of Trade, in that FREDERICK J. ARMSTRONG, PAUL KERTH, INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM, who are named as defendants herein, and

Edward F. Brewer, Sr., Jozef Caputa and other persons whose identities are known to the Grand Jurors, who are coconspirators, but not named as defendants herein, did knowingly enter into contracts and combinations in restraint of trade or commerce in this State by agreeing to fix prices and to submit rigged bids for public contracts issued by the New Jersey Department of Corrections, contrary to the provisions of N.J.S.A. 56:9-3, N.J.S.A. 56:9-11, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7;

2. Theft by Deception, in that one or more them would purposely obtain payments on contracts from the State of New Jersey in an amount in excess of \$75,000 through the New Jersey Department of Corrections by deception, that is, by creating or reinforcing a false impression that bids submitted by PAUL KERTH, INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM, who are named as defendants herein, and Edward F. Brewer, Sr., Jozef Caputa and other persons whose identities are known to the Grand Jurors, who are coconspirators, but who are not named as defendants herein, were submitted competitively, contrary to the provisions of N.J.S.A. 2C:20-4a, N.J.S.A. 2C:20-2, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7;

3. Theft by Deception, in that one or more them would purposely obtain payments on contracts from the Borough of Oaklyn and the Township of Haddon in excess of \$500 by deception, that is, by creating or reinforcing a false impression that bids submitted by PAUL KERTH, INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM,

who are named as defendants herein, and Edward F. Brewer, Sr., who is a coconspirator, but who is not named as a defendant herein, were submitted competitively, contrary to the provisions of N.J.S.A.

2C:20-4a, N.J.S.A. 2C:20-2, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7;

4. False Representation for a Government Contract, in that one or more of them would knowingly made material representations that were false in connection with the performance of a government contract, that is, the said FREDERICK J. ARMSTRONG, being a public servant, that is, Construction Management Specialist within the New Jersey Department of Corrections, knowingly made false, material representations that the quotations submitted by INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM and Edward F. Brewer, Sr., who is not named as a defendant herein, were valid quotations and were submitted competitively, and purposely did aid or agree or attempt to aid PAUL KERTH, INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM in knowingly making false, material representations that the bids submitted by PAUL KERTH, INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM, who are named as defendants herein, and Edward F. Brewer, Sr., Jozef Caputa and other persons whose identities are known to the Grand Jurors, who are coconspirators, but who are not named as defendants herein, were valid and were submitted competitively, in connection with the negotiation, award or performance of one or more contracts with the State of New Jersey, which contracts were in the aggregate amount of \$25,000 or more,

contrary to the provisions of N.J.S.A. 2C:21-34b, N.J.S.A. 2C:21-8.1, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7;

5. False Representation for a Government Contract, in that one or more of them would knowingly made material representations that were false in connection with the performance of a government contract, that is, the said PAUL KERTH, INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM, and AUTOMATIC ALARM ASSOCIATES would knowingly make false, material representations that the bids submitted by INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM and AUTOMATIC ALARM ASSOCIATES, who are named as defendants herein, and Edward F. Brewer, Sr., who is a coconspirator, but who is not named as a defendant herein, were valid bids and were submitted competitively, and purposely did aid or agree or attempt to aid other persons, who are coconspirators, whose identity is known to the Grand Jurors, but who are not named as defendants herein, in knowingly making false, material representations that the bids submitted by the three aforesaid companies were valid and were submitted competitively, in connection with the negotiation, award or performance of one or more contracts with the Borough of Oaklyn and the Township of Haddon, which contracts were in the aggregate amount of \$25,000 or more, contrary to the provisions of N.J.S.A. 2C:21-34b, N.J.S.A. 2C:21-8.1b, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7;

and

6. Misconduct by Corporate Official, in that PAUL KERTH,

INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM, who are named as defendants herein, and Edward F. Brewer, Sr., Jozef Caputa and other persons whose identities are known to the Grand Jurors, who are coconspirators, but who are not named as defendants herein, would purposely or knowingly use, control or operate a corporation for the furtherance or promotion of any criminal object, and would derive therefrom a benefit in excess of \$75,000, contrary to the provisions of N.J.S.A. 2C:21-9c.

All contrary to the provisions of N.J.S.A. 2C:5-2, and N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of the same.

COUNT TWO

(Official Misconduct - Second Degree)

FREDERICK J. ARMSTRONG

PAUL KERTH

INDEPENDENT ALARM DISTRIBUTORS, INC.

AND

ADIRONDACK ALARM

between on or about April 1, 1999 and on or about January 28, 2005, at the City of Trenton, in the County of Mercer, at the Borough of Audubon, in the County of Camden, at the Borough of Collingswood, in the County of Camden, and at the Township of Evesham, in the County of Burlington, elsewhere, and within the jurisdiction of this Court, did commit the offense of official misconduct, in that the said FREDERICK J. ARMSTRONG, acting with the purpose to obtain a benefit for himself or another or to injure or deprive another of a benefit in excess of \$200, did commit an act relating to his office, but constituting an unauthorized exercise of his official functions, knowing that such act was unauthorized or that he was committing it in an unauthorized manner or did refrain from performing a duty imposed upon him by law or clearly inherent in the nature of his office; that is, the said FREDERICK J. ARMSTRONG, then and there being a public servant, to wit: Construction Management Specialist within the New Jersey Department of Corrections, having thereby the official functions and duties, among others, to oversee all types of

construction, renovation and repair projects with the specialized knowledge required for prison application, including reviewing plans and specifications, participating in the selection of qualified design, engineering and construction contractors, and serving as overall manager on all projects; to perform his duties in a legal and proper manner; to display good faith, honesty and integrity; to be impervious to corrupting influences; and to conduct himself with undivided loyalty to his public trust, did assist in the submission of rigged bids to the New Jersey Department of Corrections by PAUL KERTH, INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM, Edward F. Brewer, Sr., Jozef Caputa and other persons and entities whose identities are known to the Grand Jurors, and in otherwise using his influence over contracting procedures to steer contracts awarded by the New Jersey Department of Corrections to INDEPENDENT ALARM DISTRIBUTORS, INC., with the purpose to secure a benefit to himself or another in excess of \$200, contrary to the provisions of N.J.S.A. 2C:30-2a, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of same.

COUNT THREE

(Conspiracy in Restraint of Trade - Second Degree)

FREDERICK J. ARMSTRONG

PAUL KERTH

INDEPENDENT ALARM DISTRIBUTORS, INC.

and

ADIRONDACK ALARM

who are named as defendants herein, and Edward F. Brewer, Sr., Jozef Caputa and other persons whose identities are known to the Grand Jurors, who are named as coconspirators but not as defendants herein, between on or about April 1, 1999, and on or about January 28, 2005, at the City of Trenton, in the County of Mercer, at the Borough of Audubon and at the Borough of Collingswood, both in the County of Camden, at the Township of Evesham, in the County of Burlington, elsewhere, and within the jurisdiction of this Court, did knowingly conspire in restraint of trade or commerce in this State by agreeing to fix prices and to submit rigged bids for public contracts issued by the New Jersey Department of Corrections, contrary to the provisions of N.J.S.A. 56:9-3 and N.J.S.A. 56:9-11, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of same.

COUNT FOUR

(Theft by Deception - Second Degree)

FREDERICK J. ARMSTRONG

PAUL KERTH

INDEPENDENT ALARM DISTRIBUTORS, INC.

and

ADIRONDACK ALARM

between on or about April 1, 1999, and on or about January 28, 2005, at the City of Trenton, in the County of Mercer, at the Borough of Audubon, and at the Borough of Collingswood, both in the County of Camden, at the Township of Evesham, in the County of Burlington, elsewhere, and within the jurisdiction of this Court, purposely did obtain property of another in excess of \$75,000 by deception, that is, the said PAUL KERTH and INDEPENDENT ALARM DISTRIBUTORS, INC., obtained payments on contracts from the State of New Jersey in an amount in excess of \$75,000 by creating or reinforcing a false impression that bids submitted by PAUL KERTH, INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM, who are named as defendants herein, and Edward F. Brewer, Sr., Jozef Caputa and other persons whose identities are known to the Grand Jurors, who are not named as defendants herein, were submitted competitively,

WHEREAS, in truth and in fact, as the said PAUL KERTH and INDEPENDENT ALARM DISTRIBUTORS, INC., well knew, the said bids were prepared collusively, contrary to the provisions of N.J.S.A. 2C:20-4a, N.J.S.A. 2C:20-2, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of the same.

COUNT FIVE

(Theft by Deception - Third Degree)

PAUL KERTH

INDEPENDENT ALARM DISTRIBUTORS, INC.

ADIRONDACK ALARM

and

AUTOMATIC ALARM ASSOCIATES

between on or about May 24, 2000, and on or about September 23, 2004, at the Borough of Collingswood, and at the Township of Haddon, both in the County of Camden, at the Borough of Oaklyn, in the County of Camden, at the Township of Evesham, in the County of Burlington, elsewhere, and within the jurisdiction of this Court, purposely did obtain property of another in excess of \$500 by deception, that is, the said PAUL KERTH and INDEPENDENT ALARM DISTRIBUTORS, INC., obtained payments on contracts from the Borough of Oaklyn and the Township of Haddon in an amount in excess of \$500 by creating or reinforcing a false impression that bids submitted by PAUL KERTH, INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM, AUTOMATIC ALARM ASSOCIATES, who are named as defendants herein, and Edward F. Brewer, Sr., who is not named as a defendant herein, were submitted competitively,

WHEREAS, in truth and in fact, as the said PAUL KERTH and INDEPENDENT ALARM DISTRIBUTORS, INC., well knew, the said bids were prepared collusively, contrary to the provisions of N.J.S.A. 2C:20-4a, N.J.S.A. 2C:20-2, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of the same.

COUNT SIX

(False Representations for a Government Contract - Second Degree)

FREDERICK J. ARMSTRONG

PAUL KERTH

INDEPENDENT ALARM DISTRIBUTORS, INC.

and

ADIRONDACK ALARM

between on or about April 1, 1999, and on or about January 28, 2005, at the City of Trenton, in the County of Mercer, at the Borough of Audubon, and at the Borough of Collingswood, both in the County of Camden, at the Township of Evesham, in the County of Burlington, elsewhere, and within the jurisdiction of this Court, knowingly did make material representations that were false in connection with the performance of a government contract, that is, the said FREDERICK J. ARMSTRONG, being a public servant, that is, Construction Management Specialist within the New Jersey Department of Corrections, knowingly made false, material representations that the quotations submitted by INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM and Edward F. Brewer, Sr., who is not named as a defendant herein, were valid quotations and were submitted competitively, and purposely did aid or agree or attempt to aid PAUL KERTH, INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM in knowingly making false, material representations that the bids submitted by PAUL KERTH, INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM, who are named as defendants herein, and Edward F. Brewer, Sr., Jozef Caputa and other persons whose identities are known to the Grand Jurors, who are not named as defendants herein, were valid and were

submitted competitively, in connection with the negotiation, award or performance of one or more contracts with the State of New Jersey, which contracts were in the aggregate amount of \$25,000 or more, contrary to the provisions of N.J.S.A. 2C:21-34b, N.J.S.A. 2C:21-8.1, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7 and against the peace of this State, the government and dignity of the same.

COUNT SEVEN

(False Representations for Government Contracts - Second Degree)

PAUL KERTH

INDEPENDENT ALARM DISTRIBUTORS, INC.

ADIRONDACK ALARM

and

AUTOMATIC ALARM ASSOCIATES

between on or about May 24, 2000 and on or about September 23, 2004, at the Borough of Collingswood, in the County of Camden, at the Township of Haddon, and at the Borough of Oaklyn, both in the County of Camden, at the Township of Evesham, in the County of Burlington, elsewhere, and within the jurisdiction of this Court, knowingly did make material representations that were false in connection with the negotiation, award or performance of a government contract, that is, the said PAUL KERTH, INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM and AUTOMATIC ALARM ASSOCIATES knowingly made false, material representations that the bids submitted by INDEPENDENT ALARM DISTRIBUTORS, INC., ADIRONDACK ALARM and AUTOMATIC ALARM ASSOCIATES, who are named as defendants herein, and Edward F. Brewer, Sr., who is not named as a defendants herein, were valid bids and were submitted competitively, and purposely did aid or agree or attempt to aid other persons whose identities are known to the Grand Jurors in knowingly making false, material representations that the bids submitted by the three aforesaid companies were valid and were submitted competitively, in connection with the negotiation, award or performance of one or more contracts with the Borough of Oaklyn and the Township of Haddon, which contracts were

in the aggregate amount of \$25,000 or more, contrary to the provisions of N.J.S.A. 2C:21-34b, N.J.S.A. 2C:21-8.1b, N.J.S.A. 2C:2-6 and N.J.S.A. 2C:2-7, and against the peace of this State, the government and dignity of the same.

COUNT EIGHT

(Misconduct by Corporate Official - Second Degree)

FREDERICK J. ARMSTRONG

AND

PAUL KERTH

between on or about April 1, 1999, and on or about January 28, 2005, at the City of Trenton, in the County of Mercer, at the Borough of Audubon, and at the Borough of Collingswood, both in the County of Camden, at the Township of Haddon, in the County of Camden, at the Borough of Oaklyn, in the County of Camden, at the Township of Evesham, in the County of Burlington, elsewhere, and within the jurisdiction of this Court, knowingly did use a corporation, that is, INDEPENDENT ALARM DISTRIBUTORS, INC., a corporation of the State of New Jersey, for the furtherance of criminal objects, that is the crimes of Conspiracy in Restraint of Trade, in violation N.J.S.A. 56:9-3 and 9-11, Theft by Deception, in violation of N.J.S.A. 2C:20-4a, and False Representations for a Government Contract, in violation of N.J.S.A. 2C:21-34b, and did derive therefrom a benefit in excess of \$75,000, contrary to the provisions of N.J.S.A. 2C:21-9c and N.J.S.A. 2C:2-6, and against the peace of this State, the government and dignity of same.

COUNT NINE

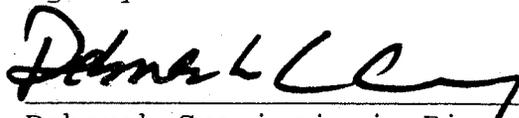
(Misconduct by Corporate Official - Third Degree)

FREDERICK J. ARMSTRONG

AND

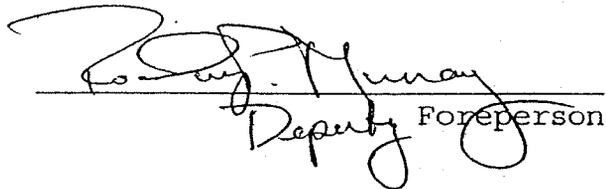
PAUL KERTH

between on or about May 24, 2007 and on or about September 23, 2004, at the City of Trenton, in the County of Mercer, at the Township of Haddon, and at the Borough of Oaklyn, both in the County of Camden, at the Township of Evesham, in the County of Burlington, elsewhere, and within the jurisdiction of this Court, knowingly did use a corporation, that is, ADIRONDACK ALARM, a corporation of the State of New Jersey, for the furtherance of criminal objects, that is the crimes of Conspiracy in Restraint of Trade, in violation of N.J.S.A. 56:9-3 and 9-11, Theft by Deception, in violation of N.J.S.A. 2C:20-4a, and False Representations for a Government Contract, in violation of N.J.S.A. 2C:21-34b, and did derive therefrom a benefit in excess of \$1,000, contrary to the provisions of N.J.S.A. 2C:21-9c and N.J.S.A. 2C:2-6, and against the peace of this State, the government and dignity of same.



Deborah Gramiccioni, Director  
Division of Criminal Justice

A TRUE BILL:



Deputy Foreperson

Dated: 1/14/2009

Deborah A. Dorofeychuk, Special Deputy Clerk  
of the Superior Court of New Jersey.

DO HEREBY CERTIFY that the foregoing  
is a true copy of Defendant

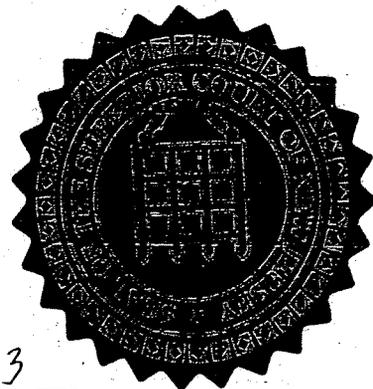
and on file in my office.

IN TESTIMONY WHEREOF, I have hereunto  
set my hand and affixed my seal, at

Camden, this 27  
A.D. 20 09

day of Nov

Deborah A Dorofeychuk  
DEBORAH A. DOROFEYCHUK, SPECIAL DEPUTY CLERK



FILE # 46-4-9-1623  
EXHIBIT # 3  
PAGE 19 OF 19 PAGES

**EXHIBIT E**

SUPERIOR COURT OF NEW JERSEY  
LAW DIVISION, CRIMINAL PART  
CAMDEN COUNTY  
INDICTMENT NO. 09-01-00012-S  
APP. DIV. NO. \_\_\_\_\_

STATE OF NEW JERSEY, )  
 )  
 ) TRANSCRIPT  
 ) OF  
 ) PLEA HEARING  
vs. )  
 )  
PAUL A. KERTH, et als., )  
 )  
Defendants. )

Place: Hall of Justice  
101 S. 5th Street  
Camden, N.J. 08103  
Date: September 26, 2009

BEFORE:

HONORABLE IRVIN J. SNYDER, J.S.C.

TRANSCRIPT ORDERED BY:

CECILIA DOMINQUEZ, INVESTIGATOR (Office of the  
Attorney General)

APPEARANCES:

STEVEN J. ZWEIG, ESQ., D.A.G. (Office of the Attorney  
General)  
Attorney for the State

ROBERT AGRE, ESQ. (Sole Practitioner)  
Attorney for the Defendants

DEBRA L. STOREY  
KLJ Transcription  
246 Wilson Street  
Saddle Brook, N.J. 07663  
(201) 703-1670  
(201) 703-5623 (Fax)

Audio Recorded  
Audio Operator, Matoci

I N D E XWITNESSESPAGE

PAUL KERTH

Examination by the Court

11, 21, 23

Examination by Mr. Zweig

18, 22

DECISION

BY: THE COURT

29

## Colloquy

THE COURT: This is State versus Kerth, also Corporations Independent, Alarm Distributors, Incorporated, Adirondack Alarm, and Automatic Alarm Associates. They're all represent by Mr. Robert Agre.

Mr. Steven Zweig is the Deputy Attorney General that's representing the State of New Jersey I this matter.

And now I announced so -- out there on the record. Good afternoon, gentlemen. Mr. Zweig, I understand as a result of some shuttle diplomacy between yourself, and Mr. Agre, with myself involved to some extent, you've been able to resolve this matter by negotiated resolution, is that correct?

MR. ZWEIG: Yes, Your Honor. And --

MR. AGRE: Yes.

MR. ZWEIG: -- I beg your indulgence. I just have to add two sentences to --

THE COURT: Okay. Well, go ahead.

MR. ZWEIG: And I beg your indulgence. I really do. Thank you for your patience, sir.

(Off the record - back on the record)

THE COURT: ... is a third degree theft by deception, correct?

MR. ZWEIG: Yes, Your Honor. The allocution will be to a third degree.

1 THE COURT: Okay.

2 MR. ZWEIG: On Count -- Count 4.

3 THE COURT: So, it's a second being sentenced  
4 as a third, it's actually a third?

5 MR. ZWEIG: Correct.

6 THE COURT: All right. So, we'll change the  
7 amount, in excess of \$500, right?

8 MR. ZWEIG: Yes, Your Honor.

9 THE COURT: Any objection?

10 MR. AGRE: No, Your Honor.

11 THE COURT: Okay. That would be so amended.  
12 Count 4 amended to remove \$75,000 in place -- in excess  
13 of \$500.

14 All right. As soon as the state's ready I'll  
15 hear from you as to terms of the understanding.

16 (Off the record - back on the record)

17 THE COURT: I'll hear from you.

18 MR. ZWEIG: You're able to, Judge. I'm  
19 sorry. I thank you for your patience.

20 THE COURT: It's not a problem.

21 (Off the record - back on the record)

22 MR. ZWEIG: Steven Zweig, Deputy Attorney  
23 General, on behalf of the State of New Jersey.

24 We have a plea to present to you.  
25 Defendants, Mr. Paul Kerth, Independent Alarm

1 Distributors, Inc., Adirondack Alarm, and Automatic  
2 Alarm Associates will be pleading guilty to two counts  
3 of third degree theft by deception, contrary to  
4 N.J.S.A. 2C:20-4(a), N.J.S.A. 2C:20-2, N.J.S.A. 2C:2-6,  
5 and N.J.S.A. 2C:2-7.

6 Specifically, defendants, Paul Kerth,  
7 Independent Alarm Distributors, Inc., and Adirondack  
8 Alarm will be pleading to third degree theft by  
9 deception, involving the submission of false bids for  
10 contract MSC127, installation of closed circuit  
11 television components at Mid-State Correctional  
12 Facility, a state contract with the New Jersey  
13 Department of Corrections, worth \$39,600.

14 Defendant, Automatic Alarm Associates will be  
15 pleading guilty to third degree theft by deception  
16 involving the submission of rigged bids for a public  
17 contract worth \$5,030 for the installation of upgraded  
18 alarm equipment, at the Edison and Jennings Schools in  
19 Haddon Township.

20 THE COURT: That's -- under Count 5 it's just  
21 going to be Automatic Alarm?

22 MR. ZWEIG: Yes, Your Honor.

23 THE COURT: And the others -- the other  
24 three, Paul Kerth, Independent, and Adirondack are --  
25 are the only ones presently before the Court, and

1 they're going to plead to Count 4, correct?

2 MR. ZWEIG: Correct.

3 THE COURT: All right.

4 MR. ZWEIG: Now, in return for Mr. Kerth, and  
5 his companies pleading guilty, and his compliance with  
6 the other terms, and conditions contained in the  
7 September 25th, 2009 agreement as amended by the -- the  
8 plea form -- and I'll get into those other terms, and  
9 conditions in a moment, Your Honor. The state will  
10 recommend that defendant, Paul Kerth, be sentenced to a  
11 term of probation sent by the Court with the condition  
12 that he serve 364 days in the county jail as a  
13 condition of that probation.

14 The other conditions, Your Honor -- the other  
15 significant conditions of the plea agreement are that  
16 the defendants will pay a -- a restitution in the  
17 amount of \$150,000 to the New Jersey Anti-Trust  
18 Revolving Fund at time of sentencing.

19 And the other -- the other significant  
20 condition is that defendants are -- will enter into a  
21 consent decree at time of sentencing -- a consent  
22 order, I should say, at time of sentencing, which bars  
23 them from doing business with any public entities in  
24 the state for five years.

25 And it's understand that defendant has some

1 -- some current ongoing contracts with public entities  
2 in New Jersey. Defendants will contact any public  
3 entities with which they have ongoing contracts, and  
4 inform them of this plea agreement, and permit them the  
5 opportunity to opt out of those contracts.

6 Defendants will remit any funds for work not  
7 performed to those entities opting out.

8 THE COURT: Okay. And it's obviously \$50  
9 VCB, \$75 safe street, and one \$30 LEO penalty. It  
10 would be a \$50 VCB for each defendant as to each count  
11 -- strike that -- for each defendant per count, so  
12 that's three under Count 4, and then under Count 5, one  
13 \$50 VCB for a total of \$200, \$75 safe street, again,  
14 under Count 4 times three, and one \$75 safe street  
15 under Count 5.

16 MR. ZWEIG: How did you figure the VCCB,  
17 Judge?

18 THE COURT: Fifty on each.

19 MR. ZWEIG: Fifty on each, so you get \$150 --

20 THE COURT: One fifty under Count 4, one --  
21 and then a solitary \$50 under Count 5. It's only one  
22 defendant. Three \$75 safe street assessments under  
23 Count 4, and one \$75 under Count 5. One \$30 LEO  
24 penalty. The fine would be \$150,000, joint and  
25 several, as I understand it, correct?

1 MR. ZWEIG: Yes, Your Honor. The \$150,000 is  
2 joint, and several.

3 THE COURT: It's the New Jersey Anti-Trust --

4 MR. ZWEIG: It's the New Jersey Anti-Trust  
5 Act, and --

6 THE COURT: -- Act Fund.

7 MR. ZWEIG: Yes.

8 THE COURT: And then also the consent order  
9 applies to every defendant, and just make sure --  
10 they're going to be barred from entering into any  
11 contracts, or doing business with any public entity for  
12 five years.

13 They are to notify all entities with  
14 executory contracts.

15 MR. ZWEIG: Actually with current contracts.

16 THE COURT: Well, it's the executory contract  
17 is one -- by definition that still has something left  
18 to be done.

19 MR. ZWEIG: I'm sorry, Your Honor. I stand  
20 --

21 THE COURT: That's okay.

22 MR. ZWEIG: -- I stand corrected. You're  
23 right.

24 THE COURT: I paid all that money for law  
25 school. I want to use those longer words, but the fact

1 of the matter is that's -- that's what you're saying.  
2 Anything left to be done, and they'll have the  
3 opportunity --

4 MR. ZWEIG: To -- to opt out between now, and  
5 time of sentencing.

6 THE COURT: So, his obligation to notify will  
7 be pre-November 20th, I'm assuming?

8 MR. ZWEIG: Pre the date of sentencing. Yes,  
9 Your Honor. Actually, I guess it would occur right  
10 away.

11 THE COURT: You know, I'm going to make the  
12 sentencing date later.

13 MR. AGRE: Judge, if I may add, it is  
14 anticipated, at least for now that Mr. Kerth sentence  
15 will not occur until the resolution, in one fashion or  
16 another of the Armstrong case.

17 THE COURT: All right. I'm just going to  
18 give it a control date of 11/20 --

19 MR. AGRE: Okay.

20 THE COURT: -- but one thing you gentlemen  
21 did not address, at least, I don't think you did, and  
22 let me just -- I hate to be a pain in the neck, but,  
23 let's assume that the sentencing really was 11/20.

24 MR. ZWEIG: Right.

25 THE COURT: Obviously, if you notify

1 everybody on 11/19, pursuant to this agreement, the  
 2 opportunity to opt out may not exist. So,  
 3 realistically, at least a notification should be sent  
 4 out within a realistic time period from today. I'm  
 5 sorry to throw an extra element in, but having been a  
 6 drafter for a lot of years --

7 MR. AGRE: Within ten days, Your Honor.

8 THE COURT: Does that work? I don't know how  
 9 many contracts there are. Can you easily --

10 MR. AGRE: Ten days to maybe two weeks, that  
 11 would be fine.

12 THE COURT: All right.

13 MR. AGRE: We'll -- we'll get it done.

14 THE COURT: All right. Opt out -- opt out  
 15 notice. Is that already with you Mr. Zweig?

16 MR. ZWEIG: That's fine, Your Honor.

17 THE COURT: Within two weeks. So, that  
 18 should take care of it.

19 All right. Mr. Agre, with that addition, is  
 20 there anything that you'd like to add to make it more  
 21 accurate, or correct?

22 MR. AGRE: No, I -- I don't think so, Your  
 23 Honor. We set forth, in the actual plea form, some  
 24 language that we would hope would help the Court  
 25 understand the terms of the -- the plea agreement that

1 Mr. Kerth has signed. For example, I placed in the  
 2 plea agreement form that Mr. Kerth is certainly  
 3 reserving the right pursuant to this agreement to apply  
 4 for house arrest, and, in fact, I've completed a -- a  
 5 form to be submitted today for the purpose of having  
 6 his application reviewed.

7 It's also understood, Judge, that the payment  
 8 of this \$150,000 fine, together with Mr. Kerth's  
 9 ultimate entry into the consent order will effect a  
 10 global settlement of this case concurrent to the  
 11 prosecution of this indictment. A civil lawsuit has  
 12 been filed by the state, and it is the contemplation of  
 13 the parties that at the time of sentencing a  
 14 stipulation of dismissal will be provided by the state,  
 15 assuming, of course, that all the conditions of the  
 16 agreement, at that time, have been met.

17 THE COURT: Okay.

18 MR. AGRE: So, with those minor  
 19 modifications, Your Honor, Mr. Kerth is prepared to  
 20 answer any questions you may have of him.

21 THE COURT: All right. Mr. Kerth, do you  
 22 want to stand up? Raise your right hand.

23 P A U L K E R T H, DEFENDANT, SWORN

24 EXAMINATION BY THE COURT:

25 Q Your full name for the record, sir?

1 A Paul Anthony Kerth.

2 Q And, Mr. Kerth -- you can put your hand down.  
3 What relationship, if any, do you bear to the  
4 defendants Independent Alarm, Incorporated, Adirondack  
5 Alarm, and Automatic Alarm Associates?

6 A Owner.

7 Q You're the owner? Now, some of these -- are  
8 they all corporations, or only Independent Alarm  
9 Distributors, Incorporation?

10 A There's only a corporation. The others are trade  
11 names under that corporation.

12 Q So, the other two you are the sole owner of  
13 Adirondack, and Automatic Alarm Associates, those are  
14 fictitious names, but you are the owner of those  
15 companies?

16 A Yes, sir.

17 Q In regard to Independent Alarm Distributors,  
18 are you the sole shareholder?

19 A Yes, sir.

20 Q And are you the CEO?

21 A Yes, sir.

22 Q And the chief operating officer as well, COO?  
23 Yes?

24 A Yes, sir.

25 Q And you have the authority, pursuant to the

1 rules of -- certificate of incorporation, the bylaws to  
2 act on their behalf, and to bind them in all contracts?

3 A Yes, sir.

4 Q Okay. So, you've heard Mr. Zweig talk about  
5 the offer, relatively comprehensive, 364 days would be  
6 served by each defendant, but obviously as the sole  
7 owner, you're going to be the one that's going to serve  
8 the time as sole owner of the public entries, with the  
9 trade names, as -- as well as the CEO, and COO of  
10 Independent Alarm Incorporated, correct?

11 A Yes.

12 Q And the sentence would be 364 days, a  
13 condition -- as a condition of probation I'd set the  
14 length of the probation, and any other terms, you  
15 understand that?

16 A Yes, sir.

17 Q The state may take the position they oppose  
18 you going into the HED program. Your lawyer can argue  
19 for the HED home electronic detention, and I'm going to  
20 be the one that ultimately makes the decision as to how  
21 you serve that 364 days, do you understand that?

22 A Yes, sir.

23 Q And that will be based upon arguments that  
24 will be made through counsel to me, my assessment of  
25 your entire life up to this point in time, including

1 any criminal record that you might have, your familial  
2 history, your health, your financial history, and  
3 things of that nature. Do you understand that?

4 A Yes, sir.

5 Q I'll also consider letters that you may be  
6 sending me on your behalf, and anything else that the  
7 state would like to bring to my attention, do you  
8 understand that?

9 A Yes, sir.

10 Q So, no commitment can be made to you at this  
11 time, right?

12 A Yes, sir.

13 Q All right. In addition to that, I've talked  
14 about the fines, and penalties. The state has talked  
15 about this money, the \$150,000 that will be joint, and  
16 several. That means you, and your companies are all  
17 obligated to pay back. They don't get \$150,000 per  
18 entity, one total sum of \$150,000 paid to the New  
19 Jersey Anti-Trust Act Fund, correct?

20 A Yes, sir.

21 Q Also, the consent order, do you understand  
22 what that's all about? That you're consenting not to  
23 engage in any business, or submit any bids for  
24 contracts, or deal with the -- any public entity in any  
25 way, shape, or form, for a five year period, and that

1 with respect to the contracts where you still are  
2 actively engaged with public entities, that you're  
3 going to have to notify that public entity, or those  
4 public entities within two weeks of today of the  
5 opportunity on their part to opt out, return any monies  
6 due them for incomplete work. Do you understand that?

7 A Yes, sir.

8 Q And then we'll have until, at least at this  
9 point, November the 20th to opt out. Do you understand  
10 that?

11 A Yes, sir.

12 Q Also, this apparently -- you've given up your  
13 right to file an appeal, and this is a global  
14 settlement, apparently resolving not only all criminal  
15 charges against you, and your related companies, and/or  
16 corporation, but also resolves all civil disputes that  
17 may have arisen as a result of your conduct that became  
18 the subject of this indictment, is that correct?

19 A Yes, sir.

20 Q Now, is that the entire offer that was  
21 extended -- and you have to give a DNA sample, that's  
22 required. And, also, your sentencing might be  
23 postponed until the Frederick Armstrong case is either  
24 tried, or resolved, do you understand that?

25 A Yes, sir.

1 Q And the state, I believe, accept -- will be  
2 looking to you to be a cooperative witness in that, do  
3 you understand that?

4 A Yes, sir.

5 Q Now, with that all said, is that the entire  
6 agreement?

7 A Yes, sir.

8 Q Yes? And that agreement has been set forth  
9 on the plea papers that you had -- your lawyer had  
10 completed, correct?

11 A Yes, sir.

12 Q Everything is accurate, and correct there?

13 A Yes, sir.

14 Q Now, based on the offers extended how do you  
15 plead, not only on behalf of yourself individually, but  
16 also on behalf of Independent Alarm, Inc., as their  
17 CEO, and COO, and Adirondack Alarm, as their sole owner  
18 to the following charge: That you committed theft by  
19 deception of the third -- third degree when between the  
20 dates of April the 1st, 1999, and on or about January  
21 the 28th, of 2005, in the City of Trenton, in the  
22 County of Mercer, in the Borough of Audubon, in the  
23 County of Camden, in the Borough of Collingswood, in  
24 the County of Camden, in the Township of Evesham, in  
25 the County of Burlington, and elsewhere within the

1 jurisdiction of this Court, it is alleged that you  
2 purposely did obtain property of another, that being  
3 money, in excess of \$500 by deception? That is that  
4 you, and Independent Alarm, Incorporated obtained  
5 payments on contracts from the State of New Jersey in  
6 an amount in excess of \$500, by creating, or  
7 reinforcing the false impression that is submitted by  
8 yourself, Mr. Kerth, Independent Alarm, and Adirondack  
9 Alarm, who were named as defendants in th is  
10 indictment, as well as others who are named in the  
11 indictment, whose identities are known, and have  
12 previously referred to in the indictment, were  
13 submitted competitively. Whereas, in truth, and in  
14 fact you knew, as well as Independent Alarm knew full  
15 well that the bids were prepared collusively, contrary  
16 to the provisions of law that have been set forth, that  
17 being 2C:20-4(a), 2C:20-2, those are theft offenses,  
18 2C:2-6, which are conspiracy, and 2C:2-7, which is  
19 complicity, and against the state.

20 Now, you understand that rather lengthy  
21 charge?

22 A Yes, sir.

23 Q How do you plead, guilty or not guilty on  
24 behalf of yourself, Independent Alarm, and Adirondack?

25 A Guilty, sir.

1 Q As to all defendants?

2 A Yes, sir.

3 THE COURT: Mr. Agre, Mr. Zweig, would one of  
4 you like to aid the Court in the factual? Mr. Zweig?

5 MR. ZWEIG: Sure, Your Honor.

6 EXAMINATION BY MR. ZWEIG:

7 Q Sir, you -- you told the Judge -- Judge  
8 Snyder that you owned three companies, which are  
9 involved in the business of installing alarms, and  
10 security equipment for individuals, businesses, and  
11 public entities, correct?

12 A Yes.

13 Q And those three companies, as you told Judge  
14 Snyder earlier, those three companies are called  
15 Independent Alarm Distributors, Inc., Adirondack Alarm,  
16 and Automatic Alarm Associates, correct?

17 A Yes.

18 Q Starting in 1998, and continuing until at  
19 least the end of 2004 did Independent Alarm submit bids  
20 for contracts to perform work at various state prisons  
21 to be awarded by the New Jersey Department of  
22 Corrections?

23 A Yes.

24 Q And did Independent Alarm, in fact, win  
25 various contracts to perform that work at the state

1 prisons?

2 A Yes.

3 Q And was one of those contracts for the  
4 installation of closed circuit television components at  
5 Mid-State Correctional Facility?

6 A Yes.

7 Q And did there come a time when you were  
8 requested by the official within the Department  
9 Corrections named Frederick J. Armstrong to approach  
10 other contractors, and solicit them to submit cover, or  
11 fake bids on state prison jobs so that independent  
12 alarm would win the contracts?

13 A Yes.

14 Q And did you, as a result, instruct your  
15 office manager, Greg Overall to approach two vendors,  
16 and ask them to submit fake, sham, or cover bids on  
17 behalf of their companies for the installation of  
18 closed circuit television components at Mid-State  
19 Correctional Facility in January, and March of 2003?

20 A Yes.

21 Q You knew at the time that those companies had  
22 no intention of actually performing the work at the  
23 state prison facility?

24 A Yes.

25 Q In fact, you instructed Mr. Overall to

1 provide those venders with the prices to use on their  
2 bids for the work at Mid-State Correctional Facility?

3 A Yes.

4 Q And you knew ahead of time that the numbers,  
5 which you provided to those companies to use on their  
6 bids would be higher than the bids submitted by  
7 Independent Alarm Distributors?

8 A Yes.

9 Q And did those companies agree to your  
10 request, and submit the false bids to the New Jersey  
11 Department of Corrections after being given the numbers  
12 to use on their bids by Mr. Overall?

13 A Yes.

14 Q And did Independent Alarm also bid on the  
15 work at the Mid-State Correctional Facility?

16 A Yes.

17 Q And did Independent Alarm end up winning that  
18 job because its bid -- its bids were -- were lower than  
19 those submitted by the other companies for that  
20 project?

21 A Yes.

22 Q And the value of that contract was \$39,600?

23 A Yes.

24 MR. ZWEIG: Okay. Judge, that's all I have  
25 for this Count.

1 EXAMINATION BY THE COURT:

2 Q Okay. Let's go on to Count 5. Now, it's  
3 alleged, pursuant to the plea agreement that Automatic  
4 Alarm committed the offense of Count 5, and that count  
5 alleges that between the dates of May 24th, 2000, and  
6 on or about September 23rd, of 2004, in the Borough of  
7 Collingswood, and in the Township of Haddon, both in  
8 Camden County, at the Borough of Oakland, which is also  
9 in Camden County, at the Township of Evesham, in the  
10 County of Burlington, and elsewhere within the  
11 jurisdiction of this Court, you purposely did obtain  
12 property of another in excess of \$500 by deception,  
13 that is that Mr. Kerth, and Independent Alarm obtained  
14 payments on contracts from the Borough of Oakland, the  
15 Township of Haddon, in the amount in excess of \$500 by  
16 creating, or reinforcing a false impression that bids  
17 submitted by Paul Kerth, Independent Alarm  
18 Distributors, Inc., Adirondack Alarm, and Automatic  
19 Alarm Associates were named as defendants herein, and  
20 Edward F. Brewer, Sr., who is not named as a defendant  
21 in Count 5 were submitted competitively? Whereas, in  
22 truth, and in fact, Mr. Kerth, you, and Independent  
23 Alarm well knew that the bids were prepared  
24 collusively, contrary to the provisions of law of  
25 2C:20-4(a), 2C:20-2, those are theft sections of the

1 statute, 2C:2-6, and 2C:2-7, which deal with conspiracy  
2 and complicity against the state law. Do you  
3 understand those charges?

4 A Yes.

5 Q Guilty or not guilty?

6 A Guilty.

7 THE COURT: Mr. Zweig, again?

8 MR. ZWEIG: Yes, Your Honor. Thank you.

9 THE COURT: With respect to Automatic Alarm.

10 MR. ZWEIG: Thank you.

11 EXAMINATION BY MR. ZWEIG:

12 Q Mr. Kerth, in late 2002, did Independent  
13 Alarm submit a quotation for a contract to perform work  
14 for the Haddon Township Board of Education?

15 A Yes.

16 Q And did Independent Alarm, in fact, win that  
17 contract involving the installation of upgraded alarm  
18 equipment for the Edison and Jennings Schools at a cost  
19 of \$5,030?

20 A Yes.

21 Q And in order to win that contract for  
22 Independent Alarm did you cause to be submitted a fake  
23 bid on behalf of your other company, Automatic Alarm  
24 Associates?

25 A Yes.

1 Q You knew at the time that Automatic Alarm  
2 Associates had no intention of actually performing the  
3 work at the Edison and Jennings Schools?

4 A Yes.

5 Q In fact, you instructed your office manager,  
6 Mr. Overall, to put a price on the bid for Automatic  
7 Alarm Associates, which you knew would be higher than  
8 the bid submitted by Independent Alarm?

9 A Yes.

10 Q Did Automatic Alarm Associates, in fact,  
11 submit -- submit a false bid to the Haddon Township  
12 Board of Education, which was higher than the bid  
13 submitted by Independent Alarm?

14 A Yes, sir.

15 Q And did Independent Alarm end up winning the  
16 contract for the installation of upgraded alarm  
17 equipment for the Edison and Jennings Schools because  
18 its bid was lower than the bid submitted by Automatic  
19 Alarm Associates for that project?

20 A Yes.

21 MR. ZWEIG: Sir, I have no further questions.

22 EXAMINATION BY THE COURT:

23 Q Okay. Now, this agreement that we talked  
24 about when I first started talking to you, Mr. Kerth,  
25 on behalf of yourself, and the associated business, and

1 corporation, is that accurately written out by  
2 yourself, and Mr. Agre in the plea forms?

3 A Yes.

4 Q I'm assuming that as a result of my past  
5 experience with you, and your attorneys that you do, in  
6 fact, read, and right English with absolutely no  
7 problem, am I correct?

8 A Yes, sir.

9 Q All right. So, you read through the rest of  
10 the questions contained in the pre-sentence report,  
11 went over everything carefully with Mr. Agre, and his  
12 associate. Are the answers set forth in those plea  
13 forms accurate, and correct?

14 A Yes.

15 Q Did you understand all the questions?

16 A Yes.

17 Q Did Mr. Agre explain to you all the  
18 consequences of all those answers?

19 A Yes.

20 Q Did you understand everything?

21 A Yes.

22 Q Did you then sign, and initial those forms  
23 signifying to me your agreement, your understanding,  
24 and the completeness --

25 A Yes.

1 Q -- of those forms?

2 A Yes.

3 Q Yes? So, is it safe for me to assume that if  
4 I took the time, and asked you every single question in  
5 open court that are on all those papers on behalf of  
6 yourself, and the associated businesses, and  
7 corporations, would their answers be -- would your  
8 answers be just as circled, and filled in?

9 A Yes.

10 Q And you only signed, and initialed those  
11 forms after you read everything, and understood  
12 everything in the brief, right?

13 A Yes.

14 Q So, you do know that by pleading guilty to  
15 these charges today on behalf of yourself, and your  
16 associated businesses that you gave up your right to  
17 trial by jury with respect to each, and everyone of  
18 those charges, correct?

19 A Yes.

20 Q You gave up your right to remain silent,  
21 because you told me what you did. You gave up the  
22 presumption of innocence because you told me you were  
23 guilty, and you gave up your right to confront all  
24 witnesses, including any of the witnesses the state  
25 might produce to prove their charges against you. Do

1 you understand all of that?

2 A Yes.

3 Q Now, have you taken all these steps today  
4 that is entering your guilty plea, telling me what you  
5 did, and accepting this plea offer. Did you do this  
6 today of your own free will?

7 A Yes.

8 Q Has anybody forced you, or made you do this  
9 in any way, shape or form?

10 A No, sir.

11 Q Are you under the influence of any medicine,  
12 or alcohol, drugs today that would --

13 A No.

14 Q -- affect your understanding of what you're  
15 doing today, or the consequences of your acts in the  
16 future?

17 A No, sir.

18 Q I take it you're not on probation, or parole  
19 for anything, you have no prior history, correct?

20 A Correct.

21 Q And you're satisfied with Mr. Agre's services  
22 I take it?

23 A Yes, sir.

24 Q He answered all your questions to your  
25 satisfaction?

1 A Yes, sir.

2 Q And you know right now sentencing is  
3 scheduled for November the 20th. It may have to be  
4 moved to accommodate the state's needs in the  
5 prosecution of your co-defendant, Mr. Armstrong, but as  
6 of this date, that's the date of sentencing.

7 Whatever the date of sentencing ultimately is  
8 you understand that I have the right to accept, or  
9 reject this plea agreement, that if I did reject it for  
10 whatever reason, you have a right to take back your  
11 guilty plea, could then enter a not guilty plea, and  
12 nothing you told me today could be used against you at  
13 trial to prove you committed any of the crimes  
14 contained in the entire indictment, do you understand  
15 that?

16 A Yes, sir.

17 Q The only use the state could make of the  
18 statement that you made is if you took the stand, and  
19 testified contrary to the statements you made today  
20 under oath. Do you understand that?

21 A Yes, sir.

22 Q Now, part of the agreement is you promised  
23 not to file an appeal. You always have a legal right  
24 to appeal, but as part of this agreement you've said to  
25 the state you're not going to exercise that right. If,

1 indeed, you did decide to appeal the state always has  
2 the right to ask me, or another Superior Court judge to  
3 set aside the agreement, and in that case you would go  
4 to trial on the original charges, and if convicted you  
5 could receive a more substantial sentence, because that  
6 second degree charge that was amended under Count 4 to  
7 third degree carried with it a five to ten year state  
8 prison sentence. Do you understand that?

9 A Yes, sir.

10 Q And you could have potentially gotten  
11 consecutive sentences if you were tried, and convicted  
12 of other counts. Do you understand that?

13 A Yes, sir.

14 Q You also understand one thing that we didn't  
15 talk about was that, inferentially, as a result of you  
16 accepting this agreement today, the motion that you  
17 have pending before the Court, asking me to dismiss the  
18 indictment because of allegedly prior representations  
19 by members of the prosecution to you at the time you  
20 were interviewed, that's being withdrawn, as well as  
21 any claims that the charges against you -- some of  
22 them, or all of them may have been a violation of  
23 various provisions of law, including statutes of  
24 limitations. Do you understand that?

25 A Yes, sir.

1 THE COURT: Okay. And that's correct, Mr.  
2 Agre, you're withdrawing the motion?

3 MR. AGRE: Yes, Your Honor.

4 THE COURT: Okay. Anything further from  
5 anyone?

6 MR. ZWEIG: No, Your Honor.

7 THE COURT: All right. I'm satisfied that  
8 Mr. Kerth, on behalf of himself, as well as the  
9 associated companies, Independent Alarm, Incorporated,  
10 Adirondack Alarm, that's with respect to Count 4, and  
11 on behalf of Automatic Alarm Associates, Count 5, has  
12 entered guilty pleas, gave me factuals consistent with  
13 his guilty pleas as to Counts 4, and 5.

14 He did this in consideration of a plea offer  
15 today, freely, knowingly, and voluntarily. I reach  
16 that conclusion based upon the representations of  
17 learned counsel, the completion of the plea papers, the  
18 colloquy that's taken place between myself, and Mr.  
19 Kerth, and to a large extent his demeanor before the  
20 Court, all indicative of a free, and voluntary act.

21 Having made those findings, I'll accept the  
22 guilty pleas, enter findings of guilt with respect to  
23 the respective defendants that entered the pleas, and  
24 his bail will be continued pending sentence, which is  
25 now scheduled for 11/20/09.

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I only remind you, Mr. Kerth, to make certain that you document all the notifications required under this plea agreement, because certainly having worked as hard as you, and your attorney have to accomplish this resolution, it would be sad to find out that merely by a timing issue the state would then be moving to set aside this agreement, okay?

THE DEFENDANT: Yes, sir.

THE COURT: Good luck to you, sir.

THE DEFENDANT: Thank you.

MR. AGRE: Thank you.

MR. ZWEIG: Thanks, Judge.

MR. AGRE: Thank you, Your Honor.

THE COURT: Counsel, thank you.

(Completion of Proceedings)

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CERTIFICATION

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I, DEBRA L. STOREY, the assigned transcriber, do hereby certify the foregoing transcript of proceedings at the Camden County Superior Court, on September 29, 2009, on Tape Number 2, index 3399 to 5932, is prepared in full compliance with the current Transcript Format for Judicial Proceedings, and is a true and accurate compressed transcript to the best of my knowledge and ability.

*Debra L. Storey (Km)*  
DEBRA L. STOREY, AD/T 494  
KLJ TRANSCRIPTION SERVICE

Dated: October 9, 2009