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Ex-Executives Ran JFK Airport Bribery Scheme, NY AG Says

By **Linda Chiem**

Law360 (November 19, 2019, 8:26 PM EST) -- A former British Airways executive and the former chief of an airport ground-services company were indicted on bribery and money laundering charges over an alleged kickbacks-for-contracts scheme at John F. Kennedy International Airport, the New York State Attorney General's Office said Tuesday.

A Queens County Supreme Court grand jury returned a 17-count indictment alleging Jeff Kinsella, the former CEO of Ground Services International, paid \$5.4 million in bribes to Steven Clark, a former British Airways senior vice president, between 2011 and 2016 in exchange for awarding GSI lucrative ground-handling services contracts at JFK's Terminal 7, which British Airways operates pursuant to a lease with the Port Authority of New York and New Jersey.

The state attorney general's office claims Kinsella and Clark were tied to a "pay-to-play" scheme in which Clark purportedly used a shell company called Naviance Consulting to accept bribes from Kinsella's company Danison Management LLC — sometimes up to \$18,000 a month — in exchange for advocating on GSI's behalf and helping it score contracts with British Airways for ground-handling services at JFK and other airports. Such services can include baggage loading and unloading, ramp handling and aircraft servicing.

"Today's indictment sends a clear message to airline companies and airport vendors: pay-to-play schemes will not fly in New York," New York Attorney General Letitia James said in a statement Tuesday. "For years, Kinsella, GSI's former CEO and owner, and Clark, a former British Airways executive, broke the law and invalidated the trust of the millions of people that use Terminal 7 each year in an effort to line their own pockets."

The purportedly cozy relationship also involved Kinsella secretly giving Clark a 5% ownership stake in GSI that wasn't disclosed to British Airways, according to court filings. Then in 2016, GSI was sold to Dnata, a Dubai-based ground-handling company, and Kinsella allegedly paid Clark \$3.6 million for his 5% ownership stake, the attorney general's office said.

Clark was indicted on two counts of money laundering in the second degree, two counts of commercial bribe receiving in the first degree, three counts of falsifying business records in the first degree, and two counts of conspiracy in the fourth degree.

Kinsella was indicted on two second-degree counts of money laundering, two first-degree counts of commercial bribing, four first-degree counts of falsifying business records, and two fourth-degree counts of conspiracy.

An attorney for Clark said in a statement to Law360 on Tuesday that Clark is innocent of the charges.

"Steve Clark pled not guilty today because he is innocent," said Kevin O'Brien of Ford O'Brien LLP. "We expect to be vindicated at the conclusion of this case."

The state attorney general's office has said there were others who participated in the scheme.

Kinsella allegedly paid more than \$640,000 between 2015 and 2016 to the former executive director

of Terminal One Group Association LP, or TOGA, the consortium of airlines that operates Terminal 1 at JFK. TOGA's members include Lufthansa, Air France, Japan Airlines and Korean Air.

The ex-TOGA executive director, Ed Paquette, reached a **\$2 million settlement** with the state attorney general's office in December related to charges that he accepted bribes from GSI and other airport vendors.

According to Tuesday's indictment, Clark allegedly received more than \$500,000 from another airport vendor "for the purpose of influencing Clark's conduct related to his position at British Airways."

The attorney general's investigation, called "Operation Greased Runway," has led to several previously announced settlements covering other participants accused of taking kickbacks or dodging New York taxes in connection with airport contracts.

GSI, the company, agreed to a **\$12.3 million settlement** with the attorney general's office last year.

The government is represented by Gerard Murphy and Travis Hill of the New York State Attorney General's Office.

Clark is represented by Kevin O'Brien of Ford O'Brien LLP.

Counsel information for Kinsella could not be immediately determined Tuesday.

The matter is The People of the State of New York v. Steven Clark and Jeff Kinsella, indictment number 1849/2019, in the Supreme Court of the State of New York, County of Queens.

--Editing by Amy Rowe.