

Carlyle and Synagro escape charges

Powerful global firm, subsidy engineered city pay-offs

ANALYSIS

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Michigan Citizen

DETROIT — When is the U.S. government going to charge top executives of the Carlyle Group and its subsidiary, Synagro Technologies, in the City of Detroit sludge contract bribery scandal?

Or does Carlyle control the U.S. government, using a complex of the military, global corporations, and politicians, as described in Dan Briody's book *The Iron Triangle*? Carlyle is the largest private equity firm in the world. It says it has \$88 billion under management, and another \$59.6 billion in equity investments, in 72 countries.

Before his bribery trial early this year, political consultant Sam Riddle asked Detroit's FBI chief, "Andrew Arena, if you're so damn bad, why don't you go after the Carlyle-Synagro group? You can convict underlings like [Synagro executive] James Rosendall or [Synagro consultant] Rayford Jackson. They're nothing. Deal with people on the board, like the Bush family, and then see where you get."

The Carlyle Group's founders, who include CIA veteran Frank Carlucci and government advisor David Rubinstein, have had intimate ties with every presidential administration since that of Richard Nixon, Briody says in his book, the only one published on Carlyle.

The company includes both former Bush presidents in its ranks, as well as many other retired U.S. government officials. From Britain to Saudi Arabia to the Philippines, numerous world leaders also occupy its upper echelons.

Carlyle/Synagro stood to gain far more financially from a now defunct 25-year \$1.2 billion city contract than did Riddle, former City Council President Monica Conyers, Jackson and Rosendall, the four individuals convicted so far in "Sludgagate."

Many believe Carlyle, which began its ascent by purchasing arms and aerospace manufacturers, such as United Defense and BDM, also has strong political motives in the case, associated with its war profiteering.

Carlyle/Synagro involvement exposed here two years ago

The Michigan Citizen first exposed Carlyle/Synagro's direct involvement in the sludge contract bribes two years ago.

"Evidence: Synagro pay-off," (MC, 8-3-2008), cited a Memorandum of Understanding signed by Pamela Racey, Synagro's national Vice-President of Business Development. In it, she agreed to pay a total of \$50,000 to four southwest side community groups in exchange for their support of the contract.

The Michigan Citizen followed that expose with stories describing Racey's involvement in similar deals in Philadelphia, Atlanta, and elsewhere. Michigan Citizen editorials said Carlyle/Synagro was clearly targeting Black city administrations and called for the indictment of their top executives.

Virtually every issue of The Michigan Citizen in 2008 carried Carlyle/Synagro exposes. Later, in coverage of Riddle's trial in 2010, the Michigan Citizen prominently noted that Racey is heard on government wiretaps discussing bribes allegedly made to Conyers and again stressed the Carlyle connection.

During the same years, the daily media ran hundreds of stories solely targeting Detroit officials, and depicting Grand Rapids Synagro executive James Rosendall as a lone player. Many stories used unnamed sources, likely FBI leaks, while indictments were being prepared. FBI spokespersons declined to discuss investigating when this news group contacted them.

Now the Detroit Free Press has belatedly weighed in on the issue of Synagro's involvement, with no mention of Carlyle.

FREP FINALLY SAYS SYNAGRO EXECS KNEW

In a July 12 story headlined, "Synagro execs knew of payments," the Freep cites four top Synagro execs, including its CEO Robert Boucher Jr., Chief Financial Officer J. Paul Withrow, General Counsel Alvin Thomas II and Racey, the only executive still working for the company.

The article quotes Prof. Peter Henning of Wayne State University, a white-collar crime and court procedures expert.

"It's hard to explain why charges weren't filed against the company, given the turning of a blind eye by senior executives," Henning told the Freep. "There are any number of cases in which companies have been charged for this kind of conduct, when you have the involvement of more senior employees."

But then, the Freep again focused on Detroit politicians, including former Mayor Kwame Kilpatrick, his father, former city council members and community leaders. They say their sources include "court records and evidence obtained by federal authorities investigating city corruption. The government has used wiretaps, video surveillance, witness statements, subpoenas and grand jury testimony to win four convictions so far in the Synagro bribery scandal."

The Freep does not explain how it came by the additional "evidence obtained by federal authorities," which is not included in any public court filings to date.

Does this herald the beginning of another series of indictments of Detroiters?

