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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

AT 8:30 _____ M
WILLIAM T. WALSH, CLERK

UNITED STATES OF AMERICA	:	Hon. Susan D. Wigenton
	:	Crim. No. 17-527 (SDW)
v.	:	18 U.S.C. § 371;
	:	18 U.S.C. § 1503;
	:	18 U.S.C. § 1952 (a)(3); and
KEVIN JOSEPH LEONDI	:	18 U.S.C. § 2.

SUPERSEDING INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting in Newark,
charges:

COUNT 1

(Conspiracy to Defraud the United States)

Defendant and other Individuals and Entities

1. At times relevant to Count 1 of this Superseding Indictment:
 - A. Defendant KEVIN JOSEPH LEONDI was employed by the U.S. Army Contracting Command New Jersey ("ACC-NJ") as a Contract Specialist as well as in other capacities, representing the United States Army customer with reference to renovation projects at Picatinny Arsenal ("PICA") and the Joint Base McGuire-Dix Lakehurst ("Fort Dix"). Defendant LEONDI also owned private businesses that sold equipment, engaged in construction, and provided snow-plowing services.
 - B. PICA was a United States Army installation located in Morris County, New Jersey. Personnel at PICA, among other things, conducted research, development, and acquisition and lifecycle management of advanced conventional weapons systems and

ammunition. PICA provided these products and services to all branches of the United States armed forces.

C. Fort Dix was a United States Army post located in Burlington County, New Jersey. Among other things, Ft. Dix served as a training post for United States Military Reserve units and the National Guard.

D. Construction Company No. 1, with headquarters in Tulsa, Oklahoma, provided construction services to the federal government and private businesses. Between in or about 2009 and in or about 2015, Construction Company No. 1 served as a Job Order Contractor ("JOC"), also known as a prime contractor, on various construction projects for the United States Army at PICA and Fort Dix. A JOC is a company that is authorized to receive task or delivery orders for construction projects with the Army up to a maximum amount of money during a specified time period.

E. James Conway, a coconspirator not named as a defendant herein, was employed, from at least in or about June 2009 through in or about August 2015, by Construction Company No. 1 as a Regional Project Manager for Construction Company No. 1 managing large-scale construction projects, including construction projects at PICA and Fort Dix.

F. George Grassie, a coconspirator not named as a defendant herein, was the proprietor of a construction, excavation and landscaping business located in Pennsylvania that did subcontracting work at PICA and Fort Dix.

G. Contractor No. 1, a coconspirator not named as a defendant herein, owned and operated a construction company located in New Jersey that served as a subcontractor on various construction projects at PICA and Fort Dix.

The Conspiracy

2. From at least as early as in or about December 2010 through in or about August 2015, in Morris and Burlington Counties, in the District of New Jersey, and elsewhere, defendant

KEVIN JOSEPH LEONDI

did knowingly and intentionally combine, conspire, and agree with James Conway, George Grassie, Contractor No. 1, and others to defraud the United States by impairing, impeding, and obstructing the lawful function of the United States Army to procure and manage the procurement of goods and services for PICA and Fort Dix free from deceit, craft, trickery, corruption and dishonest means.

Purpose of the Conspiracy

3. It was a purpose of the conspiracy for defendant LEONDI to accept bribes from his coconspirators who were representatives of Job Order Contractors and subcontractors that were involved in construction projects at PICA and Fort Dix. These bribes, which included, among other things, money, equipment, construction material, and free labor, were given to defendant LEONDI to influence defendant LEONDI to take official actions for the benefit of those Job Order Contractors, subcontractors and coconspirators and to violate his lawful duties to the United States Army.

Manner and Means of the Conspiracy

4. It was a part of the conspiracy that defendant LEONDI would seek and receive things of value from Conway, Grassie, Contractor No. 1, and others, in return (a) for being influenced to assist them in continuing to obtain task orders with respect to Job Order contracts, subcontract work, change orders, and other favorable official assistance at PICA and Fort Dix, and (b) for not exercising his influence to deny them future task orders under Job Order contracts, subcontract work, change orders, and other favorable official assistance at PICA and Fort Dix.

5. It was further a part of the conspiracy that defendant LEONDI would obstruct the lawful function of the United States Army in managing and administering construction projects at PICA and Fort Dix in a conflict free manner by influencing the awarding of task orders under Job Order contracts, subcontract work, and change orders in exchange for receiving items of value.

6. It was further a part of the conspiracy that defendant LEONDI and other coconspirators would disguise the bribes in the form of facially legitimate transactions where, among other things, defendant LEONDI would buy vehicles and equipment from the conspirators at cut-rate sales prices or defendant LEONDI would sell equipment or vehicles to the coconspirators at inflated prices.

7. It was further a part of the conspiracy that defendant LEONDI directed Grassie to create false invoices in response to federal grand jury

subpoenas in order to conceal from the grand jury and federal investigators the true nature of bribe payments that defendant LEONDI accepted from Grassie.

Overt Acts

8. In furtherance of the conspiracy and to accomplish its purposes, defendant LEONDI and his conspirators committed the following overt acts, in the District of New Jersey and elsewhere:

A. On or about August 29, 2011, defendant LEONDI caused a \$21,750 invoice under the name of defendant LEONDI's company to be submitted to a Pennsylvania company requesting payment for a paint job that was performed by Grassie's company, as partial payment towards a \$45,000 bribe that defendant LEONDI had solicited from Grassie.

B. On or about September 9, 2011, at defendant LEONDI's direction, Grassie wrote a check to LEONDI for \$28,250, in payment for a Genie X41 scissor lift that was worth no more than \$4,000 to \$5,000, in partial payment towards the \$45,000 bribe referred to above.

C. On or about September 20, 2011, defendant LEONDI gave Conway two checks totaling \$15,000 for the purchase of a 2008 Ford pickup truck that Conway had purchased in February 2010 for \$41,000, and that defendant LEONDI instructed that Conway sell to him at the reduced price.

D. In or about October 2011, defendant LEONDI received a \$21,750 check from the Pennsylvania company for the paint job completed by Grassie's company referenced in paragraph 8(A).

E. In or about fall 2011, during a project meeting at PICA, defendant LEONDI promised that Grassie would be compensated for an approximately \$445,000 loss that Grassie suffered from a construction project at PICA through a subcontract for construction work at Building 5418 at Fort Dix.

F. In or about May 2012, during a meeting at Fort Dix, defendant LEONDI advised Grassie of the timing and amount of bribe payments that Grassie needed to make to defendant LEONDI out of the payments that Grassie received on a Fort Dix subcontract for Building 5418.

G. In or about the fall 2012, defendant LEONDI instructed Grassie that Grassie needed to pay for renovation work that was going to be done by Contractor No. 1 at defendant LEONDI's property in East Stroudsburg, Pennsylvania.

H. In or about December 2012, defendant LEONDI took back from Grassie a JLG 450 articulating boom lift (an aerial platform with a hinged section used to gain access to difficult work areas) that defendant LEONDI had sold to Grassie in or about August 2011 for \$31,194.

I. In or about 2013, defendant LEONDI told Conway to give him a metal bending brake (a piece of equipment used to bend metal) which belonged to Conway but was in the possession of another subcontractor at PICA.

J. In or about April 2013, in Hamlin, Pennsylvania, LEONDI solicited Grassie to pay him \$300,000 out of subcontracts that Grassie had received at Fort Dix.

K. In or about September 2013, defendant LEONDI and Conway discussed payments that Conway needed to make to defendant LEONDI out of a subcontract for \$189,555 that Conway steered to his company, Walsh Construction, for the second part of a construction project at Building 5418 at Fort Dix.

L. On or about September 24, 2013, Grassie issued a credit of \$40,000 to Contractor No. 1 on a PICA construction project in order to compensate Contractor No. 1 for the construction work to be completed by Contractor No. 1 at defendant LEONDI's property in East Stroudsburg, Pennsylvania.

M. In or about the fall 2013, Conway withdrew a substantial amount of cash from a bank in Jefferson Township, New Jersey to pay a cash bribe to defendant LEONDI.

N. In or about the fall 2013, defendant LEONDI accepted a \$5,000 cash bribe from Conway prior to a trip that defendant LEONDI took to Punta Cana, Dominican Republic.

O. In or about 2014, defendant LEONDI told Conway to give him a garage door that Construction Company No. 1 had purchased for use at PICA and that defendant LEONDI thereafter installed at defendant LEONDI's Pennsylvania residence.

P. In or about fall 2014, Conway withdrew a substantial amount of cash from a bank in Jefferson Township, New Jersey to pay a cash bribe to defendant LEONDI.

Q. In or about the fall of 2014, defendant LEONDI accepted a \$5,000 cash bribe from Conway prior to a trip that defendant LEONDI took to Hawaii.

R. On or about August 24, 2015, in Newark, New Jersey, in response to a federal grand jury subpoena, defendant LEONDI submitted to federal authorities investigating his conduct an invoice for \$40,000 for alleged equipment sales to Grassie that defendant LEONDI knew was created and fabricated after federal grand jury subpoenas were served in the federal investigation.

In violation of Title 18, United States Code, Section 371.

COUNT 2

(Kickback Conspiracy Involving Public Contracts)

1. Paragraphs 1 (A) – (G) of Count 1 of this Superseding Indictment are hereby incorporated and realleged as if fully set forth herein.

The Conspiracy

2. From at least as early as in or about 2010 through in or about April 2013, in Morris and Burlington Counties, in the District of New Jersey, and elsewhere, defendant

KEVIN JOSEPH LEONDI

did knowingly and intentionally combine, conspire, and agree with James Conway, George Grassie, and others to commit an offense against the United States, specifically to solicit and accept kickbacks for the benefit of James Conway, an employee of prime contractor Construction Company No. 1, for obtaining or rewarding favorable treatment involving the award of subcontracts, the amounts of subcontracts, and the modification of subcontracts related to construction work at PICA and Fort Dix, including, but not limited to, subcontracts for renovation work at Building 5418 at Fort Dix, contrary to Title 41, United States Code, Section 8702(2).

Purpose of the Conspiracy

3. It was a purpose of the conspiracy for defendant LEONDI to steer kickbacks, including cash, checks, and free labor and materials, from George Grassie to James Conway to improperly obtain and reward treatment by James

Conway relating to Construction Company No. 1's award of subcontracts, the amount of those subcontracts, and the modification of subcontracts of construction projects at PICA and Fort Dix.

Manner and Means of the Conspiracy

4. It was a part of the conspiracy that defendant LEONDI would arrange for Grassie to give things of value to Conway to reward Conway for giving subcontracts and other favorable assistance to Grassie relating to Construction Company No. 1's prime or JOC contract with the federal government at PICA and Fort Dix.

5. It was further a part of the conspiracy that defendant LEONDI would inform Grassie that Grassie would be terminated from existing subcontracts and would not receive future subcontracts under the prime or JOC contract with the federal government at PICA and Fort Dix if Grassie did not provide these things of value to Conway.

Overt Acts

6. In furtherance of the conspiracy and to accomplish its purposes, defendant LEONDI and his conspirators committed the following overt acts, in the District of New Jersey and elsewhere:

A. In or about the spring/summer 2012, at a meeting at Fort Dix, defendant LEONDI directed that, after Grassie began to receive payments for construction work at Building 5418 at Fort Dix, Grassie had to pay \$50,000 to Conway to help Conway pay his mortgage.

B. In or about the fall 2012, defendant LEONDI told Grassie to provide free construction work to Conway at Conway's residence in Pennsylvania.

C. On or about October 29, 2012, in response to defendant LEONDI's instruction that Grassie make payments to Conway, Grassie wrote out a check to Conway for \$8,000.

D. Between on or about October 29, 2012 and on or about October 31, 2012, Conway accepted the \$8,000 check from Grassie.

E. On or about January 10, 2013, in response to defendant LEONDI's instruction that Grassie make payments to Conway, Grassie wrote out a check to Conway for \$18,000.

F. Between on or about January 10, 2013 and on or about January 14, 2013, Conway accepted the \$18,000 check from Grassie.

G. During the latter part of 2012 and early 2013, in response to defendant LEONDI's instruction that Grassie make payments to Conway, Grassie delivered cash payments in envelopes to Conway at PICA.

H. Between in or about September 2012 through April 2013, Grassie performed free construction work at Conway's residence in Pennsylvania, including the construction of a pond and concrete work, valued at greater than \$20,000.

I. In or about April 2013, at property belonging to Grassie in Hamlin, Pennsylvania, defendant LEONDI told Grassie to pay Conway \$200,000 out of subcontracts that Grassie had received at Fort Dix.

In violation of Title 18, United States Code, Section 371.

COUNT 3

(Travel to Promote and Facilitate Bribery Contrary to Federal Law)

1. Paragraphs 1 (A) – (E), and 8 (K), (P), and (Q) of Count 1 of this Superseding Indictment are hereby incorporated and realleged as if fully set forth herein.

2. Between on or about September 12, 2014 and on or about September 14, 2014, in the District of New Jersey, and elsewhere, defendant

KEVIN JOSEPH LEONDI

knowingly and willfully did cause, counsel, command, induce, and procure another to travel in interstate commerce, with the intent to promote, manage, establish, carry on, and facilitate the promotion, management, establishment, and carrying on of unlawful activity – namely, bribery, contrary to Title 18, United States Code, Section 201(b)(2), and thereafter performed and attempted to perform acts to promote, manage, establish, carry on, and facilitate the promotion, management, establishment, and carrying on of such unlawful activity, as set forth below.

3. On or about September 12, 2014, Conway went to a branch of Bank of America in Jefferson Township, New Jersey, located near PICA, and withdrew \$1,300 in cash from an account belonging to his company, Walsh Construction.

4. Conway withdrew this cash from the Bank of America branch in New Jersey, to combine with the other cash that Conway had and to comply

with defendant LEONDI's instruction that Conway provide defendant LEONDI with a \$5,000 cash bribe for defendant LEONDI to use on his vacation in Hawaii, in return for a subcontract that Walsh Construction had received for a second project at Building 5418 at Fort Dix.

5. Between on or about September 12, 2014 and on or about September 14, 2014, Conway traveled from New Jersey to Pennsylvania with this cash withdrawn from the bank intending to pay defendant LEONDI.

6. Thereafter, and before on or about September 15, 2014, defendant LEONDI accepted \$5,000 in cash from Conway at LEONDI's residence in Stroudsburg, Pennsylvania, which included the \$1,300 in cash that Conway had withdrawn from the Bank of America in New Jersey on September 12, 2014 and brought from New Jersey to Pennsylvania.

In violation of Title 18, United States Code, Section 1952(a)(3) and Section 2.

COUNT 4

(Obstruction of a Grand Jury Investigation)

1. Paragraphs 1 (A)-(C), 1(F) and 8 (R) of Count 1 of this Superseding Indictment are hereby incorporated and realleged as if set fully set forth herein.
2. On or about August 24, 2015, in Essex County, in the District of New Jersey, and elsewhere, defendant

KEVIN JOSEPH LEONDI

did knowingly and corruptly endeavor to influence, obstruct and impede the due administration of justice, namely, a federal grand jury investigation being conducted in the District of New Jersey, by submitting a false and fabricated document to federal authorities investigating his conduct and in response to a federal grand jury subpoena.

In violation of Title 18, United States Code, Section 1503 and Section 2.

A TRUE BILL:

FOREPERSON



CRAIG CARPENITO
United States Attorney

CASE NUMBER: 17-527 (SDW)

**United States District Court
District of New Jersey**

UNITED STATES OF AMERICA

v.

KEVIN JOSEPH LEONDI

SUPERSEDING INDICTMENT FOR

18 U.S.C. §§ 2, 371, 1503, 1952(a)(3)

A True Bill

foreperson

Craig Carpenito
UNITED STATES ATTORNEY
NEWARK, NEW JERSEY

LESLIE F. SCHWARTZ
MARK J. MCCARREN
ASSISTANT U.S. ATTORNEYS
(973) 645-3986 / (973) 645-2867

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