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District of New Jersey

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Pennsylvania Contractors Sentenced For Roles In Employee Extortion Scheme, Vehicular Assault Of A Site Manager And Paying Bribes To Get Federal Contracts

CAMDEN, N.J. – Two principals of a Pennsylvania construction company working on a project at the Ft. Dix military base in Burlington County, New Jersey, were sentenced today for separate charges concerning employee extortion, the hired assault of a site manager and bribes to secure federally subsidized construction projects, U.S. Attorney Paul J. Fishman announced.

Leonard Santos, 68, of Yardley, Pennsylvania, owner of Sands Mechanical Inc. of Bristol, Pennsylvania, was sentenced to 85 months in prison. Santos previously pleaded guilty before U.S. District Judge Joseph H. Rodriguez to Count One of an indictment charging him with conspiracy to obtain kickbacks from public works employees and Count Three, charging him with causing persons to travel in interstate commerce to commit a crime of violence.

Alex Rabinovich, 59, of Richboro, Pennsylvania, Sands Mechanical's general manager, was sentenced to three years' probation, including four months of home confinement. Rabinovich previously pleaded guilty before Judge Rodriguez to Count Four of the indictment, which charged a conspiracy to make payoffs to a contractor's representative for receiving favorable treatment when bidding on federal construction projects. Judge Rodriguez imposed both sentences today in Camden federal court.

According to documents filed in this case and statements made in court:

Between November 2009 and September 2010, Santos operated Sands Mechanical Inc. as a subcontractor on the restoration and rehabilitation of the Marine Corps Reserve Training Center at Joint Base-McGuire-Dix-Lakehurst in Burlington County. Sands provided HVAC and plumbing services. The general contractor was a company headquartered in Marriotsville, Maryland. In order to increase the profitability of the project, Santos, with the aid of his son-in-law Richard Cottone, 40, of Windsor, Pennsylvania, and Michael Featherston, 45, of Bridgeton, New Jersey, demanded that certain employees kickback a percentage of their weekly paychecks or face termination.

In February 2010, the U.S. Department of Labor's Wage and Hour Division (WHD) was tipped off that the Sands employees were being forced to kickback portions of their salary and were not being

paid the prevailing wage for Burlington County. Santos conceded that Sands failed to pay the proper prevailing wage to its employees and agreed to repay \$80,000 to those deprived employees. Santos cut settlement checks to those employees who were owed back wages. However, Cottone and Featherston warned those employees not to cash their settlement checks. Instead, Cottone and Featherston took the employees to a nearby check cashing business, where they endorsed their checks over to Cottone, who cashed them and returned the funds to Santos.

In addition, the general contractor's site manager was routinely critical of the work performance of Sands' employees, which, at times, necessitated that work be done over. As a result, the site manager was targeted by Santos, Cottone and others by having his truck torched in front of his residence at 4 a.m. on May 17, 2010. This tactic failed to warn off the site manager. Santos admitted that he later condoned physically incapacitating the site manager so that he could no longer supervise the work site and offered \$5,000 to whomever Cottone recruited to carry out the attack. On June 10, 2010, an assailant recruited by Cottone opted instead to hit the site manager with his car and called Cottone for permission to carry out the deed. After Cottone gave the "go-ahead" the assailant and two friends ran down the site manager while he was riding his bike. The victim sustained multiple serious injuries.

Also, from November 2009 through January 2013, Rabinovich and others paid a Philadelphia contractor's representative to get "last looks" at other competitors' bids for federally subsidized projects. This allowed Sands Mechanical to successfully underbid other subcontractors. A total of \$46,200 in bribes/kickbacks was owed for 10 subcontracts awarded to Sands Mechanical. By the summer of 2012, approximately \$15,000 was still outstanding for the last two contracts. On two occasions, in November and December 2012, Rabinovich was caught on videotape giving a total of \$4,156 in cash to the contractor's representative to pay down the amounts still due and owing.

In addition to the prison term, Judge Rodriguez ordered Santos to serve three years of supervised release and pay restitution of \$10,000.

Cottone and Featherston have both pleaded guilty to their roles in the scheme and were sentenced to 33 months and 12 months in prison, respectively.

U.S. Attorney Fishman credited special agents of the U.S. Department of Labor Office of Inspector General, Office of Labor Racketeering and Fraud Investigations, under the direction of Special Agent in Charge Cheryl Garcia; the Department of Labor-Wage and Hour Division, under the direction of Acting Regional Administrator Mark Watson Jr.; the Naval Criminal Investigative Service, under the direction of Special Agent in Charge Leo S. Lamont, Northeast field office; and the Air Force Office of Special Investigations, under the direction of Special Agent Seth Neville, detachment commander, Joint Base McGuire-Dix-Lakehurst.

The government is represented by Senior Litigation Counsel V. Grady O'Malley and Assistant U.S. Attorney Andrew Bruck of the U.S. Attorney's Office Organized Crime-Gangs Unit in Newark.

Defense counsel: Guillermo R. Arango Jr. Esq., New Brunswick, New Jersey

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