

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
v. : Crim. No. 17-
JOHN SCHALLENHAMMER : 18 U.S.C. § 371

I N F O R M A T I O N

The defendant having waived in open court prosecution by indictment, the United States Attorney for the District of New Jersey charges:

1. At all times relevant to this Information:

a. Subcontractor 1 manufactured shock-hardened circuit breakers and switchgears for installation on U.S. Navy surface combatants, submarines, and aircraft carriers, and performed work on multiple U.S. Navy and Defense Logistics Agency maritime contracts as a first-tier subcontractor to another company (the "Prime Contractor") that had a contract with the United States. Subcontractor 1's principal place of business was in Philadelphia, Pennsylvania.

b. Subcontractor 2 was a machine shop located in Cherry Hill, New Jersey that had a second-tier subcontract with Subcontractor 1 to manufacture the sub-components of the circuit breakers and switchgears.

c. Defendant JOHN SCHALLENHAMMER was a resident of Atco, New Jersey, and was the President of Subcontractor 2.

d. Individual 1, a co-conspirator not named herein, was a resident of King of Prussia, Pennsylvania, and was an Assistant Purchasing Manager for Subcontractor 1.

e. Individual 2, a co-conspirator not named herein, was a resident of Cherry Hill, New Jersey, and was the Secretary of Subcontractor 2.

The Conspiracy

2. From at least as early as in or about 2013 through in or about 2016, in Camden County, in the District of New Jersey, and elsewhere, defendant

JOHN SCHALLENHAMMER,
a subcontractor employee, knowingly and willfully conspired and agreed with Individual 1, a co-conspirator not named herein, and Individual 2, a co-conspirator not named herein, to provide, attempt to provide, and offer to provide kickbacks to Individual 1 for Individual 1 to improperly reward favorable treatment in connection with a subcontract relating to a prime contract with the United States, contrary to Title 41, United States Code, Section 8702(1).

Object of the Conspiracy

3. The object of the conspiracy was for Defendant JOHN SCHALLENHAMMER and Individual 2 to receive favorable treatment in connection with subcontract work from Subcontractor 1 to Subcontractor 2 in exchange for providing things of value to Individual 1.

Manner and Means of the Conspiracy

4. It was part of the conspiracy that Subcontractor 2 would be awarded second-tier subcontract work that Individual 1's employer, Subcontractor 1, had obtained from the Prime Contractor.

5. It was further part of the conspiracy that prior to the award of the subcontract by Subcontractor 1 to Subcontractor 2, unbeknownst to Subcontractor 1, Defendant JOHN SCHALLENHAMMER had entered into an agreement with Individual 1 to provide kickbacks for between approximately five to ten per cent of the gross revenue that Subcontractor 2 was to earn by manufacturing sub-components for the circuit breakers and switchgears for Subcontractor 1.

6. It was further part of the conspiracy that Defendant JOHN SCHALLENHAMMER provided kickbacks in cash to Individual 1, and Individual 2 maintained records of the payments and at times, made the bank cash withdrawals for the payments when Defendant JOHN SCHALLENHAMMER was unable to do so.

7. It was further part of the conspiracy that Individual 1 would use the kickback money for personal use and expenses for himself and his family.

Overt Acts

8. In furtherance of the conspiracy and in order to effect the object thereof, Defendant JOHN SCHALLENHAMMER and his co-conspirators knowingly committed and caused to be committed, the following acts in the District of New Jersey and elsewhere:

a. In or about July 2013, Defendant JOHN SCHALLENHAMMER, on behalf of Subcontractor 2, entered into a verbal agreement with Individual 1 to provide kickbacks of a percentage of between approximately five and ten per cent of the gross revenues from the manufacture of sub-components for circuit breakers and switchgears for Subcontractor 1, and Individual 1 thereafter facilitated the issuance of a second-tier subcontract for manufacturing work from Subcontractor 1 to Subcontractor 2.


b. On or about December 14, 2015 at approximately 9:30 pm, Individual 1 placed a telephone call from his mobile telephone to the mobile telephone of Defendant JOHN SCHALLENHAMMER.

c. On or about December 15, 2015, Individual 2 withdrew \$6,500 in cash from his/her bank account.

d. On or about December 16, 2015, Individual 2 withdrew \$6,000 in cash from his/her bank account.

e. On or about December 16, 2015, Defendant JOHN SCHALLENHAMMER met with Individual 1 at a restaurant in Cherry Hill, New Jersey, at which time Defendant JOHN SCHALLENHAMMER provided a \$12,500 cash kickback to Individual 1.

All in violation of Title 18, United States Code, Section 371.


WILLIAM E. FITZPATRICK
ACTING UNITED STATES ATTORNEY

CASE NUMBER: _____

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**INFORMATION FOR
18 U.S.C. § 371**

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