



NEWS RELEASE

From New York State Inspector General
Catherine Leahy Scott

FOR IMMEDIATE RELEASE: Sept. 9, 2016

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FORMER INVESTIGATOR SENTENCED TO RESTITUTION AND SUPERVISED RELEASE FOR DEFRAUDING NEW YORK POWER AUTHORITY IN \$3 MILLION GOVERNMENT CONTRACT SCHEME

WHITE PLAINS – New York State Inspector General Catherine Leahy Scott announced that a former senior investigator of the New York Power Authority (NYPA) was sentenced today to restitution and three years of supervised release for conspiring to defraud NYPA and for filing a false 2010 tax return to hide substantial income from the government.

Stephen Sheridan, 54, of Valley Cottage, New York, was also sentenced by U.S. District Judge Cathy Seibel of the Southern District of New York to pay a \$500,000 criminal fine as well as full restitution to any employees paid less than prevailing wage in connection with the NYPA contract. Sheridan pleaded guilty on March 25, 2016, to conspiring to defraud NYPA and for filing a false 2010 tax return.

Between 2009 and 2012, Sheridan conspired to defraud NYPA in connection with a \$3 million landscaping and maintenance contract awarded to a co-conspirator's company, Over Rock Construction LLC. Sheridan, who left NYPA in 2007 for reasons unrelated to the charges, helped the owner of Over Rock skim money that should have gone to the employees who did the work, and fraudulently receive reimbursement from NYPA for fake, "no show" employees. As a result, Sheridan received hundreds of thousands of dollars that were supposed to go to the working employees. In connection with the scheme, Sheridan also filed a false tax return for 2010.

"This former State employee used his insider knowledge to steal from taxpayers and corrupt the government contracting process," said Inspector General Leahy Scott. "Today's sentencing underscores the need for State and federal law enforcement partners to continue working hand in hand to bring to justice anyone who defrauds government and takes advantage of innocent contract employees."

The charges against Sheridan arose from an investigation initiated by Inspector General Leahy Scott and are part of a 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, New York. As a result of the investigation, four individuals, including Sheridan, have pleaded guilty.

In June 2015, Sheridan's neighbor and co-conspirator Thomas Delaney, 46, of Valley Cottage, owner of Over Rock Construction LLC, pleaded guilty to federal charges of conspiring to defraud NYPA and to a tax violation. 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 illicit 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 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.

In December 2015, Peter Shine, 42, of Orangeburg, pleaded guilty to filing a false tax return as part of the ongoing investigation. He filed a federal tax Form 1040 for the tax year 2013 that substantially understated his taxable income. Shine pleaded guilty to subscribing to a false tax return, which carries a maximum penalty of three years in prison and a \$250,000 fine.

In June of this year, John Simonlacaj of Westchester County pleaded guilty to aiding and assisting in the filing of a false tax return in connection with the award of contracts by the New York Power Authority.

Delaney, Shine and Simonlacaj each await sentencing.

The ongoing investigation was conducted by Inspector General Leahy Scott in conjunction with the Justice Department's Antitrust Division's New York Office, the Federal Bureau of Investigation, and the IRS Criminal Investigation New York Field Office. NYPA is cooperating with the investigation.

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