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**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

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UNITED STATES OF AMERICA

Hon. James B. Clark III

v.

Mag. No. 13-3081

CARL J. CORSO

CRIMINAL COMPLAINT


I, Brandon Galloway, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

**SEE ATTACHMENT A**

I further state that I am a Special Agent of the Internal Revenue Service, and that this complaint is based on the following facts:

**SEE ATTACHMENT B**

continued on the attached pages and made a part hereof.

  
\_\_\_\_\_  
Brandon Galloway, Special Agent  
Internal Revenue Service, Criminal Investigation

Sworn to before me, and  
subscribed in my presence on  
November 19, 2013 at  
Newark, New Jersey

HONORABLE JAMES B. CLARK III  
UNITED STATES MAGISTRATE JUDGE

  
\_\_\_\_\_  
Signature of Judicial Officer

**ATTACHMENT A**

**Counts One through Six**  
**(Mail Fraud)**

1. From at least as early as in or around August 2, 2009 through in or around August 9, 2010, in the District of New Jersey and elsewhere, defendant

**CARL J. CORSO**

knowingly and intentionally devised and intended to devise a scheme to defraud the State of New Jersey, New Jersey Department of Labor and Workforce Development, Employment Security Agency ("NJDOLE-WD"), and to obtain money and property of the State of New Jersey by means of material false and fraudulent pretenses, representations and promises, and for the purpose of executing the scheme, and attempting to do so, knowingly caused to be delivered by mail according to the directions thereon, a mailing from the New Jersey Department of Labor and Workforce Development, Employment Security Agency in Trenton, New Jersey to the defendant's address in Hamilton Township, New Jersey on or about the dates set forth below, each mailing constituting a separate count of this complaint:

Count	Approximate Date of Mailing	Approximate Amount	Description
1	11/11/09	\$526	Benefit Account Warrant Check
2	12/23/09	\$1,052	Benefit Account Warrant Check
3	4/28/10	\$1,052	Benefit Account Warrant Check
4	5/19/10	\$1,052	Benefit Account Warrant Check
5	7/22/10	\$1,052	Benefit Account Warrant Check
6	8/5/10	\$526	Benefit Account Warrant Check

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

**Count Seven**  
**(Filing a False 2009 Individual Income Tax Return)**

2. On or about March 3, 2010, in the District of New Jersey and elsewhere, defendant

**CARL J. CORSO**

knowingly and willfully did make and subscribe a 2009 United States Individual Income Tax Return, Form 1040, which contained and was verified by a written declaration that it was made under penalties of perjury and which he did not believe to be true and correct

as to every material matter, in that the return did not include approximately \$10,074 in taxable income.

In violation of Title 26, United States Code, Section 7206(1).

**Count Eight**

**(Filing a False 2010 Individual Income Tax Return)**

3. On or about April 18, 2011, in the District of New Jersey and elsewhere,  
defendant

**CARL J. CORSO**

knowingly and willfully did make and subscribe a 2010 United States Individual Income Tax Return, Form 1040 which contained and was verified by a written declaration that it was made under penalties of perjury, which he did not believe to be true and correct as to every material matter, in that the return did not include approximately \$52,780 in taxable income.

In violation of Title 26, United States Code, Section 7206(1).

**Count Nine**

**(Filing a False 2011 Individual Income Tax Return)**

4. On or about April 17, 2012, in the District of New Jersey and elsewhere,  
defendant

**CARL J. CORSO**

knowingly and willfully did make and subscribe a 2011 United States Individual Income Tax Return, Form 1040, which contained and was verified by a written declaration that it was made under penalties of perjury, which he did not believe to be true and correct as to every material matter, in that the return did not include approximately \$34,492 in taxable income.

In violation of Title 26, United States Code, Section 7206(1).

## ATTACHMENT B

I, Brandon Galloway, a Special Agent with the Internal Revenue Service, Criminal Investigation, having conducted an investigation and discussed this matter with other law enforcement officers who have participated in this investigation, have knowledge of the following facts. Because this Complaint is being submitted for the limited purpose of establishing probable cause, I have not included each and every fact known to me concerning this investigation. I have set forth only the facts which I believe are necessary to establish probable cause. Unless specifically indicated, all conversations and statements described in this affidavit are related in substance and in part.

### Mail Fraud

#### Background

1. At all times relevant to this Complaint, unless otherwise indicated:
  - a. Chimento Construction, Chimento Construction Services, and FAC Construction were inter-related and commingled companies specializing in commercial masonry and concrete work (collectively, the "Chimento Companies"). The Chimento Companies were initially located in Belleville, New Jersey but relocated to Parsippany, New Jersey in or about the spring/summer of 2011. During the period in or about 2008 through in or about 2011, the Chimento Companies primary construction project was a union job at Palmer Square located in Princeton, New Jersey.
  - b. Defendant CARL J. CORSO was a resident of Hamilton Township, New Jersey.
  - c. The Federal and State Unemployment Insurance system, created by the Social Security Act of 1935, was designed to provide unemployment insurance benefits, commonly called unemployment compensation to persons out of work through no fault of their own. To be insured under the system, an unemployment claimant must have worked for an employer who is covered by the unemployment compensation law.
  - d. In general, claimants were eligible for unemployment compensation benefits if they: (a) were able and available for work; (b) had earned enough wages and worked enough weeks to qualify; (c) had worked for an employer covered by the unemployment compensation system within a specified period of time prior to the filing of their unemployment compensation claims; and (d) were unemployed through no fault of their own.
  - e. In general, employers were covered by the unemployment compensation law if they: (a) submitted documentation to the unemployment compensation system accurately identifying, among other things, the employer's principal business activity, the business owners, and the business employees and the wages they earned; and (b) paid unemployment compensation taxes to the New Jersey State Unemployment Compensation Fund. These taxes were based, in part, upon a percentage of the wages paid to the employees.

f. Claimants who were deemed eligible received unemployment compensation benefits for up to 26 weeks during the 52-week period beginning with the date of their unemployment compensation claim, and benefits terminated once a worker returned to full-time employment. Federal extended unemployment benefits for additional weeks were also available.

g. Claimants were required to report all work and gross earnings for which they had been paid or would be paid for the week in which the work occurred or the gross earnings were realized, regardless of when the claimant was paid. After filing an initial claim for benefits, claimants could certify on a weekly or bi-weekly basis in which they reported all work and gross earnings for each week for which they were claiming benefits. When a worker worked part-time, the worker could potentially be eligible for a partial benefit as long as their gross earnings do not exceed their partial rate. A partial benefit amount was calculated for each claimant. Failure to report all work and gross earnings could disqualify a claimant from receiving benefits for the claimed week or weeks.

h. Once a weekly or bi-weekly certification was completed, the claimant would receive a NJDOL-WD benefit account warrant check a short time later by United States mail.

### **The Scheme to Defraud**

2. On or about August 2, 2009, defendant CARL J. CORSO applied for unemployment benefits from the New Jersey Department of Labor and Workforce Development ("NJDOL-WD"). On or about August 12, 2009, defendant CORSO obtained employment with the Chimento Companies. On or about August 13, 2009, defendant CARL J. CORSO advised the NJDOL-WD that he had obtained employment.

3. On or about November 1, 2009, defendant CARL J. CORSO advised the NJDOL-WD that he was no longer working and reactivated his August 2, 2009 application for unemployment benefits. As part of the application process, defendant CARL J. CORSO was awarded a weekly benefit of \$526.

4. Between on or about November 10, 2009 and August 4, 2010, defendant CARL J. CORSO made periodic calls to an Interactive Claims Response System ("ICRS") established by the NJDOL-WD and falsely reported that he had not worked for the prior week or two weeks.

5. In reliance upon the information defendant CARL J. CORSO provided, the NJDOL-WD sent defendant CORSO approximately twenty-one benefit account warrant checks, totaling approximately \$19,988, through the U.S. mail. Each check contained a certification above the required endorsement which stated "By signing this check, I certify that I am the payee, and that for the week or weeks represented by this check I was able to work, available for work, and made an active search for work except as reported. I reported all my earnings and

holiday/vacation pay and met all other eligibility requirements in accordance with New Jersey law. I know the law provides penalties for false statements made in connection with this claim.”

6. During the course of the investigation, project timecards were obtained from the Chimento Companies for the period that unemployment insurance benefits were paid to defendant CARL J. CORSO, with the exception of a three-month time period between January and April 2010, for which the timecards were not available. These timecards reflected the dates and hours worked by each employee on the project. The timecards revealed that defendant CARL J. CORSO had worked significant part-time and/or full-time hours for the Chimento Companies during the biweekly or weekly time frames that he had received unemployment benefits from the NJDOL-WD.

7. On or about July 31, 2012, during an interview conducted by Special Agents with the IRS, Criminal Investigation, and the Department of Labor, Office of Inspector General, defendant CARL J. CORSO admitted that he had in fact worked for the Chimento Companies during the entire period that he received unemployment insurance benefits in 2009 and 2010 including the period of time between January and April 2010 for which project timecards were not available. In addition, defendant CORSO admitted that he had falsely reported to the NJDOL-WD that he was not working in order to collect unemployment benefits.

#### **Filing False Individual Tax Returns: 2009 through 2011**

8. During the same July 31, 2012 interview referred to in Paragraph 7, above, defendant CARL J. CORSO also admitted that in addition to payroll checks, he requested, and received, cash wages from the Chimento Companies with regard to his employment in 2009 through 2011. Defendant CORSO further stated that he disclosed to his return preparer only the wages he received by payroll check and deliberately omitted the cash payments from his personal tax returns despite knowing that the cash should have been included on these returns.

9. In addition, the investigation revealed that during certain time periods in 2011, defendant CARL J. CORSO received checks from the Chimento Companies to supplement his paycheck above the union residential rate paid to him pursuant to the collective bargaining agreement regarding the Palmer Square project. These check amounts were not provided to the Chimento Companies' payroll service and therefore were not included on the Form W-2 issued to defendant CORSO.

10. Analysis of the Chimento Companies' project timecards regarding defendant CARL J. CORSO showed that he received cash in the amount of \$10,074 and \$52,780 respectively in the calendar years 2009 and 2010 which he knowingly failed to include on his personal income tax returns. Further, a review of the Chimento Companies' project timecards and the separate company checks issued to defendant CARL J. CORSO showed that he received cash in the amount of approximately \$34,492 in the calendar year 2011 which he knowingly failed to include on his personal income tax returns.

11. During the period 2009 through 2011, defendant CARL J. CORSO electronically filed his tax returns which contained declarations that they were made under penalties of perjury.

The returns were materially false because defendant CARL J. CORSO received cash and separate check payments from the Chimento Companies which totaled approximately \$97,346 over three years that he failed to report on his respective Forms 1040.