



**U.S. Department of Justice**

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**FOR IMMEDIATE RELEASE**

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**PRESS RELEASE**

**WILLIAMSBURG BUSINESSMEN  
NAT SCHLESINGER AND HERMAN NIEDERMAN AND  
GOODMARK INDUSTRIES INDICTED FOR DEFRAUDING  
INSURANCE COMPANIES OF \$4.5 MILLION AND  
CREDITORS OF IN EXCESS OF \$2.5 MILLION --  
SCHLESINGER ALSO CHARGED WITH ARSON**

**ROSLYNN R. MAUSKOPF**, United States Attorney for the Eastern District of  
New York, **WILLIAM G. McMAHON**, Special Agent-in-Charge, New York Field Division,  
Bureau of Alcohol, Tobacco, Firearms and Explosives, **NICHOLAS SCOPPETTA**,  
Commissioner, New York City Fire Department, **GLENDIA PAPPILLION**, Acting Special

Agent-in-Charge, Internal Revenue Service, Criminal Investigation, New York, and **THOMAS TILLEY**, Chief Fire Marshal, Nassau County Fire Marshal's Office, announced the unsealing of a superseding indictment charging the defendants **NAT SCHLESINGER**, **HERMAN NIEDERMAN** and **GOODMARK INDUSTRIES, INC.** with multiple schemes to defraud insurance companies and creditors of **SCHLESINGER's** clothing businesses operated on Wallabout Street, in the Williamsburg section of Brooklyn. The superseding indictment also charges **SCHLESINGER** of deliberately setting fire to one of his businesses. The arson investigation was conducted by the Joint Arson Task Force, comprised of agents and officers of the ATF&E, the FDNY, and the New York City Police Department.

The defendants are scheduled to be arraigned later today by United States Magistrate Judge William D. Wall, at the U. S. Courthouse, in Central Islip, New York. The case has been assigned to United States District Judge Arthur D. Spatt.

#### The Insurance Fraud Schemes

According to the indictment, **SCHLESINGER** designed and manufactured clothing at the Wallabout Street address under various corporate names, including Private Brands, at one time a publicly held company whose stock was listed on the Philadelphia Stock Exchange and NASDAQ; Pous Apparel; and **GOODMARK INDUSTRIES**. **NIEDERMAN** served as an officer of **GOODMARK**.

The indictment charges **SCHLESINGER** with schemes to file substantially inflated insurance claims following fires at his businesses in 1987 (Pous Apparel), 1990 (Private Brands), 1991 (Private Brands), and charges all three defendants in schemes to file substantially inflated insurance claims in 1998 (**GOODMARK**) and 1999 (**GOODMARK**). Four insurance

companies, Commerce and Industry, a subsidiary of A.I.G., Fireman's Fund, Lexington Insurance and Crum and Forster, paid out more than \$4.5 million in fraudulent claims submitted by the defendants. An additional \$4.5 million claim, submitted against Atlantic Mutual Insurance Companies as a result of a fire at GOODMARK's premises in December 1998, remains unpaid and the subject of on-going civil litigation. SCHLESINGER is charged with deliberately setting fire to this business on December 31, 1998, with the intent to file the fraudulent claims with Atlantic Mutual.<sup>1</sup>

The indictment also alleges that in connection with the 1987, 1990 and 1991 fires, SCHLESINGER paid cash bribes to public adjusters, insurance company representatives and retained experts, such as accountants and machine experts, to ensure payment of the inflated insurance claims. SCHLESINGER is also charged with engaging in unlawful monetary transactions with the criminally derived insurance proceeds.

"This case is a classic example of individual and corporate greed victimizing insurance companies and creditors, and ultimately the public," stated United States Attorney **ROSLYNN R. MAUSKOPF**. "SCHLESINGER's conduct also jeopardized the safety of many New York City firefighters who risked their lives fighting the December 31, 1998 blaze, deliberately set by the defendant for the purpose of submitting an inflated insurance claim."

#### Creditor Fraud Schemes

The indictment also charges SCHLESINGER, NIEDERMAN and GOODMARK

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<sup>1</sup> This indictment supersedes an earlier sealed indictment filed in April 2002 charging SCHLESINGER alone with submitting inflated insurance claims relating to the 1998 and 1999 fires.

with schemes to defraud lien and judgment holders and creditors of Private Brands and GOODMARK INDUSTRIES by, among other means, fraudulently representing that the assets of these companies had been lawfully sold to unrelated entities at public auctions at a foreclosure sale following the default on loans secured by the companies' assets. In fact, SCHLESINGER maintained control of the allegedly unrelated entities. When creditors sought to collect judgments or debts from Private Brands or GOODMARK, they were told that the assets of the company had been sold to a secured party following a foreclosure sale, when, in fact, the secured party was a company under the control of SCHLESINGER. At the time of the fraudulent foreclosure sales, Private Brands owed the Internal Revenue Service in excess of \$570,000, and owed New York State and New York City over \$630,000 in tax judgments. GOODMARK's New York State tax and commercial obligations amounted to approximately \$400,000. The combined debts and judgments against the two companies exceeded \$2.5 million. SCHLESINGER is also charged with engaging in unlawful monetary transactions with the proceeds of the creditor fraud schemes.

#### Criminal Forfeiture

The indictment seeks \$5 million in criminal forfeiture from both SCHLESINGER and NIEDERMAN as a result of their submitting inflated and fraudulent claims to insurance companies, and against SCHLESINGER, NIEDERMAN and GOODMARK INDUSTRIES for their defrauding creditors of Private Brands and GOODMARK. Additionally, the indictment seeks the forfeiture of \$10 million from the sale of the property where SCHLESINGER's businesses were conducted.

In announcing the unsealing of the indictment, Bureau of Alcohol, Tobacco,

Firearms and Explosives Special Agent-in-Charge **WILLIAM G. McMAHON** stated, “I would like to congratulate all those who worked so diligently on this four-year investigation. Through their tireless and dedicated efforts, a vicious cycle of arson and fraud, which put the public and firefighters at considerable risk, has been brought to an end. Arson-for-profit costs the public millions of dollars every year in increased insurance premiums. ATF, with our state and local law enforcement partners, are steadfast in our commitment to combating arson and making our communities safer.”

New York City Fire Commissioner **NICHOLAS SCOPPETTA** stated, “We commend the work of the U.S. Attorney and all those involved - including our own fire marshals - in the exhaustive investigation that has brought an end to this arson-for-profit scheme. It is outrageous that these individuals plotted to profit from crimes that put our firefighters and civilians in jeopardy.”

IRS Acting Special-Agent-in-Charge **GLENDIA PAPPILLION** stated, “The case involved a series of complicated financial transactions and the IRS investigators were involved in determining the extent of the fraud because we follow the money.”

### The Charges<sup>2</sup>

SCHLESINGER and NIEDERMAN are charged with conspiracy, mail fraud and wire fraud as a result of their submitting inflated claims to insurance companies and as a result of the creditor fraud schemes. On each count of conviction, they face a maximum sentence of five years imprisonment, three years supervised release, and a fine of \$250,000, or twice the gain or

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<sup>2</sup> The charges contained in the indictment are merely allegations, and the defendants are presumed innocent unless and until proven guilty.

loss from their unlawful conduct.

SCHLESINGER is also charged with arson in connection with the 1998 fire. If convicted of arson, SCHLESINGER faces a minimum sentence of five years imprisonment to a maximum sentence of 20 years, three years supervised release and a fine of \$250,000. If convicted of using fire to commit another felony, SCHLESINGER faces a maximum sentence of ten years imprisonment (to run consecutive to any other term of imprisonment), 3 years supervised release and a fine of \$250,000.

The indictment also charges SCHLESINGER with engaging in transactions with the proceeds of the insurance and creditor fraud schemes. On each count of conviction he faces a maximum sentence of 10 years imprisonment, three years supervised release and a fine of \$250,000.

On each count of conviction, GOODMARK faces a maximum fine of \$500,000, or twice the gain or loss resulting from the offense.

The government's case is being prosecuted by Assistant U.S. Attorneys Robert P. LaRusso, Charles Kelly and Richard Lunger.

**The Defendants**

Name: NAT SCHLESINGER

DOB: November 17, 1936

Address: 234 Marcy Avenue, Brooklyn, New York

Name: HERMAN NIEDERMAN

DOB: April 1, 1952

Address: 130 Rutledge Street, Brooklyn, New York

Name: GOODMARK INDUSTRIES, INC.

Last Address: 50 Wallabout Street, Brooklyn, New York