

Who's Minding The Store?

Before more cash gets thrown at massive projects funded with our tax-dollars and, before the public gets asked to pony up more cash in taxes, fees and/ or the farebox, the MTA must demonstrate it wisely uses its resources. The disclosure of “problems” in vetting subcontractors just raises questions about who is watching the store. It would seem basic that senior executives pose questions throughout the system on down to managers and supervisors to discern proper management practices are in place. What next “problem” will we learn about? And just what are the priorities of the MTA? The Public Ought to Know because to waste cash and tolerate inefficiencies when the MTA cuts services that the public clamors for just boggles the mind. That just may be even more of a crime.

<http://www.nytimes.com/2010/05/20/nyregion/20dirt.html>

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Use of Mob-Linked Firm Shows M.T.A. Problem Vetting Subcontractors

By [WILLIAM K. RASHBAUM](#)

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On most weekdays in recent years, giant tractor-trailer and dump trucks loaded with tons of rocks, earth and sludge have been rumbling out of the Sunnyside, Queens, railyards in low gear and turning onto Northern Boulevard.



[Enlarge This Image](#)

A New York Dirt Contracting truck at the Sunnyside yard in Queens.

Uli Seit for The New York Times

The trucks, sometimes 80 to 100 of them a day, have been carting away the dirt and debris spewed out by two enormous tunnel boring machines that have been cutting through bedrock and soil some 12 stories underground. The result, by 2016, will be a new [Long Island Rail Road](#)

tunnel to Grand Central Terminal. It is the [Metropolitan Transportation Authority's East Side Access](#) plan, at \$7.3 billion one of the biggest public works projects in New York.

It is lucrative work, especially in an economy where there has been a substantial downturn in construction. But the company doing the hauling, New York Dirt Contracting, a subcontractor that has been paid more than \$2 million for its work on the project since 2007, is winding down its operation, though the undertaking is far from completed.

That is because the city's Business Integrity Commission has concluded that the company has been too cozy with organized crime figures and revoked its authority to do business in the five boroughs, [an action that was endorsed by a State Supreme Court justice](#) last month.

The decision was based in part on affidavits and wiretaps that detail a clandestine meeting in a nursing home between company officials and an influential mob figure, who boasted that he had helped them get a contract on another huge public works job in the city and arranged for them to dump debris from it in a Westchester cemetery. The company's owner denied wrongdoing.

A transportation authority spokesman said that New York Dirt's removal from East Side Access would have no impact on the project and that another company, which he would not name, was expected to begin hauling away the debris next month for the tunneling contractor, a joint venture between Dragados USA and Judlau Contracting.

But New York Dirt's withdrawal from the huge job underscores what some critics say is the authority's persistent failure, despite its budget problems, to aggressively vet subcontractors in an industry where corruption, fraud and abuse are widespread.

In recent years, a steady stream of troubled companies have done work for the authority, which oversees the city subways; the commuter rail lines to Long Island, the counties north of the city and Connecticut; and many of the city's bridges and tunnels.

The authority's inspector general, Barry L. Kluger, has been lobbying to standardize the vetting process for contractors and subcontractors since 2008, when [a moving company rejected by one of the authority's constituent agencies because its owner had been convicted of racketeering was hired by another](#).

That case, Mr. Kluger said in [a report last year](#), "brought to light certain systemic inconsistencies among M.T.A. agencies involving the depth of their due diligence reviews." And, noting that well over 50 percent of the construction work for the authority was done by subcontractors, he said in an interview on Wednesday, "More attention must be given to the vetting of subcontractors in terms of both integrity and their performance on prior jobs."

The authority defends its procedures for evaluating subcontractors.

"Each firm that participates in an M.T.A. Capital Construction project as a subcontractor responds to a series of questions prior to the start of work," said Aaron Donovan, a spokesman for the authority. "In order to see if there is anything that would lead us to believe a firm is

ineligible, M.T.A. Capital Construction staff examine their responses and cross-check them against a number of lists of debarred or otherwise troubled vendors.”

But M.T.A. Capital Construction, the agency overseeing the East Side Access project, does not require subcontractors to fill out a questionnaire under oath, as the agency’s prime contractors are required to do. That is perhaps the most basic tool in vetting companies and ensuring integrity.

The subcontractor questionnaire is one of a number used by the various entities that make up the Metropolitan Transportation Authority, which operate under an uneven patchwork of standards and procedures.

It was the Capital Construction questionnaire that New York Dirt would have been required to fill out before it was awarded its subcontract in 2007, an authority official said. That award came two years after the first newspaper report citing the allegations that the company was involved with organized crime.

The company and its owner, Edward Raffetto, fought the revocation of their authority to do business in New York City in court, noting that Mr. Raffetto had testified against the organized crime figure with whom he was accused of associating, Gregory DePalma, a [Gambino crime family](#) captain. And the prosecutor in that case wrote a letter to city regulators citing that cooperation.

But the Business Integrity Commission decision, signed by the agency’s chairman, Michael J. Mansfield, and the five other members of the panel, dismissed Mr. Raffetto’s defense, saying he voluntarily sought out Mr. DePalma, asked him for help with his business and made cash payments to him, knowing of his role in the mob.

Mr. Raffetto’s lawyer, Peter Sullivan, said, “It’s unfortunate that the government elected to de-emphasize history of New York Dirt’s assistance in prior matters.”

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