

UNITED STATES OF AMERICA : Hon.
: :
v. : Crim. No.
: :
JOHN F. BALLIRO : 18 U.S.C. §§ 201(c), 371, 1001,
: & 2

INDICTMENT

The Grand Jury in and for the District of New Jersey,
sitting in Newark, charges that:

COUNT 1
(Conspiracy to Defraud the United States)

Defendant, Coconspirator 1 and Post Office Policies

1. Defendant JOHN F. BALLIRO was employed in various capacities with the United States Postal Service ("Postal Service") from in or about 1996 to in or about 2006.

A. From in or about April 1996 to in or about March 1997, defendant BALLIRO was the Officer in Charge of the Newton Post Office in Newton, New Jersey ("Newton Post Office"), where he served in the absence of a Postmaster.

B. From in or about March 1997 to in or about February 1998, defendant BALLIRO was the Postmaster of the Newton Post Office before he was assigned on a detail to become the Officer in Charge of the Morristown, New Jersey Post Office in the absence of a Postmaster in that office. In or about July 1998, defendant BALLIRO returned to his duties as Postmaster of the Newton Post Office, where he served until in or about August 1999.

C. From in or about August 1999 to in or about March 2001, defendant BALLIRO was detailed, or assigned, to the position of Acting Post Office Operations Manager ("POOM") for the Central New Jersey Customer Service District for the Postal Service. In that capacity, defendant BALLIRO was to monitor, evaluate, and take corrective action for post office operations, develop and manage budgets for post offices, and facilitate the flow of work-related information. Defendant BALLIRO supervised the operation of over 75 post offices, including post offices in Morris, Sussex, and Warren counties. During this time, defendant BALLIRO's duty station remained at the Newton Post Office.

D. In or about March 2001 defendant BALLIRO was promoted to POOM, at which time his duty station became Edison, New Jersey. Because, however, he had an office built at the Dover, New Jersey Post Office, he did not frequently travel to the Edison office. Defendant BALLIRO's duties and responsibilities were the same as those that he had as an Acting POOM.

E. In or about September 7, 2002, defendant BALLIRO became POOM of the Northern New Jersey Customer Service District, at which time the supervision of the above-referenced post offices was transferred to his district. His duty station then became Newark, New Jersey. He held the POOM position until in or about June 2003.

F. In or about June 2003, defendant BALLIRO became Postmaster of the Elizabeth, New Jersey Post Office, and in or about June 2004, defendant BALLIRO was detailed to again become an Acting POOM of the Northern District New Jersey Customer Service District, and worked from the Elizabeth Post Office.

G. From in or about October 2005 to in or about May 2006, defendant BALLIRO was detailed to become a Service Improvement Team Leader in the Northern New Jersey Customer Service District. In that position, he worked from the Newark office.

2. Coconspirator 1 was also employed in various Post Offices in Northern New Jersey as a Postmaster with the Postal Service from 1997 to 2006. As a Postmaster, Coconspirator 1 was responsible for making decisions and conducting problem analysis and resolution in the areas of budget operations, the planning and scheduling of work, the safety and health of employees, and customer and community relations.

3. As part of the Postal Services' benefits for employees, employees received credit in increments of hours for vacation days, known as "annual leave." The Postal Service Annual Leave Sharing Program allowed Postal Service employees to share their annual leave by donating or receiving earned unused annual leave. In order for an employee to be eligible to receive donated leave, the employee must have: been incapacitated for available Postal

Service duties due to a serious personal health condition, including an incapacitating pregnancy; been known or expected to be absent from work 40 hours more than the employee's own earned sick leave and/or annual leave balances would cover; and requested leave recipient eligibility by submitting a specific form for approval and processing by the employee's immediate supervisor. An employee could donate up to a total of one-half of the hours of annual leave that the donor would earn during the leave year. Under the policy governing the annual leave sharing program, no employee could directly or indirectly intimidate, threaten, or coerce, or attempt to intimidate, threaten, or coerce, any other employee for the purpose of interfering with any right that the other employee could have with respect to donating, receiving, or using leave under the leave sharing program. For purposes of the policy, the terms, "intimidate, threaten, or coerce" included conferring or promising to confer any benefit, or effecting or threatening to effect any reprisal.

4. The Annual Leave Exchange Program provided eligible Postal Service employees with the opportunity to receive cash for up to 128 hours in exchange for leave that they would earn during the next leave year. To be eligible, an employee needed to have an annual leave balance of 160 hours at the end of the current leave year.

5. Employees of the Postal Service were required to submit a Request for Leave form prior to taking time off from work. Such a request needed to be signed by the employee's supervisor prior to the requested date.

The Conspiracy

6. From in or about 1996 to in or about March 2005, in the District of New Jersey and elsewhere, defendant

JOHN F. BALLIRO

knowingly and willfully conspired and agreed with others to defraud the United States by impeding, impairing, obstructing, and defeating the lawful governmental function of the Postal Service to deliver the mails without corruption, fraud, improper and undue influence, dishonesty and bias.

Object of the Conspiracy

7. The object of the conspiracy was for defendant JOHN F. BALLIRO and others to subvert the role of the Postal Service to efficiently use its resources to ensure the delivery of the mails, and to instead utilize these resources for their direct and indirect personal gain by means of deceit, craft, trickery and dishonesty, to include diverting assets, money and property from the Postal Service through certain methods and means set forth below and to conceal such diversion through affirmative misrepresentation, deliberate omission, threats and intimidation.

Methods and Means of the Conspiracy

8. It was a part of the conspiracy that defendant JOHN F. BALLIRO and others did the following:

Misuse of Postal Service Employee's Work-time and Services

A. Between in or about 1996 and in or about May 2002, defendant BALLIRO and Coconspirator 1 caused and permitted a Postal Service employee to perform significant building and carpentry work to construct unauthorized offices and other improvements at Postal Service facilities and at the residences of Postal Service employees and their relatives while on duty as a Postal Service employee and while being paid by the Postal Service. Defendant BALLIRO further caused this employee's time and attendance, and travel records to be falsified to indicate that the employee was working as a letter carrier when, in fact, the employee was performing carpentry and construction services. On occasion, with respect to the employee's travel-expense claims, defendant BALLIRO caused this employee to inflate such claims, with defendant BALLIRO keeping the difference between the actual and inflated amount.

Postal Vehicle Maintenance Fraud and Self-Dealing

B. Between in or about October 1998 and in or about November 2003, defendant BALLIRO steered maintenance and cleaning work for Postal Service vehicles, amounting to at least approximately \$600,000, to an automobile repair and car-wash

business (hereinafter, the "Auto Business") in Newton, a material portion of which was for unnecessary service and based on inflated billings. In consideration for steering this work to the Auto Business and for allowing the Auto Business to inflate its billings to the Postal Service, defendant BALLIRO:

(1) accepted free automobile repairs for himself, and his relatives and associates, including a free automobile with repairs for his son; (2) accepted money to defray the expenses of a relative's wedding; and (3) successfully solicited the proprietor of the Auto Business to permit defendant BALLIRO's son to be part owner of the car-wash portion of the Auto Business.

Defendant Rewards Employees for Donating Annual Leave

C. Between in or about June 2002 and in or about March 2005, defendant BALLIRO and Coconspirator 1 induced Postal Service employees to donate annual leave through the Annual Leave Sharing Program to benefit one of defendant BALLIRO's relatives and Coconspirator 1's ex-wife. To compensate these employees for this donated annual leave, defendant BALLIRO and Coconspirator 1 caused and permitted time and attendance records to be falsified to indicate that these employees were working, when, in fact, they were not.

Concealment of Fraudulent and Self-Dealing Conduct

D. To conceal their agreement to divert Postal Service money and property for their own direct and indirect benefit and

other self-dealing conduct, defendant BALLIRO and others did, and caused others to do, the following:

(i) submit documents and records to the Postal Service containing false statements and representations (including omissions of material fact);

(ii) conduct certain transactions in cash to eliminate an audit trail; and

(iii) threaten and intimidate other Postal Service employees to not report aspects of the above-detailed conduct to Postal Service personnel, including, in or about February 2002, sending to a Postal Service employee, who had reported aspects of the above-detailed conduct to Postal Service authorities and others, a cartoon depicting three individuals in fedoras and trench coats standing on a bridge over a body of water having just thrown a dog whose paws were encased in cement off of the bridge. The cartoon indicated at its bottom: "He bit the Godfather." In handwriting on this cartoon, one of the three individuals was identified as "John" (the two other individuals' handwritten first names corresponded to defendant BALLIRO'S two close associates). The dog was identified in handwriting on the cartoon by the first name of the Postal Service employee who had reported the information.

OVERT ACTS

9. In furtherance of the conspiracy and to effect its objects, the following overt acts were committed in the District of New Jersey and elsewhere:

A. In or about May 1996, defendant BALLIRO caused and permitted a Postal Service employee to perform significant building and carpentry work in the form of demolition of walls, installation of partitions, plumbing, concrete, and electrical work at the Newton, New Jersey Post Office.

B. In or about 1997, defendant BALLIRO caused and permitted a Postal Service employee to perform significant building and carpentry work at a residence in Bushkill, Pennsylvania, then occupied by one of defendant BALLIRO's ex-wives.

C. In or about October 1998, defendant BALLIRO accepted free automobile repairs from the Auto Business.

D. In or about December 1998, defendant BALLIRO caused and permitted a Postal Service employee to perform carpentry work in the form of constructing mail bins at the Morristown, New Jersey Post Office.

E. In or about July 2000, defendant BALLIRO solicited the proprietor of the Auto Business to permit defendant BALLIRO's son to become a part owner of a car-wash portion of the Auto Business.

F. In or about November 2000, defendant BALLIRO accepted money from owner of the Auto Business to defray the expenses of his daughter's wedding.

G. On or about October 24, 2000, defendant BALLIRO prepared correspondence directed to various Postmasters recommending the Auto Business as the dedicated vehicle repair station of choice to the Sparta, Landing, Andover, Newton, Bernardsville, and Basking Ridge, New Jersey Post Offices.

H. In or about May 2001, defendant BALLIRO caused and permitted a Postal Service employee to perform significant building and carpentry work at a residence in Hamburg, New Jersey owned by Coconspirator 1 and occupied by defendant BALLIRO.

I. On or about March 12, 2002, defendant BALLIRO caused a Postal Service employee to file a Postal Service Claim for Reimbursement for Expenditures on Official Business which inflated the number of miles traveled by the Postal Service employee in order to recover the difference between the actual and inflated amount of the claim.

J. On or about August 15, 2002, defendant BALLIRO induced a Postal Service employee to donate leave to benefit one of his relatives, and said employee was subsequently permitted to be reported as working from May 26, 2004 to May 28, 2004, on April 15, 2005 and April 18, 2005, and from August 22, 2005 to August 25, 2005, even though the employee was in South Carolina in May, Maryland in April, and Virginia, North Carolina, and Delaware in August, all on trips unrelated to Postal Service business, without applying for leave.

K. In or about July 2003, defendant BALLIRO accepted free automobile repairs from the Auto Business.

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

COUNT 2

(False Statements and Entries and Falsifying Material Facts)

1. In or about the dates listed below, in the District of New Jersey, and elsewhere, defendant

JOHN F. BALLIRO

knowingly and willfully, in matters within the jurisdiction of the executive branch of the Government of the United States, did (1) falsify, conceal and cover up by trick, scheme and device material facts; (2) make materially false, fictitious and fraudulent statements and representations; and (3) make and use false writings and documents knowing the same to contain materially false, fictitious and fraudulent statements and entries, as follows:

COUNT	DATE	CONDUCT
2	1996 to May 2002	Caused a Postal Service employee to perform significant building and carpentry work to construct unauthorized offices and other improvements at Postal Service facilities and at the residences of Postal Service employees and their relatives while on duty as a Postal Service employee and while being paid by the Postal Service, and caused the making of false representations in documents and records of the Postal Service that this employee was conducting legitimate Postal Service work.

In violation of Title 18, United States Code, Sections 1001 and 2.

COUNT 3

(Acceptance of Benefits from Auto Business for Official Action)

1. Paragraphs 1 and 7(B) of Count 1 of this Indictment are realleged as if set forth in full herein.

2. From in or about October 1998 to in or about November 2003, the Auto Business provided exclusive repair and cleaning services to Postal Service vehicles used by certain New Jersey post offices, including offices in Andover, Basking Ridge, Bernardsville, Budd Lake, Chester, Dover, Lake Hopatcong, Madison, Newton, Paterson, and Rockaway. The value of these services was at least approximately \$600,000. The Auto Business received and maintained this repair and cleaning service arrangement as a result of actions taken by defendant JOHN F. BALLIRO in directing other Postal Service employees at these post offices to utilize the Auto Business regardless of the distance between the Auto Business in Newton and the location of the particular post office.

3. In return for the extensive Postal Service work steered to the Auto Business, defendant BALLIRO received valuable benefits from the Auto Business in the form of free, used automobiles, and free automobile repairs for himself and his family members. Additionally, in or about November 2000, defendant BALLIRO solicited, accepted and received, approximately \$2,000 in cash from the Auto Business to pay for his relative's wedding reception. As a result of the receipt of these benefits,

defendant BALLIRO refrained from taking official action questioning the Auto Business's work and billings.

4. From in or about October 1998 to in or about November 2003, in the District of New Jersey, and elsewhere, defendant

JOHN F. BALLIRO

did knowingly, willfully, and other than as provided by law for the proper discharge of their official duties, directly and indirectly demand, seek, receive and accept, and agree to receive and accept, things of value - namely, cash, automobiles, and automobile repairs - personally for and because of official acts performed and to be performed by defendant BALLIRO.

In violation of Title 18, United States Code, Sections 201(c)(1)(B) and 2.

A TRUE BILL

FOREPERSON

CHRISTOPHER J. CHRISTIE
UNITED STATES ATTORNEY