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District Attorney, New York County

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**MANHATTAN DA'S OFFICE, DOI, NYPD ANNOUNCE ARRESTS AND
CRIMINAL CHARGES IN WIDESPREAD BRIBERY SCHEMES
INVOLVING DOB AND HPD EMPLOYEES**

Defendants Include 11 DOB Employees, 5 HPD Employees, and 28 Property Managers, Contractors, and Expeditors

Approximately \$450,000 in Bribes Made in Connection with More Than 100 Residential and Commercial Properties in Manhattan, Brooklyn, and Queens

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Defendant Information

Manhattan District Attorney Cyrus R. Vance, Jr., New York City Department of Investigation ("DOI") Commissioner Mark G. Peters, and New York City Police Commissioner William J. Bratton today announced the indictment of 50 defendants involved in widespread housing fraud and bribery schemes in Manhattan, Brooklyn, and Queens. The defendants include 11 New York City Department of Buildings ("DOB") employees and five New York City Department of Housing Preservation and Development ("HPD") employees. The defendants are charged in 26 New York State Supreme Court indictments filed in New York and Kings Counties with crimes including Bribery, Bribe Receiving, Falsifying Business Records, Tampering with Public Records, and Official Misconduct.[1]

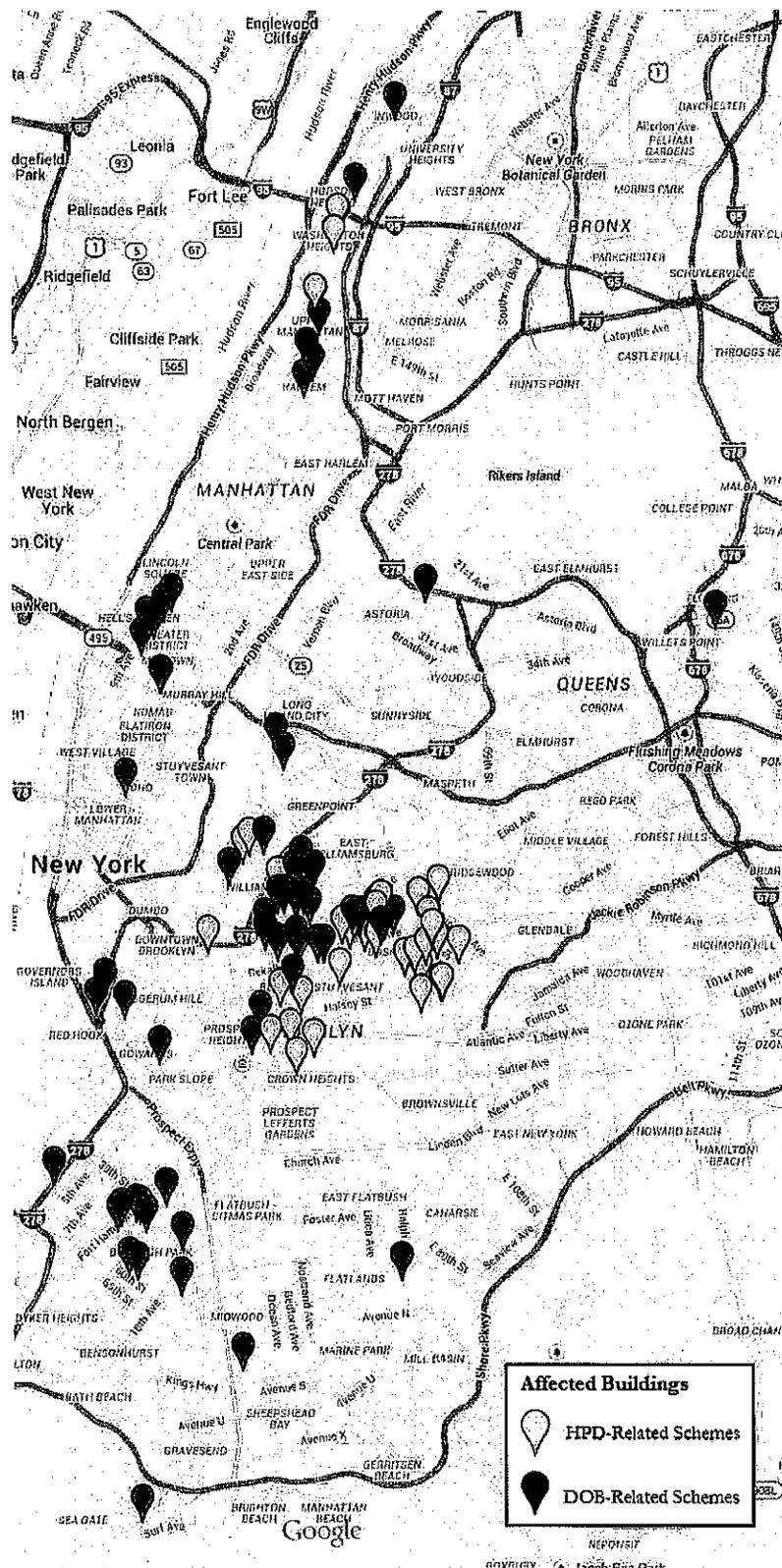
The nearly two-year-long investigation, initiated by DOI and the Manhattan District Attorney's Office's Rackets Bureau in 2013, began as an inquiry into the bribery of a single DOB inspector. DOI, the District Attorney's Office, and the NYPD utilized court-authorized wiretapping; analysis of DOB, HPD, financial, and phone records; and surveillance over the course of the investigation. The investigation revealed evidence of approximately \$450,000 worth of alleged bribes in numerous, distinct schemes between 16 DOB and HPD employees and 22 property managers and owners, six expeditors, two contractors, and one engineer. Indictments filed in Kings County Supreme Court will be handled by Manhattan prosecutors, pursuant to a cross-designation authorized by Brooklyn District Attorney Ken Thompson.

"Bribery schemes compromised two important City agencies and fair competition in our robust housing and real estate development markets," said District Attorney Vance. "Today's cases demonstrate that the same surging demand that drives the pace of development can inspire the taking of shortcuts, and the taking of bribes. Working proactively with our partners at DOI and the NYPD, we are rooting out corruption at all levels, and bringing those who abuse their positions of power to justice."

"Our investigation revealed a widespread network of corruption in the construction industry and among the City workers charged with keeping that industry safe," said DOI Commissioner Mark G. Peters. "We found that these 16 City employees, including several senior supervisory staff, took bribes to clear code violations including some that presented real safety threats. Today's arrests shows that the City and law enforcement have zero tolerance for criminal conduct that undermines the City's mandate to protect its citizens."

"Today's arrests and indictments show that we have zero tolerance for corruption and fraud within our city agencies," said Police Commissioner William J. Bratton. "These building employees held important and trusted positions, but they chose to allegedly circumvent the system and violate the public's trust to gain a profit. I want to sincerely thank the NYPD's Organized Crime Investigation Division, the NYC Department of Investigation and the prosecutors in the Manhattan District Attorney's Office for aggressively pursuing this case and holding these individuals responsible for their criminal actions."

"I would like to commend DA Vance and his staff for conducting an investigation to expose this extensive and unacceptable betrayal of the public trust by city government employees," said Brooklyn District Attorney Ken Thompson. "My office will continue to work closely with the Manhattan DA's Office to ensure that justice is done in this case, and I pledge to continue to work closely with our law enforcement partners to root out public corruption, including corruption caused by those who try to use their money to gain an unfair advantage."



Alleged Bribery Schemes Involving DOB Employees

According to court documents and statements made on the record in court, over the course of several years, 11 DOB employees, ranging in roles from clerks to chiefs, allegedly accepted bribes in Manhattan and Brooklyn in excess of \$400,000. These DOB employees are charged with accepting monetary payments ranging from \$200 to \$3,000, and

other benefits from property managers and expeditors (filing representatives registered by the DOB to act as middlemen between the Department and contractors, homeowners, and managing agents). In exchange, the DOB employees allegedly cleared complaints, Stop Work Orders, and violations, and expedited DOB inspections, enabling expeditors to bypass proper channels and deal directly with high-level DOB employees.

In one alleged scheme, DAVID WEISZER, acting as an unregistered expeditor, is charged with bribing multiple DOB employees including a Chief of Development, an Inspector, and three clerks. Beginning in September 2011, WEISZER allegedly sent a list of addresses of locations owned by his clients to the then-DOB Chief of Development for Brooklyn Construction, bypassing proper DOB channels, on a near daily basis. ARTAN MUJKO, then employed as a DOB Inspector, would inspect these addresses at the Chief of Development's request, and invariably the buildings would pass inspection. The Chief of Development allegedly signed-off on MUJKO's inspections within the same day, using his supervisory position to carry out the scheme without detection.

In exchange, WEISZER is alleged to have paid the Chief of Development and his wife, JANELLE DALY, bribes in the form of approximately \$200,000 for home mortgage payments, a Nissan Rogue SUV, a GMC Terrain SUV, and a Royal Caribbean cruise, as well as cash for airline tickets, home renovations, and other personal expenses. WEISZER is similarly alleged to have paid Inspector MUJKO more than \$70,000 in cash bribes for signing-off on WEISZER's necessary inspections, in addition to allegedly paying \$2,000 to \$3,000 at a time in cash to clerks ELAINE CUTCHIN and TAMARAH ALLEN, who allowed him to cut past people waiting in line at DOB's Brooklyn office without showing the required credentials.

After he stopped working with the Chief of Development, WEISZER is alleged to have developed a new scheme in June 2014 involving VERONICA VELEZ, a client manager at the New York City Department of Small Business Services ("SBS"). WEISZER is charged with bribing VELEZ to route MUJKO to his properties, including those that fell outside of SBS's mission, like residential buildings and synagogues, by promising to pay rent on her apartment. In turn, WEISZER then allegedly bribed MUJKO to perform favorable inspections on his properties.

Additional Alleged Schemes Involving DOB Employees

DONALD O'CONNOR, the DOB Chief of Development for Manhattan Construction, is charged with accepting bribes from various individuals, including defendants ISSAM ABOURAFEH, a licensed engineer; FRANK DWYER, owner of several Manhattan bars including McHale's Pub, Jack Dempsey's Bar and Grill, Bourbon Street Bar & Grille, and McGee's Pub, among others; and MAURICE KOHAN, a real estate developer. O'CONNOR is alleged to have expedited appointments for the defendants, as well as dismissed complaints associated with their properties, many of which he never personally inspected. O'CONNOR is also charged with alerting the defendants to undercover site safety visits, and advising them how to avoid penalties. CHERYL LIES, a DOB office manager, is charged with helping O'CONNOR expedite his requests in exchange for a free night in French Quarters Guest Apartments, a midtown hotel owned by defendant DWYER.

DEREK ST. ROSE, a DOB Supervisory Inspector, is charged with routinely expediting DOB matters, lifting Stop Work Orders, and expunging complaints for JACOB FEKETE, an unregistered expeditor. In exchange, FEKETE allegedly provided ST. ROSE with multiple loans, and used his connections to help ST. ROSE book a party venue at a discounted rate and hire a prominent immigration attorney for his friend.

WILSON GARCIA, then employed as a DOB Supervisory Inspector, allegedly schemed with GINO VITALE, a real estate developer, to expunge VITALE's complaints and alert him to impending audits in exchange for a Puerto Rican vacation package. GARCIA also conspired with JIAXI LIU, a construction contractor, and STEPHEN PEREZ, a DOB Inspector, to place a false Stop Work Order on a building for which LIU served as a contractor. As part of their conspiracy, LIU solicited and received cash from the building's owners, by representing to the owners that he needed funds to have the false Stop Work Order lifted. GARCIA is additionally charged in an indictment filed by the Office of the Special Narcotics Prosecutor with Criminal Possession of a Controlled Substance in the Third Degree, a class B felony, and Criminal Possession of a Weapon in the Third Degree, a class D felony, among other charges, pertaining to two weapons and cocaine recovered by DOI and the NYPD while executing a search warrant on his home and car.

Defendants SANDRO CABRERA, HERMAN EPSTEIN, EBRAHIM GABBAY, MICHEL PHILIPPE, ASSAF SANILOVICH, SHIMON SABAH, SHIA WALDMAN, and DAVID WEISS are additionally charged with offering bribes ranging from \$200 to \$2,800 during controlled calls and meetings in exchange for various DOB favors involving the removal of complaints.

Alleged Bribery Schemes Involving HPD Employees

Further, according to court documents and statements made on the record in court, between May and August 2014, defendants LUIS SOTO, a Brooklyn HPD Housing Inspector, and OLIVER ORTIZ, a Manhattan HPD Associate Inspector in a supervisory role, dismissed HPD violations and falsified HPD records in exchange for bribes from nine property owners, managers, and an expeditor. In total, SOTO and ORTIZ are alleged to have fraudulently dismissed 778 HPD violations from 24 properties in Brooklyn in exchange for more than \$41,000 in bribes.

SOTO is alleged to have negotiated and accepted cash bribes ranging from \$1,000 to \$2,500 per property in exchange for removing violations on the interested parties' properties. As part of their alleged scheme, ORTIZ is charged with creating false entries in HPD's internal computer system, the Borough Office Support System ("BOSS"), in order to fraudulently document inspections that never occurred, and approve the final dismissal of violations, even though none of the related properties were actually inspected by SOTO during the course of this scheme.

In one such scheme, between June 2014 and August 2014, defendant ABRAHAM MERTZ, a Brooklyn property manager, is charged with paying SOTO more than \$20,000 in bribes to remove 476 violations at 13 separate properties in the Bushwick, Williamsburg, and Bedford-Stuyvesant neighborhoods of Brooklyn. SOTO then allegedly paid ORTIZ to falsify records in HPD's BOSS system. The dismissed violations include:

- The presence of mice and roaches;
- Missing smoke detectors and carbon monoxide detectors;
- Inadequate lighting at a building's entrance; and,
- A defective hallway ceiling.

In a similar scheme, between July 18, 2014, and August 8, 2014, ROBERT CADDOCH, another Brooklyn property manager, is charged with paying SOTO \$6,000 in bribes to remove 96 violations at three separate properties in Bedford-Stuyvesant. ORTIZ was in turn paid by SOTO to falsify records in HPD's BOSS system. The dismissed violations include:

- A rotted door frame;
- The lack of electric supply to hallway ceiling light fixtures;
- Unlawful bars or gates obstructing a fire escape; and,
- The presence of mice, flies, and roaches.

ORTIZ and SOTO are charged with accepting more than \$41,000 in bribes to remove hundreds of other similar violations at dozens of properties owned or managed by SHULEM SCHWARTZ, JOEL WALDMAN, MORDECHAI KATZ, ISSAC ROSENBERG, ROBERT CADDOCH, MOSES LEFKOWITZ, SANTOS MUNIZ, and ALEKSANDER ZIVKOVIC. At least one of these properties received a violation for lead-based paint.

Additional Alleged Schemes Involving HPD Employees

Additionally, SOTO is charged with working with BARRY RICE, JR., another HPD Inspector, to vacate tenants under false pretenses from a Bushwick building managed by MERTZ in exchange for a cash bribe. Acting without a valid vacate order, RICE, conspiring with SOTO, allegedly ordered tenants to leave the building, falsely claiming to be

acting under the authority of HPD. FRANK CAMPASANO, owner of an apartment building in Bushwick, is similarly charged with bribing RICE and SOTO to evict tenants in his building under the guise of an HPD vacate order.

RICE is also alleged to have instructed property owners and managers to request housing inspections on dates and times he was scheduled to be working, ensuring he could conduct the inspections personally. In violation of HPD policy and procedure, RICE is charged with arranging "pre-inspections" of certain properties to ensure that violations would be resolved before he conducted the "official" inspections, after which the violations would be dismissed. RICE is also charged with accepting bribes in excess of \$600 from JOEL RUBIN, a property manager, to "pre-inspect" a property, eventually dismissing 18 violations from that property. RICE is also charged with working with STEVEN CRAWFORD, an HPD Inspector, to negotiate bribes from RUBIN to "pre-inspect" and dismiss violations from two additional properties. RICE similarly is alleged to have accepted \$300 in bribes from ARON STUHL, also a property manager, for "pre-inspection" of violations at STUHL's property, with the understanding that violations would be removed at a subsequent HPD inspection. Furthermore, together with STANLEY HALL, an Associate Housing Inspector with supervisory authority, RICE allegedly promised to dismiss all violations associated with a Bushwick property owned by SHEA SIGAL in exchange for more than \$3,000 in bribes.

In a separate scheme stemming from the same investigation, DILBER KUKIC, a Manhattan building owner, and CHRISTOPHER LUKACS, a Manhattan building manager, are charged with bribing an undercover investigator posing as an HPD inspector. In October 2014, KUKIC is charged with paying the undercover \$600 in cash to dismiss the HPD violations at two properties he owned on West 173rd Street in Manhattan. In December 2014, LUKACS, having previously spoken with the undercover investigator about the West 173rd Street properties, is alleged to have given the undercover investigator \$2,500 in cash to remove HPD violations from additional properties.

In an additional scheme uncovered by the investigation, AGOSTINO ACCARDO, an alleged Bonanno crime family associate, and his brother, MICHELANGELO ACCARDO, are charged with running an unlicensed check bundling and money transmission service in violation of New York State Banking Law. The ACCARDOS allegedly collected checks from customers, cashed the checks at commercial check cashers in New York City and New Jersey; and withheld both the commercial check casher's fee and an additional fee they imposed before returning cash to their customers. VINCENT DIGREGORIO is alleged to have been a customer of the ACCARDOS, conspiring to falsify business records related to the cash received from the ACCARDOS's check cashing service.

Assistant District Attorney Rachana Pathak is handling the prosecution of the DOB-related indictments, and Assistant District Attorney Kathryn M. Spota is handling the prosecution of the HPD-related indictments. These cases are being prosecuted under the supervision of Assistant District Attorneys Michael Ohm, Deputy Chief of the Rackets Bureau; Judy Salwen, Principal Deputy Chief of the Rackets Bureau; Amyjane Rettew, Counsel to the Investigation Division; and Jodie Kane, Chief of the Rackets Bureau, as well as Executive Assistant District Attorney David Szuchman, Chief of the Investigation Division.

Principal Financial Investigators William Tamparo and Michael Kelly assisted with the investigation under the supervision of Financial Intelligence Director David Rosenzweig, as did Cell Site Analyst Nathan Weber under the supervision of Steven Moran, Director of the High Technology Analysis Unit. Assistant District Attorney Noah Genel provided assistance with the investigation, as well as Rackets Paralegals Conor Gallagher, Luc Mitchell, Michael Segnan, Stephanie Alvarez, and William Arsenault.

District Attorney Vance thanked the New York City Department of Investigation, including Financial Investigators Helen Gromadsky and Laila Yu; Special Investigators Michael Antolini, Noah Mohney, and Dan Taylor; Chief Investigator James McElligott; Deputy Inspector General Edward Zinser; Inspector General Gregory Cho; and Associate Commissioner Michael Carroll.

District Attorney Vance also thanked the New York City Police Department, including Lieutenant Christopher Fasano, Sergeant Raymond Almdovar, and Detectives Lynn McCarthy, Scott Signorelli, and Patrick Fogarty.

District Attorney Vance also thanked the Brooklyn District Attorney's Office, U.S. Immigration and Customs Enforcement's (ICE), and the Office of the Special Narcotics Prosecutor, as well as the New Jersey and Pennsylvania State Police, for their assistance.

[1] The charges contained in the indictments are merely allegations, and the defendants are presumed innocent unless and until proven guilty. All factual recitations are derived from documents filed in court and statements made on the record in court.

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