

Approved:

GLEN G. MCGORTY/WILLIAM J. HARRINGTON/MICHAEL BOSWORTH
Assistant United States Attorneys

Before: HONORABLE KEVIN NATHANIEL FOX
United States Magistrate Judge
Southern District of New York

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UNITED STATES OF AMERICA : SEALED COMPLAINT

- v. -

CARL KRUGER, :
RICHARD LIPSKY, : 18 U.S.C. §§
AARON MALINSKY, : 1341, 1343, 1346, 1349,
SOLOMON KALISH, : 1956(a)(1)(B) & (h).
ROBERT AQUINO, :
DAVID ROSEN, : COUNTY OF OFFENSE:
WILLIAM BOYLAND, JR., and : NEW YORK
MICHAEL TURANO, :

Defendants. :

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SOUTHERN DISTRICT OF NEW YORK, ss.:

JULIE S. BROWN, being duly sworn, deposes and says that she is a Special Agent with the Federal Bureau of Investigation ("FBI") and charges as follows:

COUNT ONE

(Conspiracy to Deprive New York State and Its Citizens of
CARL KRUGER's Honest Services)

1. From at least in or about 2006 through and including in or about March 2011, in the Southern District of New York and elsewhere, CARL KRUGER, RICHARD LIPSKY, and AARON MALINSKY, the defendants, and others known and unknown, unlawfully, willfully and knowingly combined, conspired, confederated and agreed together and with each other to commit offenses against the United States, to wit, mail fraud and wire fraud in violation of Title 18, United States Code, Sections 1341, 1343, and 1346, to wit, KRUGER, while serving as a member of the New York State Senate, and in connection with his official position as a member of the New York State Senate, received bribes from a number of individuals, including LIPSKY and

MALINSKY, in exchange for taking official action to benefit these individuals as the opportunities arose; KRUGER directed that the corrupt payments be made to bank accounts established by MICHAEL TURANO, the defendant, for the benefit of KRUGER and others.

2. It was a part and object of the conspiracy that CARL KRUGER, RICHARD LIPSKY, and AARON MALINSKY, the defendants, and others known and unknown, having devised and intending to devise a scheme and artifice to defraud, and to deprive New York State and its citizens of their intangible right to KRUGER's honest services would and did place in a post office and authorized depository for mail matter a matter and thing to be sent and delivered by the Postal Service, and deposited and caused to be deposited a matter and thing to be sent and delivered by a private and commercial interstate carrier, and took and received therefrom such matter and thing, and knowingly caused to be delivered by mail and such carrier according to the direction thereon, and at the place at which it was directed to be delivered by the person to whom it was addressed, such matter and thing.

3. It was a further part and object of the conspiracy that CARL KRUGER, RICHARD LIPSKY, and AARON MALINSKY, the defendants, and others known and unknown, having devised and intending to devise a scheme and artifice to defraud, and to deprive New York State and its citizens of their intangible right to KRUGER's honest services would and did for the purpose of executing this scheme transmit and cause to be transmitted by means of wire and radio communications in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, to wit, electronic mails ("emails").

Overt Acts

4. In furtherance of the conspiracy and to effect the illegal objects thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. On or about December 28, 2010, at approximately 4:47 p.m., CARL KRUGER, the defendant, directed a Senate staff member to allocate to a client of RICHARD LIPSKY, the defendant, approximately \$500,000 in state funds that KRUGER controlled.

b. On or about January 28, 2011, AARON MALINSKY, the defendant, met with CARL KRUGER, the defendant, in the lobby of a luxury hotel in midtown Manhattan.

c. On or about February 11, 2011, RICHARD LIPSKY, the defendant, met with CARL KRUGER, the defendant, inside LIPSKY's car in the vicinity of 18th Street and Fifth Avenue in Manhattan.

(Title 18, United States Code, Section 1349).

COUNT TWO

**(Conspiracy to Deprive New York State and Its Citizens of
Their Legislators' Honest Services)**

5. From at least in or about 2000 through and including in or about September 2008, in the Southern District of New York and elsewhere, CARL KRUGER, SOLOMON KALISH, ROBERT AQUINO, DAVID ROSEN, and WILLIAM BOYLAND, JR., the defendants, Anthony Seminerio, and others known and unknown, unlawfully, willfully and knowingly combined, conspired, confederated and agreed together and with each other to commit offenses against the United States, to wit, mail fraud and wire fraud in violation of Title 18, United States Code, Sections 1341, 1343, and 1346, to wit, ROSEN, while employed as CEO of MediSys Health Networks, and AQUINO, while employed as CEO of Parkway Hospital, offered to pay and paid bribes to KRUGER in exchange for his undertaking official action to benefit MediSys and Parkway Hospital, and ROSEN additionally paid bribes to Seminerio and BOYLAND, JR., in exchange for their undertaking official action to benefit MediSys as the opportunities arose, and disguised those payments in the form of a no-show consulting job for BOYLAND, a consulting company for Seminerio, and, with KALISH's assistance, a contract with a hospice care company for KRUGER.

6. It was a part and object of the conspiracy that CARL KRUGER, SOLOMON KALISH, ROBERT AQUINO, DAVID ROSEN, and WILLIAM BOYLAND, JR., the defendants, Anthony Seminerio, and others known and unknown, having devised and intending to devise a scheme and artifice to defraud, and to deprive New York State and its citizens of their intangible right to their state legislators' honest services, (a) did place in a post office and authorized depository for mail matter a matter and thing to be sent and delivered by the Postal Service, and deposited and caused to be deposited a matter and thing to be sent and delivered by a private and commercial interstate carrier, and took and received therefrom such matter and thing, and knowingly caused to be delivered by mail and such carrier according to the direction thereon, and at the place at which it was directed to be delivered by the person to whom it was addressed, such matter

and thing; and (b) for the purpose of executing this scheme, the defendants would and did transmit and cause to be transmitted by means of wire and radio communications in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, to wit, emails, and would and did cause matters and things to be delivered by mail, to wit, correspondence and checks.

Overt Acts

7. In furtherance of the conspiracy and to effect the illegal objects thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. In or about 1999, DAVID ROSEN, the defendant, directed one of his subordinates to hire Anthony Seminerio as a consultant.

b. In or about May 2007, years after his election as an Assemblyman and after DAVID ROSEN, the defendant, had caused MediSys to provide a weekly salary to him for a no-show consulting job, WILLIAM BOYLAND, JR., the defendant, agreed to help ROSEN obtain a meeting with the Commissioner of the New York State Department of Health.

c. In or about 2008, CARL KRUGER, the defendant, advocated on behalf of Parkway Hospital with an official in the New York State executive branch with oversight responsibilities for New York State hospitals.

d. On or about June 25, 2008, ROBERT AQUINO, the defendant, caused Parkway Hospital to pay \$20,000 to Adex Management, Inc.

e. On or about July 1, 2008, after Adex had received a \$20,000 check from Parkway Hospital, SOLOMON KALISH, the defendant, signed a check to Olympian Strategic Development Corp. in the amount of \$10,000 with the front memo notation, "Parkway."

(Title 18, United States Code, Section 1349).

COUNT THREE

(Money Laundering Conspiracy)

8. From at least in or about 2006, through and including in or about March 2011, in the Southern District of New York and elsewhere, CARL KRUGER, RICHARD LIPSKY, AARON MALINSKY, SOLOMON KALISH, and MICHAEL TURANO, the defendants, and others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate and agree together and with each other to violate Title 18, United States Code, Section 1956(a)(1)(B):

9. It was a part and object of the conspiracy that CARL KRUGER, RICHARD LIPSKY, AARON MALINSKY, SOLOMON KALISH, and MICHAEL TURANO, the defendants, knowing that the property involved in certain financial transactions represented the proceeds of some form of unlawful activity, unlawfully, willfully, and knowingly would and did conduct and attempt to conduct such financial transactions which in fact involved the proceeds of specified unlawful activity, to wit, the honest services fraud conspiracies charged in Counts One and Two of this Complaint; in whole or in part, to conceal or disguise the nature, the location, the source, the ownership, or the control of the proceeds of that specified unlawful activity, to wit, KRUGER directed that the corrupt payments he received from LIPSKY, MALINSKY, and KALISH be made to bank accounts in corporate names established by MICHAEL TURANO for the benefit of KRUGER, MICHAEL TURANO, and another others.

Overt Acts

10. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. On or about November 15, 2006, MICHAEL TURANO, the defendant, established a bank account in the name of Olympian Strategic Development Corp.

b. On or about September 10, 2007, SOLOMON KALISH, the defendant, signed a check authorizing a \$22,500 payment from Adex Management, Inc., to Olympian Strategic Development, Corp. The check bore the memo notation "Parkway Hospital."

c. In or about March 2010, RICHARD LIPSKY, the defendant, caused a check dated March 10, 2010, in the amount of \$11,250, to be issued to Olympian Strategic Development Corp. from the account of Richard Lipsky Associates, Inc.

d. In or about March 2010, AARON MALINSKY, the defendant, caused a check dated March 15, 2010, in the amount of \$45,000, to be issued to Olympian Strategic Development Corp. from the account of P/A Associates LLC.

e. On or about February 10, 2011, at approximately 4:31 p.m., CARL KRUGER, the defendant, spoke with RICHARD LIPSKY, the defendant, about a check LIPSKY had for the bank account of Bassett Brokerage.

(Title 18, United States Code, Section 1956(h)).

The bases for deponent's knowledge and the foregoing charges are, in part, as follows:

11. I am a Special Agent with the Federal Bureau of Investigation ("FBI"). I have worked with the FBI for more than ten years, and have served as a Special Agent in Public Corruption Squad in New York for the past three years, after spending over five years working on bank fraud cases. Since becoming a Special Agent with the FBI, I have conducted investigations involving public corruption crimes, and various forms of white collar crime, and have conducted or participated in wire and physical surveillance, the introduction of undercover agents, the execution of search warrants, debriefings of informants and reviews of taped conversations, and the analysis of bank records. This affidavit is based upon my personal involvement in the investigation, including, among other things: my involvement in the judicially-authorized interception of calls on the cellular telephones used by Anthony Seminerio, CARL KRUGER, RICHARD LIPSKY, and SOLOMON KALISH, the defendants; my involvement in the judicially-authorized interception of oral communications by use of a surveillance device or "bug;" my conversations with other law enforcement officers; and my examination of pertinent documents, records, and reports. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all of the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

The Defendants and Relevant Individuals and Entities

12. CARL KRUGER, the defendant, has served as a member of the New York State Senate (the "Senate") from in or about 1994 through March 2011. KRUGER represents New York's 27th Senate district, which includes Bergen Beach, Flatlands, Mill Basin, Sheepshead Bay, and Midwood, among other neighborhoods in Brooklyn. He is the ranking member of the Consumer Protection Committee and a member of the Aging, Crime Victims, Crime & Correction, Energy & Telecommunications, Finance, Insurance and Veterans, Homeland Security & Military Affairs Committees. In 2009, he was the Chair of the Senate Finance Committee. As a member of the Senate, KRUGER's official duties have included voting on legislation, acting as a public advocate on behalf of constituents and others, and discussing, persuading and influencing other legislators with respect to matters before the Senate. As a member of the Senate, KRUGER owed a duty of honest services to New York State and its citizens. At least for calendar years 2008 and 2009, KRUGER did not disclose any outside income in excess of \$1,000 - from consulting fees or otherwise - except for dividends from New York State Dormitory Authority bonds. Additionally, KRUGER describes himself as a "full-time legislator" on his official New York State Senate website. Previously, KRUGER worked for the New York State Assembly and was, for ten years, the chairperson of Community Board 18.

13. RICHARD LIPSKY, the defendant, is a professional lobbyist and has been the principal of Richard Lipsky Associates, Inc., since approximately 1981. According to publicly filed documents, LIPSKY's clients include, among others, a significant real estate development firm ("Real Estate Developer #1") which is spearheading an over \$4 billion, multi-year, mixed-use commercial and residential development project in Brooklyn, New York, as well as various unions and associations, food retail businesses, supermarkets, and beverage distributors.

14. AARON MALINSKY, the defendant, is a principal of P/A Associates LLC ("P/A Associates"), a real estate development firm. According to publicly available documents, P/A Associates is working with other entities to develop a mixed-use complex in downtown Brooklyn called City Point.

15. SOLOMON KALISH, the defendant, is the owner and operator of Adex Management, Inc. ("Adex"), a marketing/consulting firm incorporated in June 1992, which brokers relationships in the healthcare industry.

16. ROBERT AQUINO, the defendant, is the former Chief Executive Officer of Parkway Hospital in Queens, New York ("Parkway").

17. DAVID ROSEN, the defendant, is the Chief Executive Officer of the MediSys Health Network and its constituent hospitals in Queens and Brooklyn ("MediSys"). MediSys owns and operates Queens hospitals including Jamaica Hospital Medical Center ("Jamaica Hospital"), Flushing Hospital, and Brookdale University Hospital and Medical Center ("Brookdale Hospital"). The MediSys entities are heavily dependent on state funding and highly regulated by state entities.

18. WILLIAM BOYLAND, JR., the defendant, has served as a member of the New York State Assembly (the "Assembly") representing New York's 55th Assembly district from in or about 2003 through March 2011. As a member of the Assembly, BOYLAND owed a duty of honest services to New York State and its citizens.

19. MICHAEL TURANO, the defendant, resides with his brother (the "TURANO Brother") and their mother (the "TURANO Mother") at a certain residence in Brooklyn, New York (the "TURANO Residence"). Based on surveillance, as well as my review of bank records and public records, I know the TURANO Residence is a multi-million dollar mansion that overlooks the Mill Basin in Brooklyn. MICHAEL TURANO works as a gynecologist, primarily at a hospital in Manhattan. The TURANO Brother also works as a gynecologist, primarily at a hospital in Brooklyn. The TURANO Mother is the district manager for Community Board 18 in Brooklyn.

20. Anthony Seminerio served as a member of the New York State Assembly representing New York's 38th Assembly district from in or about 1978 until March 2009. He was charged in the Southern District of New York with engaging in a scheme to commit honest services mail fraud and was arrested in connection with that charge on September 10, 2008. Seminerio pled guilty to honest services mail fraud on June 24, 2009, and was sentenced to six years' imprisonment on February 4, 2010. Because Seminerio died in prison while his appeal was still pending, his conviction was ultimately abated.

Overview of the Criminal Schemes

21. On the basis of my participation in witness interviews, my review of documents including bank records, my review of calls intercepted pursuant to judicially authorized

wiretaps and conversations recorded pursuant to a judicially authorized surveillance device or "bug," among other things, I believe that from at least in or about 2006, through and including in or about February 2011, CARL KRUGER, the defendant, received a stream of bribes totaling at least \$1 million in exchange for taking official actions on behalf of the bribe payers as opportunities arose. Specifically, KRUGER accepted bribes by sharing lobbying fees paid to RICHARD LIPSKY, the defendant, and then taking the very official acts in favor of which LIPSKY had been paid to lobby. In addition, at least one LIPSKY client, AARON MALINSKY, the defendant, and his company P/A Associates, also paid KRUGER bribes directly. KRUGER's official actions included sponsoring and supporting legislation, lobbying other elected officials, and directing state monies for the benefit of LIPSKY and his clients.

22. CARL KRUGER, the defendant, also solicited and received bribes by causing those seeking his official favors to steer payments to SOLOMON KALISH, the defendant, and his company, Adex. KALISH in turn split those payments with KRUGER. In particular, in or about the summer of 2008, KRUGER caused ROBERT AQUINO, the defendant, to pay monies to KALISH in exchange for KRUGER's support with New York State agencies. From in or about 2007, through and including in or about at least September 2008, KRUGER also attempted to cause DAVID ROSEN, the defendant, to negotiate business with a hospice care company (the "Hospice Company") in exchange for KRUGER's support. KRUGER and KALISH then split the money Adex received from the Hospice Company. ROSEN took steps to steer that business to the Hospice Company in exchange for KRUGER's support on a range of matters, including his employer's efforts to gain state funding. The co-conspirators attempted to give the bribes a veneer of legitimacy by bundling the payments with what might appear to be the provision of otherwise legitimate business matters.

23. Further, CARL KRUGER, the defendant, was one of three New York State legislators that DAVID ROSEN, the defendant, bribed in order to obtain their support in state matters. Beginning in about 1999 and continuing through in or about September 2008, ROSEN caused MediSys to pay bribes to Anthony Seminerio disguised as fraudulent consulting payments. Beginning in 2003 and continuing through in or about September 2008, ROSEN also caused MediSys to pay consulting fees to WILLIAM BOYLAND, JR., the defendant. BOYLAND, JR. and Seminerio performed little, if any, actual consulting services, but rather took official actions in exchange for receiving the sham consulting payments.

24. CARL KRUGER, the defendant, concealed his receipt of the bribes discussed herein by funneling the payments to shell companies established by MICHAEL TURANO, the defendant. The investigation has revealed that KRUGER had a close relationship with the TURANO family, and that KRUGER had a particularly close relationship with MICHAEL TURANO. Accordingly, by sending the monies to the TURANO family, KRUGER provided for their mutual benefit. Additionally, to conceal the corrupt scheme, MICHAEL TURANO and the TURANO Brother obtained real estate licenses issued on or about January 11, 2008, i.e., over nine months after the first payments made to the Olympian Bank Account by AARON MALINSKY, the defendant, and/or his real estate development company, P/A Associates. The TURANO brothers also attended meetings with at least one individual who made payments to the Olympian Bank Account as part of their efforts to conceal the nature of the payments made to the Olympian Bank Account. However, as revealed by the calls intercepted on KRUGER's cellphone, as well as recordings of meetings, KRUGER was the only individual who provided meaningful assistance to those making payments to the Olympian Bank Account.

KRUGER's Relationship with the TURANO Family

25. Based on surveillance conducted by other FBI agents and myself, as well as my review of calls intercepted, pursuant to judicial authorization, on the phone of CARL KRUGER, the defendant, (the "KRUGER Phone") from on or about November 3, 2010, through in or about March 2011, I believe that KRUGER had an intimate relationship with the TURANO family. KRUGER acted - and was treated in many ways - like a member of the TURANO family, and KRUGER effectively functioned as a member of their household. KRUGER regularly spent his time at the TURANO residence, brought breakfast to the TURANO family, had dinner with the TURANOs, and shared holidays with the TURANO family including, for example, Thanksgiving. KRUGER was also directly involved in the affairs of the TURANO family household. Among other things, interceptions on the KRUGER Phone revealed that: (1) KRUGER went shopping for the TURANO family, for example, buying light bulbs for the TURANO Residence, travel-sized snacks for them when they traveled, and stockings for the TURANO Mother; (2) KRUGER helped manage the affairs of the TURANO Residence, for example, directing the installation of security cameras at the TURANO Residence and setting up an appointment regarding the sprinklers at the TURANO Residence; and (3) KRUGER appeared to have a say in decisions of importance at the TURANO Residence, for example, speaking with an individual at a monument company about what the cemetery marker for the TURANO family should look

like and telling MICHAEL TURANO that he could not purchase a \$15,000 light fixture for the TURANO Residence.

26. Based on my review of calls intercepted on the KRUGER Phone, I believe that, of all the TURANOs, CARL KRUGER, the defendant, is closest with MICHAEL TURANO. For example, during the course of the interceptions of the KRUGER Phone, KRUGER was in nearly daily contact with MICHAEL TURANO; KRUGER spoke with MICHAEL TURANO in a manner that revealed that they relied on and supported one another; KRUGER sometimes picked MICHAEL TURANO up from work; and individuals called the KRUGER Phone to reach MICHAEL TURANO, including an individual who wanted to talk to "Dr. Turano" about the insurance for a Bentley automobile and an individual from the emergency room at one of the hospitals where TURANO worked.

The Corrupt Payments to KRUGER

27. Between November 2006 and the end of December 2010, RICHARD LIPSKY, AARON MALINSKY, and SOLOMON KALISH, the defendants, directed hundreds of thousands of dollars to bank accounts held in the name of what appeared to be shell companies, namely, Olympian Strategic Development Corp. ("Olympian" and "Olympian Bank Account") and/or Bassett Brokerage ("Bassett" and "Bassett Bank Account"). The Olympian Bank Account and the Bassett Bank Account were established and controlled, in part, by MICHAEL TURANO, the defendant, for the benefit of the TURANO Family and CARL KRUGER, the defendant, pursuant to an agreement with KRUGER. Indeed, on or about February 16, 2011, at approximately 7:29 p.m., in a call intercepted over the KRUGER Phone, KRUGER expressly stated that it was his own work that gave rise to benefits for the TURANO Family and that they and KRUGER were supposed to jointly share in those benefits. As the TURANO Mother and KRUGER were discussing the TURANO Brother's plans to try to distance himself from the TURANO Family, KRUGER stated that he had told MICHAEL TURANO, "[W]hat, he's [the TURANO Brother's] going to be the beneficiary of my work? I said, I made life easier for the two of you and he is going to be the beneficiary of it? No, it was supposed to be that we were gonna all share in the benefits of it. What did he do?"

28. Specifically, between at least November 2007 and the end of June 2010, RICHARD LIPSKY, the defendant, through Richard Lipsky Associates, Inc., directed, at regular intervals, a stream of payments to the Olympian Bank Account which totaled approximately \$252,000. Between at least April 2007 and the end of October 2009, SOLOMON KALISH, the defendant, through his firm Adex, directed, at regular intervals, a stream of payments to the

Olympian Bank Account which totaled approximately \$197,005. Between at least April 2007 and the end of December 2010, AARON MALINSKY, the defendant, through P/A Associates, directed, at regular intervals, a stream of payments to the Olympian Bank Account which totaled approximately \$472,500. On at least one occasion, a payment from P/A Associates was sent to Olympian through the United States mail. During the same period, a number of other individuals and entities also similarly directed payments to the Olympian Bank Account. In all, between November 2006 and the end of December 2010, the Olympian Bank Account received approximately \$1,530,842 from these and other sources.

29. According to bank records, MICHAEL TURANO, the defendant, established the Olympian Bank Account on or about November 15, 2006, and described himself as President of Olympian. At all times relevant, MICHAEL TURANO, the defendant, was the only signatory on the Olympian Bank Account, and bank statements for the Olympian Bank Account were sent to the TURANO Residence. Between November 2006 and the end of December 2010, MICHAEL TURANO signed checks directing approximately \$1,019,800 to himself and approximately \$301,700 to the TURANO Brother from the account.

30. Many of the disbursements from the Olympian Bank Account to MICHAEL TURANO, the defendant, occurred shortly after money from Richard Lipsky Associates, Inc., P/A Associates, and/or Adex had been deposited into the Olympian Bank Account. For example, after the Olympian Bank Account received an \$11,250 deposit from Richard Lipsky Associates, Inc. (on or about March 10, 2010) and a \$45,000 deposit from P/A Associates (on or about March 15, 2010), MICHAEL TURANO signed a check to himself dated March 28, 2010, for \$50,000 that cleared on or about March 30, 2010. This disbursement to MICHAEL TURANO brought the balance in the Olympian Bank Account down to approximately \$8,792. MICHAEL TURANO also signed checks authorizing payments from the Olympian Bank Account for the lease on the TURANO Brother's Bentley, his personal credit card, and other apparently personal payments. A significant portion of the funds that MICHAEL TURANO distributed to himself and the TURANO Brother otherwise went to make payments for the mortgage on the TURANO Residence and to pay credit card bills.

31. RICHARD LIPSKY, the defendant, through another entity he controlled, namely RLA Strategic Planning Corp., also directed in excess of \$7,500 to the Bassett Bank Account. The Bassett Bank Account also received in excess of \$80,000 in payments from a certain insurance agency one of whose principals was intercepted talking with CARL KRUGER, the defendant, on the

KRUGER Phone about issues related to insurance about which KRUGER was to meet with someone in Albany. According to bank records, MICHAEL TURANO, the defendant, established the Bassett Bank Account on or about July 2, 2008. TURANO described himself as President/Secretary of Bassett Brokerage and the TURANO Brother as Vice President. Both MICHAEL TURANO and the TURANO Brother signed the signature cards for the Bassett Bank Account, MICHAEL TURANO and the TURANO Brother were the only signatories on the Bassett Bank Account, and at all times relevant, bank statements for the Bassett Bank Account were sent to the TURANO Residence.

32. Wiretap intercepts reveal that CARL KRUGER, the defendant, was directly involved in the receipt of corrupt payments into the Olympian Bank Account and Bassett Bank Account. For example:

a. A Payment to the Olympian Bank Account: On November 16, 2010, at approximately 1:18 p.m., KRUGER spoke with MICHAEL TURANO, the defendant. During the conversation, MICHAEL TURANO told KRUGER, "I got the mail ... nothing," to which KRUGER responded, "I told him that, he said, should be." Based on subsequent calls between KRUGER and AARON MALINSKY, the defendant, as well as calls between KRUGER and MICHAEL TURANO in which the two of them discussed "Aaron," I believe that during the above-described call on November 16, 2010, when MICHAEL TURANO and KRUGER were discussing the mail, they were discussing a payment to the Olympian Bank Account expected from AARON MALINSKY, the defendant, through P/A Associates. Based on a review of bank records, I have learned that P/A Associates issued a check to Olympian on November 16, 2010, in the amount of \$15,000, which was subsequently deposited into the Olympian bank account on November 18, 2010.

b. Payments to the Bassett Bank Account: On November 16, 2010, at approximately 4:18 p.m., KRUGER spoke with RICHARD LIPSKY, the defendant. During this call, KRUGER asked LIPSKY, "Your friend hasn't done anything yet, has he?" to which LIPSKY responded, "Yeah, he did. He sent me something, ah, you know, to, to update me, and uh, um, you know, so uh, you wanted to, uh, have that, uh, put aside, so you could review it later, so, uh, that's what I did." KRUGER responded, "Ok, so you want me ... when I see you, we'll talk about it." LIPSKY answered, "Fine, no problem," and they ended the call. Based on my training and experience and other investigation in this case, I believe KRUGER and LIPSKY were speaking about a payment that KRUGER had expected from MALINSKY. Based on a review of bank records, I have learned that RLA Strategic Planning Corp. received a \$15,000 check from another entity operated by AARON

MALINSKY, the defendant, dated November 11, 2010, which was deposited on November 22, 2010. On December 1, 2010, RLA Strategic Planning Corp. issued a \$7,500 check to Bassett. On or about February 10, 2011, at approximately 4:31 p.m., CARL KRUGER, the defendant, spoke with RICHARD LIPSKY, the defendant. During the conversation, LIPSKY told KRUGER, "I have a memo to show you so, uh, we'll see if we can hook up." KRUGER responded, "ok, very good" but asked, a "memo about what?" LIPSKY replied, "Just involving what we had talked about ... you'll figure it out later, ok? I'll talk to you later." KRUGER then questioned whether anybody had reached out to LIPSKY. LIPSKY said, "No, I'm just talking about our friend's, you know, situation," noting that "you're the one who always phrases it that way, so that's why I used that phraseology." LIPSKY clarified, "It's for, uh, [sigh] it's for Bassett." When KRUGER asked, "Oh, any reason that that popped up?" LIPSKY replied, "No, it's just a, it's just a, you know, it's a review of the month's activity, that's what it is." Based on my training and experience and other investigation in this case, I believe that when LIPSKY said he wanted to show KRUGER a "memo," he was talking about giving KRUGER a check for the Bassett Bank Account. The following day, February 11, 2011, other law enforcement agents and I surveilled KRUGER meeting with LIPSKY inside LIPSKY's car in the vicinity of 18th Street and Fifth Avenue in Manhattan. Based on the above-described calls, as well as the circumstances of the meeting on February 11, 2011, and other investigation in this case, I believe that LIPSKY passed a check to KRUGER when the two of them met inside LIPSKY's car.

KRUGER and LIPSKY's Corrupt Scheme

33. As set forth above, between November 2006 and the end of December 2010, RICHARD LIPSKY, the defendant, caused a total of over \$250,000 to be paid from Richard Lipsky Associates, Inc., and/or RLA Strategic Planning Corp. to the Olympian Bank Account and/or the Bassett Bank Account. Based on my review of calls intercepted, pursuant to judicial authorization, on LIPSKY's cellphone ("LIPSKY Phone") from on or about December 1, 2010, through in or about March 2011, and based on my review of, among other things, public records, bank records, surveillance, and calls intercepted on the KRUGER Phone, I believe that LIPSKY paid these bribes to Olympian and Bassett to obtain official benefits from CARL KRUGER, the defendant. Specifically, between November 2006 and the present, KRUGER has taken a number of official actions to benefit the clients of LIPSKY's lobbying business, and, as a result, LIPSKY. These clients included, among others, as defined below, Real Estate Developer #1, Beverage Distributor #1, the Supermarket Retailer, and an Albany-

based lobbying firm, and the Retail Coalition. Among other things, and as set forth below, KRUGER has sponsored or supported legislation aimed to further the interests of LIPSKY's clients; has provided active support for causes important to LIPSKY's clients, including by lobbying other elected and unelected officials; and has caused the disbursement of state funds to one of LIPSKY's clients, namely, Real Estate Developer #1.

A. State Legislation to Benefit LIPSKY's Clients

34. Based on my review of public registries for lobbyists and other public information, and bank records for various accounts belonging to RICHARD LIPSKY, the defendant, or entities under his control, I believe that CARL KRUGER, the defendant, has taken positions on a number of legislative issues in exchange for corrupt payments from LIPSKY to benefit LIPSKY and/or his clients. Several examples are set forth below.

The New York State Bottle Bill

35. Enacted in 1982, New York's Returnable Beverage Container law, known as the "Bottle Bill," mandated a minimum 5-cent refundable deposit on certain beverage containers sold in the State. Retailers selling bottled beverages were required to serve as locations where consumers could return their empty containers in exchange for the return of their deposit. The original law applied only to the carbonated beverages such as beer and soda. A portion of the so-called Bigger Better Bottle Bill, which was eventually passed on April 3, 2009, as part of the 2009-2010 State Budget, ultimately expanded the law to apply to bottled water. See Section 27-1001, New York State Environmental Conservation Law.

36. According to publicly available information, RICHARD LIPSKY, the defendant, had been hired by numerous food retailers and beverage distributors to lobby against the expansion of the Bottle Bill. For example, according to an April 30, 2009, letter contract with Richard Lipsky Associates, one beverage distributor ("Beverage Distributor #1") hired LIPSKY in exchange for a total of \$5,000 for three months from May through June 2009, to "work on our behalf to help delay/amend/repeal new aspects of the New York State Bottle Deposit Bill." The agreement stated: "It is expected that your duties during that time will include strategy development with [Beverage Distributor #1], the lobbying of key legislators and public relations, working with the media." Similarly, another beverage distributor based in the Bronx, New York, hired LIPSKY on February 23, 2009,

for \$30,000 for LIPSKY's lobbying services in connection with the Bottle Bill.

37. Evidence gathered during the investigation has revealed that RICHARD LIPSKY, the defendant, lobbied CARL KRUGER, the defendant, to oppose the expansion of the Bottle Bill. KRUGER has taken official action to benefit LIPSKY's clients in connection with the Bottle Bill. On April 3, 2009, the 2009-2010 State Budget, which included a portion of the Bigger Better Bottle Bill, was unanimously passed by the Senate. However, in or about April 2009, following the passage of the Budget, KRUGER introduced legislation to push the start date for the Bigger Better Bottle Bill provisions of the Budget back to January 1, 2010, delay the imposition of the deposit law, and remove a plan to require new bottles to have a New York-specific bar code.

38. CARL KRUGER and RICHARD LIPSKY, the defendants, have been intercepted discussing the Bottle Bill issue, as well as LIPSKY's clients, on the telephone. For example, on December 8, 2010, at approximately 11:16 a.m., KRUGER told LIPSKY to tell one of LIPSKY's clients, namely, the owner of a major supermarket retailer ("Supermarket Retailer") that KRUGER "gave it" to a certain recently defeated New York State Senator ("Senator #1") "in front of everybody on Tuesday about the Sulfur Bill and Bottle Bill." In a previous call, KRUGER had suggested to LIPSKY that Senator #1's difficult re-election campaign stemmed from the Senator's opposition to bottlers.

The Beer Distribution Bill

39. RICHARD LIPSKY, the defendant, was also hired by numerous beverage distributors to lobby the state legislature with respect to the so-called Beer Distribution Bill ("Beer Bill"). That bill, which would have amended the Alcoholic Beverage Control Law, concerned, among other things, beer pricing. An association of beverage distributors hired LIPSKY, for example, on February 1, 2009, to lobby in support of the Beer Distribution Bill for one year in exchange for \$30,000.

40. On February 11, 2009, CARL KRUGER, the defendant, co-sponsored the Beer Bill in the New York State Senate.

The Wine Industry and Liquor Store Revitalization Act

41. RICHARD LIPSKY, the defendant, was also hired to lobby the New York State Legislature with respect to the so-called Wine Industry and Liquor Store Revitalization Bill, designed to benefit liquor retailers and distributors by

expanding the Alcoholic Beverage Control Law. Specifically, the bill was designed to permit grocery stores to sell wine, allow complementary items to be sold in liquor stores, and enact reforms to the state's "Blue Laws," which limited sale of alcohol products in New York, including extending hours of operation for liquor stores. Public records indicate that on February 6, 2009, an Albany-based lobbying firm hired LIPSKY to lobby "on the issue of expanding the sale of wine into supermarkets and other food outlets," in connection with this bill for five months, in exchange for \$25,000.

42. On June 5, 2009, CARL KRUGER, the defendant, co-sponsored the Wine Industry and Liquor Store Revitalization Bill in the New York State Senate. In connection with the introduction of the bill, KRUGER issued a statement: "The Wine Industry and Liquor Store Revitalization Act will provide a much-needed boost to industries that are critical to New York State's economy. This long-overdue measure is an important mechanism for securing our fiscal future by jump-starting businesses that are equipped to fuel further growth." On January 5, 2011, KRUGER sponsored a revised version of the bill.

Cigarette License Fees and Native American Tax Avoidance

43. As referenced above, the Supermarket Retailer hired RICHARD LIPSKY, the defendant, to lobby the state legislature on various issues, including the Bottle Bill. The Supermarket Retailer agreed to pay LIPSKY's firm approximately \$48,000 per year for the past several years. The Supermarket Retailer also paid LIPSKY to lobby regarding the enforcement of the Native American cigarette tax laws. Since at least 2006, the Supermarket Retailer had publicly opposed any increase of cigarette taxes (which would have affected the prices of cigarettes sold in its stores) until New York State collected outstanding cigarette taxes owed by Native American retailers. Based on my training and experience, and other investigation in this case, I believe it was in the Supermarket Retailer's interest to sell its cigarettes at a price that was not significantly higher than those sold by Native American retailers. On February 1, 2006, the Chairman of the Supermarket Retailer stated in the media that "there is no doubt where consumers are going to purchase their cigarettes," when cigarettes were selling as low as \$20 per carton on Native American reservations, but more than \$48 per carton at its non-Native American retail stores.

44. Evidence gathered during the investigation has revealed that CARL KRUGER, the defendant, took official action to

benefit clients of RICHARD LIPSKY, the defendant, regarding cigarette taxes on Native Americans. Specifically, on June 21, 2010, the New York Senate amended N.Y. Tax Law §§ 471 and 471-e regarding the distribution and sale of cigarettes on the territories of Native American nations within the geographic boundaries of the state, and raised the State cigarette tax rate from \$2.75 to \$4.35 per pack. The amendments provided that the cigarette tax set forth in § 471 should not be imposed on sales to qualified Native Americans for their own use and consumption on their nations' qualified reservations, but further provided that the tax was imposed on all cigarettes sold to non-members. See N.Y. Tax Law §§ 471(1), 471-e(1)(a). This amendment to the tax law ensured the timely implementation of the previously unenforced collection of taxes on cigarettes (and motor fuels) sold by Native American retailers to non-Native Americans, which taxes were originally passed as part of the 2005-06 New York State budget and signed into law but never enforced. KRUGER supported this amendment to the tax law. Previously, KRUGER was a vocal champion of collecting these taxes, most notably when he put forth an alternative budget proposal amidst political stalemate in November 2009.

45. Following the passage of the tax amendment, the Seneca Nation and other Native American tribes filed a federal lawsuit in the Western District of New York to prevent the State of New York from collecting a sales tax on cigarettes sold to non-Native Americans. On August 31, 2010, the Honorable Richard Arcara, United States District Judge, issued a temporary restraining order halting the collection of the taxes. On September 2, 2010, CARL KRUGER, the defendant, wrote a letter to Judge Arcara against the lawsuit and in support of the collection of taxes owed by Native Americans. In the letter, KRUGER stated:

As Chair of the Senate Finance Committee, I submit that there is no issue of law to decide in the above referenced matter. Issues regarding this matter were already adjudicated and decided favorable for New York State by the lower courts, by the Court of Appeals Second Circuit and by the U.S. Supreme Court.

The New York State is facing a \$200 million hole in its budget. The tax increase on cigarettes along with the enforcement of the collection of these taxes was aimed to balance the budget. However, the decision of the court to temporarily halt the enforcement

of these taxes by New York State has put its entire budget in jeopardy. This temporary halt in enforcement until Tuesday's hearing has already cost the state over \$6 million in uncollected cigarette taxes. In addition, the halt in enforcement continues to allow consumers to avoid cigarette taxes by purchasing from untaxed Indian smoke shops and is counterintuitive to the revenue increase expected from the increase in cigarette taxes.

....

Taxes are a part of life and must be equally applied without preferential treatment. It is imperative that New York State be allowed to obtain its funds to which it is legally entitled. Nothing should stand in its way.

46. On November 10, 2010, Judge Arcara denied the request to block the tax collection, but decided to stay the ruling to permit the Native American tribes to appeal. Judge Arcara determined that the State of New York was correct on the merits, but Judge Arcara stayed his ruling and allowed the Native American tribes to pursue their appeal. In a telephone call with RICHARD LIPSKY, the defendant, on November 10, 2010, at approximately 2:08 p.m., CARL KRUGER, the defendant, expressed his irritation with Judge Arcara's decision to stay his ruling. LIPSKY said, "[T]hat Judge in Buffalo," referring to Judge Arcara, is a real "dope," because he said the "State of New York is absolutely right on the merits but he's not going to rule and enforce it, he's going to allow them to keep the stay pending an appeal to the Second Circuit."

B. KRUGER's Support of LIPSKY's Clients' Causes

47. For the last several years, RICHARD LIPSKY, the defendant, has been retained by the Supermarket Retailer, as well as a coalition of small supermarkets and bodegas (the "Retail Coalition"), to lobby in connection with their efforts to block major "superstores" from opening in New York City. According to public records, for example, this Retail Coalition contracted with LIPSKY for his lobbying services in at least 2007 and 2008 at the rate of \$120,000 per year. One of the projects for which LIPSKY was explicitly engaged was his effort to prevent the building of a major retail "superstore" (the "Superstore") in Brooklyn. Based on the investigation, I have learned that LIPSKY

has specifically lobbied and garnered the assistance of CARL KRUGER, the defendant, in connection with this campaign.

48. There were a number of calls intercepted over the KRUGER Phone which relate to CARL KRUGER, the defendant, his opposition to the Superstore's opening in Brooklyn, and his efforts to recruit other New York State officials to join in opposing the Superstore. For example:

a. On November 13, 2010, at approximately 11:37 a.m., CARL KRUGER, the defendant, told RICHARD LIPSKY, the defendant, that he spoke with a certain leader of the Senate ("Senate Leader #1") and told him that "we are still doing business" and "shouldn't be paralyzed by the count" (referring to the then on-going recount of ballots from election day, which would have revealed which party held the majority of the New York State Senate). LIPSKY told KRUGER that he would get a date for the "rally," and let KRUGER know so that KRUGER can "get on board." Based on other information gathered during the investigation, I am aware that the "rally" referenced by LIPSKY was a public rally in opposition to the building of the Superstore in Brooklyn, and that KRUGER planned on attending to lend his support to the cause.

b. On November 16, 2010, at approximately 4:18 p.m., LIPSKY told KRUGER that he had called the scheduler for Senate Leader #1 about the rally LIPSKY was planning against the building of the Superstore for December 1, 2010. According to LIPSKY, the scheduler was unsure if Senate Leader #1 would be able to attend. KRUGER told LIPSKY that he would "try to nail him down tomorrow" (meaning KRUGER would work on gaining Senator Leader #1's support in opposition to the Superstore, and his attendance at the anti-Superstore rally).

c. On November 17, 2010, at approximately 10:19 a.m., KRUGER told LIPSKY that he was on his way to 250 Broadway in Manhattan. LIPSKY asked KRUGER to see if he could find out Senate Leader #1's position. LIPSKY told KRUGER that he was trying to "get together a few things ... [including] the [Superstore] stuff." KRUGER asked LIPSKY if he was going to be around the next day, and LIPSKY indicated he would probably be free in the morning. KRUGER said he would "get finished with this stuff first and get back to him."

d. On November 17, 2010, at approximately 10:21 a.m. KRUGER spoke with KRUGER's Chief of Staff (the "Chief of Staff"). During this call, KRUGER asked the Chief of Staff to call Senate Leader #1's office and tell the Senator's assistant

that he wanted to get Senate Leader #1 in on the "anti-[Superstore] thing." KRUGER stated, "[W]e don't need a [Superstore] in Brooklyn." KRUGER advised that they were aiming to have the rally on December 1, 2010, though KRUGER would prefer if it were on December 2, 2010. KRUGER then instructed the Chief of Staff to tell Senate Leader #1's assistant that KRUGER wanted to know "if it is doable" for Senate Leader #1 to stop by the rally. KRUGER expressed that he believed it would be a "good thing" for the "unions and small business." Again, based on my training and experience, and other investigation in this case, I believe these calls demonstrate KRUGER's efforts to influence another Senator to aid a cause important to LIPSKY's clients.

e. On November 19, 2010, at approximately 11:45 a.m., the FBI conducted surveillance at a diner in New York, New York. At approximately noon, KRUGER entered the diner and took a seat at a table. At approximately 12:10 p.m., LIPSKY entered the diner carrying a red book or binder. LIPSKY joined KRUGER at his table for lunch and, during the meal, appeared to be reviewing at least one unidentified document together. The meeting ended at approximately 1:15 p.m., and surveillance was discontinued soon thereafter. Based on my training and experience, and other investigation in this case, I believe KRUGER and LIPSKY were meeting for the purpose of discussing the matter referenced above in the November 16, 2010 telephone call discussed above, during which I believe KRUGER and LIPSKY agreed to speak further in person.

C. KRUGER's Disbursement of New York State Discretionary Funds To Benefit LIPSKY's Clients

49. As referenced above, Real Estate Developer #1 was a lobbying client of RICHARD LIPSKY, the defendant. According to public records, since 2005, Real Estate Developer #1 paid LIPSKY for his lobbying services regarding land use and real estate development, at varying rates of \$2,000 to \$4,000 per month. Similarly, the related corporate entity overseeing Real Estate Developer #1's development of the \$4 billion Brooklyn multi-use complex independently retained LIPSKY's lobbying services since 2007, at varying rates from \$1,500 to \$2,750 per month.

50. Calls intercepted on the KRUGER Phone reveal that CARL KRUGER, the defendant, spoke directly with the Vice President of Governmental Affairs and Public Relations for Real Estate Developer #1 (the "Vice President"). Based on my training and experience and other investigation in this case, I believe the calls between KRUGER and the Vice President related to a variety of real estate development projects and, specifically, to

KRUGER's ability, in his official capacity, to help Real Estate Developer #1 on its various projects. For example:

a. On December 28, 2010, there were a series of calls between KRUGER and others discussing a number of Brooklyn-based real estate development projects. At approximately 4:17 p.m., KRUGER used the KRUGER Phone to speak first with his Chief of Staff. KRUGER and the Chief of Staff discussed three real estate development projects for which the Vice President at Real Estate Developer #1 had requested state funding: "Lakeside" for \$4 million, "Mill Basin" for \$2 million, and the "Carlton Avenue Bridge" for \$9 million. The Chief of Staff said that a Senate staff member (the "Senate Staff Member") had been in contact with Senate Leader #1 and they thought they "they had [only] \$4 million to do something with now." KRUGER then instructed the Chief of Staff to patch in the Vice President, so KRUGER could tell him that there was only \$4 million to be allocated. The Chief of Staff then patched the Vice President into the call. KRUGER told the Vice President that he had to choose what project he wanted to get done because the Vice President was asking for "about \$12 million worth of projects" and "they are not all going to get done." The Vice President said he needed a "combo of two projects ... the park and Carlton Avenue Bridge." KRUGER said that the "bridge is out." KRUGER said "there is \$4 million in total" if Senate Leader #1 gave the Vice President all available funding, so KRUGER asked, "what do you want done?" The Vice President said that he did not know and that "this" was "bad." KRUGER said, "I guess the park, fuck the bridge." The Vice President said that "my dilemma is as you know, I don't mind fucking the bridge, I can't fuck it right now, I've got to leverage that bridge, what's my value?" KRUGER interrupted, "[B]y the way you are not going to be able to leverage it with that money." KRUGER said that he is "only the middle man he doesn't have control, it is up to [Senate Leader #1] where it goes." The Vice President asked him if as "Finance Chair," he could "leverage this guy" more and get more funding for him. KRUGER said that he had other places which would happily take less money: "I've got places ... like [a community organization]. They would take \$10,000 and kiss somebody's ass." The Vice President said, "Carl, I love you, but this is what I used to do and I know...." KRUGER said that he had a call into the Senate Staff Member and that KRUGER would call the Vice President back later. Based on my training and experience and other investigation in this case, I believe that the Vice President was calling upon KRUGER to ensure that Real Estate Developer #1's projects were funded with State money.

b. At approximately 4:47, KRUGER spoke with the Chief of Staff. Initially, KRUGER and the Chief of Staff first discussed the Vice President's requests for funding, and agreed it was ultimately up to Senate Leader #1 to decide how to allocate the money. KRUGER had questions about the money, so the Chief of Staff patched in the Senate Staff Member. During that portion of the call, the Senate Staff Member, calling KRUGER, "Mr. Chairman," informed KRUGER that there was \$4 million that "we can do for these projects for the time being. We have more than \$4 million... we have received three projects from [the Vice President], all of them totaling \$15 million." The Senate Staff Member said the \$4 million is "out of [Senate Leader #1's] money." KRUGER asked if he, i.e., KRUGER, had "got any money?" The Senate Staff Member replied that there was \$500,000 available to KRUGER that had not been used. They discussed the money and the pending take-over of the Senate by the Republicans. KRUGER then instructed the Senate Staff Member to put that \$500,000 towards the Vice President's park project, which would make the total state funds allocated to the park project \$4,500,000. The Senate Staff Member said he understood that they made a commitment to the Vice President, and it was important to put a "down payment" on the Vice President's projects, so the Senate Staff Member's "recommendation" was to give the \$4 million to the Vice President for him to allocate as he saw fit. KRUGER and the Senate Staff Member spoke further and KRUGER reiterated that the Senate Staff Member should allocate KRUGER's \$500,000 to the Vice President's "Prospect Park" project. KRUGER said that the State should not fund the Vice President's Mill Basin shopping center project. KRUGER told the Senate Staff Member to "tell [Senate Leader #1] that it is my recommendation that we fund the Prospect Park in its entirety." Based on my training and experience, and other investigation in this case, during this call, I believe KRUGER was performing official actions in furtherance of the Vice President's interests by allocating State funds for the Vice President's projects.

c. At approximately 5:06 p.m., KRUGER spoke again to his Chief of Staff and then to the Vice President, whom the Chief of Staff patched in. KRUGER reported back to the Vice President about his conversation with the Senate Staff Member. KRUGER said he allocated his \$500,000 to the Prospect Park project, which would be fully funded. The Vice President laughed and said, "You're cute. You're good. You're good Carl. You are a good friend," but then complained that the amount of money would not fully fund the park project. KRUGER then insisted that "[Real Estate Developer #1's] money could not go into Flatbush Avenue." KRUGER and the Vice President discussed the major real estate project in Brooklyn, affordable housing and parking

issues. The Vice President talked about getting more money. KRUGER said that the Prospect Park project would get funded, but not "anything to do to build bridges ... let [Real Estate Developer #1's CEO] build his bridges." The Vice President laughed again and said, "I love you. I really do actually." KRUGER said, "I really don't know anything about this stuff, I told him 'whatever.' ... The couple of bucks that I had, I don't know what the hell to do with it anyhow. Take it. Come Monday, I won't have it. So take it and enjoy it." Based on my training and experience, and other investigation in this case, during this call, I believe KRUGER was referring to the fact that on Monday, January 3, 2011, the Republicans would become the majority party of the New York State Senate and KRUGER would, as a result, lose his post and influence as Chair of the Finance Committee. The Vice President ended the call saying he still needed to figure out how to get more money, but thanked KRUGER.

D. KRUGER and LIPSKY's Use of Wires

51. Based on my participation in the investigation to date, I have learned that, in communicating with each other in connection with the above-described criminal activity, CARL KRUGER and RICHARD LIPSKY, the defendants, and others, utilized email and cellphones in furtherance. Specifically, I am aware that there were telephone calls made in connection with this scheme and that, in at least one instance, there was a call between persons located in New York and persons located in New Jersey at the time of the call.

52. For example, in the November 16, 2010 call described above, CARL KRUGER and RICHARD LIPSKY, the defendants, discussed KRUGER's recruitment of Senate Leader #1 to attend the anti-Superstore rally, KRUGER confirmed that LIPSKY sent a report related to his anti-Superstore campaign to his KRUGER's Chief of Staff and Senate Leader #1's via email.

53. On December 16, 2010, at approximately 9:18 a.m., CARL KRUGER and RICHARD LIPSKY, the defendants, discussed various legislation. During the call, KRUGER stated that he would send a copy of a pending bill via email to LIPSKY.

54. On January 12, 2011, at approximately 5:36 p.m., CARL KRUGER and RICHARD LIPSKY, the defendants, spoke about an e-mail sent by LIPSKY to a staffer of KRUGER. KRUGER said, "The emails to [the staffer] ... I mean ... no good. I thought we were anti-emails?" and LIPSKY responded, "I thought it was innocuous, I just didn't see..." KRUGER said, "All emails are never innocuous ... even the weather report," and LIPSKY said,

"alright, I got ya." Based on my training and experience and other investigation in this case, I believe that KRUGER was rebuking LIPSKY for sending an email which LIPSKY believed was innocuous, but actually related to an aspect of their corrupt relationship.

KRUGER and MALINSKY's Corrupt Scheme

55. As set forth above, as of December 2010, AARON MALINSKY, the defendant, through P/A Associates, directed at least \$472,500 to the Olympian Bank Account. MALINSKY, through P/A Associates, also paid RICHARD LIPSKY, the defendant, as a consultant. A portion of this money was passed along to the Olympian Bank account. Based on my review of calls intercepted on the KRUGER Phone and on the LIPSKY Phone, and based on my review of, among other things, public records, press accounts, bank records, and combined with FBI agents' physical surveillance, I believe that MALINSKY caused these payments to be made to Olympian to obtain official benefits from CARL KRUGER, the defendant, as opportunities arose for KRUGER to provide official assistance to MALINSKY, P/A Associates, and their real estate ventures.

56. The timing of even the very first check P/A Associates issued to Olympian sheds light on the corrupt nature of the payments AARON MALINSKY, the defendant, caused P/A Associates to make to Olympian. Based on my review of press accounts and my review of publicly available documents, I know that New York City owned property in the vicinity of Avenue D and Remsen Avenue in Brooklyn, New York ("Avenue D Property"). Between 2004 and 2007, Community Board 18 weighed in on various plans to develop the Avenue D Property, which had become vacant. During that period of time, the TURANO Mother was the district manager for Community Board 18, and Community Board 18 also employed the sister of CARL KRUGER, the defendant. In or around 2004, according to press accounts, Community Board 18 rejected a plan for a development that would included a certain supermarket and a certain membership warehouse retailer. In or about February 2005, at a meeting of Community Board 18, the TURANO Mother denied rumors that a certain home improvement store ("Home Improvement Store") would be developed on the site. The TURANO Mother noted that although developers had met with other civic leaders, developers had never met with Community Board 18, prompting the TURANO Mother to state, "[W]e've always made it clear to developers that decisions are not made in this community unless they are presented to elected officials and the entire community." However, approximately one year later, in March 2007, the TURANO Mother and Community Board 18 approved a \$65

million plan for P/A Associates and another real estate development company to develop the Avenue D Property - a development whose plans initially included a 125,000 square foot branch of the Home Improvement Store. MALINSKY was described as the principal developer of the Avenue D Property. And at the time Community Board 18 approved MALINSKY and P/A Associates' development plan, the TURANO Mother declared, "This will be good for increased job opportunities, a nice place for people to shop, and add to the beautification of the area." A mere two weeks or so later, on or about April 2, 2007, P/A Associates issued its first check to Olympian, a check for \$5,000, and P/A Associates thereafter regularly issued checks to Olympian.

57. More recently, Court-authorized intercepts on the KRUGER Phone and the LIPSKY Phone have revealed that CARL KRUGER, the defendant, has taken steps, including official actions, to help AARON MALINSKY, the defendant, and P/A Associates in connection with another real estate development project, namely, the development of a certain commercial retail center in or around Flatbush Avenue in Mill Basin, Brooklyn (the "Mill Basin Retail Center"). Some of the effects are discussed below.

a. By way of background, based on my review of publicly available documents as well as intercepted calls, I know that Real Estate Developer #1 was the principal developer of the Mill Basin Retail Center, and MALINSKY and P/A Associates have had an interest in developing a certain retail department store (the "Department Store") at the Mill Basin Retail Center. For example, on or about January 21, 2011, at approximately 3:23 p.m., MALINSKY and RICHARD LIPSKY, the defendant, discussed MALINSKY's plans to "flip" the Department Store to Real Estate Developer #1.

b. KRUGER has intervened directly with Real Estate Developer #1 to advance MALINSKY's interest in placing the Department Store at the Mill Basin Retail Center. For example, on or around December 14, 2010, at approximately 10:52 a.m., KRUGER spoke with the Vice President of Real Estate Developer #1 regarding the Mill Basin Retail Center. During the call, the Vice President said, "I had a good meeting, you know, but it's gonna take a little bit with Aaron." At one point, KRUGER said that he heard "it's going to scoping or something next month." The Vice President went on to explain - noting, laughingly, that he "actually should tell [the TURANO Mother]" - that Real Estate Developer #1 was going to submit two different development proposals, one of which was going to be based on a "two retail approach" without identifying them, in order to keep Real Estate Developer #1's "options out there." The Vice President suggested

"it could be a [clothing store], it could be a [supermarket], it could be [the Department Store]." KRUGER responded by saying, "[O]f course it hurts a little bit" because "when you don't have a tenant...it creates opportunity for more conversation than necessary." KRUGER added, "[M]aybe you could nail down a tenant." Based on the fact that the Vice President had said he had a good meeting with "Aaron" - a reference, I believe, to MALINSKY - I believe KRUGER was trying to encourage the Vice President to support MALINSKY's plan for the Department Store.

c. On another occasion, on or about January 26, 2011, at approximately 10:05 a.m., MALINSKY called KRUGER and told him, among other things, that he got "no call back" even though he had "called again and spoke to Debra [ph]." Based on a subsequent reference to Real Estate Developer #1 in this conversation, and based on other intercepted calls, I believe that when MALINSKY referred to "Debra [ph]," he was referring to an employee of Real Estate Developer #1. In response to MALINSKY's statement that he got "no call back" from "Debra[ph]," KRUGER said, "I've been less than nice about this. I don't know what the, um, game plan is." I believe that KRUGER was referring to the fact that he had encouraged Real Estate Developer #1 to talk to MALINSKY.

d. KRUGER had also taken official action to advance MALINSKY's interest in the Mill Basin Retail Center. For example, on or about February 18, 2011, KRUGER's official New York State Senate website featured a posting about statements KRUGER had made at a "scoping hearing" for the Mill Basin Retail Center on February 17, 2011. According to the posting, at the scoping hearing, KRUGER opposed the inclusion of "big-box" stores at the Mill Basin Retail Center, and he supported instead various specialty retail clothing stores like a "Nordstrom, a Saks, a Lord & Taylor." I believe that when KRUGER supported these "specialty stores", KRUGER was attempting to increase public support for the inclusion of stores like the Department Store at the Mill Basin Retail Center.

58. CARL KRUGER and AARON MALINSKY, the defendants, also had taken steps to conceal their relationship. For example, in a call on or about December 3, 2010, at approximately 3:49 p.m., KRUGER and MALINSKY made plans to meet with one another the following Monday morning. During the call, MALINSKY told KRUGER, "[B]efore you head in, call me, I want to make sure no one else is around." MALINSKY later added, "[Y]ou understand?" KRUGER responded, "[Y]eah, I guess, ok." On another occasion, on or about January 13, 2011, at approximately 8:22 p.m., KRUGER spoke to "Debbie" from Real Estate Developer #1's office. (I believe

this is the same "Debra [ph]" referred to above.) During the call, "Debbie" discussed setting a time when KRUGER could meet with the Vice President. "Debbie" noted that the Vice President had a meeting at a certain time with MALINSKY. When "Debbie" told KRUGER that the Vice President wanted KRUGER to meet with the Vice President and MALINSKY jointly, KRUGER responded, "[O]h no, never. Never. I'd never do that." Finally, on one occasion, after intercepting calls between MALINSKY and KRUGER in which the two of them arranged to meet with one another, on or about January 28, 2011, other law enforcement officers and I surveilled MALINSKY meeting with KRUGER in the large lobby of a luxury hotel in midtown Manhattan.

59. Recently, CARL KRUGER, the defendant, arranged a meeting with AARON MALINSKY, the defendant, and others that shed additional light on the nature of their corrupt relationship. On or about February 25, 2011, at approximately 3:04 p.m., KRUGER spoke with MICHAEL TURANO, the defendant, about meeting with MALINSKY the following day at 10:00 a.m. at a certain restaurant ("Restaurant") in Brooklyn, New York. KRUGER and MICHAEL TURANO agreed the venue would be appropriate because "no one else is going to be around there because its Saturday." KRUGER directed MICHAEL TURANO to call MALINSKY to make the plan. KRUGER advised MICHAEL TURANO that he, meaning MICHAEL TURANO, "did not have to come" to the meeting. The following day, another FBI agent and I conducted surveillance at the Restaurant and saw KRUGER, MICHAEL TURANO, and the TURANO Brother meeting with MALINSKY. We recorded their conversation, pursuant to judicial authorization, using a listening device or "bug." During the meeting, KRUGER and MALINSKY discussed at length a number of development projects. At one point during the meeting, MALINSKY spoke about two new men with whom he was doing business, and KRUGER warned MALINSKY to "be very careful on all levels." Referring to people at the "Southern District," KRUGER said that "they unnerved me," which I believe to have been a reference to the United States Attorney's Office for the Southern District of New York, which is often referred to using the shorthand of "Southern District."

Events During the Week of March 7, 2011

60. Earlier this week, the FBI took additional investigative steps in connection with this investigation.

61. On or about March 7, 2011, other FBI agents and I executed a search of the residence and office of RICHARD LIPSKY, the defendant, and Richard Lipsky Associates, Inc., pursuant to a search warrant authorized by a United States Magistrate Judge in the Southern District of New York. During the course of the

search, the agents seized \$102,000 in United States currency from a safe located within a closet in the residence, and \$4,000 in United States currency, in crisp, large denominational bills, in the pocket of a suit belonging to LIPSKY. In addition, the agents recovered, among other things, business records relating to Richard Lipsky Associates, Inc.

62. On or about March 7, 2011, at approximately 9:54 a.m., there was a call between the KRUGER Phone and the LIPSKY Phone which occurred during the search of LIPSKY's residence referenced in the preceding paragraph. Intercepting agents heard no conversation between LIPSKY and KRUGER, but could overhear LIPSKY responding to questions from agents about, among other things, the relationship between KRUGER and "Mrs. Turano."

63. Immediately thereafter, there were approximately 26 calls placed from the KRUGER Phone to the LIPSKY Phone every few minutes from approximately 9:55 a.m. to 12:25 p.m. These calls were unanswered.

64. On or about March 7, 2011, at approximately 11:23 a.m., while the search of his residence was being conducted, RICHARD LIPSKY, the defendant, spoke to a known New York State political operative (the "Political Operative"). During this call, LIPSKY advised the Political Operative, among other things, that the FBI was searching his apartment.

65. On or about March 7, 2011, at approximately 12:16 p.m., RICHARD LIPSKY, the defendant, asked the Political Operative to do him a favor. LIPSKY asked the Political Operative to "reach out to you know who and tell him to stop calling me and tell him why?" When the Political Operative asked, "[Y]ou're talking about him, right? ... You're talking about the Sen..." LIPSKY responded, "I am talking about the Senator." The Political Operative said he would place the call.

66. Shortly thereafter, at approximately 12:30 p.m., CARL KRUGER, the defendant, spoke to the Political Operative about the search being conducting at LIPSKY's apartment.

67. On or about March 7, 2011, at approximately 12:32 p.m., CARL KRUGER, the defendant, called MICHAEL TURANO, the defendant, and informed him that the FBI was searching LIPSKY's apartment. KRUGER instructed TURANO, "I suggest that you don't answer the door until I find out more about what's going on."

68. On or about March 7, 2011, another FBI agent and I interviewed AARON MALINSKY, the defendant, at his residence in

New York, New York, and served him with a grand jury subpoena addressed to P/A Associates. During this interview, I asked MALINSKY, among other things, to identify politicians or public officials with whom he was close. In response, MALINSKY identified only public officials unrelated to this investigation. Approximately twenty minutes after the interview ended, and after the other FBI agent and I left MALINSKY's residence, MALINSKY called me and stated, in substance and in part, that he had since reviewed the rider to the grand jury subpoena and saw that CARL KRUGER, the defendant, was listed among the named "Subject Persons and Entities." MALINSKY stated that he had forgotten to mention that KRUGER was a public official with whom he was close and added that he had known KRUGER for forty years, and sees him on a more regular basis than any other public official whom he had previously mentioned.

The New York City Hospital Bribery Scheme

69. Based on the evidence discussed below, I believe that beginning in or about 2007 and continuing through in or about September 2008, CARL KRUGER, the defendant, took official action to benefit various New York City Hospitals because those hospitals were indirectly paying him bribes. SOLOMON KALISH, the defendant, and KALISH's company Adex, was the conduit for receiving and making these corrupt payments. The intended corrupt payments to KRUGER, KALISH, and Adex were part of a broader conspiracy involving DAVID ROSEN, the defendant, to cause MediSys to pay bribes to elected New York State legislators in exchange for their taking official acts as opportunities to help MediSys arise. KRUGER was one of three elected officials whom ROSEN conspired to bribe.

70. First, DAVID ROSEN, the defendant, caused MediSys to retain former New York State Assemblyman Anthony Seminerio ("Seminerio") as a "consultant" in or about 1999, paying him \$40,000 annually for much of the next decade. In reality, Seminerio provided few, if any, consulting services. Instead, as opportunities arose, Seminerio repeatedly agreed to undertake acts in his official capacity that were designed to benefit MediSys in exchange for bribes that were disguised as consulting payments. Seminerio's acts included advocacy with New York State agencies concerning the discharge of a \$19,000,000 loan in 2006, co-sponsoring legislation to provide a secured financing option to MediSys in 2006, deliberating with State agency personnel on MediSys's behalf in connection with the acquisition of St. John's Queens Hospital and Mary Immaculate Hospital, facilities managed by Caritas Healthcare (the "Caritas Hospitals") in 2008, and deliberating with other elected officials in MediSys's favor in

2008 budget negotiations. Because of these acts, Seminerio was indicted, convicted of one count of honest services fraud on his plea, and sentenced to six years in prison. Seminerio passed away while his case was on direct appeal and the cause of action against him was therefore abated.

71. Second, in approximately 2008, DAVID ROSEN, the defendant, caused Brookdale Hospital, one of the MediSys entities, to negotiate business with a certain third party hospice care provider (the "Hospice Company"). ROSEN knew that CARL KRUGER, the defendant, had a personal interest in obtaining business for the Hospice Company, and ROSEN was in the process of directing the business to the Hospice Company in exchange for KRUGER's favorable official actions. In fact, the Hospice Company was paying KRUGER through a shell company for the business he obtained with MediSys. KRUGER's associate, SOLOMON KALISH, the defendant, facilitated this arrangement and hid the true purpose of the payments by funneling the payments through his company Adex and then transferring them to accounts controlled by KRUGER but held in the names of KRUGER's intimate associate, namely MICHAEL TURANO, the defendant. In exchange for these indirect payments and ROSEN's promise to provide business, ROSEN and KRUGER agreed that KRUGER would advocate Jamaica Hospital's interest in New York State government, including advocating for various State funding grants and advocating to State executive officials on MediSys's behalf in connection with the acquisition of the Caritas Hospitals in 2008.

72. Third, DAVID ROSEN, the defendant, also directed MediSys to make payments to Assemblyman WILLIAM BOYLAND, JR., the defendant. In a 2003 special election, BOYLAND was elected to the New York State Assembly. Prior to his election, BOYLAND had worked in community affairs at Brookdale Hospital, one of MediSys's constituent entities. After his election, ROSEN made BOYLAND a "consultant" to MediSys, and MediSys continued to pay him the same salary. In fact, BOYLAND did little or no consulting work. Instead, in exchange for these payments, BOYLAND undertook acts in his official capacity on MediSys's behalf as opportunities arose. These acts included the 2003 award of \$22,700 in State grants to Urban Strategies, a MediSys constituent entity, a February 6, 2004 request to the Speaker of the New York State Assembly for \$3 million in State funding for Brookdale Hospital, a February 12, 2004 request that the Speaker cause the Assembly to retroactively restore a prior budget cut in Medicaid reimbursement, and a February 28, 2007, request that the Speaker support a \$3 million grant to Jamaica Hospital.

73. In order to investigate these various relationships, other FBI agents and I have, among other things: (1) arranged for a cooperating witness to meet with Seminerio and record their conversations; (2) analyzed bank records; (3) interviewed persons associated with MediSys and the Hospice Company; (4) sought and obtained court authorization to intercept certain communications by Seminerio, KRUGER, and KALISH; and (5) reviewed records obtained from MediSys. A portion of the evidence gathered as a result of these investigative efforts is outlined below and is the basis for the descriptions set forth in the preceding paragraphs.

A. ROSEN Caused MediSys To Pay Bribes To
Former Assemblyman Anthony Seminerio

74. From in or about September 2007 through September 2008, other FBI agents and I spoke with Brian McLaughlin, a former Assemblyman, who was previously convicted of federal corruption offenses and a cooperating witness. Between September and November 2007, at the FBI's direction, McLaughlin had a series of consensually recorded meetings with Seminerio. During these meetings, Seminerio made numerous statements about how he established a consulting company, Marc Consultants, to obtain payments in exchange for official acts.

75. For example, on or about September 21, 2007, at the FBI's direction, McLaughlin met with Anthony Seminerio. The meeting was consensually recorded. During the meeting, Seminerio explained the origin of his consulting business. Among other things, Seminerio stated that he got the idea for his consulting business from "two Senators" that had consulting firms, and that all he knew was that he could not "deal with State agencies." Seminerio told McLaughlin that before he set up his consulting business, Seminerio had done "favors" for individuals involved in the health care and hospital industries, and that those individuals had made "thousands" as a result. Seminerio told McLaughlin that at some point he decided that instead of doing "favors" for these individuals, he would now start charging them for his services. Specifically, Seminerio and McLaughlin had the following conversation:

Seminerio: What I deal now is a lot with
 health care, hospitals. I
 learned that 25, 30 years ago
 I did a health care bill with
 [another legislator], God
 bless him. And I gained a big
 reputation there . . .

McLaughlin: In that field.

Seminerio: And I was doing, I was doing favors for these sons-of-bitches there, you know, they were, they were making thousands. "Screw you, from now on, you know, I'm a consultant."

Later, during the same meeting, Seminerio estimated that if he were to leave the Assembly, he would lose "60 percent" of his consulting business.

76. Based on the investigation to date, including evidence elicited at a sentencing hearing in the matter of United States v. Anthony Seminerio, 08 Cr. 1238 (NRB), in this Court, I believe that in the mid-1980s, Anthony Seminerio was an instrumental legislator in passing the Secured Hospital Financing Program in the New York State legislature. The beneficiaries of the bill included MediSys-owned Jamaica Hospital, which obtained at least \$105 million in financing, enabling it to construct a new hospital building, purchase new equipment, and pay down existing debts. I believe that this is the bill that Seminerio referenced in his conversation with McLaughlin.

77. Based on witness interviews and documents, including evidence elicited at the sentencing hearing in United States v. Anthony Seminerio, 08 Cr. 1238 (NRB), I have learned the following:

a. In the mid-1990s, a Queens-based consulting company made payments to Anthony Seminerio in connection with work the company did for Neighborhood Health Providers, a health care entity owned in part by MediSys. Eventually, Seminerio came to demand more money from the relationship. In or about 1998, Seminerio brought his demand for payments to DAVID ROSEN, the defendant, and the CEO of Neighborhood Health Providers (the "NHP CEO"). ROSEN asked the NHP CEO to join Seminerio for lunch on August 13, 1998. At the lunch, the owner of the consulting company (the "Consulting Company Owner") told Seminerio that he (Seminerio) should be paid directly by Neighborhood Health Providers, and not by her (the Consulting Company Owner). Seminerio then told ROSEN that he requested such direct payment. As ROSEN and the NHP CEO left the restaurant, ROSEN instructed the NHP CEO to "take care of this."

b. In the following weeks, Neighborhood Health Providers wrote a \$5,000 check dated August 25, 1997 to the Consulting Company Owner's company, Neighborhood Marketing Services, with a memo line saying "Anthony Seminerio." Moreover, Neighborhood Health Providers subsequently retained Marc Consultants pursuant to a November 11, 1998 contract, and started making regular payments to Seminerio. These payments continued for the better part of the next decade. The NHP CEO continued these payments because he understood that Seminerio would help introduce Neighborhood Health Providers to others in the hospital community (although these introductions never came to pass), and because ROSEN had made it clear that he wanted the arrangement established.

c. At about the same time that Neighborhood Health Providers retained him, Seminerio also began receiving payments from Jamaica Hospital through Marc Consultants.

78. Other FBI agents, analysts, and I have reviewed records corresponding to a bank account held in the name of Marc Consultants (the "Marc Consultants Bank Account"). Marc Consultants was the name of the entity Anthony Seminerio used to solicit and receive corrupt payments. According to the records for the Marc Consultants Bank Account:

a. The address listed on the Marc Consultants Bank Account was the home address of Anthony Seminerio in Queens, New York.

b. The sole individuals with signature authority for the Marc Consultants Bank Account were Seminerio and Seminerio's wife.

c. There were no disbursements from the Marc Consultants Bank Account to any employees or to any payroll companies.

d. Disbursements from the Marc Consultants Bank Account included the following personal expenses for Seminerio, among others:

i. numerous checks, for an aggregate amount of approximately \$232,820, payable to "Anthony Seminerio," which appeared to have been signed by Seminerio and either cashed or deposited by Seminerio in one or more personal bank accounts;

ii. numerous checks, for an aggregate amount of approximately \$60,121, payable to "cash," which appeared to have been signed by Seminerio and/or endorsed by Seminerio;

iii. numerous checks, for an aggregate amount of approximately \$112,955, payable to "American Express," which appeared to have been signed by Seminerio and used to pay credit card expenses; and

iv. several checks to persons I have identified as family members or friends of Seminerio.

79. Based on my participation in the investigation and a review of wire interceptions, I am aware that the payments by MediSys to Seminerio were made by check, and that Seminerio sometimes picked up those checks personally and, at other times, MediSys sent those checks to Seminerio through the United States mail.

80. Moreover, the bank records that I have reviewed demonstrate that between April 2000 and in or about September 2008, MediSys entities, whose funding was substantially affected by the budget of New York State, paid approximately \$310,000 to Seminerio through the Marc Consultants Bank Account. During the same time period, Neighborhood Health Providers also paid approximately \$80,000 to Seminerio through the Marc Consultants Bank Account.

B. ROSEN Conspired to Have MediSys Pay Bribes
Indirectly to CARL KRUGER by Directing MediSys
to Finalize A Contract With the Hospice Company

81. Based on interviews described more fully below and other investigation in this case, I have learned that CARL KRUGER and SOLOMON KALISH, the defendants, were partners in certain business done by KALISH's company called Adex. In exchange for the use of KRUGER's position as a New York State Senator on their behalf, private entities retained Adex. KALISH shared half of his revenue from Adex with KRUGER through the Olympian Bank Account. KRUGER thus concealed his corrupt relationship with KALISH, and KRUGER, in turn, falsely reported in annually required New York State Disclosures that he had no outside source of compensation.

82. Based on interviews described more fully below, I have learned that DAVID ROSEN, the defendant, caused Brookdale Hospital to negotiate a contract with the Hospice Company, knowing that this contract would have secured a personal benefit

for CARL KRUGER, the defendant. Based on the evidence described below, I believe ROSEN pursued this contract in exchange for KRUGER's undertaking of official acts on behalf of MediSys, including his assistance with MediSys's attempts to acquire the Caritas Hospitals. Based on documents obtained from MediSys, among other evidence, I have learned that negotiations between Brookdale Hospital and the Hospice Company were in the final stages at the time that Anthony Seminerio was arrested on federal corruption charges in September 2008. After Seminerio's arrest, a decision was made to terminate these negotiations and no contract was ever finalized.

83. I have reviewed financial records related to known bank accounts for Adex, and have learned that, from April 2007, through October 2009, Adex passed approximately \$197,000 of its income to Olympian. These payments included approximately \$60,000 from Parkway Hospital in the summer of 2008 and approximately \$135,000 from the Hospice Company, both of which were interested in CARL KRUGER, the defendant, utilizing his position as a New York State Senator to assist their interests. Adex, in turn, remitted half of these amounts to the Olympian Bank Account within days of receiving them. For example, after Adex deposited a \$20,000 check from Parkway Hospital on or about June 25, 2008, SOLOMON KALISH, the defendant, signed a check to Olympian in the amount of \$10,000 which bore the memo notation "Parkway," on or about July 1, 2008.

84. On July 16, 2010, I interviewed the former Hospice Company Program Director for Brooklyn and the Bronx ("Individual-1"), who was the primary contact between the Hospice Company and Adex and Adex's principal SOLOMON KALISH, the defendant, during the Hospice Company's attempt to secure a contract at Brookdale Hospital through Adex. Individual-1 resigned from the Hospice Company in July 2009. Individual-1, stated the following, in substance and in part:

a. After being hired by the Hospice Company in 2007, Individual-1's first task was to obtain a contract with Adex - a project on which others at the Hospice Company had previously been working - because Adex could have assisted the Hospice Company in obtaining an in-house hospice care contract with Brookdale Hospital.

b. Individual-1 first met KALISH in August 2007 at a Brooklyn restaurant. During the meeting, KALISH brought up CARL KRUGER, the defendant, whom Individual-1 understood to be in some sort of partnership arrangement with KALISH at Adex. KALISH told Individual-1, in substance and in part, that KRUGER had a

relationship with DAVID ROSEN, the defendant, with whom it was otherwise difficult to obtain a meeting. KALISH informed Individual-1 specifically that KRUGER does things to help ROSEN. KALISH told Individual-1 that the Hospice Company could get a contract to utilize Brookdale Hospital's in-patient beds for hospice care and the Hospice Company could pay the medical per diem rate to Brookdale Hospital - a favorable, but difficult contract for the Hospice Company to otherwise have obtained. The Hospice Company was to pay \$10,000 to Adex for its assistance in obtaining the Brookdale Hospital contract.

c. KALISH and KRUGER were able to set up a meeting between Individual-1 and ROSEN. On the day of that meeting, Individual-1 arrived at ROSEN's office in time to see KRUGER exiting ROSEN's office. Individual-1 and KALISH then met with ROSEN and Brookdale Hospital's government liaison ("Individual-2"), and they proposed to ROSEN that he should hire the Hospice Company. For reasons unknown to Individual-1, the Hospice Company ultimately did not receive the Brookdale Hospital contract but, also for reasons unknown to Individual-1, the Hospice Company nonetheless paid Adex \$10,000.

d. Adex continued to be on retainer with the Hospice Company and was paid \$5,000 on the first of each month, from approximately November 2007 to at least the time of Individual-1's resignation in July 2009. This retainer fee was in addition to the \$5,000 the Hospice Company was to pay Adex from each contract it was able to secure. KALISH called Individual-1 even before the checks were due asking where the money was. KALISH told Individual-1, in substance and in part, "Carl wants to know where the money is," which I believe to have been a reference to CARL KRUGER. As a result, Individual-1 entered into the unorthodox arrangement of having the Hospice Company send the checks directly to Individual-1 in the Brooklyn office of the Hospice Company, rather than directly to KALISH, so Individual-1 could deliver them more promptly to KALISH in person.

e. KALISH never disclosed to Individual-1 how much of a share of money KRUGER received from Adex. KALISH did confide to Individual-1 that KRUGER was not paid directly. The money went to whom Individual-1 described as KRUGER's "stepsons," MICHAEL TURANO, the defendant, and the TURANO Brother. Based on this information from KALISH, Individual-1 believed that KALISH received 50% and the stepsons received the other 50%.

f. KRUGER never contacted Individual-1 directly about the checks, nor did MICHAEL TURANO or the TURANO Brother.

In fact, Individual-1 never had a conversation with MICHAEL TURANO or the TURANO Brother about the business at all.

85. Based on my participating in the investigation to date, I have learned that telephone calls were made in connection with this scheme, including at least one instance of a call between persons located in New York and persons located in New Jersey at the time of the call. I have also reviewed emails which corroborate Individual-1's account of the Hospice Company's attempts to secure a contract with Brookdale Hospital through CARL KRUGER and SOLOMON KALISH, the defendants. Some of the emails are discussed below:

a. On March 27, 2008, at 4:16 p.m., DAVID ROSEN, the defendant, sent an email to a MediSys employee ("MediSys Employee-1") with the "re" line "Contract for [the Hospice Company]" which read, "Looking for this contract. Sen. Carl Kruger is following and I promised to get this done."

b. On May 2, 2008, at 6:17 p.m., a MediSys assistant sent ROSEN an email with the "re" line "[Individual-1]" which read, "[He/she] was referred by Carl Kruger. [He/she] is calling about the contract."

c. On May 29, 2008, at 11:39 a.m., and again on June 3, 2008, at 12:23 p.m., ROSEN's assistant sent ROSEN two emails reminding him that Individual-1 wanted to follow up on his/her meeting with ROSEN in late May 2008.

d. On June 24, 2008, at 3:06 p.m., ROSEN'S assistant sent an email to ROSEN with the "re" line "[Individual-1] - [the Hospice Company]" which read, "Called again and said that Senator Kruger requested that he/she call you regarding the status of [the Hospice Company]."

e. On August 4, 2008, at 3:49 p.m., ROSEN's assistant sent an email to ROSEN with the "re" line "Saul Kalish," which read, "Called. Stated that he and Sen. Kruger met with you regarding [the Hospice Company]. To date the contract has been forthcoming. Is there a hold-up in Legal?"

f. On or about September 2, 2008, at 6:14 p.m., Individual-1 sent an email to ROSEN, copied to KALISH, which stated the following:

David, As you request the reimbursement for an Inpatient day is 95% of our Medicare reimbursement which is 772.80 a day. We case

manage the patient with daily nursing visits to assure that unnecessary tests and procedures are not ordered. The patient will only receive symptom management and be discharged as soon as the symptom is controlled. When we met we discussed this in detail but I will be glad to speak with anyone else who may need to have a better understanding of [how] this works. I look forward to a completed contract and working to serve the patients at Brookdale Hospital. Please feel free to contact me at [omitted] if you should have any questions.

86. In early September 2008, based on other investigation conducted in this case, it appears that MediSys had prepared a written contract for the Hospice Company to provide healthcare at Brookdale Hospital. I have reviewed emails between ROSEN and others which confirmed this fact. For example, on September 3, 2008, a MediSys employee emailed another employee ("MediSys Employee-2"), referencing Individual-1's email of the prior day, and confirming that "the agreement [MediSys Employee-2] had given [him] to review is for the Nursing Home." In a follow-up email that night, that employee said that the "contract looks good."

87. In order to further investigate this email, FBI agents and representatives of the United States Attorney's Office for the Southern District of New York interviewed MediSys Employee-2 who had sent the email. MediSys Employee-2 said, in substance and in part, that he/she first heard of the Hospice Company from DAVID ROSEN, the defendant, who had said that CARL KRUGER, the defendant, was interested in having the Hospice Company provide hospice care services at MediSys hospitals. Prior to the conversation about the Hospice Company, MediSys Employee-2 had gone through an extensive Request for Proposal process to evaluate which hospice service provider was best for MediSys. MediSys Employee-2 stated that he/she had asked about a dozen people to evaluate the different hospice companies, and they had concluded that a company other than the Hospice Company was the best fit. After the decision was made, however, ROSEN told MediSys Employee-2 that CARL KRUGER had an interest in having the Hospice Company provide hospice services for the hospitals.

C. Seminerio and KRUGER's Official Acts
 In Connection With the Caritas Hospitals and
 KRUGER's Corrupt Relationship with ROBERT AQUINO

88. As stated above, I believe that both Seminerio and CARL KRUGER, the defendant, undertook official acts on behalf of MediSys during the time period in which DAVID ROSEN, the defendant, caused MediSys to pay them directly or indirectly. These acts included their advocacy with other State officials on behalf of MediSys's efforts to acquire the Caritas Hospitals. Simultaneously, based on the evidence described below, I believe that KRUGER was paid bribes by ROBERT AQUINO, the then-CEO of Parkway Hospital, a competitor of MediSys, who also sought to acquire the Caritas Hospitals, in an attempt to keep the financially struggling Parkway Hospital open.

89. Intercepted communications that I have reviewed demonstrated that, at the request of DAVID ROSEN, the defendant, CARL KRUGER, the defendant, and Seminerio, among other things, advocated on MediSys's behalf with New York State executive branch officials. For example:

a. On or about June 20, 2008, at 11:11 a.m., Seminerio spoke with ROSEN about a variety of matters relating to Jamaica Hospital and New York State government, including MediSys's potential acquisition of the Caritas Hospitals and ROSEN's view that state financing would be required. During the call, Seminerio asked ROSEN about Parkway Hospital and its CEO ROBERT AQUINO, the defendant, and ROSEN replied that he was "working on it" with KRUGER. In prior recordings, Seminerio had conveyed his distrust of AQUINO and his support for ROSEN. Seminerio and ROSEN then had the following conversation, in which ROSEN expressed his interest in acquiring the Caritas Hospitals, but only with State money:

Seminerio: Dave, let me ask you a question.

ROSEN: Yeah.

Seminerio: What is, uh, Aquino scheming now?

ROSEN: [sighs] I've been working with him. He's...

Seminerio: Who?

ROSEN: Kruger, the Senator.

Seminerio: Carl Kruger?

ROSEN: Yeah.

Seminerio: I didn't know that. See, I, I me, I, and me, to me, the fucking, he's a swindler.

ROSEN: Who is?

Seminerio: Uh, uh, Aquino.

ROSEN: Is he?

Seminerio: I wouldn't fucking trust him as far as I can throw him.

* * *

Seminerio: He goes for noth ... never goes for money out of his pocket, makes everybody else carry the tab.

ROSEN: Well, he's looking to take over, uh, Mary Immaculate and Saint John's. He's got some financial company in California to bankroll it. They need me in the mix to provide the, uh, you know, the public face for it.

* * *

ROSEN: So Aquino is looking to do it in. Meanwhile, North Shore wants to come in and take over Saint John's.

Seminerio: What about you?

ROSEN: Well, we wanted to do it too, but without any state money I can't, you know...

Seminerio: Yeah.

ROSEN: I'm gonna wind up being the next [another New York State hospital CEO].¹ I'm gonna go promise something I can't deliver.

Seminerio: Right.

ROSEN: So, I'm, I'm riding both of these horses right now. I had uh [another individual] here yesterday telling me what he wants to do, and Aquino on the phone, uh, all night, and ... Honestly, what I'm trying to do is, you know, make these two proposals work together and then I would be in the middle of it. But...

Seminerio: Well, listen, God bless you [U/I], you know...

ROSEN: If, if, well, I could pull it off, fine.

Seminerio: Just remember what I tell you.

ROSEN: Yeah.

Seminerio: Aquino don't go into his pockets for nothing.

ROSEN: Yeah, I know that. Listen, uh, I would rather not be doing business with him.

¹ Based on interviews and court interceptions, among other evidence I believe that DAVID ROSEN, the defendant, was referring to the former CEO of another hospital who left that position after a financially disastrous acquisition of the Caritas Hospitals.

Later in the call, ROSEN explained that he needed help with an official in the New York State Department of Health (the "NYS Health Official"). The following conversation followed:

Seminerio: Well does he [the NYS Health Official] answer to [another New York State Department of Health official [the "NYS Health Supervisor"]]?
ROSEN: Yeah, he answers to [the NYS Health Supervisor].
Seminerio: Then I'll speak to [the NYS Health Supervisor].
ROSEN: Okay. Well, so far so good, Let uh...
Seminerio: You let me know what you wanna do.
ROSEN: I'll let you know when I need help.
Seminerio: Okay, my friend.
ROSEN: Alright. [omitted]
Seminerio: Hey, listen.
ROSEN: Yeah.
Seminerio: Uh, I'm due for a payment.
ROSEN: I'll follow up. [laughs]

b. The following day, on or about July 10, 2008, at approximately 2:16 p.m., Seminerio called the NYS Health Supervisor to congratulate him on his promotion. During the call, Seminerio stated: "You know you got ... a friend in me in the Assembly." During the call, the NYS Health Supervisor mentioned that he had been speaking with KRUGER about the acquisition of the Caritas Hospital by Parkway Hospital. Seminerio replied that he would rather see Jamaica Hospital "get it." Seminerio urged the NYS Health Supervisor to give ROSEN "a break." Seminerio praised Jamaica Hospital and ROSEN, and reiterated his request that Jamaica Hospital be able to complete

the acquisition. The NYS Health Supervisor replied that he would "like nothing better than to see ROSEN get" one of the hospitals, and "do what he wants to do there."

c. Minutes later, Seminerio called ROSEN and informed ROSEN of his conversation with the NYS Health Supervisor. In response, ROSEN told Seminerio that he was working with the executives from Parkway to explore acquiring the Caritas Hospitals. Seminerio replied, "Alright, then I, I, I won't interfere." ROSEN responded, "I need your help with that, but we can actually, uh, you and KRUGER together are my two, uh, my two guys who know what to say." ROSEN stated that he would subsequently prepare Seminerio to advocate on his behalf.

90. I have reviewed emails obtained from MediSys and its constituent entities. Based on those emails, I have learned the following:

a. On or about July 14, 2008, at approximately 2 p.m., the assistant to DAVID ROSEN, the defendant, sent ROSEN an email with the "re" line "SENATOR KRUGER," which read, "Called. Trying to reach you on your cell. He wants to know about the meeting today with Caritas and whether or not you were going to Albany. I didn't tell him anything. He said he would call back in 10 minutes. He asks that you call him on his cell...."

b. On or about August 5, 2008, at approximately 11:17 p.m., ROSEN sent an e-mail to MediSys Employee-2, MediSys Employee-1, and a third employee ("MediSys Employee-3"), with the "re" line "Talking Points," attaching a document entitled, "Six Hospital Consolidation Plan - Sen kruger.doc," and which read, "Talking points For Sen. KRUGER for his meeting tomorrow with the Gov." This e-mail was forwarding an e-mail from ROSEN which read, "The 3rd page is the key; That's what he has to digest and make his own! Happy to talk to Carl any time tonight or tomorrow; cell [omitted]. Please acknowledge receipt."

91. Other FBI agents and I have interviewed ROBERT AQUINO, the defendant, on two occasions at the United States Attorney's Office in the Southern District of New York. Those interviews are described below.

a. During the first interview, AQUINO stated that CARL KRUGER, the defendant, had approached him about services for a kosher kitchen, a pharmacy, and an adult daycare facility. AQUINO entertained the business opportunities but none of them was feasible for the hospital.

b. During the second interview, AQUINO confirmed that KRUGER had approached him about three business opportunities. He claimed that he never had any business dealings with KRUGER other than those three business opportunities.

c. Later in the second interview, AQUINO was shown three Parkway Hospital checks dated in June, July, and August 2008, each for payments of \$20,000 to Adex. AQUINO claimed that these were payments for the provision of MRI services at Parkway Hospital by SOLOMON KALISH, the defendant. Without prompting, AQUINO immediately volunteered that he did not know whether KALISH had given a share of these payments to KRUGER. In response to a question about why he had not disclosed these payments in response to questions about business dealings with KRUGER, AQUINO stated that KRUGER had nothing to do with the MRI business arrangement. Instead, he claimed, the business was with KALISH. AQUINO admitted, however, that KALISH had been involved in the other three KRUGER-related business proposals that AQUINO had discussed. In response to further questioning, AQUINO further admitted that when he first called KRUGER's legislative office for assistance with Parkway Hospital, he received a call back from KALISH. AQUINO admitted that KALISH described himself as "working with Kruger." AQUINO stated that KALISH attended most of the meetings with KRUGER, and when at these meetings KRUGER inquired about AQUINO's interest in various business proposals, KRUGER directed KALISH to follow up on it. Toward the end of the interview, AQUINO stated that he "suspected" that KALISH was giving KRUGER a share of the monthly fees that Parkway Hospital paid to Adex. He maintained that the "concept" of the payments was not to pay KRUGER, however, but rather that Parkway Hospital really needed assistance with MRI readings. AQUINO stated that the need for KALISH's assistance with MRI readings arose in or about May 2008 and ended in or about August or September 2008 when a certain doctor ("Doctor-1") quit providing services to Parkway Hospital because it was too much work. AQUINO denied that the termination of KALISH's services had anything to do with the September 2008 arrest of Anthony Seminerio.

92. On or about March 3, 2011, another FBI agent and I interviewed Doctor-1. During that interview, I learned, among other things, that Doctor-1 provided radiology services at Parkway Hospital until in or about February or March 2007. I further learned that Doctor-1 left Parkway Hospital because the hospital was two-thirds empty and it did not appear that Parkway Hospital would be able to pay its bills.

C. ROSEN Caused MediSys To Pay Bribes To
Assemblyman WILLIAM BOYLAND, JR.

93. Based on the evidence described below, I believe that DAVID ROSEN, the defendant, also paid bribes to WILLIAM BOYLAND, JR., the defendant, in the form of a no-show consulting job. Through this investigation I have learned that BOYLAND's family has long history with Brookdale Hospital.. This relationship continued and significantly deepened after MediSys acquired Brookdale Hospital in 2000.

94. Based on documents I have reviewed, among other evidence, I have learned that DAVID ROSEN, the defendant, stated his view that an official act by a member of the Boyland family implicitly created obligations to the Boyland family. For example, in or about 2003, ROSEN negotiated with the sister of WILLIAM BOYLAND, JR., who was then a member of the New York City Council, to obtain a two-part, multi-million dollar grant of New York City funds to support certain hospital projects. On or about September 15, 2003, an employee directed several questions concerning the grant to ROSEN, including a question about how the funds could be used. ROSEN responded that same day in an email, stating:

This is no accident. I worked on this with [BOYLAND's sister], and we chose Mental health as the project in an effort to acquire the church across the street. We expect a higher amount next year.

The letter should obviously go to me. We may have some leeway, but I have to see where we are on the acquisition of the building, and any implied obligations to the Boylands.

(emphasis added).

95. Additionally, based on interviews of MediSys employees as well as a review of MediSys human resource records and publicly available information, I have learned that prior to his election, WILLIAM BOYLAND, JR., the defendant, had been employed in some capacity by Brookdale Hospital or a Brookdale Hospital entity since the late nineties. In approximately late 1997/early 1998, BOYLAND was assigned to Brookdale Hospital's Urban Strategies, one of six satellite clinics in Brooklyn. He held the position of Outreach Coordinator, in which capacity he was to increase awareness of Urban Strategies' public health

programs. He continued to work in this capacity after the MediSys acquisition of Brookdale Hospital in 2000.

96. Even prior to his election to the New York State Assembly, based on my investigation in this case, I believe that WILLIAM BOYLAND, JR., the defendant, had what largely amounted to a "no show" job at Brookdale Hospital. While BOYLAND worked at times, he failed to provide weekly accounts for his activities, as his supervisor required of other employees, and to the extent BOYLAND was given assignments, there was no indication they were ever completed.

97. Based on publicly available information, among other evidence, I have learned that after a February 2003 special election, WILLIAM BOYLAND, JR., the defendant, assumed his father's position in the Assembly. Based on a review of MediSys email correspondence, I have learned that after this election, DAVID ROSEN, the defendant, and others at MediSys made the decision to stop paying BOYLAND as an employee and to change his status to "consultant." Despite this decision, however, BOYLAND's status change from employee to consultant was not made until April 2004, fourteen months after his election, according to hospital records. He had ceased receiving paychecks as an employee as of in or about November 2003, but in or about April 2004, when he was made a consultant, he received back pay, for the time period of December 2003 through April 2004. Based on my review of MediSys emails and interviews of MediSys employees, among other evidence, I believe that, from in or about December 2003 up to and including in or about November 2008, MediSys paid BOYLAND approximately \$2,956.15 per month for an annual salary of approximately \$35,473.79 per year. In total, between in or about December 2003 and in or about November 2008, BOYLAND received approximately \$177,368.95 from MediSys.

98. Other FBI agents and I have interviewed MediSys Employee-3 following Seminerio's arrest and the subsequent termination of the consulting arrangement with WILLIAM BOYLAND, JR., the defendant. From MediSys Employee-3, I have learned that MediSys Employee-3 first learned about the consulting position when ROSEN told him to change BOYLAND's pay status. MediSys Employee-3 did not recall why changing BOYLAND's pay status was necessary. MediSys Employee-3 understood BOYLAND's work for Urban Strategies to be related to public affairs and valuable because of BOYLAND's relationship with local community boards. MediSys Employee-3 only knew of one project, however, in which BOYLAND actually assisted MediSys since BOYLAND's work as a "consultant" began in late 2003. According to MediSys Employee-3, on one occasion, BOYLAND and his father (who was a salaried

employee of MediSys after leaving the Assembly), attended a meeting with a local community board to assist in the buying out of the board and the purchase from it of the Urban Strategies clinic facility. To the best of MediSys Employee-3's knowledge, ROSEN was the only person on the MediSys executive staff who dealt with BOYLAND.

99. Other FBI agents and I have also interviewed an administrator at Urban Strategies ("MediSys Employee-4"). Based on that interview, I have learned that MediSys Employee-4 had a role in supervising WILLIAM BOYLAND, JR., the defendant, prior to his election to the Assembly. MediSys Employee-4 had believed that BOYLAND left Brookdale Hospital and Urban Strategies at the time of his election. MediSys Employee-4 described his departure as "very nebulous" - there was no send off party - and his position was simply eliminated from the budget. The "Community Outreach" position that he filled was a position that did not exist before BOYLAND, and to his/her knowledge it was not filled after BOYLAND's termination. BOYLAND held no other positions at Brookdale Hospital or with MediSys. In sum, MediSys Employee-4, who was responsible for the Urban Strategies budget, did not know that BOYLAND was still being paid by Urban Strategies as a consultant from 2004 through in or about 2008.

100. Other FBI agents and I have also interviewed a supervisor at Urban Strategies ("MediSys Employee-5"). Based on that interview, I have learned that MediSys Employee-5 was the site administrator for Urban Strategies for a period of time while WILLIAM BOYLAND, JR., the defendant, was employed there. In that capacity, MediSys Employee-5 was BOYLAND's immediate supervisor. MediSys Employee-5 said that BOYLAND worked as a marketing representative, responsible for marketing the clinic to the community. MediSys Employee-5 did not believe that BOYLAND, who was paid to work 35 hours per week, actually worked that many hours. At one point, MediSys Employee-5 directed BOYLAND to maintain a weekly report of his work. MediSys Employee-5 reported that it was difficult to get BOYLAND to comply with this request. Even after receiving BOYLAND's reports, MediSys Employee-5 found it hard to believe that BOYLAND worked his full hours. MediSys Employee-5 told his supervisors, including MediSys Employee-4, about his concerns, but did not do more because he knew that BOYLAND's father was an Assemblyman and felt that, for that reason, BOYLAND was protected at Brookdale hospital. MediSys Employee-5 recalled that BOYLAND worked at Urban Strategies for four to five years, but could not recall when BOYLAND left Urban Strategies or under what circumstances. BOYLAND's position was not filled after BOYLAND left Urban Strategies, and MediSys Employee-5 was unaware what BOYLAND did next.

101. Other FBI agents and I have also interviewed the Director of Intergovernmental and Community Affairs at Jamaica and Flushing Hospital ("MediSys Employee-6"). From that interview I have learned that MediSys Employee-6 was hired in or about 2006 and continued working at MediSys entities through at least in or about August 2010. Initially, MediSys Employee-6's responsibilities included community outreach and acting as a liaison with elected officials. Among other things, he/she was responsible for health fairs initiated by elected State officials. She was also responsible for interactions with New York City and State officials regarding such issues as parking, traffic or trash issues. Prior to Anthony Seminerio's arrest in September 2008, MediSys Employee-6 never knew that either Seminerio or WILLIAM BOYLAND, JR., the defendant, was employed as a consultant by the hospital.

102. I have reviewed notes of a conversation with a representative of MediSys. Based on those notes, I have learned that during the time that WILLIAM BOYLAND, JR., the defendant, received payment from MediSys as a consultant, BOYLAND maintained no workspace at any MediSys facility, did not receive a parking sticker as sometimes was provided to employees, and did not have a MediSys email account.

103. Based on a review of publicly-available State filings, I have learned that WILLIAM BOYLAND, JR., the defendant, disclosed his position with Brookdale Hospital in annual state filings as a director of marketing and as a consultant to Brookdale Hospital, claiming that his job involved giving "advice on community outreach."

104. Based on documents received from the New York State Assembly, I have learned that during this period when he received a regular income from MediSys, however, among other things, WILLIAM BOYLAND, JR., the defendant, made several requests for millions of dollars in funding which would have benefitted MediSys hospitals. Specifically, I have learned the following:

a. In 2003, BOYLAND awarded \$22,700 in State grants to a MediSys social-service provider, Urban Strategies, where he had previously worked prior to serving in the Assembly in 2003.

b. On or about February 6, 2004, BOYLAND sent a letter on his official Assembly letterhead to the Speaker of the

New York State Assembly, requesting the allocation of \$3 million of State funding for Brookdale Hospital.

c. On or about February 12, 2004, BOYLAND sent a letter on his official Assembly letterhead to the Assembly Speaker, asking that the Speaker urge the Assembly to retroactively restore a prior budget cut in Medicaid reimbursement. Specifically, BOYLAND sought the Speaker's support for particular legislation designed to return large quantities of government funds to the budget in the interest of health care providers in his district, including MediSys entities.

d. On or about February 28, 2007, BOYLAND sent a letter on his official Assembly letterhead to the Assembly Speaker, as "follow-up to [a] conversation concerning the improvement and expansion of Jamaica Hospital, hoping to receive [the Speaker's] financial consideration and assistance." In this letter, BOYLAND asked the Speaker to allocate \$3 million for various needs at Jamaica Hospital.

105. From a review of MediSys email correspondence, I have also learned that WILLIAM BOYLAND, JR., the defendant, also attempted to utilize his official position as an Assemblyman to gain access to and influence officials at the New York State Department of Health, in the hopes of facilitating MediSys' acquisition of one of the Caritas Hospitals, Mary Immaculate Hospital. Specifically, I have learned the following:

a. On May 15, 2007, at 8:53 p.m., BOYLAND sent an email to DAVID ROSEN, the defendant, in which he wrote, "We're talking about the Mary mac deal to [sic]. I need to [sic] you about next steps." Earlier that day, ROSEN had sent an email stating that he was out of state and could not get to a phone, but that BOYLAND should call MediSys Employee-2 and tell MediSys Employee-2 that it was urgent.

b. On May 16, 2007, at 1:32 a.m., MediSys Employee-2 sent ROSEN an email indicating that he had spoken "to Jr.," which I believe to be a reference to BOYLAND, and that BOYLAND was "meeting with [New York State Department of Health Commissioner] et. al and wanted to know if the union was on board." MediSys Employee-2 indicated to ROSEN that he "told him [referring again to BOYLAND] about your [referring to ROSEN's] conversation with [an individual believed to be a union representative]." MediSys Employee-2 then told ROSEN that he then "called [a person believed to be Anthony Seminerio] to give him a heads up," and that he would "give [ROSEN] the rest tomorrow."

106. Based on an interview with MediSys Employee-2, I have learned that although he was and is one of the three most senior executives at MediSys, MediSys Employee-2 was unaware that DAVID ROSEN, the defendant, had arranged for a consulting contract with WILLIAM BOYLAND, JR., the defendant. In fact, MediSys Employee-2 did not know that BOYLAND was a MediSys consultant until press reports following the arrest of Anthony Seminerio in September 2008.

107. On or about December 16, 2009, other FBI agents interviewed WILLIAM BOYLAND, JR., the defendant. Based on a report of that interview, I have learned that BOYLAND stated the following, in substance and in part:

a. He was a former employee of Brookdale Hospital, and was hired following college. Over the years, BOYLAND held a variety of positions, including Volunteer Coordinator, Nursing Home Volunteer Coordinator, and Physical Therapy and Therapeutic Recreation Coordinator. BOYLAND's primary responsibility was to be a liaison with the members of the community and to encourage them to use Brookdale Hospital.

b. While employed at Brookdale Hospital, BOYLAND was provided with a cubicle and/or office space, a designated parking spot, and a salary which remained relatively consistent over his employment of between \$35,000 and \$40,000 per year. BOYLAND was employed by Brookdale Hospital for fifteen years prior to winning his seat on the Assembly.

c. BOYLAND admitted to being employed for approximately two years following his election to office in 2003. According to BOYLAND, as of the date of the interview in December 2009, he had no current employment relationship with Brookdale Hospital.

d. After assuming office in the Assembly, BOYLAND's employment terms did not change. He was still tasked with bringing members of the community to the clinic. BOYLAND claimed that his hours changed, however, purportedly in light of the amount of traveling that was required by the Assembly. Throughout this period of time, BOYLAND remained a W-2 employee of Brookdale Hospital, his salary did not change (despite the reduced hours), and he admitted that he was never a "consultant." He claimed that he had a cubicle and/or office space at Brookdale Hospital.

e. BOYLAND claimed that, after his election, he had to make sure that his work for Brookdale Hospital had nothing to do with State business. BOYLAND claimed he always kept hospital work and Assembly work separate.

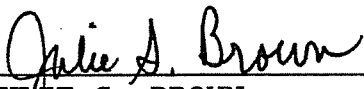
f. BOYLAND admitted to knowing DAVID ROSEN, the defendant. He claimed to have initially met ROSEN through the union and in passing at hospital events. But BOYLAND claimed that he never spoke with ROSEN regarding changes in his Brookdale Hospital employment after his 2003 election to the Assembly. BOYLAND also claimed that he never set up meetings with the Department of Health or local politicians in furtherance of Brookdale Hospital business.

108. In or about September 2008, days prior to the arrest of Anthony Seminerio, other FBI agents and I interviewed DAVID ROSEN, the defendant. ROSEN stated the following, in substance and in part:

a. Approximately four to five years earlier, ROSEN began working with WILLIAM BOYLAND, JR., the defendant, as a paid consultant for a MediSys-related entity. ROSEN could not recall the amount paid to BOYLAND but stated that it was modest, ranging between \$10,000 and \$50,000. ROSEN could not recall the exact time frame during which he worked with BOYLAND but believed it was between five and ten years.

b. BOYLAND provided ROSEN with similar services provided by Seminerio, including making introductions to members and staff of the City Council, for example. ROSEN noted that BOYLAND was generally not as active in the Assembly. When asked how the relationship with BOYLAND started, ROSEN stated that BOYLAND had suggested to ROSEN that he should be hired as a consultant.

WHEREFORE, deponent respectfully requests that CARL KRUGER, RICHARD LIPSKY, AARON MALINSKY, SOLOMON KALISH, ROBERT AQUINO, DAVID ROSEN, WILLIAM BOYLAND, JR., and MICHAEL TURANO, the defendants, be arrested and imprisoned or bailed as the case may be.



JULIE S. BROWN
Special Agent
Federal Bureau of Investigation

Sworn to before me this
9th day of March, 2011



HONORABLE KEVIN NATHANIEL FOX
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK