

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA

v.

GERARDO A. BLASI

Mag. No. 13- 8252

CRIMINAL COMPLAINT

I, Edgar Koby, being duly sworn, state the following is true and correct to the best of my knowledge and belief. From at least in or about April 2011 to in or about June 2013, in the District of New Jersey and elsewhere, defendant GERARDO A. BLASI:

Count 1

did knowingly and intentionally devise and intend to devise a scheme and artifice to defraud the New Jersey Turnpike Authority ("NJTA") and certain insurance companies and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises and did execute and attempt to execute this scheme through the use of the U.S. mails.

In violation of Title 18, United States Code, Section 1341 and Section 2.

Count 2

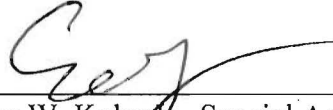
being an agent of a state government agency which receives benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance, or other forms of Federal assistance during the relevant one year periods, did knowingly and intentionally, embezzle, steal, obtain by fraud, without authority convert to the use of himself and others, and intentionally misapply, property valued at \$5,000 and more and owned by, and under the care, custody and control of, such agency.

In violation of Title 18, United States Code, Section 666 (a)(1)(A) and Section 2.

I further state that I am a Special Agent with the Federal Bureau of Investigation, and that this complaint is based on the following facts:

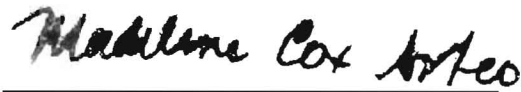
SEE ATTACHMENT A

continued on the attached page and made a part hereof.



Edgar W. Koby, Jr., Special Agent
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,
June 27, 2013, at Newark, New Jersey
HONORABLE MADELINE COX ARLEO
UNITED STATES MAGISTRATE JUDGE



Signature of Judicial Officer

ATTACHMENT A

1. I, Edgar Koby, am a Special Agent with the Federal Bureau of Investigation ("FBI"). I have held this position since June 1999. I have been involved in this investigation of fraud and other offenses. I am fully familiar with the facts and circumstances set forth herein based on my own investigation, my conversations with law enforcement officers, and my examination of reports, documents, and items of evidence, including recordings. Because this Attachment A is submitted for the limited purpose of establishing probable cause, I have not included herein the details of every aspect of this investigation. Statements attributable to individuals contained in this attachment are related in substance and in part, except where otherwise indicated
2. The New Jersey Turnpike Authority (the "NJTA") is an agency of the State of New Jersey whose primary mission is to construct, maintain, repair, and operate the New Jersey Turnpike, and other New Jersey roadways, to fix and establish tolls, and to issue revenue bonds and notes. According to public records, the NJTA received well in excess of \$10,000 in federal funds in 2012 and so far in 2013, to include subsidies relating to the Build America Bond Program.
3. At all times relevant to this complaint, defendant Gerardo Blasi ("Blasi") was employed by the NJTA as a claims manager. As a claims manager, Blasi's responsibilities included, but were not limited to, dealing with the insurance companies of motorists who caused damage to property belonging to the NJTA. In Blasi's interactions with the insurance companies, he regularly would provide them with the necessary paperwork to establish that damage had been done to New Jersey Turnpike property, the cost to repair the damage, and proof that the damage was caused by the motorist insured by that insurance company. Upon submitting that paperwork to the insurance company, he would attempt to collect the cost of the repairs from the insurance company. Blasi also had the authority to negotiate a settlement for a lesser amount.
4. According to documents retrieved by law enforcement during this investigation, in or about April, 2011, Blasi submitted paperwork to Frontier Adjusters of Staten Island, NY, who were hired by Acceptance Indemnity Insurance Company ("AIIC"), to investigate a claim filed by the NJTA against a motorist insured by AIIC that the motorist had caused approximately \$8,876.32 in damages to a toll booth on the New Jersey Turnpike. According to a representative of Frontier Adjusters of Staten Island, NY, Blasi emailed several documents to them including a police report and a property damage release. After submitting the paperwork to Frontier Adjusters of Staten Island, NY, Blasi negotiated and agreed on behalf of the NJTA to a \$6,000 settlement. Blasi then instructed the insurance company to make their payment payable to B & J Construction who, according to Blasi, was the company that did the repairs on behalf of the NJTA. Based upon Blasi's false representation about who performed the work and the documents that he emailed to Frontier Adjusters of Staten Island, NY, a check for \$6,000 was issued by AIIC on April 11, 2011, and mailed by Frontier Adjusters of Staten Island, NY, to Blasi at the NJTA in New Jersey. After receiving the check issued by AIIC for \$6,000 made payable to B & J Construction, Blasi gave the check to an associate (who later cooperated with federal authorities (hereinafter "CW")) to deposit into the bank account of B & J Construction. Once the check was deposited, \$4,000 dollars was withdrawn by the CW and given to Blasi. The remaining \$2,000 also was withdrawn and kept by the CW, according to the CW. (In 2006, CW

had been sentenced to 37 months in prison and 5 years supervised release after pleading guilty in connection with a fraud offense. CW's information has been verified to a substantial degree by recordings between Blasi and the CW, including recorded conversations set forth in this Attachment A.)

5. Law enforcement's investigation revealed that the repairs which Blasi claimed to have been done by B & J Construction, were not done by B & J Construction. In fact, law enforcement learned from the CW that B & J Construction was a fictitious company created by the CW. The investigation further revealed that Blasi knew that this company was fictitious, and knowingly represented to the insurance company and its representatives that B & J Construction had repaired the damage caused by the insurance company's motorist. Law enforcement confirmed with the NJTA that B & J Construction never did any work for the NJTA. Law enforcement also learned from the NJTA that the claim of damages caused by a motorist insured by AIIC was a valid claim. However, the repairs were completed by NJTA internally, and not contracted out to B & J Construction.
6. From on or about May 20, 2013, to on or about June 12, 2013, law enforcement recorded a series of conversations between Blasi and the CW. During these conversations, Blasi, in sum and substance, agreed to use his position with the NJTA to inappropriately procure checks that were obtained through fraud and other artifice, and give them to the CW so that the CW could cash these checks with the understanding that Blasi and the CW would share the proceeds.
7. For example, on or about May 23, 2013, Blasi was informed by the CW that the CW had the \$30,000 that the CW owed Blasi from a previous fraud scheme. According to bank records, information provided by the CW, as well as recordings, law enforcement learned that this previous transaction was an agreement between Blasi and the CW in which the CW agreed to cash a check obtained by Blasi through his employment with the NJTA which had been issued by a certain insurance services company ("Company 1") in the amount of \$60,000, and made payable to "B & J Contracting."¹ In response to this information given to him by the CW, Blasi expressed concern about talking on the telephone and requested that he and the CW meet in person to talk.
8. Law enforcement subsequently was able to obtain a copy of this \$60,000 check dated May 23, 2011 from Bank of America. The payor of this check was Company 1. According to the owner of Company 1, in 2009, Blasi, on behalf of the NJTA, hired Company 1 to represent NJTA and collect payments from insurance companies whose motorists damaged the New Jersey Turnpike. According to the owner of Company 1, among other things, Blasi informed the owner that while the owner would be working for NJTA it would not be official and as such the owner would not be receiving a paycheck from the NJTA and the only person that the owner would be interacting with at the NJTA would be Blasi. Blasi also told the owner that as payment for the owner's work, the owner would be allowed to keep one third of all the money that the owner collected

¹ While the check was made payable to "B & J Contracting," the back of the check reveals that it was deposited into a bank account at Bank of America for "B & J Construction," the fictitious company that Blasi and the CW employed in an effort to obtain the proceeds of the fraud.

from insurance companies on behalf of NJTA with the remaining two thirds being sent by the owner to wherever Blasi instructed. Regarding the \$60,000 check issued by Company 1 and made payable to B & J Contracting, Blasi instructed the owner to make the check payable to B & J Construction purportedly because B & J Construction was responsible for repairing the damage caused by an insured motorist whose claim Blasi gave the owner to investigate and collect. According to the owner, the claim which corresponded to this \$60,000 check was a valid claim in which a motorist caused in excess of \$60,000 in damages to the New Jersey Turnpike. According to the NJTA, those damages were repaired by NJTA internally and not contracted out to B & J Construction.

9. On May 31, 2013, during a recorded telephone conversation, Blasi and the CW further discussed turning the \$30,000 payment over to Blasi by cashiers checks or bank check which represented Blasi's share of the \$60,000 check that Blasi wrongfully instructed Company 1 to issue to B & J Contracting. Blasi provided the CW with a cover story for this \$30,000 payment, telling the CW that, just in case anybody asked, Blasi was being paid by the CW for money that Blasi earlier gave the CW's cousin. Blasi further provided more false details to the CW by advising the CW that the CW was just paying back a loan that Blasi had made to the CW's cousin when the CW's cousin got into trouble.
10. On or about June 3, 2013, during a series of consensually recorded telephone conversations between Blasi and the CW, Blasi told the CW that he had more three checks that he could give the CW to cash after he received the \$30,000 from the CW. According to Blasi, the first check was for \$17,000, the second was for \$12,000, the third was for \$40,000, and each check was issued to the NJTA. After the CW agreed to cash the checks for Blasi, Blasi cautioned the CW that Blasi needed the CW to cash these checks quickly or else Blasi would use someone else to do it. Also, during these conversations, Blasi informed the CW that in addition to the above mentioned checks, Blasi expected to shortly have more checks exceeding \$100,000 in value. In addition, Blasi disclosed that he had been doing this for years and was able to make \$100,000 a year conducting this activity.
11. On or about June 12, 2013, law enforcement conducted surveillance of a meeting between Blasi and the CW. The CW met Blasi at the NJTA offices located at 581 Main Street, Woodbridge, NJ, and picked up Blasi who was carrying a manila folder. After Blasi entered the vehicle, the CW drove to a nearby parking lot. During this recorded encounter, once inside the parking lot, Blasi opened the manila folder and showed the CW several checks. After seeing the checks, the CW exited and went to the rear of the vehicle. Shortly thereafter, Blasi exited the vehicle and was approached by law enforcement agents. Pursuant to a search warrant, Blasi was searched and several checks were recovered from him at that time.
12. One of the checks recovered from Blasi had been issued by State Farm Indemnity Company ("SFIC"), payable to the NJTA in the amount of \$10,801.24 dated May 24, 2013. According to a representative of SFIC, on or about May 20, 2013, SFIC received via mail documents from the NJTA which supported the claim that a motorist insured by SFIC caused \$10,801.24 in damages NJTA property. According to SFIC, after reviewing the documents, SFIC issued a check in the amount of \$10,801.24 made payable to the NJTA and mailed it to the NJTA in New Jersey.

According to the NJTA, the claim submitted to SFIC was a valid claim and the NJTA was owed approximately \$10,801.24 due to the damage caused by a motorist insured by SFIC.

13. The second check recovered from Blasi had been issued by GEICO General Insurance Co. ("GEICO"), made payable to the NJTA in the amount of \$13,190.52 dated May 29, 2013. According to the documents recovered by law enforcement during this investigation, on or about February 7, 2013, Blasi faxed to GEICO several documents which supported the claim that a motorist insured by GEICO caused \$13,190.52 in damages to NJTA property. After receiving these documents, GEICO issued a check payable to NJTA in the amount of \$13,190.52 in full satisfaction of the claim against GEICO by NJTA. According to the NJTA, the NJTA received this check via mail in New Jersey. According to NJTA, the claim submitted by Blasi to GEICO was a valid claim and the NJTA was owed approximately \$13,190.52 due to the damage caused by a motorist insured by GEICO.
14. The third check which was recovered from Blasi had been issued by Allstate Property and Casualty Insurance Company ("Allstate"), made payable to the NJTA in the amount of \$41,000 dated May 28, 2013. According to the documents recovered by law enforcement during this investigation, on or about April 5, 2013, Blasi emailed to Allstate several documents which supported the claim that a motorist insured by Allstate caused approximately \$41,000 in damages to NJTA property. According to an Allstate representative, after receiving these documents, Allstate issued a check payable to the NJTA in the amount of \$41,000 and mailed it to the NJTA in New Jersey. According to the NJTA, the claim submitted by Blasi to Allstate was a valid claim and the NJTA was owed approximately \$41,000 due to the damage caused by a motorist insured by Allstate.
15. The fourth check which was recovered from Blasi had been issued by Progressive Insurance ("Progressive"), made payable to the NJTA in the amount of \$11,666.66 dated May 23, 2013. According to documents recovered by law enforcement, on or about March 21, 2013, Blasi faxed several documents to Progressive which supported the claim that a motorist insured by Progressive caused approximately \$11,666.66 in damages to NJTA property. According to Progressive, after reviewing the documents submitted by Blasi, Progressive issued a check payable to the NJTA in the amount of \$11,666.66 and mailed it to the NJTA in New Jersey. According to the NJTA, the claim submitted by Blasi to Progressive was a valid claim and the NJTA was owed approximately \$11,666.66 due to the damage caused by a motorist insured by Progressive.