

14 MAG 1327

Approved: Brian A. Jacobs
BRIAN A. JACOBS
Assistant United States Attorney

Before: THE HONORABLE GABRIEL W. GORENSTEIN
United States Magistrate Judge
Southern District of New York

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UNITED STATES OF AMERICA	:	<u>SEALED</u> <u>COMPLAINT</u>
- v. -	:	Violation of
KENNETH CZUMAK	:	18 U.S.C. §§ 209, 216(a)(2)
Defendant.	:	COUNTY OF OFFENSE: NEW YORK

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SOUTHERN DISTRICT OF NEW YORK, ss.:

HEATHER O'MALLEY, being duly sworn, deposes and says that she is a Special Agent with the Department of Veterans Affairs, Office of Inspector General, Criminal Investigations Division (the "VA OIG"), and charges as follows:

COUNT ONE

1. From at least in or about January 2008, up to and including in or about June 2013, in the Southern District of New York and elsewhere, KENNETH CZUMAK, the defendant, being an officer and employee of the executive branch of the United States Government, to wit, an Information Technology Specialist at the Northport Veterans Affairs Medical Center (the "VAMC Northport"), willfully and knowingly received a contribution to and supplementation of salary as compensation for his services as an Information Technology Specialist at the VAMC Northport from a source other than the Government of the United States, to wit, CZUMAK regularly received benefits, including meals and entertainment, among other things, paid for by a telecommunications firm that did business with the VAMC Northport.

(Title 18, United States Code, Sections 209, 216(a)(2).)

The bases for deponent's knowledge and for the foregoing charge are, in part, as follows:

2. I am a Special Agent with the VA OIG, and have been in that position for over a year. Previously, I was a Special Agent with Immigration and Customs Enforcement for approximately ten years. I have participated in multiple investigations of fraud, waste, and abuse. I am familiar with the facts and circumstances set forth below from my participation in the investigation of this case, from my personal knowledge, and from my conversations with other law enforcement officers and others. Because this Affidavit is being submitted for the limited purpose of establishing probable cause, I have not included every fact I have learned during the investigation. Where the actions, statements and conversations of others are recounted herein, they are related in substance and in part, unless otherwise indicated.

3. The VAMC Northport is a medical center that provides healthcare services to veterans in Long Island and surrounding areas. Throughout the relevant time period, a telecommunications firm had a subcontract for approximately \$6 million to provide voice and data infrastructure and related services to the VAMC Northport (the "Telecommunications Firm"). During this same time period, KENNETH CZUMAK, the defendant, served as an Information Technology Specialist at the VAMC Northport, and was the primary point of contact for the Telecommunications Firm at the VAMC Northport.

4. I have spoken with an individual who worked as a sales and account executive at the Telecommunications Firm during the relevant time period ("Account Executive-1"). According to Account Executive-1, he had an annual expense budget of approximately \$35,000 to spend on clients to develop business relationships, and Account Executive-1 spent approximately 20% of this budget on entertainment expenses for KENNETH CZUMAK, the defendant, which was more than on any other customer. Account Executive-1 had been instructed by superiors at the VAMC Northport to make these expenditures for CZUMAK because the VAMC Northport was a longstanding client. Among other things, Account Executive-1 paid for meals (including meals in the Southern District of New York), entertainment (such as golf outings), and accommodations for CZUMAK on trips, among other things, and submitted these expenses to the Telecommunications Firm for reimbursement, which was always provided.

5. During the same time relevant time period, KENNETH CZUMAK, the defendant, among other things, served as a reference for other potential clients of the Telecommunications Firm. For example, in approximately 2011, another account executive from the

Telecommunications Firm ("Account Executive-2") was attempting to win a new client, and referred that potential client to CZUMAK. Subsequently, CZUMAK stated to Account Executive-1 that CZUMAK had heard that the Telecommunications Firm had won that contract with Account Executive-2's new client, and thought that he, CZUMAK, now had a nice dinner coming his way. In addition, I have spoken to Account Executive-2, who stated that CZUMAK provided tours to the VAMC Northport facility for prospective clients of the Telecommunications Firm.

6. I have reviewed copies of receipts and expense reports from the Telecommunications Firm for the business courtesies given to KENNETH CZUMAK, the defendant. Numerous receipts and/or expense reports mention CZUMAK by name. In total, these documents reflect that the Telecommunications Firm paid more than \$40,000 in benefits for CZUMAK during the relevant time period. I have spoken with Account Executive-2, who confirmed that Account Executive-2 personally approved many of these expenses.

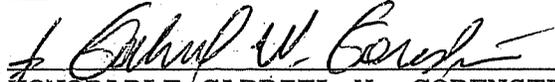
7. On or about March 19, 2014, I interviewed KENNETH CZUMAK, the defendant, together with another law enforcement agent. CZUMAK admitted that he frequently had meals with Account Executive-1, but claimed that he, CZUMAK, always paid his share. But CZUMAK also acknowledged that the Telecommunications Firm had provided him with a car service to take him to and from business meetings, and that the Telecommunications Firm provided him with at least one trip on a chartered fishing boat. CZUMAK also stated that he was aware, from his online training and from emails he had received, that as a government employee, he could not accept gifts worth more than \$15 from an outside source.

WHEREFORE, deponent respectfully requests that a warrant be issued for the arrest of KENNETH CZUMAK, the defendant, and that he be arrested and imprisoned, or bailed, as the case may be.


HEATHER O'MALLEY
Special Agent
Department of Veterans Affairs
Office of the Inspector General
Criminal Investigations Division

Sworn to before me this
__ day of June 2014

JUN 12 2014


HONORABLE GABRIEL W. GORENSTEIN
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK