



Department of Investigation

Press Release

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3 NYCHA Borough Chiefs Sent To Federal Prison For Bribery

Took \$20,000 In Payoffs From Contractors To Approve Inflated Change Order & Ignore Environmental Test

THURSDAY, SEPTEMBER 7, 2000

EDWARD J. KURIANSKY, Commissioner of the Department of Investigation (DOI), announced today that three (3) New York City Housing Authority (NYCHA) borough supervisors have been sentenced to federal prison on bribery charges involving nearly \$20,000 in payoffs from contractors working on renovation projects at various NYCHA housing developments.

The three defendants -- EMMANUEL LAWRENCE, JOHN HONOHAN, AND CHRISTOPHER BAMBERGER -- were all employed in NYCHA's Contract Administration Department (CAD) and were charged in December 1999 in separate criminal Complaints in Manhattan Federal Court with soliciting and accepting bribes in connection with a program receiving federal funds [Title 18, United States Code, Sections 666 (a) (1) (B) and 2].

Commissioner Kuriansky said, "These jail sentences send a loud and clear signal that charges of corruption against city employees will be thoroughly investigated and vigorously prosecuted. It takes only one corrupt employee to undermine the public's confidence in municipal government. These 3 housing supervisors not only disgraced themselves, but betrayed the trust of both their fellow workers and the residents of New York City."

LAWRENCE, who pled guilty on April 7, was sentenced yesterday in federal court in Manhattan by Judge Denise Cote to serve 6 months in prison and 3 years supervised release, and also ordered to pay a \$20,000 fine. HONAHAN, who pled guilty on March 30, was sentenced on June 28 by Judge Allen Schwartz to serve 5 months in prison, 5 months home detention, and 3 years supervised release, and also ordered to pay a \$3,000 fine and make \$5,500 in restitution. BAMBERGER, who pled guilty on March 16, was sentenced on July 21 by Judge Cote to a 4 month prison term, to be served in a community confinement center, and 4 months home detention, and also ordered to perform 300 hours of community service.

The sentences are the result of a 3-year undercover investigation conducted by DOI's NYCHA Inspector General. The bribery schemes involved the defendants' signing off on an inflated change order and failing to ensure that proper environmental procedures for lead and asbestos testing were followed during renovations. Individual payoffs ranged from \$500 to \$3,000, and each defendant received total payoffs of between \$5,000 and \$9,400.

Commissioner Kuriansky said that the investigation was actively continuing and urged all NYCHA employees

and contractors to contact DOI's Inspector General at NYCHA at 212-306-3355 with any information or evidence of wrongdoing.

According to Commissioner Kuriansky, CAD annually administers nearly \$900 million in contracts awarded to private construction firms for the rehabilitation of NYCHA developments. The types of rehabilitation work involved include: new roofs, new boilers, new windows, security system upgrades, new plumbing fixtures, and new kitchen facilities.

When NYCHA enters into such a rehabilitation contract, the contract has a set price. If unforeseen expenses should arise while the contract is being executed, then the contractor must submit a "change order" either to a field inspector or a supervisor, detailing the extra time and/or materials required for the extra work and the additional cost involved. A supervisor must then approve the change order. After approval of the change order, NYCHA's Office of Quality and Cost Control must determine if the additional cost is fair and equitable.

According to one of the Complaints, from December 1996 to April 1999, EMMANUEL LAWRENCE was NYCHA's Chief of the Mechanical Field Operations for Manhattan and the Bronx. His responsibilities included overseeing field inspectors and reviewing and approving change orders. During the period, NYCHA entered into a contract with a construction company for, among other things, the renovation of bathrooms at a Manhattan housing development.

It was alleged that LAWRENCE met with the contractor and suggested to him that he could receive more money from NYCHA by submitting fraudulent change orders inflating the amount of plaster actually used during renovations and that he, LAWRENCE, would approve any such change orders. The complaint charges that, on at least 6 separate occasions between December 1996 and April 1999, LAWRENCE accepted a total of \$9,400 in payments from the contractor. In recorded conversations, LAWRENCE claimed that he needed the money to pay off his American Express bill and that he wanted to send his children to summer camp -- at a cost of \$2,100 per child.

Commissioner Kuriansky noted that CAD, in administering construction contracts, has an environmental unit that employs inspectors whose responsibilities include inspecting apartments at NYCHA developments to ensure that required environmental procedures have been followed. For example, before a contractor begins work on a project, the environmental unit typically requires him to do a "pilot installation," in which repairs are made to one or more apartments. If the inspector determines that the procedures used by the contractor for the pilot installation comply with contract specifications, and that the tests of air and paint samples are within acceptable limits, the contractor is then permitted to proceed with the rest of the project. If, however, the inspector determines that the contractor, in completing the pilot installation, has not met contract specifications, the inspector can require the contractor to do additional pilot installations until the work is found to be acceptable. Such successive pilot installations can be time-consuming and costly for the contractor, and, without the approval of CAD's Environmental Unit to proceed, projects can be delayed substantially.

As charged in a second Complaint, JOHN HONOHAN, the area supervisor for CAD's Environmental Unit for Brooklyn, Queens, and Staten Island, met with a contractor, who had been awarded a contract for replacing doors at various NYCHA developments, on at least 3 occasions between December 1998 and June 1999, and accepted a total of approximately \$5,500 in payments. In one conversation, HONAHAN assured the contractor that he wouldn't have to do a pilot installation.

Finally, the third Complaint charged that CHRISTOPHER BAMBERGER, the Environmental Unit's area supervisor for Manhattan and the Bronx, variously met with a bathroom contractor and a door replacement contractor on at least 4 occasions between December 1997 and April 1998, and accepted approximately

\$5,000 in payoffs in return for assuring the contractors that they would have no problems relating to the testing of lead or asbestos and that if he, BAMBERGER, received a "violations memo," he would throw it in the garbage.

LAWRENCE, 45, of East Church Street, in Bergenfield, New Jersey, was employed by NYCHA for 14 years and earned \$66,233 a year. He was terminated after his arrest. HONAHAN, 38, of Berry Street on Staten Island, was employed by NYCHA for 10 years, and earned \$55,945 a year. BAMBERGER, 47, of Mohegan Lake, Westchester County, was employed by NYCHA for 7 years and earned \$55,945 a year. Both resigned after they pled guilty.

Commissioner Kuriansky expressed his sincere appreciation to the Federal Bureau of Investigation, and in particular to FBI Special Agent Elizabeth Rosato, as well as to the Office of the Inspector General for the U.S. Department of Housing and Urban Development, for their assistance in the investigation.

The investigation was conducted by Steven A. Pasichow, DOI's Inspector General for NYCHA, and members of his staff, including Deputy Inspector General Steven Gruberger, Assistant Inspector General John Kilpatrick, Special Investigator Irwin Shanberg, and other members of the IG's Contract Fraud Unit.

The Office of Mary Jo White, United States Attorney for the Southern District of New York, prosecuted the cases.