



# UNITED STATES ATTORNEY'S OFFICE

## *Southern District of New York*

U.S. ATTORNEY DAMIAN WILLIAMS

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### **GANG MEMBERS AND OTHERS WHO USED VIOLENCE TO TAKE CONTROL OF NEW YORK FIRE MITIGATION INDUSTRY CHARGED WITH RACKETEERING AND EXTORTION**

Damian Williams, the United States Attorney for the Southern District of New York, Michael J. Driscoll, Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), Ricky J. Patel, Acting Special Agent-in-Charge of the New York Office of Homeland Security Investigations ("HSI"), Keechant L. Sewell, the Commissioner of the New York City Police Department ("NYPD"), and Jocelyn Strauber, Commissioner of the New York City Department of Investigation ("DOI"), announced the unsealing of a two-count Indictment charging nine defendants with racketeering conspiracy and extortion conspiracy. Eight of the defendants were arrested yesterday and presented before U.S. Magistrate Judge Stewart D. Aaron in federal court in Manhattan. Defendant JATIEK SMITH was arrested and presented in the District of Puerto Rico. The case has been assigned to U.S. District Judge Jed S. Rakoff.

The defendants, who include members of the violent Bloods street gang, took control of First Response Cleaning Corp. ("First Response"), a Brooklyn-based company which provides clean-up services to properties damaged by fire. The defendants used First Response as a vehicle to extort other participants in the fire mitigation industry and to assert control over the industry using violence and threats of violence.

U.S. Attorney Damian Williams said: "We are smoking out corruption and violence in the fire mitigation industry with today's charges. As alleged, the defendants used threats and violence to take over a company and then an industry. Thanks to our law enforcement partners' work, today's arrests bring an end to the defendants' violent scheme.

FBI Assistant Director Michael J. Driscoll said: "We allege gang members deployed mob-like tactics, using extortion and violence in their attempts to take over an entire industry designed to help victims after a fire. They employed violence to force other companies and vendors to do their bidding. Thanks to the incredible work by the FBI and our law enforcement partners, this crew can no longer threaten to kill people's families, retaliate against potential witnesses, and profit off of someone else's loss."

HSI Acting Special Agent-in-Charge Ricky J. Patel said: "Members of the Bloods allegedly infiltrated the First Response Cleaning Corporation and utilized violence to command dominance and compliance over their competitors within the insurance industry. This criminal

organization took advantage of people in time of personal and professional turmoil to enrich themselves at others expense. HSI will continue to work alongside our partners to disrupt and dismantle complex criminal organizations who seek to exploit legitimate businesses to further their violent agendas.”

NYPD Police Commissioner Keechant L. Sewell said: “This indictment is a clear demonstration that those who use violence, force and threats of force to inflict harm on New Yorkers – will be prosecuted to the fullest extent of the law. Due to the relentless efforts of the NYPD, the U.S. Attorney for the Southern District, and all of our law enforcement partners, these defendants are now forced to answer for their alleged gang-motivated crimes. I thank everyone who worked on this important case.”

DOI Commissioner Jocelyn Strauber said: “As alleged, the defendants used violence and threats of violence to seize control of the fire restoration industry in New York City, and submitted false claims to insurance companies in a scheme to ensure insurance coverage for defective restoration work. DOI is proud to work alongside our law enforcement partners in the U.S. Attorney's Office for the Southern District of New York, the Federal Bureau of Investigation, Homeland Security Investigations and the NYPD to dismantle this charged criminal enterprise and to hold its members accountable for their illegal and violent charged conduct.”

As alleged in the Indictment unsealed yesterday in Manhattan federal court and statements made in court filings<sup>1</sup>:

First Response is an emergency mitigation services (or “EMS”) company which provides clean-up services to properties damaged by fire. When properties suffer fire damage, property owners often hire an EMS company to clean up the damaged property. Property owners also often rely upon adjusters—either a “public adjuster” or an “independent adjuster”—to investigate, process, and submit the insurance claims to their insurer. A public adjuster is paid by the property owner with a percentage of the settlement paid out by the insurer on the insurance claim, while an independent adjuster works for and is paid by the insurer.

Beginning in 2019, defendants JATIEK SMITH, a/k/a “Tiek,” SEQUAN JACKSON, a/k/a “Supa,” ANTHONY MCGEE, a/k/a “Touch,” KAHEEN SMALL, a/k/a “Biz,” DAMON DORE, a/k/a “Demo,” HASIM SMITH, a/k/a “Hoodie,” RAHMIEK LACEWELL, a/k/a “Ready,” and MANUEL PEREIRA, a/k/a “Manny,” many of whom are members of the Bloods street gang, worked together to take control of First Response. JATIEK SMITH was the leader of the crew. After taking control of First Response, SMITH and the others then used force and threats of force against other EMS companies and public adjusters to exert control over the entire fire mitigation industry. Defendant OCTAVIO PERALTA was a public adjuster who participated in the enterprise’s efforts to defraud and who helped the conspirators solidify their control over the industry. The enterprise’s threats included threats to kill or shoot their victims and members of the victims’ families. With the backing of these threats of force, they imposed a system of rules upon other EMS companies and on public adjusters, including a strict rotation system in which the defendants dictated which companies got which losses. The enterprise also extorted money from EMS companies and public adjusters and required these other companies to pay if they wanted to continue to work without being attacked. On multiple occasions, the enterprise used force against

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<sup>1</sup> As the introductory phrase signifies, the entirety of the text of the Indictment constitutes only allegations, and every fact described herein should be treated as an allegation.

other EMS companies and public adjusters to ensure that they submitted to the rules, including physically assaulting victims. They sometimes created video recordings of this violence and distributed the recordings within the industry to threaten other victims. The enterprise also helped submit false insurance claims for damaged properties and threatened violence or retaliation against potential witnesses who were believed to be cooperating with the federal investigation into the enterprise's crimes.

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JATIEK SMITH, 37, of Staten Island, New York; JACKSON, 33, of Staten Island, New York; MCGEE, 32, of Staten Island, New York; SMALL, 35, of Brooklyn, New York; DORE, 36, of Staten Island, New York; HASIM SMITH, 29, of Staten Island, New York; LACEWELL, 37, of Staten Island, New York; PEREIRA 38, of Brooklyn, New York; and OCTAVIO PERALTA, 42, of Staten Island, New York, are each charged with one count of conspiracy to commit racketeering and one count of conspiracy to commit extortion. Each count carries a statutory maximum of 20 years in prison, for a combined statutory maximum of 40 years in prison.

The statutory maximum sentence is prescribed by Congress and is provided here for informational purposes only, as any sentencing of the defendants will be determined by the judge.

Mr. Williams praised the outstanding investigative work of the FBI, HSI, NYPD, and DOI. Mr. Williams also thanked the HSI Puerto Rico Gang Unit and the National Insurance Crime Bureau for their assistance with this investigation.

This case is being handled by the Office's Violent and Organized Crime Unit. Assistant United States Attorneys Mollie Bracewell, Rushmi Bhaskaran, and Adam S. Hobson, are in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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