UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
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UNITED STATES OF AMERICA	:	Criminal No. 06 cr 1139
v.	:	Filed: 12/14/2006
KENNETH LOEFFLER,	:	Violation: 18 U.S.C. § 371
Defendant.	:	

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INFORMATION

The United States of America, acting through its attorneys, charges:

1. Kenneth Loeffler ("Loeffler") is hereby made a defendant on the charge stated below.

CONSPIRACY
(18 U.S.C. § 371)

I. THE RELEVANT PARTIES AND ENTITIES

During the period covered by this Information:

2. Loeffler resided in Valley Stream, New York.

3. Loeffler was employed as a Custodial Engineer ("custodian") for the New York City Department of Education and its predecessor, the Board of Education of the City of New York (collectively, the "NYCDOE").

4. "CC-1" was a co-conspirator who owned three companies that sold or purported to sell industrial cleaning and maintenance supplies. Each of CC-1's companies submitted bids and won contracts to provide industrial cleaning and maintenance supplies to

NYCDOE schools.

5. "CC-2" was a co-conspirator who owned or purportedly represented numerous companies that sold or purported to sell industrial cleaning and maintenance supplies. At least nine companies owned or purportedly represented by CC-2 submitted bids and won contracts to provide industrial cleaning and maintenance supplies to NYCDOE schools. CC-2 was also an employee of one of CC-1's companies.

6. Whenever in this Information reference is made to any act, deed, or transaction of any corporation or entity, such allegation shall be deemed to mean that the corporation or entity engaged in such act, deed, or transaction by or through its officers, directors, agents, employees, or other representatives while they were actively engaged in the management, direction, control, or transaction of its business or affairs.

7. Various persons and firms, not made defendants herein, participated as co-conspirators in the offense charged herein and performed acts and made statements in furtherance thereof.

II. BACKGROUND

8. NYCDOE employs custodians to oversee and manage the physical facilities at New York City public schools. NYCDOE custodians' duties and responsibilities include maintenance of the schools to which they are assigned, purchasing goods and services necessary for such maintenance, and approving invoices and paying vendors for such goods and services. Custodians receive funding from NYCDOE to carry out their duties and responsibilities, typically on a biweekly basis. Custodians must maintain a separate

bank account and check book for NYCDOE funds allocated to them. They must also maintain certain books and records relating to each and every expenditure of NYCDOE funds and then submit the requisite documentation to their plant manager. The Auditor General of NYCDOE periodically conducts audits of custodians' books and records on file with the plant managers.

9. In approximately July 1999, custodians adopted NYCDOE's purchasing policy which required them to either purchase goods and services from a list of approved vendors or to solicit at least three competitive telephone bids before purchasing any items which, in the aggregate, totaled more than $250 and three competitive written bids before awarding any contract to provide items which, in the aggregate, totaled more than $5000. Prior to approximately July 1999, NYCDOE custodians purchased goods and services from vendors of their choosing.

10 With respect to contracts for which competitive bids had been solicited, NYCDOE required its employees, including custodians, to award the contract to the bidder who provided the "maximum quality for the minimum price."

11. NYCDOE also required its employees, including custodians, to prepare a bid summary for each contract awarded pursuant to competitive bidding. The bid summary included, among other things, information regarding the companies from which bids were received. NYCDOE provided the necessary bid summary forms to be filled out by the custodians.

12. Industrial cleaning and maintenance supplies includes any custodial or janitorial

service, item, good, product, material, equipment, or mechanism.

III. DESCRIPTION OF THE OFFENSE

13. From at least as early as 1997 and continuing until at least June 2003, the exact dates being unknown to the United States, in the Southern District of New York and elsewhere, Loeffler and his co-conspirators, and others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate, and agree together and with each other to commit offenses against the United States of America, to wit, to violate Title 18, United States Code, Sections 1341 and 1346, in violation of Title 18, United States Code, Section 371.

14. It was a part and object of the conspiracy that Loeffler, and others known and unknown, having devised and intending to devise a scheme and artifice to defraud NYCDOE, to obtain money and property from NYCDOE by means of false and fraudulent pretenses, representations, and promises, and to deprive NYCDOE of its intangible right to the honest services of its employees, unlawfully, willfully, and knowingly, for the purpose of executing such scheme and artifice, would and did place in post offices and authorized depositories for mail matter, matters and things to be sent and delivered by the Postal Service, and deposit and cause to be deposited matters and things to be sent and delivered by private and commercial interstate carriers, and take and receive therefrom, such matters and things, and knowingly cause to be delivered by mail and such carriers according to the directions thereon, and at the place at which they were directed to be delivered by the persons to whom they were addressed such matters and things, in violation of Title 18,

United States Code, Sections 1341 and 1346.

IV. THE MANNER AND MEANS BY WHICH THE CONSPIRACY WAS CARRIED OUT

The manner and means by which the conspiracy was sought to be accomplished included, among others, the following:

15. During all or some of the period between 1997 and June 2003, Loeffler received kickbacks totaling approximately $6,000 from CC-2 in cash, tickets to sporting events, theater tickets and dinners. CC-2 paid kickbacks in the form of money or goods and services to Loeffler to ensure that he would allocate contracts to CC-1's companies or to companies owned or purportedly represented by CC-2 and later, for Loeffler's assistance in frustrating and subverting NYCDOE's competitive bidding policy for contracts for industrial cleaning and maintenance supplies by ensuring that Loeffler would not invite potential competitors to bid on contracts for industrial cleaning and maintenance supplies awarded by NYCDOE schools. The bids Loeffler obtained were from CC-1's companies, from companies owned or purportedly represented by CC-2, or attributed to other companies whose names were supplied to Loeffler by CC-2. As a result, NYCDOE was deprived of its right to the honest services of Loeffler.

16. Loeffler and CC-1 and CC-2 generated money to be paid to Loeffler through a fraudulent scheme whereby Loeffler and CC-1 and CC-2 caused schools for which Loeffler was the custodian to issue false and fraudulent purchase orders to companies owned by CC-1. Subsequently, CC-1 and CC-2 caused CC-1's companies to issue

corresponding false and fraudulent invoices which Loeffler then paid from NYCDOE funds which he maintained. The purchase orders were false and fraudulent in that they purported to order industrial cleaning and maintenance supplies, all or part of which were not intended to be delivered. The invoices issued by CC-1's companies were false and fraudulent in that they billed for industrial cleaning and maintenance supplies delivered in part or never in fact delivered. Loeffler falsely certified that NYCDOE schools had received all of the goods described in those invoices, and thereby caused NYCDOE to pay the full amount stated in them. In actuality, CC-1's companies sometimes provided only a portion or none of the industrial cleaning and maintenance supplies described in the purchase orders and invoices.

17. At no time did Loeffler or his co-conspirators disclose to NYCDOE Loeffler's receipt of payments from CC-2. All such payments were made without the knowledge or approval of NYCDOE, and in violation of Loeffler's duty of loyalty to NYCDOE.

V. OVERT ACTS

18. In furtherance of the conspiracy, and to effect the illegal objects thereof, the defendant and others known and unknown, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

(a) On numerous occasions, between approximately 1997 and June 2003 pursuant to the conspiracy charged, Loeffler and his co-conspirators caused NYCDOE schools to issue numerous false and fraudulent purchase orders to companies associated with CC-1. Some of these purchase orders were sent through the United States mails;

(b) On numerous occasions, between approximately 1997 and June 2003, pursuant to the conspiracy charged, Loeffler and his co-conspirators caused companies associated with CC-1 to issue numerous false and fraudulent invoices corresponding to those purchase orders. Some of these invoices were sent through the United States mails and;

(c) On numerous occasions, between approximately 1997 and June 2003, pursuant to the conspiracy charged, Loeffler and his co-conspirators caused NYCDOE funds to be paid to companies associated with CC-1. Those funds were paid from bank accounts maintained at banks located in Manhattan.

IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 371.

Dated: 12/8/06

/s/_____
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Assistant Attorney General

/s/_____
SCOTT D. HAMMOND

Deputy Assistant Attorney General

/s/_____
MARC SIEGEL
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