

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
v. : Criminal No. 10-
CHARLES FERRARA, JR. : 18 U.S.C. § 371

I N F O R M A T I O N

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

1. At all times relevant to this Information:

a. Defendant CHARLES FERRARA, JR. (hereinafter, "defendant FERRARA") was the Athletic Director (hereinafter, "the AD") for Long Branch High School (hereinafter, "Long Branch"), in Long Branch, New Jersey. In his capacity as the AD, defendant FERRARA was responsible for, among other things, purchasing athletic equipment and sports equipment reconditioning services on behalf of Long Branch's athletic department.

b. Circle System Group, Inc., was a privately owned Pennsylvania corporation with its principal offices in Easton, Pennsylvania (hereinafter, "Circle"). Circle was engaged in the business of selling and reconditioning athletic equipment, uniforms and apparel. Although Circle's products and reconditioning services were marketed nationally, a large portion

of its sales of athletic equipment and reconditioning services were to high schools, colleges, and youth sports programs in New Jersey.

The Conspiracy to Commit Mail Fraud

2. From at least in or about January 2002 to in or about September 2005, in Monmouth County, in the District of New Jersey, and elsewhere, defendant

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and others, including individuals associated with Circle, knowingly and intentionally combined, conspired, confederated and agreed to commit offenses against the United States, namely, to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing such scheme and artifice, to utilize the United States mails and private and commercial interstate carriers, contrary to Title 18, United States Code, Section 1341.

The Object of the Conspiracy

3. The principal object of the conspiracy was to obtain money and other things of value for Circle and for defendant FERRARA by means of a number of fraudulent business practices, including the submission by Circle to Long Branch of fake price quotes and fraudulent invoices. Each of these fraudulent business practices will be described in more detail below.

Means and Methods of the Conspiracy

Fake Quotes

4. Pursuant to applicable laws, regulations, and policies, school purchasing officials in New Jersey, such as defendant FERRARA, were, at times, supposed to obtain three price quotes from three different companies before purchasing goods or services for their schools.

5. In an effort to increase Circle's sales, Circle personnel represented to school purchasing officials, such as defendant FERRARA, that if the school purchasing officials wanted to purchase goods and services from Circle but needed to obtain two additional price quotes to justify doing so, Circle could provide those two additional price quotes for the files of the school purchasing officials.

6. When school purchasing officials asked Circle for those two additional price quotes, Circle used the letterhead of other companies to create two fake price quotes, purportedly from these two companies, indicating prices higher than what Circle had quoted, or would be quoting, to the school purchasing officials.

7. On a number of occasions during the course of the conspiracy, defendant FERRARA asked Circle to provide additional price quotes, knowing that these additional price quotes were fake. In doing so, defendant FERRARA intended to circumvent the applicable laws, regulations, and policies governing Long

Branch's purchase of goods and services, and to steer Long Branch's purchases of athletic goods and reconditioning services to Circle.

8. During the course of the conspiracy, Circle submitted fake quotes to Long Branch in connection with its sale of reconditioning services and athletic equipment to Long Branch. These fake quotes were transmitted by Circle to Long Branch by mail, fax or by hand-delivery.

Fraudulent Invoices and Defendant FERRARA's Improper Receipt of Merchandise for Personal Use

9. In an effort to increase Circle's sales, Circle offered school purchasing officials, such as defendant FERRARA, a means by which they could, through Circle's creation of fraudulent paperwork for submission to the schools, use money in their budgets so that it would appear that the money had been used for budgeted items in the current fiscal year, when in fact it would be used either (i) in the next fiscal year for whatever goods and reconditioning services that the school purchasing officials wanted to purchase, or (ii) in the current fiscal year for goods and reconditioning services different from those for which the money had been budgeted.

10. During the course of the conspiracy, Circle, with the knowledge and approval of defendant FERRARA, submitted fraudulent invoices to Long Branch for reconditioning services in amounts greater than what had actually been performed. After defendant

FERRARA approved these fraudulent invoices for payment, and after Long Branch paid these fraudulent invoices, Circle credited the excess amount to Long Branch's internal account at Circle so that defendant FERRARA could use that credit to purchase goods and reconditioning services for Long Branch at a later time, or to purchase goods for defendant FERRARA's personal use and benefit. The existence of this credit was known to no one at Long Branch except defendant FERRARA, and when this credit was subsequently used, Circle did not send invoices to Long Branch reflecting the later purchases.

11. Although defendant FERRARA sometimes used this credit to purchase goods for the benefit of Long Branch, defendant FERRARA also requested, on other occasions, that Circle use portions of Long Branch's credit to purchase and provide defendant FERRARA with merchandise for his and others' personal benefit. In some instances, Circle submitted to Long Branch fraudulently inflated invoices to reimburse Circle for personal items and merchandise already given to defendant FERRARA.

12. During the course of the conspiracy, defendant FERRARA received more than \$3,000 in merchandise for the benefit of himself and others, including a laptop computer, video game consoles, video games and accessories, music compact disks, DVD players and DVD movies, and various clothing and apparel, which merchandise was actually paid for with Long Branch funds.

Overt Acts

13. In furtherance of the conspiracy and to effect its unlawful objects, defendant FERRARA and others, committed the following overt acts, among others, in the District of New Jersey and elsewhere:

a. In or about April 2002, defendant FERRARA requested and accepted from Circle a video game console, game accessories and music compact disks, having a value of more than \$400, for the benefit of himself and others.

b. In or about July 2002, defendant FERRARA requested and accepted from Circle two fake quotes for Long Branch's purchase of a pole vault pit to supplement the quote submitted by Circle. Thereafter, Circle obtained approximately \$5,850 in business from Long Branch.

c. In or about July 2004, defendant FERRARA requested and accepted from Circle a personal computer, having a value of approximately \$1,165, for the benefit of himself and others.

d. In or about November 2004, defendant FERRARA requested and accepted from Circle two fake quotes for Long Branch's reconditioning of athletic equipment to supplement the quote submitted by Circle. Thereafter, Circle obtained approximately \$3,000 in business from Long Branch.

e. In or about March 2005, defendant FERRARA requested and accepted from Circle various types of electronic

equipment, including DVD players, a laptop computer and DVD movies, having a cumulative value of more than \$2,700, for the benefit of himself and others.

f. In or about September 2005, Circle submitted to Long Branch, via U.S. mail, a \$10,000 for reconditioning services. Thereafter, Long Branch paid the \$10,000 invoice in full, though Circle only performed approximately \$7,300 in reconditioning services. Circle then credited approximately \$2,700 to Long Branch's internal account at Circle, which was used to purchase for defendant FERRARA the items described in Paragraph 13(e) above from a retail electronics store.

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


PAUL J. FISHMAN
UNITED STATES ATTORNEY

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INFORMATION

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