



Department of Justice

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AT
(202) 514-2007
TTY (866) 544-5309

CONSTRUCTION SERVICE COMPANY OWNER PLEADS GUILTY TO FRAUD CONSPIRACY AND TAX VIOLATION INVOLVING CONTRACT WITH THE NEW YORK POWER AUTHORITY

WASHINGTON – The owner of a Bardonia, New York, construction service company pleaded guilty to conspiring to defraud the New York Power Authority (NYPA) and filing a false tax return, the Department of Justice, the IRS and the New York State Inspector General announced today.

According to the two-count felony charge filed in U.S. District Court of the Southern District of New York in White Plains today, Thomas Delaney, owner of Over Rock Construction LLC, participated in a scheme to defraud NYPA. In October 2009, Over Rock was awarded a five-year, \$3 million contract to perform landscaping, snow removal and masonry work at NYPA's administrative facility in White Plains. To generate cash for those involved in the scheme, Delaney, with the assistance of his co-conspirators, submitted fraudulent certified payroll statements and invoices to NYPA for reimbursement for individuals who performed no services ("no show" employees) on behalf of Over Rock at NYPA. Between 2009 and 2012, the false and fraudulent overcharges paid by NYPA to Over Rock totaled more than \$400,000. Delaney also pleaded guilty to filing a false and fraudulent tax return which substantially understated his income.

"The defendant cooked the books twice – first so he could defraud the New York Power Authority and then again to avoid paying taxes he owed," said Assistant Attorney General Bill Baer of the Justice Department's Antitrust Division. "The division will continue to work with our partners at the FBI, IRS and the New York Inspector General to bring to justice those who corrupt a public bidding process for their own personal gain."

"Today we see yet another scheme involving fraudulent payroll statements and invoices that were used to pad the pockets of devious individuals," said Assistant Director in Charge Diego Rodriguez of the FBI's New York Field Office. "Along with the announcement of this guilty plea comes a reminder that the FBI will continue to work with our partners in rooting out fraud to both public and private companies."

"This contractor defrauded the State on multiple occasions, repeatedly billing the New York Power Authority for workers who never showed up and by paying significantly less taxes than he owed," said New York State Inspector General Catherine Leahy Scott. "Today's guilty plea serves to reinforce my office's ongoing commitment to protect the integrity of the

contracting process across all state agencies and authorities. I would like to thank our federal law enforcement partners in this matter and look forward to continuing our work with them to hold accountable any corrupt entities or individuals.”

“IRS Criminal Investigation is committed to ensuring that everyone pays their fair share of taxes,” said Special Agent in Charge Shantelle P. Kitchen of the IRS Criminal Investigation New York Field Office. “To that end, we will investigate individuals who willfully conceal income to reduce or eliminate their own tax obligations, effectively increasing the burden on honest taxpayers.”

Delaney pleaded guilty to a fraud conspiracy charge that carries a maximum penalty of 20 years in prison, three years of supervised release and a \$250,000 fine. Delaney also pleaded guilty to subscribing to a false tax return, which carries a maximum penalty of three years in prison and a \$100,000 fine. The maximum fines for each of these charges may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

These charges arose from an investigation initiated by the New York State Inspector General and is part of an ongoing joint federal and state investigation of bid rigging, fraud and tax-related offenses in the award of contracts at NYPA’s facility in White Plains. The investigation is being conducted by the Antitrust Division’s New York Office with the assistance of the FBI, the IRS Criminal Investigation and the New York State Office of the Inspector General. NYPA is cooperating with the investigation. Anyone with information on bid rigging or other anticompetitive conducted related to the award or performance of municipal and state contracts should contact the Antitrust Division’s Citizen Complaint Center at 888-647-3258 or visit <http://www.justice.gov/atr/contact/newcase.html>.

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