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**NEW YORK CITY DEPARTMENT OF EDUCATION EMPLOYEE
ARRESTED FOR CONSPIRING TO TAKE BRIBES
FROM SCHOOL BUS COMPANIES**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, MARK MERSHON, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), GORDON S. HEDDELL, Inspector General of the United States Department of Labor ("DOL"); and DON TODD, Deputy Assistant Secretary of the United States Department of Labor, Office of Labor-Management Standards, announced today that an employee of the New York City Department of Education ("DOE"), GEOFFREY BERGER, was arrested yesterday for conspiring to solicit and accept bribes from the owners of bus companies that contracted with DOE, in exchange for official favors.

According to a Complaint filed earlier today in Manhattan Federal Court:

The FBI and the United States Department of Labor ("DOL") have been conducting an investigation of the New York City school bus industry, which has uncovered the existence of corruption and organized-crime influence in Local 1181 of the Amalgamated Transit Union ("Local 1181"), the primary union that services drivers and escorts for school bus companies in New York City. The investigation has also uncovered corruption and organized crime influence in certain school bus companies that contract with the DOE to provide services for schoolchildren, including special education students, in the New York City area. Most recently, the investigation has revealed the complicity of certain employees of DOE in this corruption, including GEOFFREY BERGER, a DOE borough supervisor, for the receipt of bribes. In his official capacity, BERGER arranged school bus routes, which are contracted and assigned through DOE primarily to privately-owned bus companies.

A former DOE inspector ("CW-1") has provided information to the Government relating to his own receipt of bribes, as well as similar conduct by others, including BERGER. According to information provided by CW-1, from the early 1980s until about 2007, CW-1 and several fellow DOE employees agreed to obtain cash payments from bus companies in exchange for providing them with "extended runs," bus routes that begin earlier than the standard time provided in the contract, or end later; bus companies that service such routes earn higher rates.

DOE employees also collected money on a regular basis from bus company owners related to the routine bus inspections that DOE conducted. The DOE inspectors had discretion over the imposition of violations, and bus company owners perceived that if they paid money to the inspectors, they would receive favorable treatment.

From about 2005 until about 2007, at least 10 different bus company owners that contracted with DOE made cash payments to CW-1. These payments included money in exchange for extended runs and money related to inspections, and ranged from several hundred dollars from some owners to over \$10,000 a year from others. In 2007, CW-1 received cash payments from two bus company owners for extended runs; one owner paid CW-1 approximately \$50,000 in cash, and the other bus company owner paid approximately \$40,000 in cash. BERGER received illegal cash payments from at least four of these bus companies.

Another former DOE inspector ("CW-2") has provided information to the Government relating to his own receipt of bribes, as well as similar conduct by others, including BERGER. When CW-2 was arrested on November 28, 2007, he had \$110,000 in cash hidden in his residence, which he informed the FBI he had received from bus company owners.

CW-2 received cash payments related to inspections, "extended runs," and the provision of additional bus runs to approximately 10 bus company owners in 2006. The payments, which CW-2 split with fellow bus company inspectors, ranged from several hundred dollars a year to tens of thousands of dollars. BERGER received such cash payments from at least five bus company owners, and he and CW-2 often picked up cash payments for one another.

Two bus company owners ("Owner-1" and "Owner-2") have confirmed that they made cash payments to BERGER and other DOE employees, including CW-1 and CW-2. Owner-1's bus companies made payments to CW-1 in exchange for obtaining advance notice of when

bus inspections would take place, and to BERGER in exchange for receiving approximately 40 additional DOE bus runs in 2005. Owner-1 received a grand jury subpoena in 2006 and notified BERGER, through an intermediary, that payments would no longer be made to BERGER. At that time, BERGER told an employee of Owner-1 that Owner-1 had to continue making payments because BERGER had already started the process of getting Owner-1 the additional bus runs, and because the investigation related to Local 1181, not the DOE. Owner-1 refused to make any further payments to BERGER. The following year, Owner-1's bus companies lost 37 bus runs in the allocation by DOE.

Owner-2, who made cash payments to BERGER, CW-1, and CW-2, gave BERGER payments of between \$500 and \$1,000 for approximately five to six years in order to influence BERGER in his bus routing decisions, and last made a payment to BERGER in August 2007.

BERGER was presented today before the Honorable THEODORE H. KATZ and released on a \$1 million bond. BERGER, 57, is charged with one count of conspiracy to commit theft of bribery concerning programs receiving Federal funds. If convicted of the charge, BERGER faces a maximum sentence of five years in prison, three years of supervised release, and a fine of the greater of \$250,000, or twice the pecuniary gain or loss from the offense.

Mr. GARCIA praised the investigative work of the FBI; the New York City Police Department; the DOL Office of Labor-Management Standards and the DOL Office of the Inspector General; and thanked the Special Commissioner of Investigation for the New York City School District for their assistance in this case.

Assistant United States Attorneys BENJAMIN GRUENSTEIN and ELIE HONIG are in charge of the prosecution.

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