

PRESS RELEASE

Two Consulting Companies and its Owners Plead Guilty to Bid Rigging Scheme Involving New York City Public Schools

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For Immediate Release

Office of Public Affairs

Four defendants, two companies and its owners, have pleaded guilty in the U.S. District Court for the Southern District of New York, for their roles in a bid rigging scheme involving budget and procurement consulting services for New York City (NYC) Public Schools.

On March 19 and 20, Transcend BS LLC (Transcend), a procurement and training consultant company, and its owner, Victor A. Garrido of Peekskill, New York; and Clark & Garner LLC (C&G), an educational programming consultant for schools and non-profit organizations, and its owner, Donald Clark Garner II, of Brooklyn, New York, pleaded guilty to a violation of Section 1 of the Sherman Act.

“Defendants targeted the nation’s largest school system with their scheme, undermining the rights of New York City taxpayers to benefit from fair and honest competition,” said Director of the Procurement Collusion Strike Force Daniel Glad of the Justice Department’s Antitrust Division. “The Antitrust Division and its PCSF partners remain steadfast in our commitment to root out fraud, waste, and abuse in procurement processes at any level of government, as we have since 2019.”

According to court documents, from approximately November 2020 through at least January 2023, Garrido and his co-conspirators, including Garner and C&G, created and submitted artificially high “competitor” bids to make it appear as if Transcend was the lowest bidder for consulting services contracts to circumvent NYC Department of Education’s (DOE) requirement for a competitive bidding process. C&G never provided any of the same services that Transcend provided. Rather, the co-conspirators rigged the bidding process for Transcend to continue to obtain lucrative work orders from New

York City public schools without competing fairly. This scheme affected more than \$707,000 in work orders to NYC Public Schools and resulted in estimated losses to the NYC DOE of \$141,511.

Prior to forming Transcend and C&G, Garrido and Garner were employed by NYC Public Schools. Garrido was a business manager, providing substantially similar consulting services to various schools, and Garner was a former teacher recruitment manager

In addition, both Garrido and Garner agreed to pay restitution to New York State Department of Labor for unemployment benefits they improperly received.

"Victor Garrido and Donald Clark Garner admitted their guilt in scheming to use their companies to artificially control the bidding process for a New York City Department of Education contract," said Acting Assistant Director in Charge Leslie Backshies of the FBI New York Field Office. "Garrido and Garner will now rightly face justice for attempting to personally benefit at the expense of the New York City taxpayers. The FBI will continue to enforce antitrust laws to ensure a fair and competitive bidding process for government contracts."

"SCI is grateful for the opportunity to work alongside our partners at the DOJ Anti-trust Division, the Office of the Inspector General for the Department of Labor, and the FBI in bringing this important case to justice," said Special Commissioner of Investigation Anatasia Coleman of the Office of the Special Commissioner of Investigation for the NYC School District. "SCI is also pleased to recover tax dollars for New York City taxpayers. Bid-rigging is a serious crime that deprives the school district of vital funds and deprives students of a stable learning environment — and it is a crime that SCI will continue to tirelessly root out."

"These guilty pleas underscore the U.S. Department of Labor, Office of Inspector General's unwavering commitment to safeguard the American workplace from corruption and illegal influence," said Special Agent-in-Charge Jonathan Mellone of the U.S. Department of Labor, Office of Inspector General Northeast Region. "We will continue to work closely with our law enforcement partners to pursue those who engage in the exploitation of governmental programs within our jurisdiction."

The maximum penalty for bid rigging for individuals is 10 years in prison and a \$1 million criminal fine. The maximum penalty for corporations is a \$100 million criminal fine. The fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime if either amount is greater than the statutory maximum fine. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

The Antitrust Division's New York Office is prosecuting the case, which was investigated with the assistance of the FBI New York Field Office, the SCI for the New York City School District, and the Department of Labor Office of Inspector General.

Anyone with information about this investigation or other procurement fraud schemes should notify the PCSF at www.justice.gov/atr/webform/pcsf-citizen-complaint. The Justice Department created the PCSF in November 2019. It is a joint law enforcement effort to combat antitrust crimes and related fraudulent schemes that impact government procurement, grant and program funding at all levels of government – federal, state, and local. For more information, visit www.justice.gov/procurement-collusion-strike-force.

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