



NEW YORK CITY LAW DEPARTMENT  
OFFICE OF THE CORPORATION COUNSEL

Michael A. Cardozo, Corporation Counsel

**Press Release**

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*For Immediate Release*

**FORMER DISTRICT 29 SUPERINTENDENT, FOUR OTHER INDIVIDUALS  
AND FIVE CORPORATIONS PLEAD GUILTY IN SCHEME TO DEFRAUD  
SOUTHEAST QUEENS SCHOOL DISTRICT**

***ADMIT THEY TOOK PART IN CORRUPT SCHEME TO RIG BIDS, PAY BRIBES AND RECEIVE KICKBACKS TO FIX  
SCHOOL COMPUTER CONTRACTS, AGREE TO PAY ALMOST \$5 MILLION IN RESTITUTION.***

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New York, October 18, 2002 -- Queens District Attorney Richard A. Brown and New York City Corporation Counsel Michael A. Cardozo, joined by Schools Chancellor Joel I. Klein and Special Commissioner of Investigation for the New York City School District Richard J. Condon, announced today that five individuals -- including the former Superintendent of Community School District 29 -- together with five corporations have pleaded guilty to fraud and related charges and admitted that they engaged in a massive scheme to rig bids, pay bribes, receive kickbacks and fix lucrative Board of Education computer contracts worth millions of dollars and agreed to pay almost \$5.0 million in restitution.

District Attorney Brown said, "The defendants have admitted their guilt, acknowledged their wrongdoing, waived their right of appeal and, most significantly, agreed to pay back a total of \$4.85 million in restitution -- an amount which, to my knowledge, is without precedent in Queens County. The defendants' fraudulent scheme victimized the children of Southeast Queens who lost critically-needed classroom resources as a result of the defendants' greed and corruption. This settlement will assist those children in achieving educational excellence in a school district and a school system committed to their success."

Corporation Counsel Cardozo said, "The resolution of this matter serves as a case study of the superb results that can be obtained through the cooperative efforts of the District Attorneys and other prosecutorial agencies and the City Law Department. I commend the prosecutors of District Attorney Brown's office for the unwavering spirit of cooperation in which they worked with the Office of the Corporation Counsel in resolving difficult legal issues and bringing this case to a conclusion that satisfies both criminal and civil law concerns."

Chancellor Klein said, "I would like to thank District Attorney Brown and Corporation Counsel Cardozo for securing the nearly \$5.0 million in restitution that will be put back into the classroom in order to ensure the children in District 29 have the resources that they were so callously derived of by these reprehensible actions."

Special Commissioner Condon said, "The attorneys and investigators at my office are proud to have played a role in the successful prosecution of these defendants who advanced their personal gain at the expense of the city's school children and take a great deal of satisfaction in having helped to recover nearly \$5.0 million."

District Attorney Brown identified the defendants as:

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- Celestine Miller, 61, of 218 Atlantic Avenue, Hempstead, New York, the former Superintendent of Community School District 29 in Southeast Queens;
- Thomas Kontogiannis, 53, of 12 Woodfield Lane, Old Brookville, New York, a prominent businessman and owner of Emerald Estates, Olympic Corporation and Group Kappa, three of the five corporations that have pled guilty;
- Ray Shain, 46, of 121 Custer Avenue, Williston Park, New York, an attorney who is also the principal in R.J. Computer Consultants, Ltd., a company that has pled guilty;
- Kinson Tso, 36, of 9 Swarthmore Lane, Dix Hills, New York, the owner of Business Innovative Technology, Inc., (BIT), the corporation that was awarded the school computer contracts and that has pled guilty;
- William Harris, 84, of 218 Atlantic Avenue, Hempstead, New York, Miller's husband.

According to the District Attorney, four of the defendants -- Miller, Kontogiannis, Shain and Tso -- and the five corporations -- RJ Computer Consultants, BIT, Olympic Corporation, Emerald Estates and Group Kappa -- have admitted that between January 1, 1995 and October 31, 2000 they engaged in a scheme to defraud the school district in which they submitted false and collusive bids, gained insider information and influenced competing bidders in order to assure that BIT was awarded District 29 school computer contracts. The fifth defendant, Harris, has admitted that he acted as a front for Miller, his wife, and received illicit payoffs on her behalf.

The defendants entered pleas of guilty in Queens Supreme Court late today before Justice John B. Latella, Jr. who indicated that he will sentence them to conditional discharges and also require that they pay a total of \$4.85 million in restitution and forfeiture, including \$1.5 million paid today. The balance of the restitution -- \$3.35 million -- must be paid with interest within six years under the terms and conditions of the plea agreements. Part of the settlement payment is secured by a mortgage on a commercial property -- 1 Cross Island Plaza -- in Rosedale, Queens owned by a corporation of which Kontogiannis' wife is president.

The disposition has also resolved separate but related civil forfeiture actions filed by the Queens District Attorney's Office and the Office of the Corporation Counsel, each of which sought recovery of a total of \$6.3 million from the defendants. The Corporation Counsel's suit was a Racketeer Influenced Corrupt Organization (RICO) civil action.

A sentencing date of December 4, 2002 has been set

The defendants were charged two years ago in a 123-count indictment that accused them of conspiring between 1996 and 1998 to acquire three New York City Board of Education contracts worth a total of about \$6.3 million by falsifying documents, obtaining insider information not available to other bidders, influencing competing bidders and obtaining the approval of government officials. BIT was awarded three contracts -- in 1996 for \$1.2 million, in 1997 for \$2.2 million and in 1998 for \$2.9 million -- to install computer labs in 19 of the school district's 28 schools.

District Attorney Brown said, "The three contracts together totaled \$6,364,570. Kontogiannis and Shain received \$2,266,408 of the contract money in kickbacks and Miller received \$925,000 in bribes for a total of about \$3.19 million."

A joint investigation was carried out by detectives assigned to the District Attorney's Detective Bureau and investigators assigned to the Special Commissioner of Investigation's office. They included Detective Glen McKechnie under the supervision of Lieutenant Robert Burke of the District Attorney's Detective Bureau which is under the supervision of Chief Edward T. Brady and Deputy Chief Lawrence Festa and Investigator Ronald Vance of the Special Commissioner of Investigation office under the supervision of First Deputy Commissioner Regina A. Loughran.

The prosecution is being handled by Assistant District Attorneys Carmencita N. Gutierrez and Allen Bode with the assistance of Assistant District Attorneys Brian J. Mich and James M. Liander, Bureau Chiefs of the District Attorney's Economic Crimes Bureau and Integrity Bureau, under the supervision of Assistant District Attorney Linda M. Cantoni, Counsel to the District Attorney's Investigations Division and Executive Assistant District Attorney Michael J. Mansfield under the overall supervision of Executive Assistant District Attorney Peter A. Crusco. The financial analysis was performed by Supervising Investigative Accountant James J. Dever.

The District Attorney's civil forfeiture action was handled by Assistant District Attorney David S. Zadnoff of the District Attorney's Civil Enforcement Bureau under the supervision of Assistant District Attorney Anthony M. Communiello, Bureau Chief.

The Corporation Counsel's civil forfeiture action was handled by Assistant Corporation Counsel Eric Proshansky, Deputy Chief, and Assistant Corporation Counsel Gail Rubin, Chief, of the Corporation Counsel's Affirmative Litigation Bureau.

The New York City Law Department is one of the oldest, largest and most dynamic law offices in the world, ranking among the top three largest law offices in New York City and the top three largest public law offices in the country. Tracing its roots back to the 1600's, the Department's 650-plus lawyers handle more than 100,000 cases and transactions each year in 17 separate legal divisions. The Corporation Counsel heads the Law Department and acts as legal counsel for the Mayor, elected officials, the City and all its agencies. The Department's attorneys represent the City on a vast array of civil litigation, legislative and legal issues and in the criminal prosecution of juveniles. Its web site can be accessed through the City government home page at [www.nyc.gov](http://www.nyc.gov) or via direct link at [www.nyc.gov/html/law/home.html](http://www.nyc.gov/html/law/home.html).

Further information about the Queens District Attorney's office is available on its Web site: [www.queensda.org](http://www.queensda.org).

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