



U.S. Department of Justice

United States Attorney

Eastern District of Pennsylvania

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**FORMER PHILADELPHIA POLICE INSPECTOR PLEADS GUILTY TO EXTORTION**

PHILADELPHIA - Carlo Daniel Castro, 47, a former Inspector with the Philadelphia Police Department, pleaded guilty today to one count of conspiracy to interfere with interstate commerce by extortion, stemming from his involvement in a scheme to use threats of violence and actual violence to collect a \$26,000 debt owed to Philadelphia businessman Alan Kats, announced United States Attorney Zane David Memeger. In April 2011, Castro was convicted at trial of lying to the Federal Bureau of Investigation in connection with another extortion scheme. Castro was in charge of the police department's traffic division when he was charged and arrested in November.

In 2006, Castro invested \$90,000 in a Delaware real estate development project with a business associate, Wilson Encarnacion. After the project did not materialize, the defendant repeatedly demanded Encarnacion repay his money, but Encarnacion failed to do so. Ultimately, in April 2010, the defendant hired an individual (the "Collector") to collect the original \$90,000 debt -- plus \$60,000 in interest, for a total of \$150,000 -- that the defendant believed was owed to him by Encarnacion. In fact, however, the Collector was an FBI agent posing as a collector who collected debts through threats of violence and actual violence. The defendant understood when he hired the Collector that the Collector would scare Encarnacion into paying back the money.

On September 10, 2010, the defendant authorized and instructed the Collector to use actual violence, in addition to threats of violence, to collect his debt from Encarnacion. On that same date, the defendant referred the Collector to William Wong, who had asked the defendant for help in collecting a \$26,000 business debt owed to Alan Kats by Romeo Calleung. At the time of the referral, both Wong and Kats understood that the Collector would use threats of violence, and if necessary, actual violence, to collect the debt from Calleung. Kats and Wong later agreed to hire the Collector to collect the debt from Calleung. Kats ultimately accepted a total of \$8,000 supposedly collected by the Collector from Calleung.

Over the course of the next several months, the defendant spoke with Wong about the status of the Calleung extortion, and later accepted a \$500 referral fee from the Collector for referring the Collector to Wong and Kats. The defendant also spoke with Wong about using the Collector to carry out a separate extortion job in Florida that involved a \$1.5 million debt.

Both William Wong and Alan Kats pleaded guilty in federal court to their involvement in the conspiracy to extort Calleung, and are awaiting sentencing. A sentencing hearing for Wong is

scheduled for September 7, 2011; a sentencing hearing for Kats is scheduled for September 1, 2011.

Castro faces a maximum possible sentence of 25 years imprisonment, a \$500,000 fine, three years of supervised release, and a \$200 special assessment. Castro's sentencing hearing is scheduled for September 14, 2011.

This case was investigated by the Federal Bureau of Investigation, and is being prosecuted by Assistant United States Attorneys Louis D. Lappen and Leo R. Tsao.

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