

FILED

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

OCT 19 2010  
AT 8:30 .....M  
CHAMBERS OF THE  
HON. MICHAEL A. SHIPP,  
U.S.M.J.

UNITED STATES OF AMERICA : Hon. Michael A. Shipp  
: :  
v. : Mag. No. 10-6121 (MAS)  
: :  
MICHAEL ARATO : **CRIMINAL COMPLAINT**

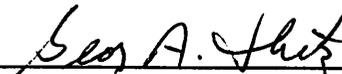
I, George Heitz, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the United States Department of Homeland Security, Office of the Inspector General, and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached page and made a part hereof.

  
George Heitz, Special Agent  
U.S. Department of Homeland Security  
Office of the Inspector General

Sworn to before me and subscribed in my presence,  
October 19, 2010 at Newark, New Jersey

HONORABLE MICHAEL A. SHIPP  
UNITED STATES MAGISTRATE JUDGE

  
Signature of Judicial Officer

## ATTACHMENT A

### COUNT ONE

From on or about September 13, 2010 to on or about October 5, 2010, in the District of New Jersey, and elsewhere, defendant

MICHAEL ARATO

being a public official or person selected to be a public official, directly and indirectly, corruptly demanded, sought, received, accepted, and agreed to receive and accept things of value personally—namely, cash—in return for being influenced in the performance of any official act; being influenced to commit and aid in committing, and to collude in, and allow, any fraud, and make opportunity for the commission of fraud, on the United States; and being induced to do and omit to do any act in violation of his official duty.

In violation of Title 18, United States Code, Section 201(b)(2)(A),(B) and (C), and Section 2.

### COUNT TWO

From in or about October 2009 to on or about September 13, 2010, in the District of New Jersey, and elsewhere, defendant

MICHAEL ARATO

did knowingly and intentionally conspire and agree with others known and unknown, including another TSA employee, while being an officer and employee of the United States and any department and agency thereof, to embezzle and wrongfully convert to his own use the money and property of others having a value of more than \$1,000 which came into his possession and under his control in the execution of such office and employment, and under color and claim of authority as such officer and employee, contrary to Title 18, United States Code, Section 654 and thereafter committed overt acts as set forth in Attachment B in furtherance of the conspiracy.

In violation of Title 18, United States Code, Section 371.

### COUNT THREE

On or about August 31, 2010, in the District of New Jersey, and elsewhere, defendant

MICHAEL ARATO

being an officer and employee of the United States and of any department and agency thereof, knowingly embezzled and wrongfully converted to his own use money and property of another having a value of \$1,000 or less which came into his possession and under his control in the execution of such office and employment, and under color and claim of authority as such officer

and employee.

In violation of Title 18, United States Code, Section 654 and Section 2.

**COUNT FOUR**

On or about September 15, 2010, in the District of New Jersey, and elsewhere, defendant

MICHAEL ARATO

being an officer and employee of the United States and of a department and agency thereof, knowingly embezzled and wrongfully converted to his own use the money or property of another having a value of \$1,000 or less which came into his possession and under his control in the execution of such office and employment, and under color and claim of authority as such officer and employee.

In violation of Title 18, United States Code, Section 654 and Section 2.

**COUNT FIVE**

On or about September 27, 2010, in the District of New Jersey, and elsewhere, defendant

MICHAEL ARATO

being an officer and employee of the United States and of a department and agency thereof, knowingly embezzled and wrongfully converted to his own use the money or property of another having a value of \$1,000 or less which came into his possession and under his control in the execution of such office and employment, and under color and claim of authority as such officer and employee.

In violation of Title 18, United States Code, Section 654 and Section 2.

## ATTACHMENT B

I, George Heitz, am a Special Agent with the Department of Homeland Security, Office of the Inspector General ("DHS-OIG"). I am fully familiar with the facts set forth herein based on my own investigation, my conversations with other law enforcement officers, and my review of reports, documents, and items of evidence. Where statements of others are related herein, they are related in substance and part. Since this complaint is being submitted for a limited purpose, I have not set forth each and every fact that I know concerning this investigation.

### Background

1. At all times relevant to this Complaint: TSA was a department or agency of the United States government within the United States Department of Homeland Security. TSA conducted security screening ("Screening") of airline passengers at Newark Liberty International Airport (the "Airport"). Screening was mandatory for all passengers who wished to travel from the Airport. Screenings are typically conducted by TSA employees, including Transportation Security Officers ("TSO's") and Lead Transportation Security Officers ("LTSO's") under the supervision of Supervisory Transportation Security Officer ("STSO"). The initial Screening process consisted of two primary components: the passenger passed through a walk-through magnetometer, or metal detector, and the passenger's personal property passed through an x-ray screening machine. This combination of a metal detector and an x-ray machine was referred to as a "lane." If during the initial Screening process the x-ray machine or magnetometer indicated that a passenger might have a prohibited item, that passenger and their bags were subjected to a secondary Screening during which a TSA employee would conduct a hand search of the passenger's carry-on bags. Screenings took place at checkpoints located throughout the Airport, and each checkpoint contained several lanes. The events that transpired at checkpoints were recorded on videotape, and these recordings were maintained by the Port Authority Police Department of New York and New Jersey ("PAPD").
2. Defendant Michael ARATO (hereinafter "ARATO") has been employed by the TSA as a STSO at the Airport, beginning in or about August 2002 through and including the date of this Complaint.
3. There was an individual who was employed by TSA as a LTSO at the Airport, beginning in or about August 2002 through and including the date of this Complaint (hereinafter the "Co-schemer.") Since on or about September 13, 2010, the Co-schemer has been a cooperating witness for the government.
4. At all times relevant to this Complaint, ARATO has worked as a STSO at the B-3 security checkpoint for Terminal B at the Airport (the "B-3 checkpoint"). Among his other responsibilities as the STSO at the B-3 checkpoint, ARATO was supposed to supervise and assist the TSO's and LTSO's, including the Co-schemer, who conducted the Screenings and ensure that they otherwise fulfilled all of their official duties. ARATO was required to notify his TSA superiors or the PAPD if he learned that any of the

LTSO's or TSO's that he supervised committed any crimes, including thefts from passengers, in connection with the execution of their official duties at the Airport. In his capacity as an LTSO, the Co-schemer regularly participated in the secondary Screenings of passengers. ARATO also regularly conducted secondary Screenings of passengers himself.

5. At all times relevant to this Complaint, the Co-schemer regularly worked the same shift as ARATO at the B-3 checkpoint. When ARATO and the Co-schemer worked together at the B-3 checkpoint, ARATO was the Co-schemer's immediate supervisor.
6. The B-3 checkpoint is typically the security checkpoint for, among other international airlines, "AirIndia," which usually has a daily non-stop flight from the Airport to India departing at approximately 6:20 p.m. From in or about August 2009 to the date of this Complaint, TSA and PAPD received numerous complaints from passengers scheduled to depart the Airport on the 6:20 p.m. AirIndia flight that money and other valuables in passengers' carry-on baggage were missing after their baggage was hand searched by TSA employees at the B-3 checkpoint. These passengers were predominately non-English speaking women of Indian descent and nationality who were returning to India after visiting the United States. In response to these complaints, DHS-OIG and PAPD initiated an investigation involving the conduct of the TSA employees working at the B-3 checkpoint. This investigation included monitoring the video surveillance of this checkpoint.
7. The Co-schemer has informed law enforcement that he has been stealing from passengers passing through the B-3 checkpoint on a regular basis since approximately October 2009. The Co-schemer further informed law enforcement that, ARATO, the Co-schemer's immediate supervisor, was fully aware that the Co-schemer has been stealing from passengers and ARATO and the Co-schemer had agreed that when the Co-schemer stole cash from a passenger traveling through the B-3 checkpoint, the Co-schemer would "kick up" half of the amount that the Co-schemer had stolen to ARATO. In exchange for the payments he received from the Co-schemer, ARATO never notified his superiors at TSA, PAPD or any other law enforcement agency about the Co-schemer's illegal activities. In addition, the Co-schemer explained that ARATO also regularly stole from passengers for himself. ARATO would occasionally give the Co-schemer a portion of the money that ARATO stole from passengers.

#### Bribery

8. ARATO was the STSO at the B-3 checkpoint during the hours of approximately 11:00 a.m. to 9:30 p.m. on September 13, 14, 15, 22, 27 and 29, 2010 and October 4 and 5, 2010. The Co-schemer, who was a cooperating witness with law enforcement authorities by this time, was a LTSO at the B-3 checkpoint during these shifts. During these shifts, ARATO accepted a total of \$3,100 in bribes from the Co-schemer that was provided to the Co-schemer by law enforcement.
9. Airport video surveillance of the B-3 checkpoint during these shifts showed the

following:

- a. On or about September 13, 2010, at approximately 4:07 p.m., ARATO accepted a \$100 bill from the Co-schemer.
- b. On or about September 14, 2010, at approximately 4:42 p.m., ARATO accepted a \$100 bill from the Co-schemer.
- c. On or about September 14, 2010, at approximately 4:51 p.m., ARATO accepted a \$100 bill from the Co-schemer.
- d. On or about September 14, 2010, at approximately 6:07 p.m., ARATO accepted a \$100 bill from the Co-schemer.
- e. On or about September 15, 2010, at approximately 4:18 p.m., ARATO accepted a \$100 bill from the Co-schemer.
- f. On or about September 15, 2010, at approximately 5:00 p.m., ARATO accepted a \$100 bill from the Co-schemer.
- g. On or about September 22, 2010, at approximately 4:28 p.m., ARATO accepted a \$100 bill from the Co-schemer.
- h. On or about September 22, 2010, at approximately 5:28 p.m., ARATO accepted a \$100 bill from the Co-schemer.
- i. On or about September 27, 2010, at approximately 4:13 p.m., ARATO accepted a \$100 bill from the Co-schemer.
- j. On or about September 27, 2010, at approximately 5:26 p.m., ARATO accepted a \$100 bill from the Co-schemer.
- k. On or about September 29, 2010, at approximately 5:05 p.m., ARATO accepted a \$100 bill from the Co-schemer.
- l. On or about September 29, 2010, at approximately 5:55 p.m., ARATO accepted a \$100 bill from the Co-schemer.
- m. On or about September 29, 2010, at approximately 6:08 p.m., ARATO accepted \$500 from the Co-schemer inside the TSO's office for the B-3 checkpoint. According to consensual audio recordings from earlier that day, ARATO was informed by the Co-schemer that the Co-schemer had something for ARATO in the lost and found cabinet in the TSO's office. The Co-schemer explained to law enforcement that when ARATO or the Co-schemer would steal a whole envelope with a large amount of money, they would first place it in the lost and found drawer located in the TSO's office before taking the money, in case the passenger came back to the checkpoint looking for their money with a

PAPD officer or other law enforcement officer. The Co-schemer further explained that once the passenger departed the Airport without noticing that their envelope was missing, ARATO and the Co-schemer would then go into the office and split up the stolen money. Airport video surveillance from the TSO's office for that day shows the Co-schemer pulling out approximately \$1,000 from an envelope and counting the money in the presence of ARATO. The surveillance then shows ARATO accepting approximately \$500 from the Co-schemer which ARATO accepted while laughing and then put into his front shirt pocket. ARATO then gave the middle finger to a visible security camera in the TSO's office.

n. On or about October 4, 2010, at approximately 4:50 p.m., ARATO accepted a \$100 bill from the Co-schemer.

o. On or about October 4, 2010, at approximately 5:08 p.m., ARATO accepted a \$100 bill from the Co-schemer.

p. On or about October 5, 2010, at approximately 4:15 p.m., ARATO accepted a \$100 bill from the Co-schemer.

q. On or about October 5, 2010, at approximately 4:21 p.m., ARATO accepted a \$100 bill from the Co-schemer.

r. On or about October 5, 2010, at approximately 5:19 p.m., ARATO accepted a \$100 bill from the Co-schemer.

s. At approximately 6:44 p.m. or about October 5, 2010, ARATO accepted \$900 from the Co-schemer. According to consensual audio recordings from that day, the Co-schemer told ARATO that he took a "full envelope" from a passenger and put it in the TSO' office adjacent to the checkpoint. ARATO instructed the co-schemer to go to the Airport gate where the passenger was scheduled to depart from to make sure that the passenger departed the Airport without noticing that their money was missing. After the Co-schemer told ARATO that the passenger had departed, ARATO accepted the \$900 from the Co-schemer.

10. On or about the late evening of October 5, 2010, law enforcement executed a warrant to search ARATO. During that search, law enforcement recovered \$1,300 in U.S. currency from ARATO's pants pocket. The serial numbers on \$1,100 of the money recovered from ARATO matched the serial numbers on the money that was provided to the Co-schemer by law enforcement to give to ARATO earlier that day. An additional \$100 seized by law enforcement from ARATO matched the serial number of a \$100 provided to the Co-schemer by law enforcement on or about October 4, 2010 and was accepted by ARATO during a shift at the Airport later on that day. At the time of the search, ARATO informed law enforcement that he had used a \$100 bill to buy groceries after he left work on or about October 5, 2010.

### The Theft Conspiracy

11. According to the Co-schemer, since in or about October 2009, during a shift when ARATO and the Co-schemer worked together, the Co-schemer would steal, on average, approximately \$400 to \$700 from passengers and "kicked up," on average, approximately \$200 to \$400 to ARATO. The Co-schemer further told law enforcement that ARATO stole, on average, between \$400 and \$700 from passengers for himself, and would occasionally give the Co-schemer portions of what he stole.

### Acts In Furtherance of the Theft Conspiracy

12. On or about August 31, 2010, ARATO stole approximately \$400 from a female passenger of Indian descent ("Victim #1") passing through the B-3 checkpoint. Airport surveillance video from that day shows that a female TSO performed a secondary inspection of Victim #1's bag, found nothing suspicious and then left Victim #1's bag on the secondary screening table. As Victim #1 was preparing to leave the checkpoint, ARATO approached Victim #1 and searched the bag again. ARATO conducted a lengthy inspection of Victim #1's bag. After Victim #1 passed through the B-3 checkpoint, Victim #1 noticed that she was missing approximately \$400 cash from her carry-on bag. Victim #1 approached a Senior Special Agent with DHS-OIG, who was in the area of the terminal gate for AirIndia interviewing another possible theft victim, and informed that agent that she discovered that she was missing \$400 from her bag after she passed through the B-3 checkpoint. After the DHS-OIG agent left Victim #1 to investigate, he saw ARATO approach Victim #1. A police officer with PAPD joined ARATO and Victim #1. ARATO informed the PAPD officer and Victim #1 that another passenger had found \$400 in U.S. currency on the floor of the B-3 checkpoint area and had turned it over to ARATO. ARATO then returned the money to Victim #1. According to the Co-schemer, shortly before ARATO returned the money to Victim #1, a representative from AirIndia told the Co-schemer that a theft had been reported by Victim #1 and that a PAPD officer was with Victim #1 taking a report of the incident. The Co-schemer knew that he had not committed that particular theft and therefore believed that ARATO must have done it, so the Co-schemer immediately called ARATO on his cell phone to alert him that Victim #1 was reporting the theft to law enforcement. According to the Co-schemer, ARATO then returned the money to Victim #1 in presence of the PAPD officer.
13. On or about August 31, 2010, surveillance video showed the following:
  - a. The Co-schemer, who was not cooperating with the government at the time, was on duty as a LTSO at the B-3 checkpoint. At approximately 4:36 p.m., a female passenger of Indian descent ("Victim #2"), approached one of the lanes at the B-3 checkpoint. Victim #2's personal property, including Victim 2's handbag, was passed through an x-ray screening machine in a plastic tray.
  - b. After Victim #2's handbag passed through the x-ray screening machine, the Co-schemer removed it from the conveyor belt and reran it through the x-ray screening

machine.

c. After Victim #2's handbag passed through the x-ray screening machine a second time, Victim #2 removed it from the conveyor belt and was permitted to walk away from the immediate area of the machine. Approximately three minutes after Victim #2 cleared the initial security Screening, the Co-schemer approached Victim #2 as she was gathering up her belongings to leave the checkpoint area. The Co-schemer directed Victim #2 to a metal search table area attached to a bomb detection machine where Victim #2's carry-on bags, including her handbag, were placed on the table.

d. The Co-schemer then hand searched Victim #2's handbag in the presence of Victim #2 and a male traveling companion. The Co-schemer put his hands inside Victim #2's handbag and removed several white envelopes. The Co-schemer inspected the contents of the envelopes and then placed the envelopes back into the handbag. While the Co-schemer searched Victim #2's handbag, ARATO, who was the STSO for checkpoint B-3 at the time, approached the search table and talked to Victim #2 and her companion.

e. While ARATO distracted Victim #2 and her companion, the Co-schemer removed Victim #2's handbag from the table, walked behind ARATO, turned his back to Victim #2 and removed one of the envelopes from Victim #2's handbag. The Co-schemer then placed the envelope in a drawer attached to the x-ray machine and covered the envelope up with other items inside the drawer.

f. The Co-schemer returned the handbag to the table, and Victim #2 retrieved all of her personal property, including the handbag searched by the Co-schemer, and left the checkpoint area. Less than one minute later, the Co-schemer returned to the drawer and removed the envelope which he immediately placed in his pocket. The Co-schemer then entered the TSO's office which is adjacent to the B-3 checkpoint.

14. According to Victim #2, one of the envelopes inside her handbag contained approximately \$5,000 cash that was given to her by a relative for Victim #2 to bring back to India. Victim #2 further told law enforcement that the envelope was missing from her handbag after she passed through the B-3 checkpoint.
15. On or about September 13, 2010, law enforcement interviewed the Co-schemer about the August 31 theft described in paragraphs 13 and 14 above. During that interview, the Co-schemer admitted that he had stolen an envelope from Victim #2's handbag that contained approximately \$5,000 cash and hid it in an empty locker in a TSO break room after he became nervous that law enforcement had learned about the theft. On or about September 13, 2010, law enforcement recovered the envelope from the locker where the Co-schemer said he left it on or about August 31, 2010. The envelope contained approximately \$5,000 cash.

*The September 15 and September 27 Thefts By ARATO*

16. On or about September 15, 2010, the Co-schemer advised law enforcement that ARATO

had stolen money from a passenger passing through the B-3 checkpoint. According to the Co-schemer, ARATO stole money from a passenger ("Victim #3") and placed it in an explosives detection machine. ARATO then instructed the Co-schemer to retrieve the money from the machine. The Co-schemer then recovered two \$100 bills from the machine. According to the Co-schemer, ARATO told the Co-schemer to give him one of the \$100 bills and keep the other one. The Co-schemer then provided a description of Victim #3 to law enforcement. A PAPD detective identified and interviewed Victim #3 who inspected the contents of her purse and stated that she was missing \$400. Airport surveillance video shows that ARATO was the only TSO to conduct an inspection of Victim #3's bag. The video surveillance further shows ARATO conducting a lengthy secondary search of Victim #3's bag including performing a bomb detection swab of that bag. The surveillance further shows the Co-schemer retrieving something from the bomb detection machine after ARATO searched Victim #3's bag. The surveillance then shows the Co-schemer placing two crumpled balls which appear to be U.S. currency into a white bowl and placing the bowl on top of the bomb detection machine. The Co-schemer then passed something to ARATO. At the end of this shift, the Co-schemer provided a PAPD detective with the \$100 bill that he received from ARATO from this theft.

17. On or about September 27, 2010, from approximately 4:37 p.m. to approximately 4:43 p.m. video surveillance shows ARATO stealing a small red purse from a female Indian passenger's (hereinafter "Victim #4") handbag during a secondary search of Victim #4's handbag. The surveillance shows ARATO removing the purse from Victim #4's bag and then placing it in a plastic tray along with certain other items belonging to Victim #4. After ARATO completed the inspection of Victim #4's bags, he handed her back all of the items that ARATO placed into the plastic tray except the red purse. ARATO then removed the tray from the secondary search table while concealing the red purse between the tray and his hand so that it could not be seen by Victim #4. ARATO then walked to another area in the checkpoint where he emptied out a box containing rubber gloves and hid the red purse in the empty glove box. ARATO brought the glove box with the purse inside his office where he removed the purse and placed it in his desk drawer. A subsequent interview of Victim #4 by a police officer with PAPD confirmed that she was missing a small red purse which she believed contained approximately \$200 and a credit card. Later that same shift, the Co-schemer inspected the red purse which was still in ARATO's desk drawer. According to the Co-schemer, at the time that he inspected its contents, the red purse contained approximately \$38 and a credit card.

#### Audio Recordings

18. Beginning on or about September 13, 2010, the Co-schemer, at the direction of DHS-OIG agents and detectives and officers with PAPD, began making covert, consensual recordings of conversations with ARATO. The following recorded conversations confirm that ARATO was engaged in the above-described corrupt and illegal activity with the Co-schemer and others:
  - a. On or about September 14, 2010, the Co-schemer told ARATO that the Co-schemer thought he may have ripped a \$100 bill in a passenger's bag. The Co-schemer told

ARATO that the passenger's money was secured with a rubber band and that the Co-schemer heard the money tear as he was trying to pull it out of the rubber band. That same day, ARATO accepted three \$100 bills from the Co-schemer.

b. On or about September 14, 2010, ARATO asked the Co-schemer if he obtained one of the \$100 bills that ARATO had accepted from the Co-schemer earlier that day from the individuals that ARATO told the Co-schemer to target. In that consensually recorded conversation, the Co-schemer confirmed to ARATO that he had stolen the \$100 from "two Polish women" that ARATO had directed the Co-schemer to target.

c. On or about September 15, 2010, ARATO told the Co-schemer that he hadn't been able to steal anything yet during their shift because all the passengers he had checked had "no more than two three hundred tops." During that same recorded conversation, ARATO told the Co-schemer that "if I find an envelope, I'm taking it, I swear to my kids." The Co-schemer responded by telling ARATO that "the last one I was going through, as I was going through it, the envelope you know was right there, she's doing like this, keeps looking over, I'm like, take the bag. I just went like this, here, here, take it back." In the same conversation, ARATO told the Co-schemer that he was not going to settle for just taking one hundred dollars from a passenger, but was looking to get at least two or three hundred dollars. During that shift, ARATO accepted two \$100 bills from the Co-schemer.

d. On or about September 22, 2010, ARATO and the Co-schemer discussed an on-going competition between them that involved them stealing from passengers in the presence of their TSA superiors. During this conversation, ARATO joked that he wanted to steal in the presence of everyone of his supervisors. ARATO told the Co-schemer that he tried to steal from two Czech women while certain supervisors were present at the checkpoint, but the women did not have any money. During that shift, ARATO accepted two \$100 bills from the Co-schemer.

e. On or about September 22, 2010, ARATO informed the Co-schemer about a passenger in a wheelchair who had "about ten thousand" in a "little blue pouch," but ARATO explained he could not take any of the money because it was all the passenger had in the pouch and would therefore be too noticeable if he tried to take any of it out during a search.

f. On or about September 22, 2010, ARATO informed the Co-schemer about a "clueless" passenger who had "twelve thousand" in a bank envelope. According to ARATO, he was "nervous" about stealing from her but he concluded that she wasn't "going to go down to the gate and count twelve thousand dollar[s]" so he "took two hundred." ARATO told the Co-schemer that he only took two hundred because he "don't want the lady sitting on the plane start counting her f-cking money...I'm missing five hundred again, and then they come, you know?"

g. On or about October 5, 2010, ARATO and the Co-schemer discussed how they did not feel bad stealing from foreign passengers. During this conversation, ARATO stated

that he was angered by “these mother f-ckers...leaving this country with our money, you know...our f-cking money.” During that shift, ARATO accepted \$1,200 from the Co-schemer.