

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA	:	Criminal No. 08 Cr. 554 (CBA)
v.	:	Filed: August 26, 2008
EDWARD P. GOLDBLATT,	:	Violations: 18 U.S.C. § 1349
	:	26 U.S.C. § 7201
Defendant.	:	

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INFORMATION

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

1. Edward P. Goldblatt (“Goldblatt”) is hereby made a defendant on the charges stated below.

COUNT ONE -- CONSPIRACY
(18 U.S.C. § 1349)

I. RELEVANT PARTIES AND ENTITIES

During the period covered by this Count:

2. Goldblatt resided in Melville, New York.
3. Goldblatt was employed by the New York Power Authority (“NYPA”).

Goldblatt held the position of Purchasing Warehouse Assistant in one of NYPA’s purchasing departments located in the Charles A. Poletti Power Project facility in Long Island City, New York.

4. “CC-1” was a co-conspirator who was a part-owner of a New York limited liability company located in Middlesex, New Jersey (“Vendor-1”) that supplied industrial pipes, valves and fittings and other materials to NYPA.

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

II. BACKGROUND

6. NYPA is a non-profit energy corporation established by New York State law for the public benefit of the citizens of New York by providing low-cost power to government agencies, municipalities and private entities. NYPA does not use tax revenue or state credit; instead it finances its projects through bond sales to private investors. NYPA’s trustees are appointed by the Governor of New York and its officers and employees are required by law to adhere to the ethical requirements of the New York Public Officers Law.

7. NYPA is headquartered in Albany, New York, with power plants and offices located throughout New York, including purchasing departments located in its facilities. The purchasing department located in the Charles A. Poletti Power Project facility in Long Island City, New York (“Poletti Purchasing Department”) selected and contracted with third-party vendors of materials and services for its own facility and other nearby NYPA facilities and offices.

8. NYPA had a competitive bidding policy that required its purchasing departments and their employees to obtain competitive bids from at least 3 vendors for purchases valued at \$5,000 or more, and to obtain competitive bids from at least 5 vendors for purchases valued at \$25,000 or more, except under limited circumstances such as for contracts awarded on an emergency basis. The purpose of the bidding policy was to ensure that NYPA obtained products and services at competitive, fair market prices.

9. As a Purchasing Warehouse Assistant in the Poletti Purchasing Department, Goldblatt was responsible for purchasing and awarding contracts for millions of dollars in goods and services annually for NYPA's plants and offices, all in accordance with NYPA's policies and procedures, including adhering to NYPA's competitive bidding policy. In addition, Goldblatt was responsible for issuing purchase orders; reviewing and authorizing vendor invoices for payment; and monitoring warehouse stock levels.

10. NYPA maintained a written Code of Conduct prohibiting its employees from accepting gifts (having a value of more than \$75) from vendors or from entering into private business arrangements with vendors. In addition, Sections 73 and 74 of the New York Public Officers Law, incorporated by reference under NYPA's Code of Conduct, prohibits such conduct by state officers and employees, including NYPA employees.

III. DESCRIPTION OF THE OFFENSE

11. From on or about early 2003 to approximately August 2007, in the Eastern District of New York and elsewhere, Goldblatt and his co-conspirators, and others known

and unknown, did unlawfully, willfully, and knowingly combine, conspire, confederate, and agree, together and with each other, to commit wire fraud, to wit, to violate Title 18, United States Code, Sections 1343 and 1346, in violation of Title 18, United States Code, Section 1349.

12. It was a part and an object of the conspiracy that Goldblatt and his co-conspirators, and others known and unknown, unlawfully, willfully, and knowingly, having devised and intending to devise a scheme and artifice to defraud NYPA, including a scheme to deprive NYPA of its intangible right to the honest services of Goldblatt, and for obtaining money and property from NYPA by means of false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice, and attempting to do so, would and did transmit and cause to be transmitted by means of wire communication in interstate commerce, writings, signs, signals and sounds, in violation of Title 18, United States Code, Sections 1343 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:

13. During some or all of the period between approximately early 2003 until approximately August 2007, Goldblatt received kickback payments totaling approximately \$167,057 from CC-1 and his company, Vendor-1. These payments were in the form of cash, gift certificates for restaurants, entertainment and travel tickets, electronics,

payments on his car leases and credit cards, hair salon treatments, supermarket certificates, cigars, and other items. CC-1 and Vendor-1 paid kickbacks in order to ensure that Goldblatt would allocate to Vendor-1 a portion of NYPA's total purchases, and that Goldblatt would not seek alternative vendors for such contracts. By paying the kickbacks, Vendor-1 was able to maintain non-competitive prices because it did not face open and honest competition from other vendors.

14. The amounts of the kickback payments to Goldblatt were calculated based on a combination of (1) a percentage of Vendor-1's sales to NYPA, at a rate of approximately 3.5 percent; and (2) Goldblatt's half share of fraudulent overcharges added to Vendor-1's invoices.

15. As part of their scheme, Goldblatt conspired with CC-1 to fraudulently inflate certain of Vendor-1's invoices to NYPA, and to equally share half of the fraudulently inflated amount, which CC-1 did. Some invoice total amounts were entirely fraudulent in that the goods listed were never in fact shipped to NYPA. Goldblatt and CC-1 referred to these fraudulently inflated and fabricated amounts, which totaled approximately \$86,244, as "bumps" (and half of this amount was included in the \$167,057 in kickbacks paid to Goldblatt and half was retained by Vendor-1).

16. The "bumps" were generated as follows: on behalf of NYPA, Goldblatt would fax a request for a price quote for one or more items to Vendor-1. CC-1 or one of Vendor-1's employees would fax Vendor-1's price quote for the item(s) to Goldblatt. These original price quotes already contained a profit margin for Vendor-1 that, at a

minimum, included a fraudulent overcharge to recoup the cost of kickback payments being made to Goldblatt. For those invoices that Goldblatt selected to inflate further, Goldblatt would then fax back a purchase order to Vendor-1 in an amount higher than Vendor-1's original quoted price. This was a signal for CC-1 to fax or mail to NYPA an invoice in the higher inflated total amount, as specified on Goldblatt's purchase order, which CC-1 then caused Vendor-1 to do. After receiving the inflated invoice from Vendor-1, Goldblatt then approved the invoice thereby causing NYPA to make payment on the inflated invoice. The difference between Vendor-1's original quoted price and Goldblatt's inflated purchase order price was recorded as the "bump" for that invoice by Goldblatt and CC-1. Some time after NYPA made payment on the inflated invoice, CC-1 included half of the "bump" in the kickback payments to Goldblatt.

17. As part of their scheme, Goldblatt and CC-1 maintained a running total of the kickback payments due based on Vendor-1's sales, as well as Goldblatt's share of the "bumps." Goldblatt routinely faxed demands for payment of his and his wife's personal bills or purchases for personal items to CC-1 from the fax machine at the Poletti Purchasing Department to CC-1's offices at Vendor-1. CC-1 made payment or caused Vendor-1 to make payment on those items, and Goldblatt and CC-1 kept track of those payments. Periodically, after NYPA paid some of Vendor-1's invoices, Goldblatt and CC-1 discussed over the telephone the running totals, adding amounts from the percentage of Vendor-1's sales as well as the "bumps," then subtracted kickback payments made by CC-1 and Vendor-1, either to Goldblatt or on Goldblatt's behalf.

18. Goldblatt and his co-conspirators attempted to create the appearance that the Poletti Purchasing Department was awarding contracts in compliance with NYPA's competitive bidding policy when, in fact, it frequently was not. In actuality, Goldblatt artificially and fraudulently broke up NYPA's purchases from Vendor-1 into amounts under the \$5,000 threshold to avoid obtaining competitive bids to enable him to allocate those contracts to Vendor-1. In addition, for contracts valued in excess of \$5,000, Goldblatt falsified NYPA bid comparison documents by adding fictitious vendor price quotes to justify allocating contracts to preferred vendors, such as Vendor-1.

19. At no time did Goldblatt or his co-conspirators disclose to NYPA Goldblatt's receipt of the kickback payments from CC-1 or Vendor-1. All such payments were made without the knowledge or approval of NYPA, and in violation of Goldblatt's duty of loyalty to NYPA and his obligations under the New York Public Officers Law and the NYPA Code of Conduct.

20. As a result of this scheme, NYPA was deprived of its right to the honest services of Goldblatt and paid higher prices for the materials it purchased than it would have if Goldblatt had aggressively and honestly solicited competitive prices from other vendors, and had not approved fraudulently inflated invoices for payment.

V. OVERT ACTS

21. In furtherance of the conspiracy and to effect the illegal objects thereof, the defendant and his co-conspirators, and others known and unknown, committed the following overt acts, among others, in the Eastern District of New York and elsewhere:

(a) On numerous occasions between approximately early 2003 and approximately August 2007, pursuant to the conspiracy charged, Goldblatt and CC-1 caused the Poletti Purchasing Department to issue purchase orders to Vendor-1, and caused Vendor-1 to issue invoices to NYPA, relating to the supply of industrial pipes, valves and fittings and other materials to NYPA. These purchase orders and invoices were sent via facsimile between the Poletti Purchasing Department in Long Island City, New York and Vendor-1 in New Jersey. Many of these invoices and purchase orders also contained fraudulently inflated amounts pursuant to the scheme;

(b) On November 22, 2005, Goldblatt faxed to CC-1 a NYPA Purchase Order containing a “bump” of \$320.44, for the purchase of one “Edward Ring Spacer” for a price of \$1,713.44, from the NYPA facsimile machine located in the Poletti Purchasing Department in Long Island City, New York to a facsimile machine located in Vendor-1's offices in New Jersey. Earlier that day, CC-1 faxed to Goldblatt Vendor-1's quoted price to NYPA for the “Edward Ring Spacer” as \$1,393.00;

(c) On numerous occasions between approximately early 2003 and approximately August 2007, pursuant to the conspiracy charged, Goldblatt faxed invoices for personal items from the NYPA facsimile machine located in the Poletti Purchasing Department in Long Island City, New York to a facsimile machine located in Vendor-1's offices in New Jersey, with instructions for CC-1 to make payment on those invoices. These invoices included demands for payments of Goldblatt's car leases, credit cards, and hair salon bills; and demands for purchases of electronics, restaurant certificates,

entertainment tickets, cigars, and other items for Goldblatt and his family members; and

(d) On June 12, 2007, Goldblatt faxed a Jaguar credit invoice addressed to Goldblatt, for a \$375.49 monthly payment on Goldblatt's Jaguar car lease, to CC-1 for payment from the NYPA facsimile machine located in the Poletti Purchasing Department in Long Island City, New York to a facsimile machine located in Vendor-1's offices in New Jersey.

IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1349

COUNT TWO-- TAX EVASION
(26 U.S.C. § 7201)

The United States of America further charges:

22. Paragraphs 1 through 4 and 13 of Count One of this Information are repeated, realleged, and incorporated in Count Two as if fully set forth in this Count.

23. From approximately August 2007 through December 2007, as an uncharged part of the fraud scheme alleged in Count One of this Information, Goldblatt also received kickback payments totaling approximately \$19,363 from CC-1 and Vendor-1, including a \$3,000 cash payment; and Goldblatt and CC-1 and Vendor-1 also generated an additional \$11,022 in "bumps," \$5,511 of which was included in the total of kickback payments to Goldblatt during this period.

24. Goldblatt did not report his receipt of any of the value of the goods, services or money that he received from CC-1 and Vendor-1 on his U.S. Individual Income Tax Returns. As a result, those tax returns substantially underreported the taxable income and

the correct amount of tax due and owing from Goldblatt.

25. On or about the filing dates set forth below, in the Eastern District of New York and elsewhere, Goldblatt, unlawfully, knowingly and willfully, would and did attempt to evade and defeat a substantial part of the income tax due and owing by him and his spouse to the United States for the tax years set forth below by various means, including, among other things, by preparing and causing to be prepared, by signing and causing to be signed, and by filing and causing to be filed with the Internal Revenue Service, false and fraudulent United States Individual Income Tax Returns, Forms 1040, for each of the calendar years 2005, 2006, and 2007, wherein Goldblatt failed to report as income kickbacks he had received from Vendor-1, as set forth in Paragraphs 13 and 23 of this Information, whereas, as Goldblatt then and there well knew and believed, the correct

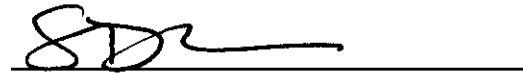
taxable income and correct tax due and owing for those calendar years was substantially in excess of the amounts reported, as set forth below:

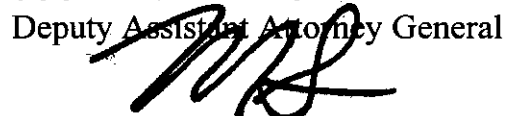
<u>Filing Date</u>	<u>Tax Year</u>	<u>Reported Taxable Income</u>	<u>Reported Tax Due and Owing</u>	<u>Corrected Taxable Income</u>	<u>Additional Tax Due and Owing</u>
03/15/06	2005	\$45,768	\$2,911	\$86,380	\$ 11,140
02/17/07	2006	\$40,827	\$2,109	\$80,208	\$ 9,904
02/28/08	2007	\$41,610	\$5,090	\$99,659	\$ 12,303

IN VIOLATION OF TITLE 26, UNITED STATES CODE, SECTION 7201

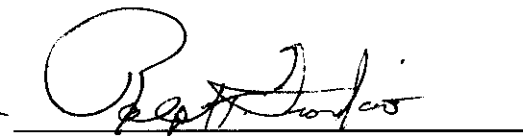
Dated: 8/26/08


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