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FOR IMMEDIATE RELEASE

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**CONSTRUCTION CONTRACTORS INDICTED
FOR \$10 MILLION SCHEME INVOLVING NEW YORK CITY CONTRACTS**

ANDREW CATAPANO, president of AFC Enterprises, Inc. ("AFC"), JOHN RUGGIERO, vice-president of AFC, and JOHN MIKUSZEWSKI, a licensed professional engineer and consultant to AFC, were indicted on charges of conspiracy, unlawful labor payments, mail fraud, money laundering, and filing false income tax returns in connection with New York City contracts through which they derived \$10 million in criminal proceeds. ALEXANDER URBAN, a former employee of Con Edison, was indicted on charges related to his receipt of bribes from CATAPANO and MIKUSZEWSKI. The indictment was returned by a federal grand jury in Brooklyn.¹

The defendants are scheduled to be arraigned Friday, April 14, 2006, at 9:30 a.m., before United States District Judge Sterling Johnson, Jr., at the U.S. Courthouse, 225 Cadman Plaza East, Brooklyn, New York.

The charges were announced by ROSLYNN R. MAUSKOPF, United States Attorney for the Eastern District of New York, MICHAEL J. THOMAS, Special Agent-in-Charge, Internal Revenue Service-Criminal Investigation, New York, NED E. SCHWARTZ, Special Agent-in-Charge, U.S. Department of Transportation, Office of Inspector General, GORDON HEDDELL, Inspector General, U.S. Department of Labor, ROSE GILL HEARN, Commissioner, New York City Department of Investigation, and RONALD WALKER, Inspector-in-Charge, Postal Inspection Service, New York.

¹ The charges in the indictment are merely allegations, and the defendants are presumed innocent unless and until proven guilty.

Between 1990 and 2004, AFC, a construction firm headquartered in Glendale, New York, was awarded numerous New York City public works construction projects to build schools, maintain roadways, and build and improve sewers. According to the indictment, beginning in 1990 and continuing through 2002, the defendants participated in a series of schemes to defraud the members of Locals 14 and 15 of the International Union of Operating Engineers, various public utility companies, including Con Edison, and the City of New York.

In the scheme to defraud Locals 14 and 15, from 1990 through 2001, CATAPANO and MIKUSZEWSKI are charged with paying bribes to union officers in exchange for those officers permitting AFC and its related companies to hire fewer members of Locals 14 and 15 than required under the companies' collective bargaining agreements with the unions. As a result, the companies were able to save millions of dollars in wages that they were legally required to pay.

In a related scheme, beginning in the late 1990s and continuing through 2001, CATAPANO and MIKUSZEWSKI allegedly paid bribes to representatives of various public utility companies, including URBAN, then a representative of Con Edison, for "interference work" performed by AFC's related companies on New York City contracts. Interference work is work a contractor must perform to move utility lines as part of a larger construction contract. Utility companies, in exchange for receiving permission from New York City to run their utility lines under City roadways, are required to reimburse contractors for their time and material costs in performing this work. In exchange for bribes paid by CATAPANO and MIKUSZEWSKI, URBAN and other utility company representatives caused the utilities to pay inflated bills submitted by the defendants for the interference work on contracts worth over \$11 million.

In addition, MIKUSZEWSKI and RUGGIERO are charged with conspiring between 1993 and 2002 to violate the Minority Business Enterprise program of the City of New York by falsely representing that a minority owned and operated company was doing subcontract work on construction contracts when, in fact, all the work was being performed by AFC and its related companies; CATAPANO, MIKUSZEWSKI, and RUGGIERO are charged with laundering the proceeds of their bribery schemes between 1990 and 2001 through a series of complex financial transactions designed to conceal the source of the cash and then using the laundered cash to continue bribing union officers and utility company representatives; and MIKUSZEWSKI is charged with subscribing to false tax returns for his contracting company, Alpert Contracting, Corp., himself, and another shareholder of Alpert for the years 1998, 1999, and 2000, thereby concealing \$400,000 in unreported income by Alpert.

"We will aggressively investigate and prosecute construction contractors and their co-conspirators who engage in bribery and other fraudulent means to line their own pockets," stated United States Attorney MAUSKOPF. "The integrity of New York City public works projects must not be compromised by those who feed at the public trough." Ms. MAUSKOPF stated that the investigation is continuing.

IRS Special Agent-in-Charge THOMAS stated, “Uncovering the trail of money was a key aspect in taking down this alleged crime ring. People think they can hide in a sea of complex financial transactions to escape from their law abiding obligations. Nearly 2,100 people were sentenced last fiscal year for engaging in money laundering and tax evasion schemes which IRS Special Agents investigated.”

U.S. Department of Transportation Special Agent-in Charge SCHWARTZ stated, “Because the demand for federal highway funds is greater than available resources, we need to ensure that every dollar is being spent well and as intended. This indictment is the latest example of the solid work being done by the Federal Construction Fraud Task Force to jointly take action against those who seek to defraud the government by unlawfully diverting public funds for private gain.”

U.S. Department of Labor Inspector General HEDDELL stated, “Bribing union officials in order to circumvent collective bargaining agreements will not be condoned. This indictment serves as a clear warning to those who would break the law at the expense of U.S. workers. My office is committed to working with other law enforcement agencies and the U.S. Attorney to fight this type of corruption.”

NYC Department of Investigation Commissioner HEARN stated, “Resorting to bribery and conspiracy to secure lucrative publicly funded roadway construction projects is illegal, and now these defendants will find themselves at a dead end serving time in prison. I applaud the hard work and diligence of everyone involved in this investigation, and am pleased that the deeply rooted corrupt practices of these defendants have been exposed.”

The counts of conviction carry the following maximum sentences: money laundering – 25 years imprisonment, mail fraud – 20 years imprisonment, conspiracy and unlawful labor payments – five years imprisonment, and filing false tax returns – three years imprisonment and the payment of back taxes. In addition, the government is seeking to forfeit \$10,000,000 from the defendants.

The government’s case is being prosecuted by Assistant United States Attorneys Charles Kleinberg and Burton T. Ryan, Jr.

The Defendants:

ANDREW CATAPANO

Age: 49

JOHN RUGGIERO

Age: 55

JOHN MIKUSZEWSKI

Age: 58

ALEXANDER URBAN

Age: 56