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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 SENTENCED IN SCHEME  
TO DEFRAUD SOUTHEAST QUEENS SCHOOL DISTRICT**

***DEFENDANTS PLED GUILTY TO TAKING PART IN CORRUPT SCHEME TO FIX SCHOOL COMPUTER  
CONTRACTS; RESTITUTION PAYMENTS OF ALMOST \$5 MILLION UNDERWAY.***

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New York, December 4, 2002 -- Queens District Attorney Richard A. Brown, New York City Corporation Counsel Michael A. Cardozo, 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 been sentenced in Queens Supreme Court.

The defendants pleaded guilty on October 18, 2002 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 million in restitution.

District Attorney Brown said, "The defendants victimized the children of Southeast Queens by depriving them of critically-needed classroom resources. As a result of the prosecution, restitution payments are underway and over \$1 million has already been paid back. It is an amount without precedent in Queens County. My paramount concern has been the welfare of the school children and the settlement will assist them to achieve educational excellence in a school district and a school system committed to their success."

Corporation Counsel Cardozo said, "This sentencing closes the book on one of the more outrageous scams perpetrated against the City and the City's school children. As a result of the successful resolution of the criminal and civil suits, achieved through the cooperation of my Office and the Queens District Attorney, the City will be able to recoup the losses it suffered from defendants' fraudulent bidding scheme."

Chancellor Klein said, "I would like to thank District Attorney Brown and Corporation Counsel Cardozo for securing the nearly \$5 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 deprived of by these reprehensible actions. The lost educational opportunities suffered by our children, whose computers were stolen, are irreplaceable. Nevertheless, I believe that the decision to seek justice rather than vengeance against the individuals involved is an honorable one. It offers District 29 the opportunity to close a very painful chapter in its history."

Special Commissioner Condon said, "The defendants greedily advanced their personal gain at the expense of the City's school children. We take a great deal of satisfaction in having helped recover nearly \$5 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 pled guilty on October 18, 2002 in Queens Supreme Court before Justice John B. Latella, Jr. who imposed today's sentences.

Each defendant was sentenced to a conditional discharge. Additionally, the defendants have also been required to pay a total of \$4.85 million in restitution and forfeiture. An initial payment of \$1.5 million has already been paid and 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 defendants also are barred from accepting government contracts with New York City, New York State or school districts in New York State.

The disposition of the case 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.

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 was 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 Gail Rubin, Chief, Assistant Corporation Counsel and Eric Proshansky, Deputy Chief, of the Corporation Counsel's Affirmative Litigation Division.

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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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