



**ALVIN L. BRAGG JR.,  
DISTRICT ATTORNEY**

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## **FOR IMMEDIATE RELEASE**

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### **D.A. BRAGG, DOI COMMISSIONER STRAUBER ANNOUNCE INDICTMENT OF SIX REAL ESTATE DEVELOPERS FOR DEFRAUDING NEW YORK STATE'S 421-A PROGRAM**

*Indictment is First Under Office's New Housing & Tenant Protection Unit*

Manhattan District Attorney Alvin L. Bragg, Jr. and New York City Department of Investigation Commissioner Jocelyn E. Strauber announced the indictment of developers JOEL KOHN, MICHAEL AMBROSINO, ALEN PAKNOUSH, MENDEL GOLD, IOAN SITA and GHEORGHE SITA, and their real estate corporations, for defrauding New York State's 421-a tax exemption program meant to promote affordable housing, and collectively reaping more than \$1.6 million in illegal property tax benefits.

The investigation revealed that these developers, who owned six different Brooklyn apartment buildings, allegedly violated the terms of the 421-a program by submitting falsified documents to the City and State, claiming the designated affordable units would be rented to qualified tenants. Under the terms of the program, developers agreed that those affordable apartments can only be rented to income-qualified tenants approved by the New York City Department of Housing Preservation & Development ("HPD").

Instead, they were rented out at higher rates for years — sometimes more than \$1,000 per month above the approved affordable level — to renters who did not qualify for affordable housing.

The defendants are charged in five separate New York State Supreme Court indictments with multiple charges including Grand Larceny in the Second Degree, City Criminal Tax Fraud and Offering False Instrument for Filing in the First Degree. [1]

This indictment comes days after D.A. Bragg announced the Office's first-ever [Housing & Tenant Protection Unit](#), which targets systemic criminal harassment of tenants and abuse of government programs by landlords

and developers.

“These developers allegedly abused a government program meant to provide New Yorkers access to desperately needed affordable housing. Not only did they illegally charge substantially higher market rents for years, but they did so while personally reaping the benefits of generous property tax abatements. When I announced our Housing & Tenant Protection Unit last week, I said that we would take a targeted approach to complex and pervasive criminal activity that diminished our already limited stock of affordable housing, and this case is an example of just that,” said **District Attorney Bragg**.

The buildings involved in the indictment are:

- 70 Bushwick Avenue, Brooklyn, owned by JOEL KOHN and BUSHWICK POWERS LLC
- 300 Eldert Street, Brooklyn, owned by MICHAEL AMBROSINO and AMBROSINO EQUITIES-300 ELDERT LLC
- 682 Bushwick Avenue, Brooklyn, owned by ALEN PAKNOUSH and BUSHWICK PLAZA LLC
- 305 Stockholm Street, Brooklyn, owned by IOAN SITA and GHEORGHE SITA and 305 STOCKHOLM LLC
- 140 Stanhope Street, Brooklyn, owned by MENDEL GOLD and 140 STANHOPE GROUP, LLC
- 1140 Bushwick Avenue, Brooklyn, owned by MENDEL GOLD and 1140 REALTY CORP. LLC

**DOI Commissioner Strauber** said, “At a time when affordable housing is crucial for New Yorkers, and for the City’s recovery from the pandemic, these landlords, as charged, enriched themselves by fraudulently obtaining over \$1 million in tax credits from the City that were intended to promote affordable housing. Instead, it is alleged that these landlords charged higher rents to New Yorkers, made no attempt to determine if they qualified for such housing, and made misrepresentations to the City to obtain tax credits to which they were not entitled. DOI and our partners at the Manhattan District Attorney’s Office and the City Department of Housing Preservation and Development will continue to protect affordable housing benefits for New Yorkers who are eligible for them and hold accountable those who exploit these tax credits for their personal gain.”

The 421-a program was a tax benefit designed to incentivize the creation of affordable housing within new multi-family apartment buildings. The program grants generous tax breaks to property developers who agree to reserve a certain percentage of the building’s apartments as affordable units.

Tenants would apply through the City’s Housing Connect portal — also known as the affordable housing lottery — and their applications would be presented to HPD for review and approval. Affordable units can only be occupied by tenants approved by HPD.

As alleged in court documents and statements made on the record, from 2011 to 2019, the defendants violated the rules of the 421-a program and submitted documents to the City and State falsely attesting that they were renting the designated affordable units in accordance with 421-a rules. In reality, they were renting units at higher rents to unauthorized tenants who had not been approved by HPD.

BUSHWICK PLAZA LLC and PAKNOUSH were approved to participate in 421-a in 2014. As part of the application, the defendants agreed to have five of 682 Bushwick Avenue's 23 units designated as affordable apartments. Yet by 2015, all the units designated as affordable were being rented to non-HPD-approved tenants paying substantially higher rates, despite filings to HPD in 2017 and 2018 stating the affordable units were reserved for affordable tenants. Approved affordable rent limits were set at \$926 for 1-bedroom units and \$1,042 for 2-bedroom units. The actual rent charged to tenants ranged from \$1,900 to \$2,700. The defendants received more than \$435,000 in property tax benefits between 2017 and 2020.

1140 REALTY GROUP LLC and GOLD were approved to participate in 421-a in 2018 and agreed to designate three of 1140 Bushwick Avenue's eight units as affordable. Yet all three units were rented out at market rates until 2019, when many market-rate tenants were abruptly asked to move so "affordable" tenants could be moved into the designated units. The affordable rate for the apartments was set at \$1,881, but tenants were charged rents between \$2,200 to \$2,500. GOLD and 1140 REALTY GROUP LLC received more than \$150,000 in property tax benefits between 2017 and 2022.

140 STANHOPE GROUP, LLC and GOLD were approved to participate in 421-a in 2019 and agreed to set aside three of their nine units at 140 Stanhope Street as affordable apartments, yet began renting them out at higher rates. The affordable rents set were \$2,175 for 1-bedroom units and \$2,387 for a 2-bedroom unit. The tenants paid rents in the range from \$2,400 to \$2,500. The defendants received more than \$218,000 in property tax benefits between 2018 and 2022.

AMBROSINO EQUITIES-300 ELBERT LLC and AMBROSINO were approved to participate in 421-a in 2015 and agreed to set aside two of the seven units at 300 Eldert Street as affordable apartments, yet began renting them out at substantially higher rates. The affordable rents set for the 2-bedroom units was \$1,071, but the actual rent charged to tenants ranged from \$2,000 to \$2,100. The defendants received more than \$76,000 in property tax benefits between 2016 and 2019.

305 STOCKHOLM LLC and IOAN SITA and GHEORGHE SITA were approved to participate in 421-a in 2011 and agreed to set aside two of the eight units at 305 Stockholm Street as affordable apartments, yet began renting them out at substantially higher rates. The approved affordable rent was set at \$1,080, but tenants were charged between \$1,200 to \$1,600. The defendants received more than \$228,000 in property tax benefits between 2017 and 2022.

BUSHWICK POWERS LLC and KOHN were approved to participate in 421-a in 2017 and agreed to set aside six of the 20 units at 70 Bushwick Avenue as affordable apartments, yet began renting them out at substantially higher rates. Approved rent for three 1-bedroom units was \$1,881; \$1,918 for a 2-bedroom unit; and \$2,505 for two 2-bedroom units. The defendants received more than \$514,000 in property tax benefits between 2017 and 2022.

Assistant D.A.s Kofi Sansculotte, Chief of the Financial Frauds Bureau and Hope Korenstein, Deputy Bureau

Chief of the Financial Frauds Bureau, are handling the prosecution of this case under the supervision of Assistant District Attorney Christopher Conroy (Senior Advisor to the Investigation Division) and Executive Assistant District Attorney Susan Hoffinger (Chief of the Investigation Division). Assistant D.A. Chikaelo Ibeabuchi, Chief of the Housing & Tenant Protection Unit, is assisting with prosecution of the case. Senior Financial Investigator Lana Wong, Senior Rackets Investigator Robert Delaney, Senior Rackets Investigator Sam Ahdout and Discovery Analyst Rebecca Singh, assisted with the investigation.

District Attorney Bragg thanked DOI Inspector General Michael Morris, Special Investigator Eric Johnson, and Investigative Auditor Giorgi Petriashvili; HPD Deputy General Counsel Nancy Batterman, Executive Director, Tax Incentives Programs John Leonard, and Director of 421-a/b Programs, Pramila Louison; and DOF Director of Commercial Exemptions and Abatements Theodore Oberman.

*Defendant Information:*

ALEN PAKNOUSH (682 Bushwick Avenue)

Charges:

- Grand Larceny in the Second Degree, a class C felony, 1 count
- City Criminal Tax Fraud in the Second Degree, a class C felony, 3 counts
- Offering a False Instrument for Filing in the First Degree, a class E felony, 2 counts

BUSHWICK PLAZA LLC (682 Bushwick Avenue)

Charges:

- Grand Larceny in the Second Degree, a class C felony, 1 count
- City Criminal Tax Fraud in the Second Degree, a class C felony, 3 counts
- Offering a False Instrument for Filing in the First Degree, a class E felony, 2 counts

MENDEL GOLD (140 Stanhope Street & 1140 Bushwick Avenue)

Charges:

- Grand Larceny in the Second Degree, a class C felony, 2 counts
- City Criminal Tax Fraud in the Second Degree, a class C felony, 4 counts
- City Criminal Tax Fraud in the Third Degree, a class D felony, 4 counts
- City Criminal Tax Fraud in the Fourth Degree, a class E felony, 1 count
- Offering a False Instrument for Filing in the First Degree, a class E felony, 4 counts

1140 REALTY GROUP, LLC (1140 Bushwick Avenue)

Charges:

- Grand Larceny in the Second Degree, a class C felony, 1 count
- City Criminal Tax Fraud in the Third Degree, a class D felony, 4 counts
- City Criminal Tax Fraud in the Fourth Degree, a class E felony, 1 count
- Offering a False Instrument for Filing in the First Degree, a class E felony, 2 counts

140 STANHOPE GROUP, LLC (140 Stanhope Street)

Charges:

- Grand Larceny in the Second Degree, a class C felony, 1 count
- City Criminal Tax Fraud in the Second Degree, a class C felony, 4 counts
- Offering a False Instrument for Filing in the First Degree, a class E felony, 2 counts

IOAN SITA (305 Stockholm Street)

Charges:

- Grand Larceny in the Second Degree, a class C felony, 1 count
- City Criminal Tax Fraud in the Third Degree, a class D felony, 5 counts
- Offering a False Instrument for Filing in the First Degree, a class E felony, 2 counts

GHEORGHE SITA (305 Stockholm Street)

Charges:

- Grand Larceny in the Second Degree, a class C felony, 1 count
- City Criminal Tax Fraud in the Third Degree, a class D felony, 5 counts
- Offering a False Instrument for Filing in the First Degree, a class E felony, 1 count

305 STOCKHOLM LLC (305 Stockholm Street)

Charges:

- Grand Larceny in the Second Degree, a class C felony, 1 count
- City Criminal Tax Fraud in the Third Degree, a class D felony, 5 counts
- Offering a False Instrument for Filing in the First Degree, a class E felony, 3 counts

MICHAEL AMBROSINO (300 Eldert Street)

Charges:

- Grand Larceny in the Second Degree, a class C felony, 1 count
- City Criminal Tax Fraud in the Third Degree, a class D felony, 4 counts
- Offering a False Instrument for Filing in the First Degree, a class E felony, 2 counts

AMBROSINO EQUITIES (300 Eldert Street)

Charges:

- Grand Larceny in the Second Degree, a class C felony, 1 count
- City Criminal Tax Fraud in the Third Degree, a class D felony, 4 counts
- Offering a False Instrument for Filing in the First Degree, a class E felony, 2 counts

JOEL KOHN (70 Bushwick Avenue)

Charges:

- Grand Larceny in the Second Degree, a class C felony, 1 count
- City Criminal Tax Fraud in the Second Degree, a class C felony, 4 counts
- City Criminal Tax Fraud in the Third Degree, a class D felony, 1 count
- Offering a False Instrument for Filing in the First Degree, a class E felony, 4 counts

BUSHWICK POWERS LLC (70 Bushwick Avenue)

Charges:

- Grand Larceny in the Second Degree, a class C felony, 1 count
- City Criminal Tax Fraud in the Second Degree, a class C felony, 4 counts
- City Criminal Tax Fraud in the Third Degree, a class D felony, 1 count
- Offering a False Instrument for Filing in the First Degree, a class E felony, 4 counts

[1] The charges contained in the indictment are merely allegations and the defendants are presumed innocent unless and until proven guilty. All factual recitations are derived from documents filed in court and statements made on the record in court.