



U.S. Department of Justice

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FOR IMMEDIATE RELEASE

November 7, 2013

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PRESS RELEASE

**REAL ESTATE DEVELOPER SENTENCED TO 6 MONTHS OF
IMPRISONMENT FOR SOLICITING \$300,000 IN KICKBACKS ON
NYC HOUSING PRESERVATION & DEVELOPMENT PROJECT IN THE BRONX**

Earlier today, in federal court in Brooklyn, New York, Placido Rodriguez, a real estate developer who engaged in a \$300,000 kickback scheme while developing the Alexander Avenue Cluster affordable housing project in the Bronx for the New York City Department of Housing Preservation and Development (HPD), was sentenced to a term of imprisonment of 6 months following his conviction for wire fraud conspiracy. In addition, Rodriguez was ordered to pay \$98,333 in restitution to the City of New York and pay an additional \$98,333 to the federal government as forfeiture.

The sentence was announced by Loretta E. Lynch, United States Attorney for the Eastern District of New York; George Venizelos, Assistant Director in Charge, Federal Bureau of Investigation, New York Field Office (FBI); Cheryl Garcia, Acting Special Agent in Charge, United States Department of Labor (DOL) Office of Inspector General; and Rose Gill Hearn, Commissioner, New York City Department of Investigation (DOI).

Previously, Rodriguez pleaded guilty to a one-count information charging him with wire fraud conspiracy in connection with a scheme to defraud HPD by collecting kickbacks from a general contractor on HPD affordable housing projects and making HPD pay for the kickbacks by disguising them as construction costs. As detailed in the information and complaint, after Rodriguez and two business partners won the HPD contract to develop the Alexander Avenue Cluster project, they hosted a "pre-bid" meeting with a prospective general contractor who was planning to bid on the project. During that meeting, Rodriguez, in agreement with his business partners, demanded \$300,000 from the general contractor in return for their support of his bid. After the general contractor won the bid, he would direct some of the money that he was paid by HPD for his work as a general contractor to Rodriguez and his partners as payments toward the \$300,000 kickback. In order to conceal

the criminal nature of these payments, Rodriguez and his partners gave the general contractor false invoices from a company they controlled, PRA Building Materials, that were tailored to match the kickback payments. Until the government discovered this corrupt scheme, the general contractor had paid approximately \$267,000 in kickbacks, fraudulently billed to HPD, to Rodriguez, and his partners.

“Thousands of New Yorkers turn to HPD for assistance in literally putting a roof over their heads. This defendant lined his pockets with federal housing funds intended to help those families. We will not stop in our pursuit of those who profit by corrupting this vital resource for some of this city’s most vulnerable families. Our ongoing investigation of the New York City affordable housing development sector will continue,” stated United States Attorney Lynch. Ms. Lynch expressed her grateful appreciation to the United States Department of Labor, Office of the Inspector General, for their assistance in this case.

FBI Assistant Director-in-Charge Venizelos stated, “Motivated by greed, the defendant real estate developer constructed a scheme to defraud HPD and took advantage of an opportunity to help the less fortunate in our community. His sentence reinforces the federal government’s unyielding stance that corruption on any level will not be tolerated. The FBI and our law enforcement partners remain vigilant in bringing to justice those who misuse their positions of trust for personal gain.”

DOI Commissioner Rose Gill Hearn said, “This individual and his co-conspirators collected bribes and passed the cost to the taxpayers, in effect stealing money from the City’s affordable housing program. Their corruption was exposed in a joint federal and City investigation. Now as they go to prison, stripped of their stolen money, their scheme looks much less clever than they imagined.”

United States Attorney Lynch thanked the Internal Revenue Service, Criminal Investigation, New York (IRS); the United States Department of Housing and Urban Development (HUD); and the New York City Police Department (NYPD) for their cooperation in this case.

The sentencing proceeding was held before United States District Judge Nina Gershon at the U.S. Courthouse in Brooklyn, New York.

To date, three supervisory officials of HPD, including former HPD Assistant Commissioner Wendell Walters, and six real estate developers and general contractors have pleaded guilty to charges including racketeering conspiracy, bribery, and wire fraud conspiracy in connection with the government’s ongoing investigation of widespread corruption involving affordable housing contracts at HPD. HPD inspection supervisors Michael Provenzano and Luis Adorno were each sentenced to 18 months in prison, and developer Sergio Benitez was sentenced to 22 months. On October 10, 2013, Rodriguez’s partner, Angel Villalona, was sentenced to six months’ imprisonment and ordered to pay \$100,000 restitution to the City of New York, and also ordered to forfeit \$100,000 to the government. Rodriguez is the fourth defendant sentenced in this ongoing investigation of corruption within the New York City affordable housing development sector.

The government's case is being prosecuted by Assistant United States Attorneys Cristina M. Posa, Anthony Capozzolo, and Claire Kedeshian.

The Defendant:

PLACIDO RODRIGUEZ
Fort Lee, New Jersey
Age: 66