



United States Attorney's Office District of Connecticut Press Release

July 1, 2003 FORMER BRIDGEPORT MAYOR SENTENCED TO NINE YEARS IN PRISON

The United States Attorney's Office for the District of Connecticut announced that JOSEPH P. GANIM, age 43, of 45 Sailors Lane in Bridgeport, was sentenced to nine years in prison, three years of supervised release, and a \$150,000 fine for his conviction on corruption charges. The sentence was imposed by United States District Judge Janet B. Arterton in New Haven.

The former five-term Mayor of the City of Bridgeport was convicted in March after a two-month jury trial of 16 counts of racketeering, racketeering conspiracy, extortion, mail fraud, bribery, conspiracy, and filing false income tax returns.

GANIM was convicted of corruptly soliciting and receiving more than \$500,000 in benefits, including cash, meals, entertainment, merchandise, home improvements and professional services from Paul J. Pinto, the vice president of the Kasper Group, a Bridgeport-based architecture and engineering firm, Leonard J. Grimaldi, the president of Harbor Communications, a public relations firm based in Redding, Connecticut, and Alfred Lenoci Sr., and Alfred Lenoci Jr., the president and vice president, respectively, of United Properties, a Bridgeport, Connecticut, real estate development firm, in exchange for steering lucrative city contracts to the Kasper Group, Harbor Communications and United Properties.

Among other things, GANIM was convicted of extortion in connection with his selection in 1996 of the Professional Services Group ("PSG") to operate the city's waste water treatment facilities. GANIM conditioned his selection of PSG, a client of Mr. Grimaldi's, upon the company's payment of \$350,000 to Mr. Grimaldi and Mr. Pinto. GANIM was also convicted of bribery in connection with his awarding in 1999 of an 18-year extension of PSG's contract with the city. In return, GANIM received a kickback from Grimaldi in the amount of approximately \$150,000 - one third of the consulting fee that Grimaldi was paid by PSG. In addition, GANIM was convicted of conspiring with Pinto and the Lenocis to accept \$1 for every square foot of commercial space built by United Properties in Bridgeport in return for GANIM's support for and approval of those projects. GANIM was also convicted of fraudulently concealing his use of hundreds of thousands of dollars of municipal funds to purchase a \$1 million life insurance policy for himself.

Paul J. Pinto, Leonard J. Grimaldi and eight other defendants previously pleaded guilty to racketeering, bribery and tax fraud. They are scheduled to be sentenced this month.

The case was investigated by the Federal Bureau of Investigation, the Internal Revenue Service/Criminal Investigation, the Defense Criminal Investigative

Service and the Defense Contract Audit Agency. The case was prosecuted by Supervisory Assistant United States Attorney Ronald S. Apter and Assistant United States Attorney Michael R. Sklaire.

CONTACT: U.S. ATTORNEY'S OFFICE
Delcie Thibault
Public Information Office
(203)821-3722 Office
(203)627-1082 Cell

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THURSDAY, MAY 31, 2001

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**WASTEWATER TREATMENT COMPANY TO PLEAD GUILTY TO BRIBERY
FORMER NEW ORLEANS WATER BOARD MEMBER AND FORMER CORPORATE
OFFICIALS INDICTED FOR ROLES IN FRAUD SCHEME**

WASHINGTON D.C.-Water treatment company Aqua Alliance agreed yesterday to plead guilty to bribing a New Orleans official in return for favorable business treatment, the Justice Department announced. Also yesterday, a federal grand jury in Houston indicted the official, Katherine Maraldo, and four former associates of Professional Services Group (PSG), an Aqua Alliance subsidiary, on fraud, conspiracy and related criminal charges.

The 10-count indictment, returned yesterday in U.S. District Court in Houston, Texas, charges Katherine Maraldo, a former member of the New Orleans Sewerage and Water Board, Michael Stump, William Gottenstrater, H. Grant Simmons, former executives of PSG, and Salvador Anzelmo, an attorney retained by PSG, with one count of conspiracy, four counts of interstate travel in aid of bribery, four counts of mail fraud, and one count of wire fraud.

According to the indictment, beginning in July of 1993, the four PSG defendants conspired to provide legal services and cash payments to then-Board member Maraldo in order to influence and reward Maraldo for supporting PSG's business interests with the New Orleans Sewerage & Water Board. Among the benefits alleged was the payment of over \$70,000 in cash to cover her mortgage in a real estate investment. She recommended that the Board renew PSG's contract to operate New Orleans' water system for five years rather than the one year called for in the original contract, thereby potentially locking PSG into the lucrative New Orleans market.

The proposed plea agreement with Aqua Alliance, which will be filed at a later date, contains both parties' recommendation of a \$3 million fine and calls for Aqua Alliance's cooperation in the government's ongoing prosecution and investigation of public officials.

If convicted of all charges, each defendant faces a maximum sentence of 50 years in prison.

The investigation leading to this prosecution was conducted by attorneys from the Public Integrity Section of the Criminal Division of the Department of Justice and by the Houston field office of the Federal Bureau of Investigation (FBI). An indictment is merely an accusation. The defendant is presumed innocent until and unless proven guilty.

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WASTEWATER TREATMENT COMPANY PLEADS GUILTY TO BRIBERY

WASHINGTON, D.C.- Aqua Alliance, a water treatment company, admitted its role in bribing New Orleans Water and Sewer Board member Katherine Maraldo in return for favorable business treatment, the Justice Department announced today.

The company, formerly known as Air & Water Technologies, Inc. (AWT), pleaded guilty today to a one-count information filed in U.S. District Court in Houston charging it with bribery concerning a federally-funded program.

According to a plea agreement filed today, AWT's subsidiary, Houston-based Professional Services Group, Inc., (PSG), managed the wastewater treatment system for the city of New Orleans and its Sewerage and Water Board. From June 1993 through October 1996, AWT and PSG officials provided legal services and cash payments to Maraldo in order to influence and reward her for supporting PSG's business interests with the New Orleans Sewerage & Water Board.

Among the benefits alleged was the payment of over \$70,000 in cash to cover her mortgage in a real estate investment. She recommended that the Board renew PSG's contract to operate New Orleans' water system for five years rather than the one year called for in the original contract, thereby potentially locking PSG into the lucrative New Orleans market.

Last month, a federal grand jury sitting in Houston returned a 10-count indictment charging Maraldo, along with Michael Stump, William Gottenstrater, H. Grant Simmons, all former executives of PSG, and Salvador Anzelmo, an attorney retained by PSG, with one count of conspiracy, four counts of interstate travel in aid of bribery, four counts of mail fraud, and one count of wire fraud.

The proposed plea agreement with Aqua Alliance contains both parties' recommendation of a \$3 million fine and calls for Aqua Alliance's cooperation in the government's ongoing prosecution and investigation of public officials. The company is scheduled to be sentenced on September

14, 2001.

The investigation leading to this prosecution was conducted by attorneys from the Public Integrity Section of the Criminal Division of the Department of Justice and by the Houston field office of the Federal Bureau of Investigation (FBI).

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Department of Justice

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WATER COMPANY ORDERED TO PAY \$3 MILLION FINE FOR BRIBING NEW ORLEANS WATER AUTHORITY MEMBER

WASHINGTON, D.C.— Aqua Alliance, Inc., a water treatment company, was sentenced by a Houston federal judge to pay three million dollars in fines and serve five years' probation for its role in a scheme to pay bribes to former New Orleans Water and Sewer Board member Katherine R. Maraldo, the Justice Department announced today.

Aqua Alliance, formerly known as Air & Water Technologies Inc (AWT), is the parent company of Houston-based Professional Services Group, Inc. (PSG), which contracted with local governments throughout the country to operate and manage municipal wastewater treatment facilities.

The sentence results from the company's guilty plea in June 2001, to one count of federal program bribery. In the plea agreement, Aqua Alliance admitted that corporate officials paid over \$70,000 to Maraldo to pay her mortgage in connection with a speculative Louisiana real estate investment. Corporate officials also provided PSG's Louisiana attorney's services to assist Maraldo in her efforts to find investors in the property. At the same time, PSG was seeking Maraldo's assistance in obtaining a renewal of its New Orleans contract. During the period of the scheme, the New Orleans water board was seeking and obtaining a substantial federal grant to modernize its sewage delivery system.

Four individuals are awaiting trial in Houston on related charges. Michael M. Stump, formerly PSG's president, William K. Gottenstrater, formerly a PSG vice president, Salvador A. Anzelmo, a PSG lawyer in New Orleans, and Maraldo, were all indicted in May 2001 for conspiring to engage in racketeering activity, bribery and fraud. If convicted on all charges, each faces a maximum sentence of 50 years in prison.

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01-648

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Former USFilter employee investigated by Rockland, MA for corrupt practices

By Patrick J. Cronin

Friday, January 16, 2004

While Rockland officials have been tightlipped about the on-going investigation of the sewer department, sources close to the investigation said a fraud audit reveals numerous legal problems with the town's current contract with USFilter, the company hired to run the town's sewer plant.

Sources say the state inspector general is currently reviewing the town's contract with USFilter, which was signed in 1998, and how it was procured. A spokes- person from the state inspector general's office would not comment on whether their office is conducting an investigation.

Former Superintendent Gregory Thomson, who is being accused of embezzling more than \$370,000 from the town's sewer department, was the one who wrote the 1997 Request For Proposal to run the town's sewer plant. A copy of the Request for Proposal reveals it may have been tailor made for USFilter.

At the time, Thomson, who was previously a sewer commissioner, was just hired as the town's first sewer superintendent. The Request For Proposal mentioned Professional Services Group, which later became USFilter, by name twice. The Request for Proposal also stated "all proposers are required to supply a belt filter press and must be equal to or better to the one that is currently in operation." The companies bidding were also required to have a staff of 10 employees to run the Rockland Sewer Plant.

There were two companies interested in running the town's sewer plant; Professional Services Group, also known as USFilter, and Woodward and Curran.

The Request For Proposal was sent to Professional Services Group and its Regional District Manager Michael Sause, who was recently indicted with Thomson for embezzling more then \$300,000 from the town in 2002 and 2003.

Woodward and Curran stated they were interested in running the plant but disagreed with commissioners concerning the number of employees needed to run the town's sewer plant. While Woodward and Curran assured officials that they could run the plant with less, Thomson refused to change the requirement.

Woodward and Curran also couldn't supply a belt filter press and as a result did not bid on the contract.

With Woodward and Curran out of the picture, Professional Service Group, or USFilter, was the only company left to bid to run the town's sewer plant. The company bid \$1.2 million to run the town's sewer plant, which was the same amount that sewer commissioners budgeted in their annual budget that was prepared in 1996, according to sources.

Sewer Commission minutes from 1996 to 2001 reviewed by the Mariner shows only one mention of the 1997 Request For Proposal. Minutes from a 1996 meeting state that "the request for proposal is nearing completion." The minutes have no mention of the process and why USFilter was selected to run the sewer plant. The minutes also have no mention concerning the sewer commissioners vote to award the contract to USFilter.

Town Accountant Jack Franey said the sewer department ended up purchasing the belt filter press from Professional Services Group four months after the company was awarded the new contract. Several officials question why the town didn't purchase the equipment before they went out to bid to find a company to run the town's sewer plant.

Even though the contract states USFilter is required to have 10 employees running the town facility, they currently only have eight, according to the audit.

The Request For Proposal stated that all capital purchases must be approved by the sewer commission. However, that requirement was omitted when the town signed the contract with USFilter which put the town at a disadvantage.

After the contract was signed, it appears several provisions in the contract were not followed.

One of the main reasons why officials decided to conduct the fraud audit was because there were certain questions regarding what money was spent by USFilter and what money, if any, should have been returned to the town.

Officials said under the first contract signed in 1994, the sewer department gave USFilter \$50,000 for preventive maintenance and repair and \$100,000 each year for equipment replacement and facility maintenance.

They added under the second contract, signed in 1998, the sewer department gave the company \$75,000 for maintenance and repair, and \$100,000 for equipment/capital replacement.

According to both contracts, "At the end of each fiscal year, all unexpended funds from the allowances shall be returned to the sewer department."

It appears no money was ever returned to the town.

Sources said the money allegedly stolen by Thomson and USFilter Regional District Manager Michael Sause, estimated at \$370,000, was supposed to come back to the sewer department from USFilter. Sause was indicted on three counts of larceny in August.

Minutes from the sewer commissioners reviewed by the Mariner show no mention of any capital purchases or any documentation concerning what was taken out of those maintenance accounts and for what purposes. USFilter, as part of the contract, was supposed to provide monthly reports to the commissioners concerning the accounts and where the money was being spent.

At the time, sewer commissioners said the reports did exist but must have been destroyed by Thomson before he was arrested on the embezzling charges.

USFilter has been operating the town's sewer plant since 1994. They added France's Veolia, formerly Vivendi Environment, initiated the first two contracts on the project between itself and the town under different names, not USFilter.

The first contract was signed by the town with Metcalf & Eddy Services, Inc., which was subsequently bought by the Professional Services Group. The contract was for three years. The second contract was signed in 1998 between the town and the Professional Services Group. The contract was to last 10 years with an option for an additional 10 years.

home

USFilter employee flushed out

By Patrick J. Cronin / pcronin@cnc.com

Friday, September 5, 2003

Additional indictment handed down in Rockland Massachusetts sewer scam

A former USFilter employee is being charged with conspiring with former Rockland Sewer Superintendent Thomson in allegedly embezzling more than \$370,000 from the town.

Michael R. Sause, a former regional district manager in charge of USFilter in Rockland, is being charged counts of larceny in a single scheme. A Plymouth Superior court grand jury returned an indictment again of 155 Commercial Street, Provincetown, on Aug. 29.

Two weeks ago, The Mariner reported another person, not a town employee, was believed to be a part of to embezzle from town, beginning in 1997.

Rockland police recently questioned Sause but didn't get many answers. According to Police Chief Kevir there is substantial evidence that links the two individuals together.

According to USFilter spokesperson Christie Kaluza, Sause worked for the company for several years. He had three choices in April - cooperate with the investigation, resign or be fired. He chose to resign and the left the company.

Donovan said the new allegations stem from the results of a fraud audit done on the sewer department this year.

"We were the lead investigators in the case," said Donovan. "We worked alongside the auditor hired by the town."

Selectmen decided to conduct the audit on the department in October after Town Accountant Jack Franey discovered several discrepancies with the town's current contract with USFilter, the company hired by the town to run the sewer treatment plant. One of the discrepancies discovered had to do with certain fees paid each year by the town to USFilter.

According to the contract, any money that was not used was supposed to be returned to the sewer department. However, the findings of the audit are being kept under wraps, sources close to the investigation said the money allegedly embezzled from the town was the money that was supposed to come back to the sewer department.

Rockland officials said USFilter has been operating the town's sewer plant since 1994. Vivendi, the parent company of USFilter, initiated the first two contracts on the project between itself and the town under different names.

The first contract was signed by the town with Metcalf & Eddy Services, Inc., which was subsequently bought by Professional Services Group (PSG). The contract was for three years. The second contract was signed in 1997 between the town and PSG. The contract was to last 10 years with an option for an additional 10 years.

Under the first contract, the town gave USFilter \$50,000 for preventive maintenance and repair and \$100,000 a year for equipment replacement and facility maintenance.

Under the second contract, the town gave the company \$75,000 for maintenance and repair, \$100,000 for equipment/capital replacement and \$15,000 for electricity. The town also gave the company \$400,000 for salaries.

According to both contracts, "At the end of each fiscal year, all unexpended funds from the allowances shall be returned to the town."

Officials said a fraud auditor was needed because they say there appeared to be missing sewer department records which supposedly state how much money was actually spent and the amount that should've been returned.

Thomson was indicted in 2002 at Brockton Superior Court for allegedly embezzling more than \$168,000 from the town.

Rockland police said their criminal investigation began at the end of May, 2002 after Thomson's bank, A Cooperative, discovered a \$5,700 check made out to him, the sewer commissioner and the Town of Rockland was deposited into his personal account. One of the attorneys from the bank notified Abington police who then notified Rockland police.

When the investigation began, Thomson quit his job and admitted to Sewer Commission Chairman Robert Sause he had embezzled \$70,000 to \$80,000, police said.

At the time, investigators said Thomson was asking for money from USFilter for project-related expenses; instead of using money for sewer-related projects, Thomson allegedly deposited the money into his personal bank account.

Investigators found no paperwork that matched Thomson's requests.

Police uncovered 19 checks totaling \$138,000, from USFilter that were deposited into his account since July 2001. Thomson opened the account in 1999.

At the time, police would not comment on a motive. However investigators noted some of the money was used to pay off a \$6,000 credit card bill in Thomson's name. Officials also now believe Thomson used some of the money to buy a new house. In 2001, Thomson built a two-story colonial home on 4.8 acres on Liberty Street. According to town assessors, the house is now valued at more than \$334,900.

Thomson was only getting \$47,000 for his position.

Rumors also began circulating that Thomson had a drug problem. While Thomson was released on \$100,000 bail, a judge ordered him to stay off any drugs and told him he would be subjected to random urine tests.

Last month, Thomson was indicted on additional charges of embezzlement. According to John J. Sullivan, a forensic accountant hired to conduct the fraud audit, the new charges stem from the sewer probe and include civil and criminal charges.

According to other sources close to the investigation, the auditors found out Thomson had four different bank accounts, including ones in Wakefield and Weymouth.

Officials say Thomson and Sause had a joint bank account at the Wainwright Bank and Trust Co. in Boston. The account statements were sent to a loft at 33 Sleeper Street in Boston.

According to police, at least \$166,000 in checks from USFilter were deposited into the account between 1999. One of the checks uncovered showed Sause as an endorsee for a \$140,951 check.

Police said Sause opened the account with Thomson in 1997. Police believe the most of the money was s come back to the town as part of its contract with USFilter.

Donovan said investigators examined all of Thomson and Sause's bank statements and records.

"This was a very tedious and difficult investigation," said Donovan. "Detective Sargent Jack Wentworth s commended for all of his hard work."

Donovan said the investigation is winding down but is not completely over.

"The investigation is winding down but we are still looking at other things," said Donovan.

One of the things town officials are looking into is whether the banks that cashed the checks should be he the checks that were deposited by the duo were made out to Gregory Thomson, sewer commissioners and Rockland.

Police are also turning over evidence to the state inspector general. According to police, Thomson could additional charges for political corruption.

Court documents indicate the company that owns USFilter, France's Veolia, formerly Vivendi Environm legal problems concerning fraud and financial mismanagement in the past. Most of the cases have to do v and extortion.

Before purchasing USFilter, Vivendi bought the North American company, PSG.

According to the Connecticut Post, between 1996 and 1999, PSG allegedly gave \$700,000 to two close a former Bridgeport, Connecticut Mayor Joseph P. Ganim to obtain a contract to operate the city's wastewater plant. Federal prosecutors allege Ganim shared in hundreds of thousands of kickbacks when the contract Court documents state the mayor is currently facing racketeering, extortion, bribery and mail fraud charg people, including close associates of Ganim's, have already pled guilty to charges in connection with the

The U.S. District Court in Houston, Texas charged former PSG President Michael Stump, former vice-pr William Gottenstrater, executive H. Grant Simmons and company attorney Salvador Anzelmo with one c conspiracy, four counts of interstate travel in aid of bribery, four counts of mail fraud, and one count of w

The U.S. District Court in Houston also charged Katherine Maraldo, a former member of the New Orlear and Water Board, with accepting \$70,000 to pay for her mortgage and getting free legal advice from a PS her attempts to sell the property.

According to the indictment, the four PSG defendants conspired to provide legal services and cash paym board member Maraldo in order to influence and reward Maraldo for supporting PSG's business interests New Orleans Sewerage & Water Board.

boston.com

THIS STORY HAS BEEN FORMATTED FOR EASY PRINTING

Former Rockland office pleads guilty to embezzlement

AP Associated Press

September 30, 2004

BROCKTON, Mass. --A Rockland town official admitted stealing \$336,000 from the town, money his attorney said Gregory Thomson used to pay for his drug problem.

"This is a product of an addiction to OxyContin," attorney Peter Muse of Quincy said of Thomson, 45, former superintendent of sewers for Rockland. "He became a habitual user, and it took control of his life."

Thomson, who had insisted he was innocent after he was arrested in June 2002, admitted to four counts of fraud or embezzlement of city, town or county offices Wednesday in Plymouth County Superior Court. He was sentenced to 2 1/2 years in jail, one year suspended, and five years probation.

Thomson, of Rockland, also was ordered by Judge Carol Ball to pay back the \$336,000, and to undergo drug treatment and psychotherapy upon his release from jail.

Thomson, who was named superintendent in 1997, was arrested after an Abington bank employee reported he had deposited a \$5,744 check made out to the town into his personal account.

In court Wednesday, Thomson said he and Michael Sause, a district manager for the company that ran Rockland's sewer plant for 20 years, submitted phony invoices to the company, USFilter, and intercepted the reimbursement checks. He said they also stole funds the company had reimbursed from wage, equipment, maintenance and electricity accounts.

Court records said police found a second bank account shared by Thomson and Sause at the Wainwright Bank & Trust Co. in Boston.

Sause, who is awaiting trial, is accused of working with Thomson to steal about \$167,000. A resident of Provincetown, Sause has a pretrial hearing Oct. 21.

"They had a pretty slick deal going, but sooner or later everyone gets caught," said Rockland's town administrator, Brad Plante. "I'm very pleased round one is over."

In February, Rockland terminated its 10-year, \$1.2 million contract with USFilter, now known as Veolia Water North America and based in Houston. USFilter, which was replaced in Rockland by Aquarion Services Company in July, has denied all wrong doing.

USFilter has sued the town for terminating its contract, and the town is countersuing in U.S. District Court, officials said. ■

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