



U.S. Department of Justice

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FOR IMMEDIATE RELEASE

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PRESS RELEASE

**ATTORNEY PLEADS GUILTY TO MAIL AND WIRE FRAUD, MONEY LAUNDERING, AND
OBSTRUCTION OF JUSTICE IN SCHEME TO DEFRAUD GOVERNMENT AGENCIES**

After three days of trial, Steven Coren, an attorney admitted to the New York bar, pleaded guilty today to a sixteen-count indictment charging him with scheming to defraud government agencies in connection with his clients' construction contracts with those agencies, conspiring to launder the funds wrongfully obtained from those agencies, and obstructing the federal grand jury investigation by directing one of his clients to destroy documents related to the scheme. Coren faces a maximum sentence of 20 years' imprisonment for each of the most serious offenses. The guilty plea proceeding was held before United States District Judge Eric N. Vitaliano at the U.S. Courthouse in Brooklyn, New York.

The guilty plea was announced by Benton J. Campbell, United States Attorney for the Eastern District of New York, Daniel R. Petrole, Acting Inspector General, United States Department of Labor, Patricia J. Haynes, Special Agent-in-Charge, Internal Revenue Service, Criminal Investigation, New York, and Ned E. Schwartz, Special Agent-in-Charge, United States Department of Transportation, Office of Inspector General, New York Regional Office.

From 2000 through 2006, Coren and several of his client-contractors defrauded government agencies by falsely representing that the contractors' workers were being paid the prevailing wage as required by the federal Davis-Bacon Act and New York State Labor Law. Davis-Bacon requires that contractors on federally funded government contracts pay their workers the prevailing wage rate, as determined by the Secretary of Labor, consisting of a basic hourly rate and fringe benefits, and then certify that they have complied with the law prior to receiving payment from the government. New York State Labor Law, which governs New York's state and local public works contracts, contains virtually identical requirements.

Coren executed the scheme by creating the Contractors Benefit Trust ("CBT") – a multi-employer entity for which he acted as the trustee. Coren instructed the contractors to deposit the

fringe benefit portion of the prevailing wage into the CBT, making it appear that they had complied with Davis-Bacon and New York State law. Thereafter, he advised the contractors that they could use the funds for purposes other than providing benefits to the employees on whose behalf the contributions were made. When Coren learned that one of the contractors was under investigation, he obstructed justice by directing the contractor to destroy documents that revealed transfers of funds out of the CBT for expenses unrelated to the employees on whose behalf the funds were deposited.

The government's investigation spanned more than five years and included the use of several cooperating witnesses who were contractor participants in the CBT. Following Coren's advice, the contractors defrauded several New York government agencies, including the New York City Housing Authority, the New York City School Construction Authority, the Metropolitan Transportation Authority, and the New York City Department of Citywide Administrative Services in connection with more than \$10,000,000 in contract payments. Construction projects impacted by Coren's scheme include the MetroNorth Larchmont Railroad Station, 18 New York City public schools, and 20 public housing projects. Over the course of the scheme, just two of the involved contractors diverted more than \$750,000 in funds that were rightfully due their employees, with a portion of those funds going to Coren himself.

"The defendant defrauded government agencies, and then intentionally obstructed the government's investigation by ordering the destruction of evidence," stated United States Attorney Campbell. "As an attorney, his crimes are all the more reprehensible." Mr. Campbell thanked the New York City Housing Authority, the New York City School Construction Authority, the Metropolitan Transportation Authority, the New York City Department of Citywide Administrative Services, and Trial Attorney Rebecca Pyne from the U.S. Department of Justice, Organized Crime and Racketeering Section, for their assistance.

The government's case is being prosecuted by Assistant United States Attorneys Sarah Coyne, Robert M. Radick, and Kathleen Nandan.

The Defendant:

Name: STEVEN COREN

Age: 58