

The fraud factor

Published on March 23, 2005
© 2005- The Baltimore Sun

This is just one of many fraud schemes the Sapperstein's were running simultaneously, "Under Color of Law".
Remeber while Gilbert & son, Mark Cary Sapperstein are busy stealing & laundering this \$3.5 million from the Baltimore School board over an approx. 10 year period of time, Gilbert & Mark, their associates Charles Richard Longo Sr. et al are the targets of FBI, DOJ, SEC, IRS, etc. investigations in Maryland, and/or Florida, and/or Pennsylvania, and/or Washington D.C. etc.

AS IF Baltimore's school system weren't financially challenged enough trying to correct a major deficit, it was the victim of a \$3 million, decade-long fraud scheme, allegedly by a business contractor who has recently been *indicted* by a city grand jury. While the fraud preceded the current school administration, the indictment is yet another reminder of the importance of having good financial and management controls in place.

At trial the testimony was about how Gilbert would send an employee to work at the school board and if he worked 4 hours, Gilbert would then put a "0" behind the 4 and bill the school board for 40 hours as opposed to just 4 hours.

As outlined by the grand jury, Gilbert Sapperstein of Baltimore County, the longtime owner and operator of All State Boiler Co., was allegedly involved in two billing schemes in the city. In two indictments, Mr. Sapperstein is accused, with others, of conspiring to bribe a former maintenance manager for the school system, Rajiv Dixit, and then conspiring with Mr. Dixit to steal more than \$3 million from the school system. The fraud allegedly continued for more than a decade, from 1991 to 2003. In addition to the school fraud, Mr. Sapperstein is also accused of conspiring to steal \$130,000 from the city Department of Public Works. The investigation by the state prosecutor's office has already yielded other charges. Mr. Dixit, for example, is awaiting trial on charges that he embezzled more than \$150,000 and that he helped another contractor steal more than \$140,000. The school system has cooperated with the investigation -- which is ongoing -- and has said that its contract with All State has expired.

Gilbert was sentenced to 18 months in a Maryland State Prison, escorted in handcuffs from the courthouse, disappeared for approximately 30 days and then magically reappeared at his personal residence where he spent the balance of his 18 month sentence in the comfort of his own home. Complements of Maryland State Prosecutor, Robert Rohrbaugh et al.

What can a major system do to protect itself from those bent on fraud? At the least, put in place procedures that can raise red flags at multiple checkpoints. Even though this fraud did not occur during the watch of the current top school administrators, they have certainly been burned by weak financial oversight. They would be wise to use this occasion as yet another sharp reminder that effective internal financial controls are critical in running any organization, particularly for a public organization that is spending taxpayer dollars.