

NEWS

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FOR IMMEDIATE RELEASE
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Another Contractor Admits Making
Corrupt Payments to New Brunswick Officials

(More)

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NEWARK – The manager of a Perth Amboy-based construction and maintenance business that received more than \$900,000 in rehabilitation contracts from the City of New Brunswick pleaded guilty today to making concealed payments to multiple officials in exchange for contracting work and other official favors, U.S. Attorney Christopher J. Christie announced.

Prakash George Karot, 38 (turns 39 tomorrow), of Perth Amboy who is also a Perth Amboy housing inspector, admitted participating in a scheme to give cash and other benefits to multiple employees of the New Brunswick Department of Community Planning and Economic Development (the Department), in exchange for officials exercising influence in favor of Karot's company.

Between June 2004 and September 2006, Karot's construction firm received in excess of \$900,000 in rehabilitation contracts from the Department. During that time, Karot admitted that he and a co-schemer, who co-owned the company, made concealed cash payments on a monthly basis to the Department's Director of the Neighborhood Preservation Project, in exchange for his awarding them rehabilitation contracts every month.

Karot admitted that, at the outset of the scheme, the Director requested, and Karot and his co-schemer gave, a cash payment of approximately 7 percent of the value of each rehabilitation contract the Director awarded Karot's company. Karot stated that by in or around 2006, Karot and his co-schemer gave the Director cash payments of approximately \$2,000 every month in exchange for the contracts they received.

Karot also admitted paying the Department's Rehabilitation Construction Inspector and Assistant Zoning Officer (the Inspector) approximately \$500 every 4-6 weeks. Karot stated that he and his co-schemer made those payments in exchange for expedited and lenient inspections.

Karot further acknowledged that he and his co-schemer made multiple payments of approximately \$100 to a Supervisory Clerk for the Department. Karot stated that they made those payments to the Supervisory Clerk in exchange for accelerating the payment of Department checks to their company.

Karot pleaded guilty to a one-count Information before U.S. District Court Judge Joseph E. Irenas. The Information charged him with making corrupt payments to a city official. The charge carries a maximum penalty of 10 years in prison and a \$250,000 fine, according to Assistant U.S. Attorney Brian R. Howe.

Today was Karot's first appearance in court in connection with the corruption investigation. Judge Irenas released him on an unsecured \$100,000 personal cognizance

bond pending sentencing on Sept. 14.

The federal investigation began after the matter, in its early stages, was referred by the Middlesex County Prosecutor's Office to the U.S. Attorney's office and federal investigative agencies. The investigation is ongoing and more prosecutions are expected.

Others pleading guilty so far are:

- Richard Kaplan, 57, of New Brunswick, a former Rehabilitation Construction Inspector and Assistant Zoning Officer for the City of New Brunswick. He admitted to receiving regular corrupt cash payments and discounted work from contractors on a home he owned in exchange for expedited and lenient inspections. For a news release on that guilty plea, on April 20, follow links at www.usdoj.gov/usao/nj/press/2007releases.html
- George Thomas, 38, of New York City, co-owner of a Perth Amboy-based construction and maintenance firm that received more than \$900,000 in rehabilitation contracts. He admitted participating in a scheme to give cash and other benefits to multiple employees of the City of New Brunswick's Department of Community Planning and Economic Development in exchange for official favors for his company. For a news release on that guilty, on March 27, follow links at the public affairs office website.
- Joseph McNulty, 42, of North Brunswick, and Sam K. John, 48, of Sayreville, co-owners of a New Brunswick-based construction and maintenance firm that received more than \$1.3 million in rehabilitation contracts. They admitted participating in a scheme to give cash and other benefits to multiple employees of the New Brunswick planning department in exchange for official favors for their company. For a news release on those guilty pleas, on March 15, follow links at the public affairs office website.

Christie credited Special Agents of the FBI's Franklin Township Resident Agency, under the direction of Acting Special Agent in Charge Pedro Ruiz, and Special Agents of the U.S. Department of Housing and Urban Development, Office of Inspector General, under the direction of Special Agent in Charge Renee Febles, for the investigation leading to the guilty pleas. The investigation also was assisted by investigators from the Middlesex County Prosecutor's Office, under the direction of Middlesex County Prosecutor Bruce J. Kaplan, and New Brunswick Police Department, under the direction of Police Chief Joseph Catanese. The case is being prosecuted by Assistant U.S. Attorney Brian R. Howe of the U.S. Attorney's Special Prosecution's Unit in Newark.

Defense counsel:

Gary A. Kroop, Esq. – Perth Amboy, NJ

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