

Arrest of New York prison guards' union chief highlights broader nexus of corruption

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The head of the New York City jail guards' union was arrested last week on corruption charges, accused of investing \$20 million in union pension funds in a high-risk hedge fund in exchange for a \$60,000 kickback. The fraud accusations against Norman Seabrook highlight the nexus of corruption involving Wall Street, its political representatives in both Democratic and Republican parties, and union bigwigs tied to the capitalist politicians.

Seabrook, the undisputed boss of the New York City Correction Officer's Benevolent Association for the past 20 years, faces honest services fraud and wire fraud conspiracy charges in connection with his diversion of union funds. The arrest was followed by a press conference by the US Attorney for the Southern District of New York, Preet Bharara, where this official of the Justice Department declared that the union chief made investment decisions "based not what was good for his union members but based on what was good for Norman Seabrook."

It was Bharara's office, responding to growing resistance and conditions so brutal they could no longer be ignored, that issued a report two years ago referring to "a deep seated culture of violence" facing teenage prisoners in New York, especially at the massive Rikers Island complex in the East River off the coast of Manhattan. Only this week, five correction officers were convicted by a jury and three others found guilty by a judge in a non-jury trial in connection with the brutal beating of a Rikers inmate in 2012. Seabrook is notorious for his vociferous defense of the medieval conditions at Rikers and elsewhere in the prison system.

The details of the charges facing the union president, as laid out in the Justice Department complaint and elaborated upon in the media, are fairly straightforward.

He is alleged to have invested \$20 million into the Platinum Partners hedge fund, run by one Murray Huberfeld. Huberfeld, who it turns out had faced fraud accusations in 1993 and 1998, promised Seabrook a cut of the hedge fund profits, up to \$100,000 to \$150,000 annually.

The deal was arranged by a 26-year-old businessman, Jona Rechnitz, who is not identified by name in the complaint but whom sources identified, as reported in the *New York Times*, as "CW-1," or cooperating witness-1. Rechnitz has reportedly pleaded guilty and is cooperating with the federal agents. It was Rechnitz who transferred the money to Seabrook, who was waiting in his car in midtown Manhattan. The kickback took place, according to the federal complaint, some 18 months ago.

At the time, the hedge fund was in trouble. Seabrook, whose union salary, including expense allowance, was \$300,000 annually, was angry that he had received only \$60,000 instead of the larger sum that had been promised. The money was delivered in a Salvatore Ferragamo bag. The luxury shoe store is one of Seabrook's favorites, and a search of his home after his arrest turned up a Ferragamo bag matching this description, along with 10 pairs of Ferragamo shoes.

The scheme to invest union funds was first discussed a year earlier, when Seabrook told his businessmen pals that, after running the union pension fund for years, it was time that "Norman Seabrook got paid." When the proposed investment was brought to the attention of union lawyers, they indicated that such a high-risk venture in connection with municipal pensions was unprecedented, but they went along without objection.

Seabrook, who was released on \$250,000 bail, was suspended by the city, but he is scheduled to run for another term as union president this summer and is

unopposed. Huberfeld, arrested on the same charges, was obliged to post bail of \$1 million.

The charges facing Seabrook illustrate the close connections between sections of Wall Street, the capitalist politicians and the unions, which are totally integrated into the Democratic Party and through it into the capitalist state apparatus.

In this case, Huberfeld and Rechnitz are apparently relative small fry in the world of high finance and real estate. Their role points to the rot endemic in the whole system, although the major players on Wall Street use more sophisticated methods and are, in addition to being “too big to fail,” also “too big to indict.”

As far as the two-party political system in New York, one need look no further than the successful corruption prosecutions in the past year of both Democratic Assembly Speaker Sheldon Silver, and the top Republican in the state legislature, Senate leader Dean Skelos, by the same office of US Attorney Bharara.

While defending and encouraging vicious brutality in the New York City prison system, Seabrook himself was regularly praised or consulted by top Democratic and Republican politicians over the years. These included Republican Governor George Pataki, New York City mayor Michael Bloomberg, and Democratic governor Andrew Cuomo. Two years ago New York mayor Bill de Blasio called Seabrook “a friend” and a “great leader.”

Leading officials have cultivated close relations with Seabrook over the years both because of his sometimes generous campaign contributions as well as the role of the prison system in maintaining capitalist rule amid an increasingly precarious political equilibrium in New York. Seabrook’s task has been to preside over the dirty work deemed necessary to defend the profit system. As social inequality and social tensions have continued to mount, he has become something of a liability. The de Blasio administration has attempted, through various cosmetic “reforms,” to improve the infamous reputation of the prisons, Rikers Island in particular.

The charges against Seabrook also overlap with continuing investigations being carried out by Bharara’s office of campaign finance violations involving the de Blasio administration. Rechnitz, who has been close to de Blasio and served as a member of his inaugural committee after his election in 2013, is

also a cooperating witness in these ongoing probes. The mayor, who took office as a self-styled “progressive” and is expected to run for reelection next year, faces a growing crisis. Initial enthusiasm over his promises to reduce inequality has long since evaporated, amid deepening social polarization and attacks on social conditions.



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