

Department of Justice

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PRIOR FELON SENTENCED ON FRAUD AND TAX CHARGES

BUFFALO, N.Y.-- U.S. Attorney William J. Hochul, Jr. announced today that John J. Gross, 75, of Niagara Falls, New York, who was convicted of mail fraud and filing a false tax return, was sentenced to 33 months in prison and three years supervised release by U.S. District Judge Richard J. Arcara. Judge Arcara also ordered Gross to pay restitution in the amount of \$161,000.

First Assistant U.S. Attorney James P. Kennedy, Jr., who handled the case, stated that the fraud arose out of a bid rigging scheme involving work performed by a plumbing and general contracting business that Gross ran out of Niagara Falls, N.Y. Specifically, following a December 2008 storm which caused damage to the Summit Mall in Wheatfield, New York, employees of the defendant's contracting company submitted two false bids which purportedly came from his competitors. One bid was entirely fabricated by a Gross employee using a supply of letterhead from one competitor. The other bid was obtained under false pretenses from another competitor at Gross' direction. The bids were then given to an employee of the Summit Mall who presented them to management claiming they were independently obtained. Gross had previously done repairs and improvements at the employee's home at a substantially reduced cost. As a result of the defendant's conduct, his company, which submitted the lowest bid, was awarded the contract.

Gross also admitted to defrauding Goodyear Tire and Rubber Company on two occasions. In one instance, he utilized a Goodyear employee to obtain bids provided by other contractors to perform work at Goodyear. This allowed Gross to underbid his competitors. Gross did home repairs at substantially reduced costs or at no cost at this employee's home. The defendant also gave the employee free charter fishing trips. In the other instance, Gross simply prepared and submitted to Goodyear, a fictitious higher-priced bid purportedly made by one of his competitors.

In addition, Gross maintained two sets of books in order to hide income from the Internal Revenue Service which had an outstanding judgment against him as a result of a tax evasion conviction in the late 1990's.

"This case should send a strong message that our Office, along with our law enforcement partners, takes very seriously the rights of every business to compete in a fair economic environment," said U.S. Attorney Hochul. "The defendant's actions created an unfair advantage for his own company while slanting the playing field for other businesses in Niagara County. Such behavior was harmful to the economy of the entire community."

The plea is the culmination of an investigation on the part of Special Agents of the Federal Bureau of Investigation, under the direction of Special Agent in Charge Christopher M. Piehota and the Internal Revenue Service, under the direction Special Agent in Charge Charles R. Pine.