



**U.S. Department of Justice**

*United States Attorney  
Eastern District of New York*

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**FOR IMMEDIATE RELEASE**

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**PRESS RELEASE**

**TWO OFFICIALS IN BRIDGES DIVISION OF NEW YORK CITY DEPARTMENT OF  
TRANSPORTATION CHARGED IN BRIBERY SCHEME**

***Defendants Rigged Settlement of Multi-Million Dollar Claim  
Involving Reconstruction of Third Avenue Bridge***

BALRAM CHANDIRAMANI, also known as "Balu," the Director of Movable Bridges for the New York City Department of Transportation ("NYC/DOT"), and UDAY SHAH, an Assistant Civil Engineer for NYC/DOT, were arrested last night for their participation in a \$450,000 bribery scheme involving the reconstruction of the Third Avenue Bridge.<sup>1</sup> The defendants' initial appearances are scheduled for later today before United States Magistrate Judge Marilyn D. Go at the U.S. Courthouse, 225 Cadman Plaza East, Brooklyn, New York.

As alleged in the complaints unsealed today, in 2001 a construction corporation with offices in Long Island City, New York ("the corporation") contracted with NYC/DOT to serve as the general contractor for replacement of the Third Avenue Bridge, a movable bridge located at 129<sup>th</sup> Street and Third Avenue that spans the Harlem River between Manhattan and the Bronx. A movable bridge carries pedestrian and/or vehicular traffic across a navigable waterway and can open to permit the passage of a ship, barge, or boat. Work on the bridge began in July 2001 and was completed in November 2006. In March 2007, the corporation submitted a claim for \$16,500,000 ("the claim") to the New York City Office of the Comptroller, arising from various contract disputes it had with the NYC/DOT. Although the claim was submitted to the Comptroller's Office, the parties were still authorized to negotiate a settlement, which would have to be approved by the NYC/DOT's Legal Department, Division of Bridges, Engineering Audit Bureau, and ultimately, the Commissioner of NYC/DOT.

**The Bribery Scheme**

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<sup>1</sup> The charges contained in the complaints are merely allegations, and the defendants are presumed innocent unless and until proven guilty.

As alleged in the complaints, in late 2006 an executive of the corporation met with SHAH and sought his help in resolving the claim favorably to the corporation. SHAH agreed to assist and promptly began to provide the executive with confidential information regarding the NYC/DOT's negotiating position on settlement amounts for the various items in the claim. SHAH also enlisted CHANDIRAMANI's help in the scheme and set up at a face-to-face meeting between the executive and CHANDIRAMANI in March 2007. During a series of meetings recorded by the executive under law enforcement supervision, the executive and CHANDIRAMANI agreed that the executive would pay CHANDIRAMANI an amount equal to 10 % of any settlement amount exceeding \$2,500,000 – which CHANDIRAMANI represented was the highest amount that the corporation would likely receive if the claim was resolved by the Comptroller. CHANDIRAMANI promised that he could work behind the scenes and guarantee a settlement between \$6.5 million and \$6.6 million, in exchange for a \$400,000 bribery payment. At several ensuing meetings, all recorded by the executive:

CHANDIRAMANI gave the executive details about the City's negotiating position and explicit instructions on how to handle upcoming settlement negotiations between the executive and the City, including how to frame a counter-offer, to increase the amount of money the corporation might receive.

CHANDIRAMANI assured the executive that he could “work on the [settlement] numbers” and convince any City officials “who needed convincing.”

Immediately before the settlement negotiations with NYC/DOT officials in June 2007, SHAH gave the executive a spreadsheet he prepared at CHANDIRAMANI's direction, reflecting the City's minimum and maximum settlement amounts for each item of the claim – each of which was in fact created by SHAH as part of the scheme. SHAH later explained to the executive that he had inflated the amounts on the spreadsheet so that if other City officials “chipped away” at them, the settlement amount would still be \$6.5 million.

CHANDIRAMANI requested \$400,000 in bribery payments – \$200,000 in cash and \$200,000 by wire transfer to a relative's bank account in Dubai, U.A.E. To facilitate the wire transfer, CHANDIRAMANI gave the executive a phony invoice for the corporation's purchase of \$200,000 worth of men's clothing from the relative's export company in Dubai. On August 23, 2007, the executive gave CHANDIRAMANI \$10,000 in cash as an initial payment. CHANDIRAMANI and the executive also agreed that they would each give SHAH \$50,000 for his role in facilitating the settlement and, on September 13, 2007, the executive paid SHAH \$5,000 in cash.

CHANDIRAMANI was arrested last night after accepting a second cash payoff of \$50,000.

“Our government, at any level, is not for sale,” stated United States Attorney

**Benton J. Campbell.** “Those who illegally feed at the public trough can expect to be met with the full resources of law enforcement.”

“This investigation of alleged bribery within the New York City metropolitan area demonstrates that those entrusted with the stewardship of taxpayer dollars and oversight of transportation infrastructure projects will be held responsible for maintaining the highest level of integrity,” said **Ned E. Schwartz**, Special Agent-in-Charge, U.S. Department of Transportation Office of Inspector General (DOT OIG). “The Secretary of Transportation has made accountability a top DOT priority, and working with our law enforcement colleagues we will continue our vigorous efforts to promote the prevention, detection, and prosecution of procurement and grant fraud.”

**Robert E. Van Etten**, Inspector General, The Port Authority of New York and New Jersey, stated, “I want to commend United States Attorney Benton J. Campbell and his staff for bringing this prosecution and the superb investigative work performed by the investigative agencies. This investigation exhibits how vigilant law enforcement must be in monitoring the conduct of government employees and contractors. The agencies that participated in this investigation pay particular attention to public construction projects to insure their integrity. Contractors and those government employees that oversee their work play an important role in performing repairs on facilities that millions of citizens travel over each year. For either party to violate their responsibility places the public and public funds at risk.”

New York City Department of Investigation Commissioner **Rose Gill Hearn** stated, “Two New York City Department of Transportation employees are charged with soliciting payoffs and betraying the trust the City and taxpayers placed in them. Municipal employees who try to compromise the integrity of the City workforce should know that DOI will continue to work with state and federal authorities to pursue this type of criminal conduct.”

If convicted, CHANDIRAMANI and SHAH each face a maximum sentence of 10 years’ imprisonment and a \$250,000 fine.

The government’s case is being prosecuted by Assistant United States Attorney Sarah Coyne.

### **The Defendants:**

Name: BALRAM R. CHANDIRAMANI

Age: 65

Name: UDAY SHAH

Age: 46