



The City of New York
Department of Investigation

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**DOI COMMISSIONER JOCELYN E. STRAUBER'S REMARKS AT PRESS CONFERENCE WITH
MANHATTAN DISTRICT ATTORNEY ALVIN BRAGG TO ANNOUNCE INDICTMENTS IN
WIDE-RANGING CONSTRUCTION INDUSTRY CORRUPTION SCHEME**

Thank you, District Attorney Bragg, and to all our partners who worked this investigation.

As charged, these defendants, among other crimes, engaged in an extensive, deceptive scheme to obtain City and State-subsidized affordable housing contracts by making it appear that legitimate Minority and Women-Owned Business Enterprises ("M/WBE") were providing goods and services on their projects. In fact, one of the defendant companies — or other non-M/WBE firms — were providing those goods and services.

The charged conduct includes falsifying business records and offering false instruments for filing with the City Department of Housing Preservation and Development ("HPD") and New York State. As alleged, various defendants, including certified M/WBEs, worked together to create the false impression that M/WBEs capable of performing the necessary work were involved in these construction projects, when in fact the work was being performed by others. The M/WBE defendants received so-called "pass through" payment for their role in the scheme.

The defendants' alleged criminal conduct deprived Minority and Women-Owned Enterprises of construction opportunities in the City. Exposing this aspect of the fraud was DOI's focus in this investigation. The M/WBE program is an important New York City effort to promote greater equity in government contracting and the criminal conduct at issue here frustrated that goal by denying businesses historically excluded from government construction projects their rightful seat at the table.

There are several further steps that our agency is taking in light of these indictments:

- DOI will be submitting a Caution in the City's PASSPort system for each of the indicted companies, alerting any City Agency Contracting Officers who query those companies in connection with any future city contracts.
- DOI will be referring to the relevant certifying City and State agencies all of the certified M/WBEs implicated in the conduct charged in the Indictment for whatever action those agencies deem appropriate.

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- While we are unaware of any allegations that construction of the affordable housing developments, or of any other buildings, was unsafe, DOI has referred the relevant addresses included in the indictments to DOB for its review and to take any appropriate action, as a precaution.
- In an effort to prevent the misconduct alleged here from recurring, DOI is reviewing HPD's policies with respect to its review of M/WBE selection and usage to identify any potential gaps and possible recommendations to strengthen HPD's process to ensure that legitimate M/WBEs capable of performing the work at issue are, in fact, retained and used on City-funded projects.

It is important to note that none of the defendant companies are prime contractors on any current, City-related construction projects. One company, Big Apple Designers Inc., is a sub-contractor on two currently active HPD projects. We will notify HPD of these indictments so it can take appropriate action, which may include removing Big Apple Designers from the projects or including them on HPD's Enhanced Review list, among other measures.

I want to thank the DOI team that worked this matter: Inspector General Michael Morris, who is standing with us today; Inspector General Gregory Cho, Investigative Attorney Marc Assa, and Chief Investigator James McElligott.

Indictments are an accusation. Defendants are presumed innocent until proven guilty.

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