



*United States Attorney  
Southern District of New York*

**FOR IMMEDIATE RELEASE**

May 13, 2008

**CONTACT: U.S. ATTORNEY'S OFFICE  
YUSILL SCRIBNER,  
REBEKAH CARMICHAEL  
PUBLIC INFORMATION OFFICE  
(212) 637-2600**

**NEW YORK CITY DEPARTMENT OF EDUCATION BUS INSPECTOR  
AND SUPERVISORS ARRESTED ON EXTORTION  
AND BRIBERY CHARGES**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, MARK MERSHON, the Assistant Director in Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), GORDON S. HEDDELL, Inspector General of the United States Department of Labor ("DOL"), and DON TODD, Deputy Assistant Secretary of the DOL, Office of Labor-Management Standards, announced that four present or former employees of the New York City Department of Education ("DOE") -- NEIL CREMIN, GEORGE ORTIZ, MILTON SMITH, and IRA SOKOL -- were arrested today on extortion, bribery and conspiracy charges. According to an Indictment unsealed earlier today in Manhattan federal court:

CREMIN, 61, of Queens; ORTIZ, 63, of the Bronx; and SOKOL, 69, of Brooklyn worked as supervisors in the division of the Office of Pupil Transportation ("OPT") responsible for special education students, and SMITH, 55, of Tobyhanna, PA worked as an inspector in that division. The OPT, a subdivision of DOE, is responsible for providing bus and other transportation services to all public school students in the New York City area. Official OPT functions within DOE include contracting with private bus companies to provide transportation services, administering and overseeing the process by which private bus companies bid for and obtain certain DOE bus routes, developing and modifying specifications for bus routes, processing requests from bus companies to have certain routes classified as "extended" routes, and conducting safety and mechanical inspections of school buses. "Extended" routes begin earlier or end later than the standard DOE contracted hours, and result in overtime payment.

From at least the mid-1990s until 2007, CREMIN, ORTIZ, SMITH, and SOKOL solicited and accepted cash payments from various private bus company owners who held transportation contracts with DOE. In some instances, the defendants used their

official positions within DOE to collect payments from bus company owners in exchange for various benefits relating to OPT business. For example, the defendants took cash payments from bus company owners to falsely classify certain bus routes as "extended" routes -- which were more costly to the DOE -- and in connection with the allocation of certain DOE bus routes to those companies. The defendants also collected payments in exchange for favorable treatment relating to violations uncovered during safety inspections of school buses, and advance notice of school bus safety inspections that were supposed to be unannounced. In some instances, the defendants knew that the bus company owners were making payments in the belief that they would receive improper benefits in exchange, but the defendants could not in fact deliver those benefits. In other instances, the payments were not connected to any particular benefit, but were intended to secure the goodwill of the defendants.

The defendants and other OPT employees collected cash payments from bus company owners, ranging from several hundred dollars per year from certain bus company owners, to tens of thousands of dollars per year, from other bus company owners. The Indictment seeks forfeiture from CREMIN, ORTIZ, SMITH, and SOKOL, in the amount of \$1,000,000.

If convicted of the charges alleged in the Indictment, the defendants each face a maximum sentence of 55 years in prison: 20 years each on the extortion and extortion conspiracy charges; 10 years on the bribery charge; and 5 years on the bribery conspiracy charge.

Mr. GARCIA praised the work of the FBI, the U.S. Department of Labor -- Office of Inspector General, the U.S. Department of Labor -- Office of Labor-Management Standards, and the New York Police Department, as well as the Special Commissioner of Investigation for the New York City School District. Mr. GARCIA said that the investigation is continuing.

Assistant United States Attorney ELIE HONIG is in charge of the prosecution.

08-114

###