

Several finished apartment buildings in Lennar's San Francisco Shipyard development look out over the bay in Hunters Point. (Brittany Hosea-Small/KQED)

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**NEWS FIX**

## Figures Scrutinized by FBI Loom Large in Hunters Point Shipyard Project

By **John Shutt** Jul 22, 2016



A KQED review of federal court filings and over 3,000 pages of documents

obtained from San Francisco's Office of Community Investment and Infrastructure has revealed new details about business relationships between real estate developer Lennar Urban and several individuals who have been investigated by the FBI.

The \$8 billion redevelopment of the former Navy shipyard in Hunters Point and former stadium site in Candlestick Point by Lennar is expected to create a new neighborhood on the southeastern waterfront with 12,000 units of housing and 3 million square feet of office space. Several people who have contracted with Lennar and city programs set up around the massive San Francisco Shipyard development have been investigated by local and federal law enforcement under suspicion of money laundering, bid rigging and corruption.

District Attorney George Gascón in January 2016 announced bribery and money-laundering charges against Keith Jackson, Zula Jones and Nazly Mohajer, three former fundraisers for Mayor Ed Lee. The evidence of the alleged bribery has been placed under seal, but the case appears to stem from the sprawling FBI investigation that originally focused on crime boss Raymond "Shrimp Boy" Chow.

Court filings show that Jackson first met Chow on behalf of Lennar sometime before June 6, 2010. The developer had a long-running public health dispute with the Nation of Islam over the Hunters Point project that Jackson believed Chow could help resolve, according to a sentencing memo by Jackson's attorney.

While Jackson went on to become a consultant for Chow's organization, and participated in a range of illegal activities with former state Sen. Leland Yee and undercover FBI agents, Lennar continued to be his main client.

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The developer paid Jackson \$496,000 from 2010 through 2014, according to a court filing from U.S. Attorney Brian Stretch. Jackson pleaded guilty to racketeering in federal court and was sentenced to nine years in prison in February.

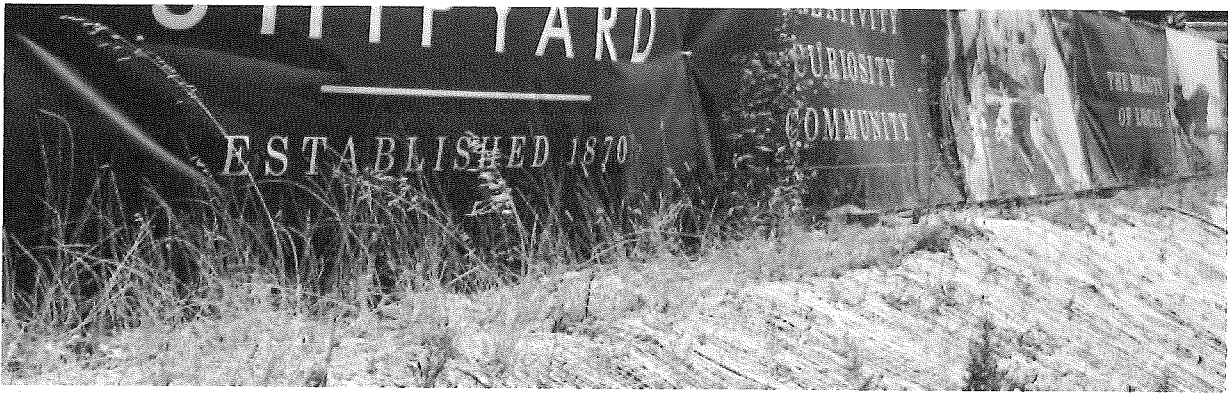
Lennar has also entered into contracts with Derf Butler, who was implicated in bid rigging and campaign money-laundering schemes with Jackson in a federal court filing by Chow's attorneys in August 2015. Jones and Mohajer were first publicly identified as subjects of an FBI investigation in the same filing.

Butler was not indicted and his firm, Butler Enterprise Group, remains a consultant for the developer. Lennar spokesman David Satterfield said Lennar is satisfied with the work of Butler's firm on the Shipyard.

"Butler Enterprise Group plays no role in the awarding of contracts," Satterfield said.

However, Butler Enterprise Group receives \$250,000 per year to operate the Construction Assistance Program, mandated in Lennar's development agreement with the city. Its duties include helping local companies "navigating through the process of contracting." The Construction Assistance Program is meant to help contractors from San Francisco, and Bayview-Hunters Point in particular, compete with larger firms.





Signs advertising the new San Francisco Shipyard development surround one of the project's ongoing construction sites at Hunters Point. (Brittany Hosea-Small/KQED)

Butler was charged with counterfeiting in 1996, and was sentenced to one month in prison after cooperating with federal prosecutors. He and his wife founded Butler Enterprise Group in 1997, according to the company's website.

Butler did not initially respond to emailed questions about the FBI investigation, the district attorney's charges against Jackson, and contract compliance at the Shipyard. He responded via email to a note left at his office: "I received your note, and I have no comments."

Jackson and Butler were not the only people close to the Shipyard development caught up in the FBI investigation. Local prosecutors alleged earlier this year that former Lennar contract compliance employee Terry Mitchell was a "straw donor" who helped Jackson conceal the source of illegal campaign donations to a political candidate.

Jackson faces bribery and money-laundering charges but Mitchell has not been charged. When the Examiner called Mitchell for comment in January, he said, "I am not interested in talking to you about any of that. No thank you."

Emails obtained by KQED reveal that Mitchell abruptly left the company shortly after Jackson's indictment in April 2014.

"We do not discuss personnel matters publicly," Lennar spokesman Satterfield said. "We have no firsthand knowledge or information about the allegations."

One of Jackson's co-defendants in the bribery case also has a connection to the Shipyard development. One of two lucrative community builder designations for a 74-unit residential block of the Shipyard was awarded to Al Norman Development, owned by local contractor Al Norman, who once faced criminal charges alongside Zula Jones.

"A selection panel comprised of city officials and Lennar representatives chose community builders after an extensive application process," said Satterfield. "The selected community builders were then approved by the Mayor's Citizens Advisory Committee."



SConstruction workers outside new apartment buildings in the San Francisco Shipyard development at Hunters Point. (Brittany Hosea-Small/KQED)

In 2000, Jones, Norman and three executives from San Leandro construction firm Scott Co. were indicted by a federal grand jury, accused of defrauding the city's affirmative action program through a front company, Scott-Norman Mechanical. Evidence from Jones' office was ultimately suppressed, and charges against Jones and Norman were dropped in 2002.

Scott Co. was fined \$1.5 million and shut down operations in 2003. Scott Co. executive vice president Robert “Broadway Bob” Nurisso pleaded guilty and was sentenced to house arrest. After Scott Co. shut down, Nurisso quickly absorbed many of the company’s former assets into a new company he formed with his son, Broadway Mechanical-Contractors, according to Broadway’s website.

Before the company’s demise, Scott-Norman Mechanical had won at least \$55.1 million in airport contracts and a \$5.9 million BART contract earmarked for legitimate minority-owned businesses, according to the Examiner.

Norman and his wife were paid at least \$2.3 million for their role in the joint venture, including 1 percent to 1.9 percent of gross revenue “for qualifying the company as a minority-owned business,” which Scott Co. claimed the Normans verbally agreed to, and \$1.5 million for agreeing to step down from the company.

Norman was quoted in the Chronicle commenting positively on Lennar’s Candlestick Point development after his company’s selection as a community builder on the Shipyard. Norman was described in the article as the president of the Bayview Merchants Association, rather than a business partner with Lennar with significant financial interests at stake.

Norman did not respond to emailed questions.

**Notes:** *In response to this story, Lennar spokesman David Satterfield sent KQED the following comment: "In reading the story, there’s no indication that any of that 'money laundering, bid rigging and corruption' had anything to do with the Shipyard or Lennar."*

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