



Department of Investigation

Press Release

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EX-PRESIDENT OF NYCHA'S PELHAM HOUSES TENANTS COUNCIL CHARGED WITH "SHAKDOWNS" & RENT FRAUD

EDWARD J. KURIANSKY, Commissioner of the Department of Investigation (DOI), today announced the arrest of JOSEPH GABRIS, former President of the Residents Council of the New York City Housing Authority's (NYCHA) Pelham Parkway Houses (PPH) in the Bronx, and SCOTT SMITH, his associate, for "shaking down" several local businesses--including a laundromat, an elevator repair company, a pharmacy, and a children's charity--by unlawfully demanding, supposedly for the PPH Residents Council, nearly \$9,000 in so-called "donations" from 1999 - 2000. Four victims actually paid GABRIS and SMITH almost \$3,000, in amounts ranging from \$25 to \$2,000, in order to avoid threatened property damage or work site protest demonstrations. GABRIS was additionally charged with stealing over \$900 in government housing benefits.

According to Commissioner Kuriansky, Residents Council presidents are elected to 2-year terms, and serve, unsalaried, as liaison between a NYCHA housing development's tenants and its management. GABRIS served as PPH Residents Council President from January 1998 until December 2000.

Commissioner Kuriansky said that the investigation began in May 2000, when a PPH official informed DOI that GABRIS had allegedly demanded a \$5,000 "retainer" from a neighborhood laundromat owner and had threatened that, if the payment was not received, he (GABRIS) would use his influence with PPH tenants to persuade them to patronize competing laundromats nearby.

The investigation further disclosed that, between November 1999 and August 2000, GABRIS and SMITH were allegedly involved in 6 separate "shakedown" incidents in which they demanded payments totaling \$8,925, of which they actually received \$2,925. A DOI audit of PPH Residents Council books revealed that none of these "donations" had been recorded in the Council's business records or deposited in the Council's bank accounts.

The "shakedown" incidents included the following:

- In November 1999, GABRIS demanded donations from a NYCHA plumbing contractor who subsequently gave SMITH 2 separate checks, made payable to SMITH, dated November 23, 1999, and totaling \$500, which SMITH then negotiated at a nearby check cashing outlet.
- In April 2000, GABRIS demanded that a Waring Avenue laundromat hire him as a security consultant and also set aside a \$5,000 retainer for him. SMITH then demanded that the laundromat hire workers from a labor coalition he purported to represent or face protest demonstrations.

- On May 18, 2000, GABRIS demanded that an elevator company, which maintains PPH's elevators, hire an individual, to be named by GABRIS, as a sales associate in its executive training program.
- Also in May 2000, GABRIS demanded that the director of a children's charity, which rented office space at the NYCHA Community Center in Pelham, make a donation, in an unspecified amount, to the Residents Council. The charity had previously made donations, in the form of 2 checks totaling \$400, in October and December 1999, to the PPH tenants council purportedly for holiday parties. One check, dated October 4, 1999, was made payable to SMITH at the direction of GABRIS. The second check, dated December 3, 1999, was made payable to "Joseph A. Gabris, Pelham Parkway Residents Council."
- In June 2000, GABRIS and SMITH demanded that a NYCHA kitchen and bathroom contractor either give them brass metal piping which the contractor was removing from PPH or give them \$3,000. Unless he did so, they threatened, he would face protest demonstrations by labor coalition members. Thereafter, on June 16, 2000, an undercover agent, posing as a relative of the contractor, gave a \$2,000 cash payoff to GABRIS, who, in return, promised not to stage work site protests.
- In August 2000, GABRIS demanded that a local pharmacy on Williamsbridge Road pay him a \$25 fee for permission to post the pharmacy's flyers on PPH grounds. A pharmacy official paid GABRIS \$25 cash so that SMITH would not stop pharmacy employees from putting up the flyers.

In a separate complaint, GABRIS, a PPH tenant who has resided with his mother in a 2-bedroom apartment since 1980, was charged with stealing, between August 1, 2000, and September 31, 2001, a total of \$924 in government housing subsidy benefits. GABRIS failed to disclose his ownership of a 2-family house on Balcom Avenue in the Bronx valued at over \$200,000, as well as the rental income paid to him by its tenants. Rather, GABRIS falsely claimed that his income in 2000 and 2001 derived solely from Supplemental Security Insurance benefits totaling \$17,436, when, in fact, he had actually been paid by his 2 tenants, over that period, rents totaling \$23,590. As a result, GABRIS only paid \$443 a month rent for his NYCHA apartment, when he should have paid \$509 a month, the maximum rent for a NYCHA apartment of that size.

GABRIS, 42, of 309 Mace Avenue, and SMITH, 40, of 860 Astor Avenue, both addresses in the Bronx, have been charged with acting in concert in the following crimes: Grand Larceny in the Fourth Degree, Falsifying Business Records in the First Degree, Scheme to Defraud in the First Degree, each a Class E felony; Attempted Grand Larceny in the Fourth Degree, Scheme to Defraud, and Coercion in the Second Degree, each a Class A misdemeanor; and, Harassment in the Second Degree, a violation. If convicted, each defendant faces up to 4 years in prison.

In addition, GABRIS has been charged individually with the following crimes: Criminal Possession of a Forged Instrument in the Second Degree a Class D felony; Offering a False Instrument for Filing in the First Degree and Falsifying Business Records in the First Degree, both Class E felonies; and, Petit Larceny, a Class A misdemeanor. If convicted, he faces up to 7 years in prison.

Commissioner Kuriansky expressed his sincere appreciation to NYCHA for its cooperation and assistance in the investigation.

The investigation was conducted by DOI Assistant Commissioner and NYCHA Inspector General Steven A. Pasichow and members of his staff, including Deputy Inspector General Steven Gruberger, Assistant Inspector General John Kilpatrick, Confidential Investigator Alexander Metaxas, and Investigative Attorney Karen Cohen.

The Office of the Bronx County District Attorney Robert T. Johnson is prosecuting the cases. Assistant District Attorney Pina Terranova, under the supervision of ADA Richard O. Baker, Chief of the Arson, Auto, and Economic Crimes Unit, and Supervising Assistant District Attorney Andrew Kampel, are handling the matters.