



UNITED STATES ATTORNEY'S OFFICE
Southern District of New York

U.S. ATTORNEY PREET BHARARA

FOR IMMEDIATE RELEASE
Friday, March 8, 2012
<http://www.justice.gov/usao/nys>

CONTACT: U.S. ATTORNEY'S OFFICE
Ellen Davis, Julie Bolcer,
Jerika Richardson, Jennifer Queliz
(212) 637-2600

**LIRR RETIREE SENTENCED IN MANHATTAN FEDERAL COURT TO
20 MONTHS IN PRISON FOR ROLE IN MASSIVE DISABILITY FRAUD SCHEME**

Gary Satin Is First Participant in Scheme to Be Sentenced

Preet Bharara, the United States Attorney for the Southern District of New York, announced today that GARY SATIN, a former electrician with the Long Island Railroad ("LIRR"), was sentenced today to 20 months in prison for his participation in a massive fraud scheme in which LIRR workers claimed to be disabled upon early retirement so that they could receive disability benefits to which they were not entitled. SATIN previously pled guilty to his participation in the scheme as well as to perjury for making false statements to the grand jury that was hearing evidence in this case. SATIN was sentenced by U.S. District Judge Victor Marrero.

Manhattan U.S. Attorney Preet Bharara said: "With his sentence today, Gary Satin becomes the first in a long line of perpetrators to learn the price for his participation in this reprehensible scheme, but he will not be the last."

According to the Complaint and the Superseding Information:

The LIRR Disability Fraud Scheme

The Railroad Retirement Board ("RRB") is an independent U.S. agency that administers benefit programs, including disability benefits, for the nation's railroad workers and their families. A unique LIRR contract allowed employees to retire at the relatively young age of 50 – the age of eligibility has since changed to 55 – if they had been employed by the LIRR for at least 20 years. Eligible employees are entitled to receive an LIRR pension, which is a portion of the full retirement payment for which they are eligible at 65. In addition, at full retirement age (between age 60 and age 65 depending on years of service), they are eligible to receive an RRB retirement pension. For LIRR workers who retired at 50 with only an LIRR pension, they would receive less than their prior salary and substantially lower pension payments than those to which they would be entitled at full retirement age. However, LIRR employees who retired and claimed disability could receive a disability payment from the RRB on top of their LIRR pension, regardless of age. A retiree's LIRR pension, in combination with RRB disability payments, can be roughly equivalent to the base salary earned during his or her career.

Hundreds of LIRR employees have allegedly exploited the overlap between the LIRR pension and the RRB disability program by pre-planning the date on which they would falsely declare themselves disabled so that it would coincide with their projected retirement date. These false statements, made under oath in disability applications, allowed LIRR employees to retire as early as age 50 with an LIRR pension, supplemented by the fraudulently obtained RRB disability annuity. From 2004 through 2008, 61% of LIRR employees who stopped working and began receiving RRB disability benefits were between the ages of 50 and 55. In contrast, only 7% of employees at Metro-North who stopped working and received disability benefits during the same time period were between the ages of 50 and 55.

SATIN's Fraud

GARY SATIN was an LIRR electrician who retired in June 2005 at the age of 55. In his last year of employment, SATIN received approximately \$84,000 in compensation. After retirement, he sought and obtained sickness and disability benefits from the RRB. In 2010, he received approximately \$32,000 in LIRR pension payments and approximately \$36,000 from his RRB disability annuity, for a total of \$68,000 in annual benefits.

In applying for disability benefits, SATIN claimed that he was unable to perform his railroad job and that indoor and outdoor chores were “difficult.” However, as SATIN admitted in his plea allocution, no medical condition prevented him from performing his railroad job. Instead, SATIN had pre-planned his false disability to supplement his retirement income. In fact, in the 18 months prior to his retirement, SATIN did not take a single day of sick leave, and in the five months prior to his retirement, he worked approximately 154 overtime hours. In the years after his retirement, SATIN performed landscaping, contracting, and electrical work for pay. SATIN also exploited his false disability to obtain other benefits to which he was not entitled, such as a handicapped parking pass from New York State, claiming that his disability “severely limited” his “ability to walk.”

SATIN's Perjury

On April 28, 2011, SATIN appeared before a grand jury in the Southern District of New York. After swearing to tell the truth, and after having been advised of his rights and his obligation to provide truthful testimony, SATIN intentionally provided false and misleading testimony on material matters, including falsely denying that he performed landscaping, contracting, and electrical work post-retirement.

* * *

In addition to the prison term, Judge Marrero sentenced SATIN, 63 of Mooresville, North Carolina, to three years of supervised release and ordered him to pay restitution and forfeiture in the amount of \$247,000, and a \$200 special assessment.

Manhattan U.S. Attorney Bharara praised the RRB-OIG, the FBI, and the MTA-OIG for their outstanding work in the investigation, which he noted is ongoing. He also acknowledged the previous investigation conducted by the New York State Attorney General's Office into these pension fraud issues.

Thirty-two people have been charged in connection with the LIRR disability fraud scheme, 22 of whom have pled guilty. The charges against the remaining defendants are merely allegations and they are all presumed innocent unless and until proven guilty.

The Office's Complex Frauds Unit is handling the case. Assistant U.S. Attorneys Justin Weddle, Nicole Friedlander, and Daniel Tehrani are in charge of the prosecution.

13-075

###