

CITY OF NEW YORK  
THE SPECIAL COMMISSIONER OF INVESTIGATION  
FOR THE NEW YORK CITY SCHOOL DISTRICT  
25 Broadway, 8th floor, New York, New York 10004  
Telephone: (212) 510-1400  
Fax: (212) 510-1550

**Edward F. Stancik**  
Special Commissioner

**NEWS RELEASE**  
April 15, 1999

**PRESS CONFERENCE: 10:30 AM, 25 BROADWAY, 8<sup>TH</sup> FLOOR**

**No-Show Scheme Illegally Diverts BOE Funds to Religious Institution**

Special Commissioner of Investigation for the New York City School District Edward F. Stancik today released a letter detailing a criminal conspiracy involving the theft of millions of taxpayer dollars in salaries and health benefits paid to “no-show” employees in Brooklyn. Over the last 20 years, District 14 school superintendents agreed with the head of a private religious school to provide dozens of no-show jobs to members of the Williamsburg-area Satmar Hasidic community in exchange for the support of three local board members from that community.

In total, the Board of Education paid 81 “no-show” employees approximately \$4,300,000 in salaries and \$1,900,000 in health benefit contributions. For this money, the Board received no work whatsoever. At its height, the District 14 payroll contained as many as 59 no-show employees at one time, many of whom were women with large families who did not work outside the home. Typically, these no-shows would kick back their salaries to Rabbi Hertz Frankel, principal of the Beth Rachel Elementary School, giving him the cash proceeds of their paychecks. In exchange for laundering the money from District 14, the women were allowed to keep the medical benefits for themselves and their families.

Effectively, the conspiracy allowed Rabbi Frankel and the United Talmudical Academy to use taxpayer and other government funds for the operation and maintenance of a religious institution. Additionally, large amounts of money are unaccounted for: some of this money made its way into myriad UTA organizations, and some has simply vanished. The conspiracy, furthermore, allowed District 14 Superintendent William Rogers to retain his position for 20 uninterrupted years, and secured the position for his successor, Mario DeStefano.

Rabbi Hertz Frankel pled guilty last week to the federal crime of Conspiracy to Commit Mail Fraud, and turned over a cashier’s check in the amount of \$1,000,000 as restitution to the federal, state, and local governments for money he and others stole through the no-show scheme. District 14 employees Daniel LaBianca, Robert Rehm, and Gordon McLeer, have all pled guilty to federal crimes within the past year.

Special Commissioner Stancik recommends that the employment of several district employees and local board members be terminated.

The Special Commissioner would like to thank the office of Zachary Carter, United States Attorney for the Eastern District of New York, for its assistance with this case.