

ORIGINAL

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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:  
UNITED STATES OF AMERICA :  
:  
- v - :  
:  
JOHN C. GALLAGHER, JR., :  
:  
Defendant. :  
:  
----- x

Sealed  
INDICTMENT

17 Cr. 288

COUNT ONE

(Bribery)

The Grand Jury charges:

Relevant Individuals and Entities

1. At all times relevant to this Indictment:
  - a. The City School District of New Rochelle (the "School District") provides public education to children.
  - b. The School District receives federal benefits significantly in excess of \$10,000 each year.
  - c. The School District has a Buildings and Grounds Department. It is responsible for, among other things, maintenance and repair of facilities used by the School District to educate the children.
  - d. To do certain maintenance and repair work, the School District uses outside contractors.
    - i. Among the outside contractors used by the School District are companies with specialties - in, for

example, masonry, electrical work, plumbing, and carpentry - sometimes referred to as "bid vendors" or "time and materials" contractors. These contractors bid annually, using set rates, and if awarded the contract, are paid by the School District to handle any project within the contractor's specialty that does not exceed a certain threshold cost. (As of 2009, that amount, per New York State law, was \$35,000.)

ii. A more costly project that exceeds the threshold is offered for bid and awarded to the lowest responsible bidder, unless the project is deemed a health and safety emergency (i.e., a major plumbing leak during the school year), in which case, the time and materials vendor may be asked to do the job, regardless the cost.

e. JOHN C. GALLAGHER, JR., the defendant, was the School District's Director of Environmental Services, overseeing the School District's buildings and grounds.

i. To fill this position, the School District contracted with a company that provided, among other things, management services ("Company-1"). GALLAGHER, as an employee of Company-1, was thereby made the School District's Director of Environmental Services, and worked full-time in the School District, as its agent, with authority to act on its behalf.

ii. GALLAGHER, as Director of Environmental Services, had influence over which contractors were awarded work

by the School District, and over whether, when, and how contractors were assigned work and paid for work.

f. A co-conspirator not named as a defendant herein ("CC-1"), owned and wholly controlled a construction company in Westchester County ("CC-1's Company"). CC-1's Company contracted with the School District to do masonry work, and was hired each year by the School District as its time and materials contractor for masonry work.

### The Corrupt Scheme

2. From in or about 2009, through in or about 2013, JOHN C. GALLAGHER, JR., the defendant, engaged in a corrupt, criminal scheme, in which he solicited, demanded, and accepted bribes in the form of cash payments, intending to be influenced and rewarded in connection with the School District's business and transactions with CC-1's Company.

3. The bribe payments that JOHN C. GALLAGHER, JR., the defendant, solicited, demanded, and accepted were paid by CC-1. Routinely, after the School District paid CC-1's Company for work performed, GALLAGHER met in person with CC-1 in a parking lot, where CC-1 provided GALLAGHER with a kickback in the amount of ten percent of the payment CC-1's Company had received from the School District. In this way, GALLAGHER received dozens of cash bribe payments from CC-1, over the course of at least

approximately four years, which together amounted to more than \$150,000.

4. JOHN C. GALLAGHER, JR., the defendant, solicited, demanded, and accepted the bribe payments intending to be influenced in and rewarded for the School District's decisions to award CC-1's Company contracts for masonry work, to assign masonry projects to CC-1's Company, and to make timely payment to CC-1's Company.

5. To avoid detection of his corrupt scheme, JOHN C. GALLAGHER, JR., the defendant, concealed the cash bribe payments he received from CC-1. GALLAGHER did so, as he admitted during a secretly recorded conversation, by keeping the payments "in my car or in my trunk." In some instances he used the cash to make payments directly toward living expenses, without depositing it in his bank account. For example, during the corrupt scheme, GALLAGHER used the bribe money to make credit card payments, car payments, and, as he admitted during the secretly recorded conversation, "I paid for some college."

#### **Statutory Allegations**

6. From in or about 2009 through in or about 2013, in the Southern District of New York and elsewhere, JOHN C. GALLAGHER, JR., the defendant, being an agent of an organization and agency that received, in a one-year period, benefits in excess of \$10,000 under a federal program involving a grant, subsidy,

loan, guarantee, insurance, and other form of federal assistance, to wit, the School District, corruptly solicited and demanded for the benefit of persons, and accepted and agreed to accept, things of value from persons, intending to be influenced and rewarded in connection with business, transactions, and series of transactions of the School District involving things of value of \$5,000 and more, to wit, GALLAGHER, solicited, demanded, and accepted bribe payments from CC-1, in the amount of ten percent of the payments received by CC-1's Company from the School District for masonry work performed, intending to be influenced and rewarded in connection with awarding and assigning masonry work to CC-1's Company and making timely payment to CC-1's Company for work performed.

(Title 18, United States Code, Section 666(a)(1)(B).)

**Forfeiture Allegation**

7. As a result of committing the offense charged in Count One of this Indictment, JOHN C. GALLAGHER, JR., the defendant, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28 United States Code, Section 2461(c), any and all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of said offense, including but not limited to a sum of money in United States currency representing the amount of proceeds traceable to the commission of said offense.

Substitute Assets Provision

8. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third person;

c. has been placed beyond the jurisdiction of the Court;

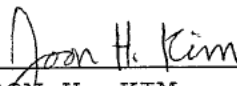
d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be subdivided without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p) and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.

(Title 18, United States Code, Section 981;  
Title 21, United States Code, Section 853; and  
Title 28, United States Code, Section 2461.)

  
FOREPERSON

  
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JOON H. KIM  
Acting United States Attorney

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SOUTHERN DISTRICT OF NEW YORK

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JOHN C. GALLAGHER, JR.,


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INDICTMENT

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(18 U.S.C. §§ 666(a)(1)(B).)

 JOON H. KIM

Acting United States Attorney.

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