



The City of New York
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**DOI COMMISSIONER MARK G. PETERS' REMARKS IN CONNECTION WITH ARRESTS
INVOLVING CORRUPTION OF GAS METER INSTALLATION**

I want to thank Acting District Attorney Eric Gonzalez and his team of dedicated prosecutors, especially Chief of the Investigations Division William E. Schaeffer; Deputy Chief of the Investigations Division Patricia McNeill; and Chief of the Public Integrity Bureau Michael Spanakos.

I also want to thank the hard-working investigators at the Department of Investigation ("DOI") who found the leads and followed each one to uncover the illegal schemes outlined in these indictments. In particular, Renee Hassel, a DOI attorney who has been assigned to the District Attorney's Public Integrity Bureau; Chief Investigator James McElligott, Assistant Inspectors General Noah Mohny and Michael Antolini; Deputy Inspector General Edward Zinser; Inspector General Gregory Cho; and Associate Commissioner Jay Flaherty.

These 36 arrests represent an intersection of old-school detective work enhanced by DOI's in-depth knowledge about how corruption can subvert building safety procedures and protocols. In this case, protocols set by the City's construction code.

A phone call became the break-through for this investigation.

That call, between a former National Grid employee and an unregistered expeditor, was picked up on a wiretap DOI was monitoring as part of a separate investigation with the Manhattan District Attorney's Office. That investigation exposed wide-spread bribery schemes perpetrated by employees of the Department of Buildings and Housing Preservation and Development, and building managers, contractors and expeditors. To date, it has led to 45 convictions, including 16 City employees.

A fundamental part of DOI's expertise is understanding how individuals try to manipulate the City's building code system for their own profit. And while we were listening to calls involving the defendants in that other widespread bribery case, we heard one of today's defendants – Weldon "Al" Findlay – discuss the illegal installation of a gas meter with an unlicensed expeditor. The conversation raised questions, because they discussed a price for the installation of the gas meter – a \$1,500 price – and discussed a "girl in the office." Both mentions, that of a price for an installation and the need for a "girl in the office," raised questions and exposed potential improprieties. DOI set off to uncover what they were.

Going over Findlay's phone records, DOI investigators noticed a pattern. Findlay registered several thousand calls in a 12-month period to a single phone number.

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Using social media, investigators were able to determine that number belonged to a woman by the name of Phoebe Bogan.

Bogan's public social media tracks led to even more connections: She was a customer service representative at Findlay's former employer, National Grid.

Working hand-in-hand with Acting District Attorney Gonzalez and his team, the investigation also uncovered relevant and interesting background on Findlay, specifically that National Grid itself had investigated Findlay for the unauthorized installation of gas meters. Our investigation found that, ultimately, Findlay was terminated from the company for time and leave abuses.

Searching through Bogan's financials, investigators discovered unexplained cash deposits into her personal bank accounts.

Like working on a puzzle, investigators began putting together the scheme – piece by piece; fact by fact – through surveillance, wiretaps, witness interviews and through the execution of dozens of search warrants, exposing a network of unlicensed plumbers, unscrupulous property owners and National Grid employees, all working together to bypass building regulations for thousands of dollars in cash payments, as charged in the indictments and criminal complaints.

All told: Our investigators believe hundreds of thousands of dollars exchanged hands over the course of this alleged conduct.

The scheme, though technical, wasn't complicated.

It centered on the regulations and responsibilities surrounding the installation of gas meters.

The proper process consists of a Licensed Master Plumber filing with the Department of Buildings ("DOB") for a permit to work on the property and the submission of plans. Once DOB approves, the plumber can go ahead with the work, and DOB inspects and tests the completed work and provides a gas authorization for the site.

Once a gas authorization is obtained, a National Grid employee is responsible for installing a utility meter and gas service begins at the property.

The scheme these defendants were running cut out critical steps – creating the potential for major safety issues and compromising the integrity of the system that delivers gas, and delivers it safely. As charged, the defendants:

- Bypassed using a License Master Plumber to do the work
- Didn't file permits with DOB
- Completed the work without having it inspected; and
- Did not obtain a gas authorization before having a meter installed

Pipes were never tested by either a Licensed Master Plumber or a DOB inspector. In two cases, the defendants actually got National Grid staff to crack sidewalks for them so that they could lay improper piping – all in furtherance of their corrupt scheme.

And let's be clear just how dangerous this can be: In March 2015, after a different group of defendants skirted rules related to gas installations, there was an explosion on Second Avenue in Manhattan. Two people died that day.

Here, we made DOB and National Grid aware of all the properties connected to this investigation so they could respond appropriately, and each of the properties was re-inspected.

Before finishing, I need to make a statement about public safety in the construction industry and the Department of Investigation's actions going forward from today. New York City is going through a construction boom. That's good for the

City. Good for workers. Good for the economy. But with that boom, we've seen a troubling increase in corruption: Bribed building inspectors, general contractors failing to adhere to safety rules, and now this.

As a result of this investigation, DOI has issued a Report today that describes, in detail, the "shadow utility" and lists the changes needed at National Grid to ensure that gas power is delivered safely in this City.

If National Grid makes these changes swiftly, they will deserve the trust necessary to continue as a public utility. If they do not, my office will meet with their regulator, the New York State Public Service Commission, and will insist on necessary government intervention in their operations to keep New Yorkers safe. As we have in the past, DOI will not permit any construction related entity to operate in New York in a way that puts our citizens in danger. No company, no matter how large or well-funded, is exempt from that rule in our City.

I want to close by again thanking Acting District Attorney Gonzalez and his team for tackling this large, complex case and for adding to the safety of all New Yorkers.

Thank you.

Indictments and criminal complaint are accusations. Defendants are presumed innocent until proven guilty.

DOI is one of the oldest law-enforcement agencies in the country and New York City's corruption watchdog. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City. DOI's strategy attacks corruption comprehensively through systemic investigations that lead to high-impact arrests, preventive internal controls and operational reforms that improve the way the City runs.

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