



CYRUS R. VANCE, JR.
DISTRICT ATTORNEY

DISTRICT ATTORNEY – NEW YORK COUNTY

FOR IMMEDIATE RELEASE
November 10, 2015

CONTACT: Roxanne Leong
leongr@dany.nyc.gov

**DA VANCE: NINE COMPANIES, 44 DEFENDANTS INDICTED IN
CONNECTION WITH MULTIMILLION-DOLLAR HEATING OIL INDUSTRY
FRAUD**

*Companies and Truck Drivers Allegedly Billed Customers for More Oil Than Delivered and Resold the
Surplus on the Black Market*

*Defrauded Customers Include Residential, Commercial, and Municipal Buildings Citywide: Schools,
Hospitals, Police Precincts, Churches, City of New York*

Manhattan District Attorney Cyrus R. Vance, Jr., New York City Police Department Organized Crime Investigation Division (“OCID”), New York City Business Integrity Commission (“BIC”) Commissioner Daniel D. Brownell, and New York City Department of Investigation (“DOI”) Commissioner Mark G. Peters, in partnership with the New York City Department of Consumer Affairs (“DCA”) and the New York State Department of Taxation and Finance (“NYSDTF”) today announced the indictments of nine companies and 44 individuals in connection with various schemes to defraud heating oil customers by shorting deliveries to residential, commercial, and municipal properties throughout New York City. The indicted heating oil transportation and retail companies include: F&S DISTRIBUTION, INC., G&D PETROLEUM TRANSPORTATION, INC., G&D HEATING OIL INC., CASANOVA FUEL OIL, INC., EXPRESS PETROLEUM, INC., 4th AVENUE TRANSPORT, INC., ALL-BORO TRANSPORTATION, INC., ENTERPRISE TRANSPORTATION, INC., and CENTURY STAR FUEL CORP. The indicted individuals include the principal owners of the indicted companies, three fuel depot dispatchers, and 29 truck drivers charged with taking part in the theft, resale, and purchase of stolen heating oil. The defendants are charged in multiple New York State Supreme Court indictments with varying degrees of charges including Enterprise Corruption, Grand

Larceny, Scheme to Defraud, Criminal Possession of Stolen Property, Falsifying Business Records, and Offering a False Instrument for Filing.¹

“No illicit business or black market can be allowed to operate while honest New Yorkers are working hard to keep their homes warm during colder months,” said District Attorney Vance. “The fees associated with living, doing business, and providing municipal services in New York City continue to rise, even without the added costs and complications of widespread fraud in the heating oil industry. The victims of these alleged schemes include all those who managed, worked, or lived in the affected buildings, as well as the City itself—and when schools, hospitals, and police precincts were shorted—it was residents and taxpayers who paid the price and suffered the consequences.”

Police Commissioner William J. Bratton said: “I want to thank the NYPD’s partners in this investigation whose collaborative efforts exposed rampant fraud in the heating oil delivery industry that ‘shorted’ the City, taxpayers and private consumers out of millions of dollars of fuel every year. Let these indictments and arrests serve as a warning to anyone engaged in unscrupulous business practices and outright theft.”

The Business Integrity Commission released the following statement: “These indictments, coupled with prior prosecutions of fraud in this industry, signal that there are systemic, chronic problems with the heating oil delivery business in this city. It has reached a point where both government and the public simply cannot trust that they are actually getting the oil they pay for. The Business Integrity Commission stands ready, using both what we know from our years of fighting what was once industry-wide corruption in trade waste trucking and what we have learned about heating oil delivery from this investigation, to work to bring more integrity to this industry.”

Department of Investigation Commissioner Mark G. Peters said: “These wide-reaching schemes had real financial implications for the City and its taxpayers, and we must focus our attention and resources on plans to stop them in the future. DOI is proud to have convened a multi-agency Task Force of more than 20 City agencies to begin taking these important steps to address vulnerabilities and fortify our fuel delivery protocols.”

Department of Consumer Affairs Commissioner Julie Menin said: “The blatant intent by the heating oil delivery industry to cheat customers will not be tolerated in New York City. We are proud to have brought our inspection expertise to help build the case against these 40 companies, principals and drivers who routinely stole from their customers. While this investigation focused on business consumers and City contracts, we have strengthened our inspection process and instituted new measures to ensure all customers, including residential customers, are protected from these types of scams. No one should be ever be overcharged, especially for something as necessary as heating oil.”

New York State Commissioner of Taxation and Finance Jerry Boone said: “I commend District Attorney Vance and New York City law enforcement for their rigorous investigation into these corrupt distributors and their illegal schemes. Their investigation uncovered

¹ The charges contained in the indictments are merely allegations, and the defendants are presumed innocent unless and until proven guilty.

powerful evidence of widespread theft from customers—including government agencies—and from State and local authorities through egregious tax fraud. The Tax Department and our New York City and local law enforcement partners statewide will continue to work together to identify and prosecute tax cheats on behalf of all New Yorkers.”

The indictments are the result of a long-term, joint investigation by the Manhattan District Attorney’s Office’s Rackets Bureau, OCID, DOI, BIC, DCA, and NYSDTF into widespread fraud in New York’s heating oil industry. Typically, consumers place orders for heating oil directly with retailers, which engage the services of transport companies to deliver oil to their customers. Operating their own fleets, the transport companies are responsible for delivering oil to a specified list of locations supplied by the retailer or terminal and printing delivery tickets for customers as proof of delivery. (A complete list of the residential, commercial, municipal, and non-profit addresses that appear in the indictments can be found [here](#).)

As charged in the indictments, between September 2006 and October 2015, the indicted companies and individuals were engaged in various schemes to defraud customers, fuel terminals, and oil retailers by shorting their customers’ deliveries and supplying less heating oil than the amount of a ticketed order while charging their victims full price for deliveries. In some cases, terminal dispatchers received money to direct truck drivers to locations that were considered to be easy targets. The indicted companies and individuals are also charged with selling and purchasing oil stolen from customers at prices substantially below market rate.

In order to short their customers and reserve oil for resale, the defendants used a variety of methods to rig the meters on tanker trucks, evade regulatory controls, and conceal the actual amount of heating oil delivered to customers. Methods of rigging included the installation of a bypass valve that diverted heating oil to a hose leading back into the truck’s tank; use of a ball valve in the rear compartment of the truck that allowed air to pass through the pump instead of oil; and the application of a magnet to manipulate the meter’s air eliminator, which also allowed air to flow through the meter instead of oil.

Shorting deliveries resulted in a surplus of oil that was later sold to other customers and oil companies at significantly reduced prices. In order to conceal the resale of stolen oil, three of the indicted companies—including CASANOVA FUEL OIL, INC., CENTURY STAR FUEL CORP., and G&D HEATING OIL INC.—are charged with failing to accurately and correctly file petroleum business tax returns or remit collected sales taxes, as required by NYSDTF.

The Manhattan District Attorney’s Office’s Asset Forfeiture Unit has also filed seven civil lawsuits against the indicted defendants seeking forfeiture in connection with the criminal case for the purposes of restitution for the victims.

In order to help consumers protect themselves from fraud, DOI and BIC also [issued a detailed report](#) on fraudulent schemes employed by delivery companies.

Assistant District Attorney Anne Ternes is handling the prosecution of the case, with the assistance of Assistant District Attorneys Jerrold Steigman and Thomas Mooney, Senior Investigative Counsel to the Rackets Bureau, and under the supervision of Assistant District

Attorney Michael Ohm, Deputy Chief of the Rackets Bureau, Assistant District Attorney Judy Salwen, Principal Deputy Chief of the Rackets Bureau, Assistant District Attorney Jodie Kane, Chief of the Rackets Bureau, and Executive Assistant District Attorney David Szuchman, Chief of the Investigation Division. The asset forfeiture cases are being handled by Assistant District Attorneys Madeleine Guilmain and Katarina Braafladt, with assistance from Administrative Assistant Jennifer Johnson and Investigative Analyst Michael Luongo, and under the supervision of Assistant District Attorney Lynn Goodman, Chief of the Asset Forfeiture Unit. The following individuals also provided assistance with the investigation: Appellate Counsel to the Investigation Division Amyjane Rettew; Counsel to the Investigation Division Marc Frazier Scholl; Principal Financial Investigator Michael Kelly; Analyst William Stramezzi; Senior Financial Investigator Daniel McNichol; former Financial Investigator Marsha Collins; Supervising Rackets Investigator Terrence Quinn; IT Analyst Olivia Savell; Paralegals Paul Lee, Alexandra Oviedo, Lauren Riddell, Kyle Tramonte, and Catherine Wiener; Transcription Analyst Olivia Sitbon; and former Assistant District Attorney Richard Buckheit; and former Paralegals Zoe Egelman, Justine Chiu, Lauren Freeman, and Christopher Matteis.

District Attorney Vance thanked the following agencies and individuals for their assistance with the investigation: NYPD OCID-BIC, in particular, Detectives William Martin, Biagio Santangelo, and others; BIC, in particular, Investigator Dominick Albergo and Director of Audit Sarah Nasir; DCA, in particular, Director of Petroleum Enforcement Division John Browne and Inspector Armando Sosa; DOI, in particular, Special Investigator Meredith Stroble.

Defendant Information:

F&S DISTRIBUTION, INC.
Bronx, NY

Charged:

- Enterprise Corruption, a class B felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 2 counts
- Grand Larceny in the Third Degree, a class D felony, 7 counts
- Falsifying Business Records in the First Degree, a class E felony, 37 counts

G&D PETROLEUM TRANSPORTATION, INC.
G&D HEATING OIL INC. d/b/a "NEW YORK LIBERTY"
Brooklyn, NY

Charged:

- Enterprise Corruption, a class B felony, 1 count
- Grand Larceny in the First Degree, a class B felony, 1 count
- Grand Larceny in the Second Degree, a class C felony, 1 count
- Grand Larceny in the Third Degree, a class D felony, 2 counts
- Grand Larceny in the Fourth Degree, a class E felony, 2 counts

- Scheme to Defraud in the First Degree, a class E felony, 2 counts
- Falsifying Business Records in the First Degree, a class E felony, 21 counts

CASANOVA FUEL OIL, INC.
Bronx, NY

Charged:

- Enterprise Corruption, a class B felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 2 counts
- Falsifying Business Records in the First Degree, a class E felony, 7 counts

EXPRESS PETROLEUM, INC.
Bronx, NY

Charged:

- Enterprise Corruption, a class B felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 2 counts
- Grand Larceny in the Third Degree, a class D felony, 7 counts
- Falsifying Business Records in the First Degree, a class E felony, 37 counts

4th AVENUE
Brooklyn, NY

Charged:

- Enterprise Corruption, a class B felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 2 counts
- Falsifying Business Records in the First Degree, a class E felony, 1 count
- Grand Larceny in the Fourth Degree, a class E felony, 1 count

ALL BORO-TRANSPORTATION, INC.
Brooklyn, NY

Charged:

- Enterprise Corruption, a class B felony, 1 count
- Criminal Possession of Stolen Property in the Third Degree, a class D felony, 8 counts
- Scheme to Defraud in the First Degree, a class E felony, 2 counts
- Falsifying Business Records in the First Degree, a class E felony, 2 counts

ENTERPRISE TRANSPORTATION, INC.

Brooklyn, NY

Charged:

- Enterprise Corruption, a class B felony, 1 count
- Scheme to Defraud in the First Degree, a class E felony, 2 counts
- Grand Larceny in the Third Degree, a class D felony, 2 counts
- Grand Larceny in the Fourth Degree, a class E felony, 3 counts
- Falsifying Business Records in the First Degree, a class E felony, 5 counts

CENTURY STAR

Westchester, NY

Charged:

- Grand Larceny in the First Degree, a class B felony, 1 count
- Offering a False Instrument For Filing in the First Degree, a class E felony, 52 counts

###

Additional news available at: www.manhattanda.com

Follow us on [Twitter](#) and [Facebook](#)

New York County District Attorney | 212-335-9400