



Department of Investigation

Press Release

Release #003-99

MASTERMIND OF LARGEST TAX FRAUD IN CITY HISTORY -- \$13 MILLION -- SENTENCED TO JAIL

WEDNESDAY, FEBRUARY 10, 1999 -- EDWARD J. KURIANSKY, Commissioner of the Department of Investigation (DOI), today announced that BASIL R. JONES, the former director of the Department of Finance's (DOF) Brooklyn City Collector's Office, who orchestrated, but later agreed to help the government unravel, a widespread scheme in which he and other City Collector employees defrauded the City of New York of \$13 million in real property taxes and interest by conspiring with property owners and brokers to eliminate or reduce property taxes on more than 1,000 properties, was sentenced yesterday afternoon to one year and a day in federal prison.

Appearing in United States District Court in Brooklyn before Judge I. Leo Glasser, the defendant JONES, who had pleaded guilty in October 1996 to conspiracy and mail fraud, was also sentenced to 3 years' supervised release and ordered to make restitution of \$450,000 in unpaid taxes and interest on his properties. He is to surrender on March 22, 1999.

According to Commissioner Kuriansky, the arrest of JONES and 28 other individuals was announced in November 1996, following a 20-month joint investigation conducted by DOI and the FBI, under the supervision of the United States Attorneys in both Brooklyn and Manhattan.

According to the charges filed in the case, the scheme began in 1992. In exchange for bribes by property owners, JONES and two Department of Finance clerks fraudulently reduced or eliminated real property taxes and/or interest in a variety of ways through manipulation of the then-existing DOF computerized accounting system. In some cases, the computer manipulations made it appear as if unpaid taxes were paid when, in fact, they were not. In other instances, legitimate taxpayers' payments were misapplied to the accounts of the bribe-paying property owners. In still other cases, one of the DOF employees arranged to credit property owners with the payment of taxes based upon checks that they knew would be dishonored. Finally, in yet other instances, false bills were created that eliminated the interest owed to the City as the result of unpaid property taxes. The defendants' fraudulent schemes were stopped in 1995 when DOF implemented "FairTax," a new computerized accounting system.

The investigation began in late 1994 when DOI learned of suspicious transactions taking place between certain DOF employees and landlords who owned real property in the City. In conjunction with the Office of the United States Attorney for the Southern District of New York, DOI initiated an extensive investigation into these allegations, which included a detailed review and analysis of the DOF computer system and banking transactions. The Office of the United States Attorney for the Eastern District of New York and the FBI joined the investigation in 1995.

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Commissioner Kuriansky noted that the City is in the process of collecting all of the unpaid taxes, plus interest, and that 24 of the 25 cases completed to date have resulted in conviction.

JONES, 56, of Brooklyn, who is also president and principal owner of Aston-Jones Management, a Brooklyn real estate and construction firm, was arrested in February 1996, and later agreed to cooperate with the investigation. He was employed by the City from 1987 to 1994.

The investigation was conducted by DOI Assistant Commissioner Vincent E. Green and DOI staff, with the assistance of the FBI.

Assistant United States Attorney Miriam R. Best, of the Office of Zachery W. Carter, United States Attorney for the Eastern District of New York, handled the JONES matter.