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Southern District of New York

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**FORMER LIRR EMPLOYEE PLEADS GUILTY IN MANHATTAN
FEDERAL COURT IN CONNECTION WITH DISABILITY FRAUD
SCHEME**

Preet Bharara, the United States Attorney for the Southern District of New York, announced that DONALD ALEVAS, a former director of shop equipment planning for the Long Island Railroad ("LIRR"), pled guilty today in Manhattan federal court to charges related to the allegedly 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. ALEVAS pled guilty before U.S. Magistrate Judge Michael H. Dolinger. He is the 26th defendant to plead guilty in the case. Three other defendants were convicted after a jury trial in August 2013.

According to the Complaint, the Superseding Indictments, the Superseding Informations, and statements made in other public filings and court proceedings:

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 penalty of prosecution 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 1995 through 2011, more than 75% of LIRR employees stopped working and began receiving RRB disability benefits, whereas during this same period, only 25% of retiring Metro-North employees stopped working and began receiving RRB disability benefits. During the period 2004 through 2008, only three doctors were responsible for approximately 86% of the disability claims submitted by LIRR retirees. Of these three doctors, one is deceased; one, Dr. Peter J. Ajemian, pled guilty and was sentenced in May 2013 to eight years in prison; and the other, Dr. Peter Lesniewski, was convicted after a jury trial in August 2013 and awaits sentencing.

ALEVAS, a LIRR retiree who received disability benefits, made materially false statements about his ability to perform certain daily activities in his disability application submitted to the RRB.

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ALEVAS, 54, of Patchogue, New York, pled guilty to one count of making false statements. He faces a maximum sentence of five years in prison and is scheduled to be sentenced by U.S. District Judge Kimba M. Wood on January 7, 2014, at 11:00 a.m.

Thirty-three people have been charged in connection with the LIRR disability fraud scheme; 26 have pled guilty and three have been convicted following trial. Of the 26 defendants who have pled guilty, four have been sentenced: Dr. Peter J. Ajemian received a sentence of eight years in prison; William McAleavey, a former conductor for the LIRR, received a sentence of 30 months in prison; Gary Satin, a former electrician for the LIRR, received a sentence of 20 months in prison; and Maria Rusin, who was Dr. Ajemian's office manager, received a sentence of probation. The charges against the remaining defendants, Kevin Neville, Frederick Catalano, Jr., Thomas Coscetta, and Michael Costanza, are merely allegations, and they are all presumed innocent unless and until proven guilty.

Mr. Bharara praised the work of the RRB Office of the Inspector General, the Federal Bureau of Investigation, and the Office of the Inspector General of the Metropolitan Transportation Authority 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.

The case is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorneys Nicole Friedlander, Tatiana Martins, Edward Imperatore, Justin Weddle, and Daniel Tehrani are in charge of the prosecution.

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