



# Department of Investigation

## *Press Release*

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### **-- DOT CONTRACTOR "STOPPED" IN \$700K "RED LIGHT" BILLING SCAM --**

ROSE GILL HEARN, Commissioner of the Department of Investigation (DOI), today announced the arrest of BERND RIND on federal mail fraud and money laundering charges arising from a double-billing scheme to defraud Le Marquis International, Inc. (LMI), a subcontractor providing film and film developing services for the Red Light Camera Program administered by the City Department of Transportation (DOT).

RIND, who was arrested on an 81-count indictment, brought by the United States Attorney's Office for the Eastern District of New York and unsealed yesterday afternoon by U.S. Magistrate Marilyn Go, is currently being held without bail in the Southern District of Florida, where he resides.

Commissioner Hearn said that the Red Light Camera Program was developed by DOT in 1991 to deter drivers from passing through red lights. Cameras, mounted at selected intersections around the City, photographically record vehicles failing to stop at red traffic lights. If photographs reveal traffic law violations, DOT issues the registered owners of the vehicles citations, by mail.

In May 1993, DOT contracted with Electronic Data Systems ("EDS") to run its Red Light Camera Program. EDS, in turn, subcontracted with other companies to provide, install, and maintain cameras, as well as to furnish film and film development services. LMI was one such subcontractor who supplied film for the cameras and developed the film.

The investigation revealed that RIND was the President of LMI from 1982 to January 1996 and its Executive Vice President from January 1996 until August 1998. RIND's employment agreement with LMI required him to disclose, to LMI, any direct or indirect investment or financial interest he had in any entity that did business with LMI.

The investigation further disclosed that, between February 1995 and December 1998, RIND, and others, devised and executed a scheme through which they defrauded LMI of more than \$700,000. LMI purchased its film and film developing through a company called Cam Film Works, Inc. Beginning in 1995, RIND instructed Cam Film Works, Inc., not to bill LMI directly, but to begin sending its invoices to Cam Film Works, L.C., a shell company controlled by RIND. After receiving invoices from Cam Film Works, Inc., RIND, through Cam Film Works, L.C., allegedly issued false invoices to LMI for double the amounts charged in the original invoices. Cam Film Works, Inc. typically sold and developed 50-foot rolls of film for LMI. RIND's false and fraudulent invoices misrepresented to LMI that 100-foot rolls of film had been supplied

and developed, at double the cost. Through RIND's scheme, LMI made the inflated payments to Cam Film Works, L.C., based on the invoices that RIND knew had falsely described the services performed. Cam Film Works, L.C. provided no services to LMI, other than the preparation of false and inflated invoices. Cam Film Works, L.C. paid the true invoices of Cam Film Works, Inc., and distributed more than \$700,000 in illicit profits to RIND and his associates.

Commissioner Hearn said, "The City's Red Light Camera Program was meant to catch traffic violators in the act. Here, however, the camera turned its lens around and exposed Mr. Rind and his shell company's double-dealing scheme. Although the City itself fortunately lost no money, there is a lesson here for those who would rip off a legitimate City contractor that they will be caught and vigorously prosecuted."

RIND, 46, currently resides at 22296 Collington Drive, Boca Raton, Florida. He has been charged with Mail Fraud, Money Laundering, and Unlawful Monetary Transactions, in violation of Title 18, United States Code, Sections 1341, 1956, and 1957. If convicted, RIND faces a maximum sentence of up to 20 years in prison.

The investigation was conducted by Ronald P. Calvosa, DOI's Inspector General for DOT, and Deputy Inspector General Victoria Abad Curran, as well as U.S. Postal Inspector Carl Sclafani of the United States Postal Inspection Service.

The Office of Alan Vinegrad, United States Attorney for the Eastern District of New York, is prosecuting the case. Assistant United States Attorney Ron White is in charge of the prosecution.