



## 10 Arrested in Alleged \$1 Billion L.I.R.R. Disability Scheme

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 8:33 AM October 27, 2011

Image: vxla via flickr

The New York Times on October 27, 2011 released the following:

“By WILLIAM K. RASHBAUM

Ten people, including a doctor and a former union president, were arrested early Thursday and charged in a major fraud scheme in which hundreds of Long Island Rail Road workers made false disability pension claims costing a federal agency an estimated \$1 billion, according to people briefed on the matter. Another doctor charged in the case was being sought, the people said.

Most of the people — those charged in the case include seven former railroad workers accused of making false pension claims, the two doctors and a former federal railroad pension agency employee who helped the workers file the claims — were taken into custody in the early morning hours at their homes by F.B.I. agents and state investigators, the people said.

They were arrested on mail fraud and conspiracy to commit health care fraud charges, the people said, and were expected to be arraigned later in the day in United States District Court in Manhattan.

The federal investigation developed out of reporting by The New York Times for a series of articles published 2008 that revealed systematic abuses of Railroad Retirement Board pensions by Long Island Rail Road workers.

The United States attorney in Manhattan, Preet Bharara, and the head of the New York F.B.I. office, Janice K. Fedarczyk, were expected to announce the charges at a news conference with two inspectors general, Barry L. Kluger of the Metropolitan Transportation Authority, and Martin J. Dickman from the Retirement Board. The investigation was conducted by the F.B.I. and federal prosecutors in Manhattan, along with the inspectors general of the federal Railroad Retirement Board and the Metropolitan Transportation Authority, the Long Island Rail Road’s parent agency, the people



said.

The Times articles reported that virtually every career employee of the railroad was applying for and receiving disability payments, giving the Long Island Rail Road a disability rate of three to four times that of the average railroad. The Times found that retired railroad employees who had successfully claimed disability were regularly playing golf at a state-owned course without charge — another perk of their disability.

Indeed, the railroad’s retirement rate was particularly striking when compared with the number of disability pensions at Metro-North, another transportation authority subsidiary that serves commuters north of New York City and has a work force of similar size and composition.

The articles revealed that a web of doctors and facilitators were helping the workers file papers claiming they were disabled.

The authorities estimate that the cost to the Railroad Retirement Board of disability claims by Long Island Rail Road retirees was \$1 billion, the people briefed on the case said.

The two doctors charged in the case, and a third one who recently died, were responsible for more than three-quarters of the disability applications filed before 2008, running what amounted to “disability mills,” the people said. They prepared false medical assessments for the retirees to file with the Railroad Retirement Board, the people said.

The disability claims made by the seven people who allegedly obtained their pensions fraudulently were in stark contrast to their conduct as detailed in the

charges, one of the people briefed on the case said. One of the defendants, who receives more than \$100,000 in pension and disability payments each year, plays tennis several times a week and played golf more than 100 times in less than a year despite supposedly suffering severe pain when gripping objects with his hands, bending or crouching, the person said.

Another defendant, an office worker for the railroad, who also collects more than \$100,000 a year in pension and disability payments and complained of significant neck, shoulder, hand and leg pain when standing for more than five minutes, was seen under surveillance shoveling heavy snow and walking with a stroller for a long period of time, the person said.

And a third person, who receives more than \$75,000 in payments annually and claimed to be suffering from severe and disabling back pain, went on a 400-mile bike tour around New York State, the person said.

The defendants face a maximum of 20 years in prison if convicted.”

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Douglas McNabb and other members of the U.S. law firm practice and write and/or report extensively on matters involving Federal Criminal Defense, INTERPOL Red Notice Removal, International Extradition and OFAC SDN Sanctions Removal.

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# Former McKinsey CEO Gupta pleads not guilty to insider-trading charges

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 8:47 AM October 27, 2011

Image from The Washington Post  
The Washington Post on October 26, 2011 released the following:  
"By David S. Hilzenrath, Published: October 26

From Kolkata, India, Rajat K. Gupta rose to the heights of international business, leading the global consulting firm McKinsey & Co. and serving on the boards of companies such as Goldman Sachs, Procter & Gamble and the parent of American Airlines.

But on Wednesday, Gupta turned himself in at the New York office of the FBI, where he was fingerprinted, photographed and subjected to a DNA swab before going to court to face criminal charges that he participated in an insider trading scheme.

Gupta, 62, became the most prominent figure charged in a federal crackdown on insider trading that recently led to an 11-year prison sentence for his alleged co-conspirator, hedge fund billionaire Raj Rajaratnam.

The indictment alleges that Gupta divulged boardroom secrets to Rajaratnam, who then traded on them.

Gupta pleaded not guilty and was released. He was given until Nov. 11 to surrender his passport and post a \$10 million bond secured by his Connecticut home.

Gupta's attorney, Gary P. Naftalis, issued a statement saying that the charges "are totally baseless."

"The facts in this case demonstrate that Mr. Gupta is innocent of any of these charges and that he has always acted with honesty and integrity," Naftalis said.

Gupta had been under a cloud for months. The government declared him an unindicted co-conspirator during its prosecution of Rajaratnam, and shortly before Rajaratnam's trial began, the Securities and Exchange Commission charged him administratively, laying out the allegations against him.

After losing a procedural battle, the SEC withdrew the administrative case in August, but on Wednesday it filed a civil suit against Gupta that paralleled the criminal charges.

According to the government, the conspiracy played out in 2008 and 2009. Sometimes, Gupta passed secrets to Rajaratnam, founder of Galleon Management, so quickly that his tips "could be termed instant messaging,"



Janice K. Fedarczyk, assistant director in charge of the FBI's New York office, said in a statement.

For example, on Sept. 23, 2008, as Wall Street teetered on the brink of collapse, Gupta participated by phone in a meeting in which the Goldman Sachs board approved a \$5 billion infusion from Warren Buffett's Berkshire Hathaway. At about 3:54 p.m., approximately 16 seconds after Gupta disconnected his phone from the Goldman call, his assistant phoned Rajaratnam and patched in Gupta, the indictment said. Gupta then told Rajaratnam about the Berkshire investment, the government said.

With two minutes to spare before the market closed, Rajaratnam then caused some of Galleon's funds to buy Goldman shares, the government said. Goldman announced the deal with Berkshire after the market closed, and the next day Galleon sold the Goldman shares at an illegal profit of about \$840,000, the government charged.

Similarly, in October 2008, Gupta and other Goldman directors were told that the Wall Street firm had lost almost \$2 per share that quarter in what would be the first quarterly loss in Goldman's history, the government said. Approximately 23 seconds after disconnecting from that call, Gupta called Rajaratnam, the indictment said. By selling Goldman shares, Galleon funds avoided millions of dollars of losses, the government said.

Entrusted with confidential information, Gupta "became the illegal eyes and ears in the boardroom for his friend and business associate," Preet Bharara, U.S. attorney for Manhattan, said in a statement.

Naftalis, the defense lawyer, said that there were legitimate reasons for Gupta's communications with Rajaratnam and that the accusations "are based entirely on circumstantial evidence."

Rajaratnam was convicted largely on the basis of government wiretaps, and verbatim excerpts of secretly recorded calls have figured prominently in other recent insider trading cases. The Gupta

indictment does not explicitly cite recordings of Gupta passing inside information to Rajaratnam.

But in a July 2008 call captured by the government, Gupta talked to Rajaratnam about a Goldman board discussion and a rumor that Goldman might try to buy a commercial bank, according to a transcript.

"This was a big discussion at the board meeting," Gupta allegedly said, adding that it was a "divided discussion in the board."

Gupta's fall from the top of the business world followed a dramatic rise.

In a 1994 interview with Business Today, the native of India said his father was a journalist and freedom fighter who had been jailed many times, and his mother taught at a Montessori school. He went from the Indian Institute of Technology in Delhi to Harvard Business School, where his classmates were surprised to learn he earned excellent grades.

"I never said much, you know," he told the interviewer.

At age 45, he was running McKinsey, a post he held from 1994 to 2003.

He served on a board of advisers to the dean of Harvard Business School and on a similar panel at MIT's Sloan School of Management. He chaired an advisory panel for the Bill and Melinda Gates Foundation, and he became a special adviser to the secretary general of the United Nations.

Gupta's trial is scheduled to begin in April."

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## Justice Department Settles Lawsuit with Washington State Company to Enforce Employment Rights of U.S. Air Force Reservist

(USDOJ: Justice News)

Submitted at 4:03 PM October 27, 2011

The Justice Department announced today that it has reached a settlement with James J. Williams Bulk Service Transport Inc. (JJW), its parent company Trans-System Inc. and System TWT Transportation Inc. alleging that the companies violated the Uniformed Services Employment and Reemployment Rights Act (USERRA) by failing to promptly and properly reemploy U.S. Air Force reservist Dave Axtell in April 2009 when he returned from military service in support of Operation Enduring Freedom.

## Justice Department Files Suit Against Pennsylvania Department of Corrections to Protect Employment Rights of U.S. Army Reservist

(USDOJ: Justice News)

Submitted at 3:08 PM October 27, 2011

The Department of Justice filed a lawsuit today against the Pennsylvania Department of Corrections alleging that it violated the Uniformed Services Employment and Reemployment Rights Act by failing to retroactively promote a U.S. Army Reservist based on his successful performance on a make-up promotional examination after he returned from a military deployment.

## Two Pittsburgh Residents Sentenced on Racketeering Charges

(USDOJ: Justice News)

Submitted at 4:06 PM October 27, 2011

Two Pittsburgh residents were sentenced to prison this week on racketeering charges relating to their involvement with the Brighton Place/Northview Heights Crips.

## Justice Department Resolves Lawsuit Alleging Disability Discrimination in Sioux Falls, South Dakota

(USDOJ: Justice News)

Submitted at 5:03 PM October 27, 2011

The Justice Department today announced a settlement of its lawsuit alleging that Equity Homes Inc, PBR LLC, BBR LLC and Shane Hartung violated the Fair Housing Act (FHA) by failing to provide features that would make their multi-family housing developments in Sioux Falls accessible to people with disabilities as required by the Fair Housing Act.

## Eight Northern California Real Estate Investors Agree to Plead Guilty to Bid Rigging at Public Foreclosure Auctions

(USDOJ: Justice News)

Submitted at 2:26 PM October 27, 2011

Eight Northern California real estate investors have agreed to plead guilty today for their roles in two separate conspiracies to rig bids and commit mail fraud at public real estate foreclosure auctions in Northern California.

## U.S. v. Donald Holland and Larry Sumpter

(Antitrust Division: Criminal Case Filings)

Submitted at 8:34 AM October 27, 2011

Document filed on October 18, 2011

- [Plea Agreement](#)

## Gang Member Added to New Mexico's Most Wanted

(U.S. Marshals Service News)

Submitted at 3:04 PM October 27, 2011

October 26, 2011 - The United States Marshal Service District of New Mexico added Daniel Luis Jojola to their list of Most Wanted Gang Offenders. Jojola is a known gang member who frequents the areas of Roswell and Hobbs, NM. Jojola is associated with the "Eastside Chihuahuita" gang, and has an extensive criminal history including, possession with intent to distribute methamphetamine and four burglary convictions.

## U.S. v. Martin Kanefsky

(Antitrust Division: Upcoming Public Hearings)

Submitted at 1:32 PM October 27, 2011

Sentencing hearing has been rescheduled for May 15, 2012 at 4:00 p.m. Eastern.

## U.S. Marshals Apprehend Williamsport Child Sex Assault Fugitive in Bellefonte

(U.S. Marshals Service News)

Submitted at 3:03 PM October 27, 2011

October 25, 2011 - U.S. Marshal Martin J. Pane announced today that the U.S. Marshals Service arrested Karriam Jenkins in Bellefonte, Pennsylvania. Jenkins was being sought on an arrest warrant, dated July 1, 2011 and signed by Magisterial District Judge Allen P. Page III in Williamsport, Pennsylvania. In late June 2011, the Williamsport Bureau of Police conducted an investigation into the alleged sexual assault of a minor in Williamsport in early April 2011.

## U.S. Marshals Service to Hold Auto Auction

(U.S. Marshals Service News)

Submitted at 3:01 PM October 27, 2011

October 26, 2011 - The U.S. Marshals Service will be auctioning 18 vehicles which were seized due to illegal activities. The auction will begin promptly at 10:00 am Friday October 28, 2011 in Albuquerque. The total value of the vehicles to be sold is \$122,986.00. Detailed photos of the vehicles are available at [www.appletowing.com](http://www.appletowing.com).