



The City of New York  
Department of Investigation

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**DOI INVESTIGATION OF FRAUDULENT TAX APPEAL LEADS TO GUILTY PLEA, \$20,000 FINE**

ROSE GILL HEARN, Commissioner of the Department of Investigation ("DOI"), announced that a DOI investigation has resulted in the conviction today of a corporate owner of a commercial building on the lower east side of Manhattan on two felony counts of submitting false information in 2002 and 2004 to the New York City Tax Commission in a failed effort to reduce the property's assessed value.

The case was investigated by DOI and prosecuted by the office of New York County District Attorney Robert M. Morgenthau.

45 Realty Associates Inc. today pleaded guilty to two counts of Offering a False Instrument for Filing in the First Degree, a class E felony, and paid fines totaling \$20,000. 45 Realty Associates Inc. is the general partner in 59 Realty Associates, LP, the owner of the property known as 59-63 Allen Street, a five-story building that housed a five-level parking garage, a clothing manufacturer and another business. In sum, DOI's investigation revealed that the building owner under-reported the building's income by falsely stating that the building was used only as a parking garage and by omitting the rent paid by the clothing manufacturer and other business.

DOI Commissioner Rose Gill Hearn said, "Deliberately deceiving the City's tax agencies to evade property taxes is a crime and DOI will find the facts and refer them for criminal prosecution when warranted. The City depends on the honesty of taxpayers so that everyone pays his or her fair share. I commend the Tax Commission for alerting DOI to this fraud."

DOI initiated the investigation based on a complaint from the Tax Commission that the owner had understated the number of parking spaces in the garage. Investigators inspected the building, found the unlisted manufacturing business, and examined various records, including leases, which confirmed that the owner's applications filed with the Tax Commission were false.

Applications containing income, expenses and other information are filed with the City's Office of Administrative Tax Appeals, which now includes the former Tax Commission, when owners appeal the assessed value the New York City Department of Finance ("DOF") assigns to their properties. In general, higher net incomes for commercial properties result in higher assessed values. The assessed value, in turn, determines the property tax. Therefore, underreporting income results in artificially lower property taxes. DOI's investigation revealed that the omission of the income in this case would have resulted in an underassessment of tens of thousands of dollars each year.

Commissioner Gill Hearn thanked Tax Commission President Glenn Newman and DOF Commissioner Martha Stark, and members of their staff, for their assistance and cooperation in the investigation.

The investigation was conducted by DOI's Assistant Commissioner Alberta Ancrum and Assistant Inspector General Carol DeFreitas, under the direction of Deputy Commissioner Vincent E. Green.

The office of New York County District Attorney Robert M. Morgenthau is prosecuting the case, which is assigned to Assistant District Attorney Maurice Mathis.

A criminal complaint is merely an accusation. Defendants are presumed innocent until proven guilty.

*DOI is one of the oldest law-enforcement agencies in the country. The agency investigates and refers for prosecution City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City.*

**Get the worms out of the Big Apple.  
To report someone ripping off the city, call DOI at (212) 825-5959.**