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TWO LIRR RETIREES PLEAD 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 today that MICHAEL DASARO and GARY SUPPER, two former Long Island Railroad ("LIRR") employees, pled guilty to federal charges in connection with their participation in an alleged 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. DASARO and SUPPER each pled guilty before U.S. Magistrate Judge Gabriel W. Gorenstein.

According to the Complaint, the Superseding Indictment, and statements made in other public filings and in court:

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.

DASARO's Fraud

During today's plea proceeding DASARO admitted to conspiring with others to submit a false disability application that stated that he was unable to work even though he was, in fact, capable of working. DASARO also admitted to paying cash for his false disability application, which also included false statements about his medical condition.

SUPPER's Fraud

During his plea proceeding, SUPPER admitted that when he turned 50, with 25 years of service, he decided to retire with a disability. According to SUPPER, his decision to retire at that age was well known, and it was suggested that he see one of three doctors, who could help him document a disability. SUPPER stated that he saw one of these doctors for more than a year and had various tests to support his disability application, which he knew were not medically necessary. He then knowingly signed a false application and submitted it to the RRB. He also obtained a medical narrative, and his claim to the RRB falsely stated that he had a disability.

The Voluntary Disclosure and Disposition Program

On May 22, 2012, the U.S. Attorney's Office, in conjunction with the RRB and the LIRR, announced a voluntary disclosure and disposition program. Under the program, the U.S. Attorney's Office will agree not to prosecute, or file a civil action against, any LIRR retiree who voluntarily comes forward and admits that he or she obtained RRB disability benefits by making false and/or misleading statements to the RRB, and agrees to give up his or her right to certain RRB disability benefits. In addition, the RRB will agree not to commence any administrative proceedings seeking the repayment of any disability benefits that are the subject of this program, and the LIRR will agree not to seek forfeiture of LIRR Company Pension Plan(s) benefits. Under the Early Version of the program, any participating LIRR retiree will give up his or her right to future disability benefits, while under the Standard Version of the program, any participating LIRR retiree will give up not only future disability benefits, but 50% of the RRB disability benefits he or she has already received. The deadline for the Early Version of the program is September 28, 2012. The deadline for the Standard Version of the program is October 26, 2012.

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DASARO, 58 of Oakdale, New York, pled guilty to one count of conspiracy to commit mail, wire, and health care fraud, one count of conspiracy to defraud the United States, one count of making a false claim to the U.S. RRB, one count of health care fraud, one count of mail fraud, and one count of wire fraud. He faces a maximum term of 80 years in prison. SUPPER, 58 of Glen Head, New York, pled guilty to one count of conspiracy to commit mail, wire, and health care fraud, one count of conspiracy to defraud the United States, one count of making a false claim to the U.S. RRB, one count of health care fraud, and one count of wire fraud. He faces a maximum term of 60 years in prison. The maximum statutory punishments for these charges are as follows:

CHARGES	MAXIMUM PENALTIES
Conspiracy to Commit Mail, Wire, and Health Care Fraud	20 years in prison
Conspiracy to Defraud the U.S. RRB	Five years in prison
Making a False Claim to the U.S. RRB	Five years in prison
Health Care Fraud	10 years in prison
Mail Fraud	20 years in prison
Wire Fraud	20 years in prison

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.

In addition to DASARO and SUPPER, 30 other people have been charged in connection with the LIRR disability fraud scheme. They include two doctors and an office manager for one of the doctors who were allegedly involved in falsely diagnosing retiring LIRR workers as disabled, two "facilitators" who allegedly served as liaisons between retiring workers and the participating doctors, and numerous retirees, one of whom was also charged as a facilitator. DASARO and SUPPER are the third and fourth defendants charged in this scheme to plead guilty. The other defendants who have pled are retirees Gary Satin and Steven Destefano. The charges against the remaining defendants are allegations and the defendants 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, Danya Perry, and Daniel Tehrani are in charge of the prosecution.

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