



	U.S. Department of Justice <i>United States Attorney</i> <i>Southern District of New York</i>
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**U.S. CHARGES 18 CURRENT AND FORMER NYC TAX ASSESSORS
IN MASSIVE BRIBERY SCHEME**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, BARRY W. MAWN, the Assistant Director in Charge of the New York Field Office of the FBI, and ROSE GILL HEARN, the Commissioner of the New York City Department Of Investigation ("DOI"), announced the arrest this morning of 18 defendants, all of whom are current or former New York City Tax Assessors employed by the New York City Department of Finance, Property Division, Real Property Assessments Unit ("Real Property Assessments Unit") on federal racketeering, bribery and mail fraud charges. Two of the defendants currently represent property owners in connection with the assessment of property values by the Real Property Assessments Unit.

Seventeen of the 18 defendants were arrested on a 572-count Indictment unsealed today in Manhattan federal court stemming from a joint FBI and DOI investigation. The last defendant is expected to surrender tomorrow.

As charged in the Indictment, the investigation revealed that Assessors have accepted more than \$10 million in bribes to alter the assessed values of more than 500 properties during the past 35 years in a scheme that is estimated to have cost New York City approximately \$40 million a year in lost tax revenues during at least the tax year 1997/1998 through the tax year 2000/2001. According to the Financial Plan recently published by the

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New York City Office of Management and Budget, approximately \$8.5 billion of New York City's total 2002 budget is expected to be generated from property taxes. The Indictment seeks forfeiture in the amount of \$170 million, for which the defendants each are joint and severally liable.

Overview of the Enterprise

The Indictment alleges that the Real Property Assessments Unit constituted a criminal enterprise consisting of the defendant Assessors and Assistant Assessors, who accepted bribes, and that defendants ALBERT SCHUSSLER and ALAN G. EDELSTEIN, who paid bribes, were associates of the enterprise.

Assessors are responsible for determining the value of real property in the City of New York in connection with the assessment of real property taxes. Property values are updated annually so that the resulting property taxes reflect current market conditions.

According to the Indictment, SCHUSSLER, a major property manager and owner in New York City, has been paying bribes to Assessors since approximately 1967. In exchange for a series of cash bribes, each ranging from \$500 to several thousand dollars, and expensive meals, Assessors have illegally altered the assessed values of properties in which SCHUSSLER has an interest. As charged in the Indictment, the Assessors provided SCHUSSLER with tax assessor worksheets, which are non-public documents, to show the proposed numbers for assessed values on particular properties. SCHUSSLER then suggested further changes in the calculations provided by the Assessors. Once a final assessment had been agreed upon between SCHUSSLER and the Assessors, the Assessors submitted those proposed final assessments to the New York City Department of Finance for approval. Based on those final assessments, which had been corruptly obtained, fraudulent "Notices of Assessment" were mailed by the New York City Department of Finance to property owners on or about January 15 of each year during the existence of the bribery scheme. This conduct underlies the mail fraud charges against the defendant Assessors.

According to the Indictment, ALAN G. EDELSTEIN, who also represents property owners, agreed to bribe Assessors beginning in approximately July 2001, also in exchange for illegally altered property value assessments.

Thirteen of the 16 assessors charged in the Indictment, JOSEPH IOVINO, HOWARD HABLER, a/k/a "The Kingmaker," ANTHONY J. ANTINORO, JOHN J. COPPA, JOEL B. EDELSTEIN, a/k/a "The Kid," VATCHARA VACHIRAPRAPUN, a/k/a "Vatch," EDWARD J. FRANKOLA, RONALD P. IANNELLI, PAUL R. SOPOT, ZIAUD D. MALIK, a/k/a "Z," HOWARD C. MOY, HOWARD A. SOKOL, and ANTHONY M. CUOMO, are employees in the Manhattan office of the Real Property Assessments Unit as of today's arrests. One of the indicted assessors, MICHAEL P. COONEY, is presently assigned to the Bronx, and another, FADY N. SIDAROSS, is presently assigned to Staten Island. One of the indicted assessors, FRANK J. VALVO, retired from the Real Property Assessments Unit in 1998. IOVINO, HABLER, ANTINORO and FRANKOLA are supervisors in the Manhattan office of the Real Property Assessments Unit, and COONEY is the Assessor-in-Charge in the Bronx office of the Real Property Assessments Unit.

The defendants are scheduled to be presented today in Manhattan federal court before United States Magistrate Judge JAMES C. FRANCIS, who will determine bail conditions.

Mr. COMEY praised the efforts of the Federal Bureau of Investigation and the New York City Department of Investigation for their joint efforts.

Mr. COMEY stated: "According to this Indictment, for decades New York City tax assessors, as well as some

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representatives of owners of commercial and residential properties throughout New York City, have been unjustly enriching themselves at the expense of the people of this magnificent City. The charges announced today demonstrate our firm resolve to rid New York City of the high cost of corruption."

Mr. MAWN stated: "Approximately 20 percent of New York City's budget revenue is generated by taxes on real property. The conduct of these defendants has cost New York City more than a hundred million dollars and has cost its citizens all the benefits of those funds: new schools, better roads, more services. More than that, however, these defendants have engaged in criminal activity which can result in an erosion of confidence and an increase in cynicism by the public toward its government. The good news is that it was the government itself, both city and federal, which worked together to hold these defendants accountable."

Ms. GILL HEARN stated: "Corruption cannot be tolerated at any time, but for City employees to make millions at public expense when every citizen has been asked to make sacrifices to help the City cope with tough fiscal times is unconscionable. My Office will continue to work tirelessly to ensure that dishonest City employees will be caught and punished. We will also work with the Corporation Counsel and Department of Finance to recoup tax revenues lost to the City as a result of this scheme and to design and implement effective systems to ensure it never happens again."

Mr. COMEY, Mr. MAWN and Ms. GILL HEARN also said that the Government's investigation of this matter is continuing.

The racketeering charge carries a maximum sentence of 20 years in prison; the bribery charges each carries a maximum sentence of 10 years in prison; the mail fraud charges each carries a maximum sentence of 5 years in prison; and the conspiracy charges each carries a maximum sentence of 5 years in prison. Each charge also carries a maximum fine of \$250,000 or twice the gross gain or loss resulting from the offense.

Assistant United States Attorneys SHARON MCCARTHY and LAWRENCE GERSCHWER are in charge of the prosecution and Assistant United States Attorney JANE LEVINE is in charge of the forfeiture aspects of this case.

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.