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DISTRICT ATTORNEY – NEW YORK COUNTY

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**DA VANCE, PARTNERS ANNOUNCE TAKEDOWN OF ILLEGAL
MONOPOLY THAT DOMINATED TOWING INDUSTRY CITYWIDE**

*Organized Crime Operation Allegedly Maintained Violent Monopoly in Manhattan, Bronx, Queens,
Brooklyn, and Long Island*

Manhattan District Attorney Cyrus R. Vance, Jr., New York City Police Commissioner James P. O'Neill, and New York City Department of Investigation (“DOI”) Commissioner Mark G. Peters today announced the indictment of multiple individuals and companies for maintaining an unlawful monopoly on the towing industry in New York City through an elaborate series of schemes involving shell companies, insurance fraud, bid rigging, and other crimes. Seventeen individuals and ten companies are charged in a series of New York State Supreme Court indictments with Enterprise Corruption, Scheme to Defraud in the First Degree, Conspiracy in the Fourth Degree, and Offering a False Instrument for Filing in the First Degree, among other charges.^[1]

“If you were involved in a collision between June 2015 and December 2017 and received assistance from a tow company, chances are, you were an unwitting customer of an illegal enterprise that dominated New York City’s towing industry until our takedown today,” said Manhattan District Attorney Cyrus R. Vance, Jr. “In order to ensure fair competition and encourage entrepreneurs to set up shop here in the City, we cannot allow this type of systemic fraud and abuse to persist within any industry. As alleged in this case, the defendants worked in concert to maintain a violent monopoly on the city’s towing business, in the kind of industrywide racket that harkens back to an earlier era. The City may have changed, but in certain trades, pervasive corruption still exists, and I thank our partners, including DOI and the NYPD, for their partnership and assistance with this investigation.”

^[1] The charges contained in the indictments are merely allegations, and the defendants are presumed innocent unless and until proven guilty. All factual recitations are derived from documents filed in court and statements made on the record in court.

DOI Commissioner Mark G. Peters said: “These defendants exploited the tow truck licensing procedures of New York City to advance their fraud, according to the charges. Intentionally fabricating information to the City and corrupting its procedures is a crime. In partnership, the Manhattan District Attorney’s Office, NYPD, and DOI will work together to root out corruption and strengthen the procedures governing this industry.”

New York City Sheriff Joseph Fucito said: “It is important for our citizens to have confidence in the integrity of the towing industry that provides so many public safety services for our roadways. The Department of Finance, Office of City Sheriff stands with our partners, the Manhattan District Attorney’s Office, and NYPD to investigate and uncover both criminal activity and unpaid tax liabilities.”

Regional Director of the Northeast Region of the NICB Kevin Gallagher said: “The National Insurance Crime Bureau would like to applaud the Manhattan District Attorney’s Office and the New York City Police Department for their continued efforts in addressing insurance fraud and related crime in New York. The cost of insurance fraud and related crimes is shared by all consumers and it is important that we identify and prosecute those responsible for raising our insurance expenses. This investigation sends a strong message to others who may be contemplating engaging in insurance related crimes. We look forward to our continued partnership with the NYPD and Manhattan District Attorney’s Office in combatting insurance related crimes for all New Yorkers.”

The indictments are the result of a long-term, joint investigation into illegal conduct and fraud in the towing industry by the Manhattan District Attorney’s Office’s Rackets Bureau, NYPD Criminal Enterprise Investigations Section (“CEIS”), and DOI, with additional assistance by the NYC Sheriff’s Office, New York State Department of Taxation and Finance, and National Insurance Crime Bureau (“NICB”).

The indicted individuals include: JAIME BAUTISTA, JOSEPH CASTILLO, DAVID CONTI, GEORGE COPPOLINO, CARL FAVA, JESUS GARCIA, DOMENICK GENISE, MIGUEL HERNANDEZ, DAUNTE HUFF, MICHAEL MAZZIO, ANGELO MAZZIO, SALVATORE MAZZIO, EDWIN ROIG, DANIEL STEININGER, KAREN STEININGER, NORMAN TETTLER, and MAURECE WIMBERLY. The indicted companies include: APPLE TOWING, INC., AUTHORIZED AUTO BODY, INC., BROADWAY CAR SALON, INC., D&D’S IMPRESSIVE AUTO COLLISION, INC., FACTORY PLUS COLLISION, INC., MIKE’S HEAVY DUTY TOWING, INC., RJN FAMILY ENTERPRISES, INC. D/B/A TABS CONSULTING, INC., SOUTHSIDE COLLISION, INC., SOUTHSIDE COLLISION AND TOWING, INC., and TOW-ARRIFIC, INC.

Daniel Steinger’s Criminal Enterprise

DANIEL STEININGER, 44, managed a criminal enterprise (the “STEININGER ENTERPRISE”) composed of individuals and corporations that worked together to restrict competition in the towing industry in New York City, maximize auto body work at their shops by fraudulently acquiring tow truck companies and their licenses, and engage in insurance fraud by inflating insurance claims for the work done at the defendants’ auto body shops. The STEININGER ENTERPRISE also colluded with other towing companies to

infiltrate additional towing markets for heavy duty towing and New York City's arterial highway towing program.

Citywide Towing Scheme

In New York City, towing businesses are regulated through a series of operating requirements and service area agreements that include specific licensing rules set out by the New York City Department of Consumer Affairs ("DCA"), geographic service zones, and rotation programs called the Direct Accident Response Program ("DARP") and Rotation Tow Program ("ROTOW"). Through these programs, the NYPD maintains a rotating roster of participating companies that are summoned to locations throughout the city to remove disabled vehicles.

According to the indictment and documents filed in court, between June 2015 and December 2017, STEININGER managed a fraudulent monopoly on the towing industry in New York City through a coordinated criminal conspiracy involving his codefendants, their companies, and the manipulation of towing industry regulations.

For example, STEININGER, the owner of D&D'S IMPRESSIVE AUTO COLLISION, INC. ("D&D AUTO"), a towing company and auto body repair facility, employed the assistance of NORMAN TEITLER, 74, who acted as a broker and helped the defendant purchase additional towing companies. STEININGER, however, failed to notify DCA about the acquisitions, which would have violated an ownership transfer rule known as "the 10% rule" and require the defendant's new companies to hold towing licenses for a period of at least one year before becoming re-eligible for DARP participation. Consequently, by purchasing the companies without DCA's knowledge, STEININGER was able to acquire multiple DARP licenses without qualifying for them, which led to the companies—all of which were controlled by STEININGER—being placed on the same rotating collision response rosters multiple times in different geographic zones.

These companies included TOW-ARRIFIC, INC., which listed STEININGER's sister, KAREN STEININGER, 38, as president of the company, as well as SOUTHSIDE COLLISION AND TOWING, INC., and SOUTHSIDE COLLISION, INC., which were registered to DAVID CONTI, 44. Both of the tow truck companies were also associated with a number of auto body repair facilities that functioned as fronts within the STEININGER ENTERPRISE's organization, including AUTHORIZED AUTO BODY, INC., BROADWAY CAR SALON, INC., and FACTORY PLUS COLLISION, INC. As an additional requirement for participation in DARP and ROTOW programs, towing companies must maintain a licensed shop or storage yard within the designated service zone. DAUNTE HUFF, 40, was tasked with ensuring that STEININGER's various shell companies passed inspections, when in reality, many of these locations lacked staffing, business records, or any of the other statutory requirements for storing vehicles.

Tow truck drivers who were part of the STEININGER ENTERPRISE also disregarded the rotation programs altogether and engaged in a practice known as "chasing" by monitoring police radio transmissions, identifying collision sites, and racing to the incident location to secure jobs ahead of competitors and before a responding NYPD officer could summon a DARP company to the scene. Occasionally, competitors arrived at a location only to find

that one of STEININGER's associates was already soliciting business from a potential customer, leading to situations in which conflict, violence, and retribution took place.

STEININGER encouraged his drivers to exert their authority in geographic areas controlled by his companies and instructed drivers to "show some force" and "cause a ruckus." In one instance, driver JAIME BAUTISTA, 35, assaulted a bystander following an altercation with a competitor. In other instances, drivers damaged rival vehicles as a warning or form of retaliation, which was called "blasting" or "booming."

In addition to geographic service zones, STEININGER, his co-defendants, and their companies monopolized several types of towing jobs, including large capacity vehicles such as tractor trailers. Because no DARP-equivalent exists for incidents involving heavy duty vehicles, chasing is prevalent, and the first company to arrive on scene typically claims the clean-up and tow job.

Arterial Towing & Bid Rigging

STEININGER and his co-defendants also established a fraudulent monopoly on towing jobs involving city highways. Under current regulations, only the exclusive permit holder is allowed to tow a disabled vehicle from a designated highway segment; the contract is not transferrable and subcontracting is not typically permitted. However, MICHAEL MAZZIO, 49, ANGELO MAZZIO, 53, and SALVATORE MAZZIO, 40, who controlled the permits for multiple highway segments, subcontracted collision work to companies controlled by STEININGER and his co-defendants in exchange for a quarterly fee of approximately \$20,000 and a portion of the proceeds from resulting insurance claims. This agreement was overseen by CARL FAVA, 58, and GEORGE COPPOLINO, 53.

Later, in 2017, the NYPD formally reopened the bidding process and sought applications from tow truck companies seeking to service multiple highway segments. Working together, the defendants manipulated the application and bidding process to establish a monopoly on arterial towing jobs involving city highways.

For example, DANIEL STEININGER and KAREN STEININGER, as well as their respective companies, D&D AUTO and TOW-ARRIFIC, INC., agreed to submit "competing" applications for control of the same highway segments in order to increase the odds that one of their companies would be awarded a contract. TEITLER and his company, RJN FAMILY ENTERPRISES, INC. d/b/a TABS CONSULTING, INC., also assisted multiple companies with fraudulent application materials.

Insurance Fraud

As charged in the indictment, between June 2015 and April 2017, auto body shop managers JOSEPH CASTILLO, 44, MIGUEL HERNANDEZ, 32, EDWIN ROIG, 59, and MAURECE WIMBERLY, 45, participated in the theft of hundreds of thousands of dollars from insurance companies under the direction of STEININGER and his co-defendant, DOMENICK GENISE, 44, who instructed the managers to inflate insurance claims through fraudulent methods including:

- Charging for additional damage the defendants themselves caused to vehicles after removing a disabled vehicle from a collision site, a practice known as “damage enhancement.”
- Claiming to perform repairs that were never made.
- Replacing parts that did not need to be replaced.
- Claiming that vehicles were towed when, in fact, they were not.
- Billing insurance companies for new parts that were actually used parts.

The defendants also fraudulently inflated insurance claims by transporting vehicles directly to STEININGER’S repair facility, D&D AUTO, from FACTORY PLUS COLLISION, INC., in order to receive higher claim rates for labor and materials.

Tax Fraud and Money Laundering

STEININGER, GENISE, BAUTISTA, and CONTI also laundered the proceeds obtained through various schemes by using check cashers to convert insurance claim checks made payable to their companies. The checks represented millions of dollars in collective insurance claims. Both STEININGER and GENISE are also charged with falsely filing personal income tax returns that failed to report this additional income.

The Manhattan District Attorney’s Office’s Asset Forfeiture Unit is also filing a lawsuit against the indicted defendants seeking the forfeiture of more than \$19 million associated with the alleged scheme.

Assistant D.A. Guy Tardanico and Assistant D.A. Denise Vasel are handling the prosecution of the case under the supervision of Assistant D.A. Judy Salwen, Principal Deputy Chief of the Rackets Bureau, Assistant D.A. Jodie Kane, Chief of the Rackets Bureau, and Executive Assistant D.A. Michael R. Sachs, Chief of the Investigation Division. Assistant D.A. Stuart Silberg and Assistant D.A. Fionnuala O’Doherty provided additional assistance with the investigation.

Assistant D.A. Katarina Braafladt is handling the civil asset forfeiture action under the supervision of Assistant D.A. Lynn Goodman, Chief of the Asset Forfeiture Unit.

District Attorney Vance thanked the following organizations and individuals for their assistance with the investigation: NYPD CEIS; DOI, and in particular, Special Investigator Anastasia Plakas, First Deputy Inspector General Mary Kozlow, and Inspector General Chin Ho Cheng (DCA), working under the supervision of Associate Commissioner Andrew Brunsten, Deputy Commissioner and Chief of Investigations Susan Lambiase, and First Deputy Commissioner Lesley Brovner; DCA; Geico General Insurance Company; Progressive Casualty Insurance Company; Allstate Insurance Company; State Farm Mutual Automobile Company; Liberty Mutual Insurance; and Metropolitan Property & Casualty Insurance Company.

Defendant Information:
(Separate attachment)

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