



Department of Investigation

Press Release

Release #057-99

DOI 'STING' SNARES GRISTEDE'S V.P. IN \$20,000 BRIBERY SCHEME

Exec Makes Cash Payoffs To Wipe Out Supermarket's \$200,000 In Back Taxes

MONDAY, NOVEMBER 1, 1999 -- EDWARD J. KURIANSKY, Commissioner of the Department of Investigation (DOI), and Manhattan District Attorney ROBERT M. MORGENTHAU today announced the felony arrest of MICHAEL SELTZER, the Vice President and Controller of the New York-based Gristede's Sloan's, Inc. (Gristede's), for offering \$20,000 to a Department of Finance (DOF) tax warrant investigator in return for eliminating nearly \$200,000 in outstanding City and State taxes owed by the supermarket chain. Unbeknownst to SELTZER, the investigator was cooperating with DOI in an undercover capacity.

Commissioner Kuriansky noted that Gristede's, which operates a chain of supermarkets throughout the New York City-metropolitan area, has been in default for several years in paying its New York City commercial rent tax and owed the City approximately \$500,000 in back taxes, interest, and penalties. In addition, Gristede's had failed to file its corporate tax returns with DOF for three years, he said.

In June 1999, the DOF investigator assigned to recover the New York City taxes owed by Gristede's went to its corporate headquarters, located at 823 Eleventh Avenue in Manhattan, to seize and/or shut down the business for nonpayment of taxes. The investigator, accompanied by his partner and 2 City deputy sheriffs, met with SELTZER, who then made a substantial partial tax payment and agreed to pay the remaining taxes in installments and to file the outstanding corporate tax returns. As a result of this payment, the business was allowed to continue to operate. Thereafter, however, SELTZER defaulted on the August installment payment.

In speaking with the DOF investigator by telephone in September 1999, SELTZER asked, in substance, "Who calls the shots? Who's the bottom line?" When the investigator replied that he was in charge of the investigation, SELTZER asked to meet him alone in SELTZER's office. The investigator immediately notified DOI of the telephone conversation and agreed to cooperate with DOI in an undercover investigation.

Later that month, the investigator, wearing a concealed recording device, went to the defendant's office, where SELTZER told him that he did not want to make the August payment and offered the investigator \$5,000 to be paid in two installments in exchange for eliminating Gristede's remaining tax liability of \$71,000. SELTZER requested, in return for the payoff, that the investigator provide him with a letter from DOF confirming that the company's tax liability was fully satisfied. On September 9th and 14th, SELTZER made cash payments to the investigator, totaling \$5,000, in return for the DOF letter.

At a subsequent meeting in his office, SELTZER offered the investigator an additional \$15,000 to eliminate more than \$120,000 in New York State sales taxes owed by Namdor,

Inc., a Gristede's subsidiary. Again, SELTZER requested that the investigator supply him with a document

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confirming full satisfaction of Namdor's tax liability. SELTZER further stated that he wanted the document to fraudulently reflect that Namdor, Inc., had tax credits for 1993-1994, which had been applied to the tax liability.

Earlier this month, the investigator met with SELTZER, who paid him \$5,000 of the total \$15,000 bribe. SELTZER was arrested near his 11th Avenue office late last week when he met with the investigator to make the remaining \$10,000 cash payoff.

Commissioner Kuriansky and District Attorney Morgenthau expressed their sincere appreciation to the New York City Department of Finance and the New York State Department of Taxation and Finance for their assistance and cooperation during the course of the investigation.

SELTZER, 50, of 33 Anderson Road in Pomona, New York, was charged with the crimes of Bribery in the Second and Third Degrees. If convicted, he faces up to 15 years in prison.

The investigation was conducted by DOI Assistant Commissioner and DOF Inspector General Vincent E. Green and members of his staff, including Deputy Inspector General Maureen Thomas, Assistant Inspector General Jeffrey Dolcimascolo, and Confidential Investigator Daniel Lau.

Assistant Manhattan District Attorney Samantha Hankins is handling the matter under the supervision of Assistant District Attorney Leroy Frazer, Chief of the District Attorney's Special Prosecutions Bureau.