

DISTRICT ATTORNEY – NEW YORK COUNTY

News Release
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Contact: Barbara Thompson
212-335-9400

Manhattan District Attorney Robert M. Morgenthau announced today the arrest and indictment of four leaders of two corrupt minority labor coalitions on charges of racketeering and extortion.

“Minority labor coalitions were created ostensibly to increase employment opportunities for minority workers in the construction industry,” Mr. Morgenthau explained. “However, as today’s indictments demonstrate, this seemingly worthwhile effort is often merely an excuse to extort no-show jobs from contractors anxious to maintain labor peace.”

The investigation leading to today’s arrests established that the defendants used physical violence and threats of violence to extort jobs from contractors, even if the builders did not need any more workers. In addition, the defendants wielded their power to shut down job sites until their demands were met. Once a contractor agreed to hire a coalition “member,” the defendants extorted kickbacks of part of the worker’s pay.

Moreover, the defendants were often not interested in obtaining employment for their “members.” Rather, the defendants demanded and accepted kickbacks from contractors to avoid having to hire additional workers. In these cases, the contractor agreed to pay the defendants directly a certain amount per week during the length of the project.

Mr. Morgenthau said that the defendants coerced and threatened contractors working on a broad range of public projects, including the construction of New York City public schools, New York City Water Tunnel Number Three, and a subway station, as well as a broad range of private development projects throughout the five boroughs.

“Ironically, while minority labor coalitions were originally created to increase diversity in the historically all-white construction industry, most of the contractors who were victimized by these defendants were themselves minority members and most of the laborers victimized by the defendants were also minority workers,” Mr. Morgenthau said.

Mr. Morgenthau continued, “Construction is a \$13 billion dollar per year industry in New York City. Everyone complains about the high costs associated with construction. Unfortunately, these defendants add to that cost and damage our City’s economy.”

Today's indictment is the result of continuing investigations by the District Attorney's Labor Racketeering Unit-Construction Industry Strike Force into criminal activities in New York City's construction industry. The extensive investigation involved hundreds of hours of court-authorized wiretaps, undercover operations and the execution of search warrants.

The defendants are DERRICK WALKER (aka "SHA") and FREDERICK RASBERRY (aka "DAMAR") and their coalition, AKBAR'S COMMUNITY SERVICES. The second corrupt coalition is P & D CONSTRUCTION WORKERS which was headed by defendants REGINALD RABB (aka "DIVINE") and STEVEN MASON (aka "SHAN"). The defendants are charged with enterprise corruption, coercion and grand larceny. Enterprise Corruption is punishable by up to twenty-five years in prison. They will be arraigned later today in New York State Supreme Court, Part 93.

DERRICK WALKER'S COALITION

WALKER, and his lieutenant, RASBERRY used AKBAR'S COMMUNITY SERVICES, as a vehicle to extort money from builders and workers under the guise of obtaining jobs for minorities.

The criminal pattern acts cited in the Enterprise Corruption count of today's indictment against the DERRICK WALKER COALITION include threats of construction site work stoppages, threats of violence against contractors and their employees, kickback payments from contractors, as well as from individuals trying to get legitimate construction employment.

For example, on June 23 and 25, 2004, the defendants and a group of coalition members went to a Brooklyn construction site, threatened the foreman and shut the site down. The foreman, an African American and a military veteran who had served in the first Persian Gulf War, reported the threats to the District Attorney's Office. An undercover investigator contacted WALKER and RASBERRY and arranged to meet them. As part of the undercover operation, the DA's Office set up the undercover in his own consulting business, "City-wide Consulting Services," located on Spring Street in Manhattan. At the meeting, the undercover discussed with the defendants how to ensure labor peace at the Brooklyn site. The defendants suggested a weekly payment of \$300; the undercover negotiated a weekly payment of \$200, and subsequently met with the defendants monthly and paid them \$800.

In another situation, a company owned by Asian Americans, was working on projects for the New York City School Construction Authority, including PS 346 and Martin Van Buren High School in Brooklyn, PS 48 in Jamaica, Queens, and PS 87 and PS 36 in the Bronx. WALKER and RASBERRY forced this company to pay them \$500 a week for a no-show job after threatening one of the owners with what appeared to be a gun.

In another instance, an Argentinean contractor erecting a building in Brooklyn had already hired one of the defendants' associates in a no-show position but the defendants were concerned that the contractor might renege on the agreement. They sent one of their enforcers who pretended to work for another coalition to threaten the contractor in an effort to ensure that he would keep their associate on the payroll as protection. That contractor was paying the associate \$500 a month for no work.

Another victim was a Bangladeshi contractor who worked small construction jobs in Manhattan, the Bronx and Brooklyn. The defendants threatened his life, as a result of which he paid them \$300 weekly whenever he had a job.

In another case, a West Indian construction worker approached the defendants and asked for their help getting a job because he was an illegal alien. After helping the worker obtain work from one contractor, the defendants forced him to kickback \$100 a week to them. Thereafter, the contractor sent the worker to work at a different job site, on a New York State Dormitory Authority (DASNY) project at a Brooklyn college. Even though the worker had gotten that job on his own, the defendants threatened him and demanded that he continue to pay them \$100 a week out of his weekly salary. He complied.

In yet another scam, WALKER allowed his own union membership in Local 731 of in the International Laborers Union of North America to be used by another worker. A Jamaican man needed a job and WALKER sent him to a large construction site and made him work a union job using the WALKER's social security number and union book. This enabled WALKER to get union benefits, such as credits toward his union retirement annuity. The man who actually did the work had to turn over his paycheck to WALKER; WALKER kept between one-third and one-quarter of the paycheck.

WALKER also forced other laborers, who were usually illegal aliens in search of employment, to use one of four different social security numbers he had in his name to work at union jobs under WALKER's name. The workers would keep the majority of the salary but WALKER usually skimmed \$100-200 from the salary. Although WALKER himself was not doing the work, the fact that his social security number and union information were used meant that he accrued benefits under his name.

WALKER also used false identification to collect unemployment benefits to which he was not entitled. He used three fake social security numbers and received \$48,000 in benefits under all three numbers.

Finally, WALKER failed to pay appropriate premiums for Workmen's Compensation to the New York State Insurance Fund (NYSIF) for a business he created. WALKER created a company that subcontracted labor to contractors. The contractors paid his company \$20 per hour for the laborers, and the defendant paid the workers from \$10 - \$12 per hour. The contractors were assured that the laborers had Workman's compensation coverage and WALKER provided them with Certificates of Insurance from NYSIF. However, the defendant had insured only two workers, but subcontracted out

from 20-30 workers. When NYSIF performed an audit on Walker's company, they determined he owed \$132,000 in premiums for his actual workers. WALKER then applied for a new policy for a newly-formed company. He submitted applications and notarized documents claiming to be a different DERRICK WALKER and claimed that he had had no dealing with the prior company.

P & D CONSTRUCTION WORKERS COALITION

REGINALD RABB was the head of the P & D CONSTRUCTION WORKERS COALITION. He and his chief lieutenant, STEVEN MASON, used P & D CONSTRUCTION WORKERS as a vehicle to extort money from builders and workers under the guise of obtaining jobs for minorities.

For example, in December, 2005, at a construction site in Brownsville, Brooklyn, the defendants and at least 15 other Coalition members shut down the work site, blocked entrance and exit gates and permitted no workers or machinery on the site. They demanded that the general contractor hire one of their workers to do brick work. The contractor, who already had enough bricklayers, was forced to hire another worker, who kicked back part of his salary to RABB and MASON. In addition to the worker he had to hire, the contractor also had to pay \$500 weekly to the defendants to ensure labor peace. Investigators were alerted to these payments when the defendants discussed them, referring to the amount of the payment in jail house lingo – “Power Cipher Cipher.”

Another laborer who worked at this site managed to get another job on his own at a construction site in Manhattan. Even though he had gotten the job on his own, the defendants threatened his life. They also sent two coalition members to try and assault the victim. The victim called 911 and the police responded. Investigators from the District Attorney's office also responded and were able to convince the victim to assist in the DA's investigation by agreeing to the defendants' extortion. In fact, the DA's office reimbursed the victim so that the investigation could continue. These payments continued as recently as last week.

From September through December 2005, an Irish masonry contractor was participating in a large condominium project in the West Village. He was threatened by the defendants and told he had to pay them \$200-250 a week. The contractor, who was afraid his workers might be injured by the defendants, paid.

Two Portuguese concrete contractors had a series of jobs in Brooklyn. The defendants made them hire concrete workers who they did not need. These coalition-sponsored workers did little work and the contractors asked the defendants if they could just pay them the money outright and not have the workers even show up at the worksite.

An Irish carpentry contractor had a job at the Transit Technology School (HS 615) in East New York, Brooklyn. The defendants intimidated the contractor and his workers and forced him to hire one of the coalition members. The contractor did hire that

person; as a result, he had to fire one of the men he had already hired. The person fired was a member of a minority community, who lived in East New York.

During the summer of 2005, a contractor for the New York City Transit Authority was working at the “L” train’s elevated Broadway Junction subway stop in East New York, Brooklyn. The defendants went to the work site and stopped all work at the job site until the contractor agreed to re-hire one of its coalition members.

Again, in the late summer of 2005, the defendants approached a contractor who was doing concrete work at a Con Edison Plant on Fourth Avenue in Brooklyn. The defendants explained to the contractor that he would have to hire a worker from them for labor peace but that the worker would have to be paid the union rate or prevailing wage rate. The defendants suggested that the contractor would save money by just paying them \$500 a week and not hiring a coalition worker. The contractor negotiated with the defendants and ended up making payments of \$300 weekly.

On June 16, 2005, the defendants went to Gansevoort Street and the West Side Highway and approached the foreman of a major New York City general contractor. This company was working on New York City Department of Environmental Protection project – Water Tunnel #3, The defendants and members of their Coalition shut down the work site by disconnecting the generator used for welding projects at Gansevoort Street site of Shaft 27, one of nine shafts under construction in Manhattan. The foreman in charge immediately told the sandhogs at the site to stop working and leave the area because he wanted to avoid any physical confrontation that the defendants might cause. The foreman on this project was an African American. As a result of that day’s events, work at a number of different water tunnel sites was disrupted and the contractor needed to heighten security at his job sites to avoid any further problems with the defendants.

On June 10, 2005, the defendants sent a worker to a construction site in Brooklyn. The foreman told the worker he was not needed and, as a result, the defendants shut the site down. The foreman notified the owner of the construction company who told the defendants that what they were doing was criminal and that he was going to notify the police. The defendants backed away from their demands. The defendants, according to the owner, continued to threaten to shut down his job but did not do so.

On June 1, 2006, the defendants approached a major contractor doing work on the parking area at the 79th Street Boat Basin on the West Side of Manhattan. The defendants tried to shut the job done and intimidated the victim. In this case, the defendants pretended to be members of a different coalition because they had already gotten the contractor to hire one of their members.

RABB also used his union membership in Local 731 of the Laborers International Union of North America in his schemes. In 2005, RABB forced coalition members to work union jobs with RABB’s union identification. As a result, RABB received union benefits, such health benefits and retirement credits to which he was not entitled.

During the late fall, early winter of 2005, the defendants sent an African immigrant to a New York City Department of Transportation paving job on Flatlands Avenue in Brooklyn. The job paid the prevailing wage, entitling the laborer to wages as well as benefits. He was paid as much as \$1200 weekly. The defendants, however, forced the laborer to give them his check. In return, they paid him \$100 for every day he worked and kept the rest.

In October 2005, a New Jersey construction company told the defendants about a competitor who had won a bid on a job. The defendants went to the construction site – a gas station at Queens Boulevard and 69th Street and slowed the job down. The upstate contractor agreed to pay a for no-show worker, agreeing at four days at \$15 an hour. When the contractor paid the defendants, he noted on the check stub, “Extortion”.

Enterprise Corruption is a class B felony which is punishable by up to 25 years in state prison. Grand Larceny in the Second Degree is a class C felony which is punishable by up to 15 years in prison. Attempted Grand Larceny in the Second Degree and Coercion in the First Degree are both class D felonies which are punishable by up to 7 years in prison. Scheme to Defraud in the First Degree and Offering a False Instrument for Filing in the First Degree are both class E felonies which are punishable by up to 4 years in prison.

The case was presented to the Grand jury by Assistant District Attorney Thomas Mooney under the supervision of Assistant District Attorneys Michael Scotto and Kelly Donovan who are, respectively, the Chief and Deputy Chief of the District Attorney’s Labor Racketeering Unit-Construction Industry Strike Force. District Attorney’s Investigators Salvatore Novellino and Terrence Quinn participated in the investigation under the supervision of Joseph Pennisi and Terence Mulderrig, Chief and Deputy Chief of the District Attorney’s Investigations Bureau. Deputy Chief Financial Investigator Michael Kelly also assisted in the investigation.

Mr. Morgenthau thanked the following agencies and individuals for their assistance during the investigation: New York City Department of Investigation and its Commissioner, Rose Gill Hearn; the New York State Attorney General’s Organized Crime Task Force and its Deputy Attorney General, Chris Prather; the New York City School Construction Authority and its Inspector General, Barbara Ditata; the Dormitory Authority of New York State and its Inspector General, Edward Dominelli; the New York State Department of Labor and Fraud Investigators Wilson Lee and Thomas Buckovinsky; the New York State Insurance Fund and its CEO/Executive Director David P. Wehner and Chief Frauds Investigator Curtis Brantley III.

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Defendant Information

Derrick Walker (aka “Sha”), 4.18.64
37 Merivale Lane
Staten Island, New York 10304-3858

Frederick Rasberry (aka “Damar”), 1.20.58
225-34 Murdock Avenue
Queens, New York.

Reginald Rabb (aka “Divine”), 11.1.66
51 Clifton Avenue, Apartment C-2007
Newark, New Jersey.

Steven Mason (aka “Shan”), 2.17.65
275 Livonia Avenue, Apartment 15D
Brooklyn, New York.

AKBAR’S COMMUNITY SERVICES
318 Livonia Avenue
Brooklyn, New York