



*United States Attorney
Southern District of New York*

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CONTACT: U.S. ATTORNEY'S OFFICE
HERBERT HADAD, ELLEN DAVIS
EDELI RIVERA, JESSIE ERWIN
PUBLIC INFORMATION OFFICE
(914) 993-1916, (212) 637-2600

FBI
JIM MARGOLIN, RICHARD KOLKO
(212) 384-2720, 2715

IRS
JOE FOY
(212) 436-1032

**FORMER NEW YORK STATE SENATOR AND PUTNAM COUNTY
EXECUTIVE-ELECT PLEADS GUILTY IN WHITE PLAINS FEDERAL
COURT TO OBSTRUCTION OF JUSTICE AND TAX CHARGES**

PREET BHARARA, the United States Attorney for the Southern District of New York, JANICE K. FEDARCYK, the Assistant Director-in-Charge of the New York Field Division of the Federal Bureau of Investigation ("FBI"), and CHARLES R. PINE, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service ("IRS"), Criminal Investigation Division, announced that VINCENT L. LEIBELL, III, pled guilty today in White Plains federal court to obstructing a federal grand jury that was investigating whether he had extorted cash payments from working in Putnam County and to failing to report on his income tax returns tens of thousands of dollars in cash payments he had received from those lawyers.

Manhattan U.S. Attorney PREET BHARARA said: "This is a sad day for the citizens of Putnam County and a scene that has become all too familiar in New York State. Vincent Leibell betrayed the trust of his constituents and now stands convicted of two federal felonies. Leibell has only himself to blame for the fact that, after 28 years in public office, this conviction will be the capstone to that career. He is the latest in a long line of public officials who have placed themselves above the law and have been brought before the bar of justice in the Southern District of New York. Along with our law enforcement partners, we will fight corruption wherever we find it and prosecute those who abuse the public trust wherever we find them."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK said: "It is inexcusable when public officials abuse the trust that the public has placed in them to make our communities better. Mr. Leibell made it very clear that he did not have the public's best interest in mind when he repeatedly took part in the activities that led to today's charges. The FBI remains committed to investigating and bringing to justice all corrupt public officials, whose actions tarnish their offices and undermine public confidence."

IRS Special Agent-in-Charge CHARLES R. PINE stated: "Receiving corrupt payments in the form of cash and then getting others to lie about and cover up the true reasons they were obtaining large sums of cash is a classic technique that tax evaders use to cover up criminal activity. What is truly astonishing is that an elected official who has been in politics for many years, and has known about other elected officials arrested and convicted for financial related crimes, has not learned the lesson that crime does not pay."

According to the Information filed in White Plains federal court and statements made during the plea proceeding:

Since April 2010, a federal grand jury sitting in the Southern District of New York, the FBI, and the IRS had been investigating allegations that, as a New York State Senator, LEIBELL had unlawfully extorted cash payments from attorneys doing business in Putnam County under color of official right. The investigation focused on whether LEIBELL had demanded and received cash payments from an attorney, described in the Information as Attorney #1, who provided legal services to a Putnam County based not-for-profit organization (the "NFP") that received millions of dollars in New York State Senate member item grants that LEIBELL sponsored as a State Senator. According to the Information, the investigation focused on whether LEIBELL had threatened to cause the NFP to refuse to pay the invoices ATTORNEY #1 submitted to the NFP for legal services that ATTORNEY #1 had rendered to the NFP unless ATTORNEY #1 agreed to give half of the invoiced amount of money to LEIBELL in cash.

LEIBELL became aware of the investigation in late April 2010 when FBI and IRS agents began approaching, subpoenaing, and . After LEIBELL learned about the investigation, he began meeting with ATTORNEY #1 to discuss what ATTORNEY #1 should say when approached by federal agents.

On June 6, 2010, at LEIBELL's request, ATTORNEY #1 met with LEIBELL on a street in Carmel, New York, to discuss the pending federal investigation. During the June 6, 2010 meeting, LEIBELL repeatedly directed ATTORNEY #1 to lie to federal investigators about the cash payments ATTORNEY #1 had previously made to LEIBELL. LEIBELL instructed ATTORNEY #1 to falsely say: (1) that he had never made cash payments to LEIBELL; (2) that when investigators question him about cash withdrawals ATTORNEY #1 made from his bank account to pay LEIBELL, ATTORNEY #1 should falsely say that he withdrew the money to have around in case of a national or family emergency and that he used the money for living expenses, including caring for his elderly mother.

During the meeting, LEIBELL repeatedly urged ATTORNEY #1 to maintain their false denials: "You and I say there was never any cash relationship. Period... Since you and I are in agreement, it didn't happen... All I know is, as long as you and I are consistent, I'm fine, you're fine. There was never any cash between you and I, Okay?"

During the plea allocution, LEIBELL also admitted to filing false federal income tax returns with the IRS for the tax years 2003 through 2006. LEIBELL acknowledged that he failed to report at least \$43,000 in cash he received during these years from ATTORNEY #1 and ATTORNEY #2, also mentioned in the Information, both of whom did business in or for Putnam County. LEIBELL also acknowledged that he failed to advise the accountant preparing his income tax returns that he had received the cash payments.

LEIBELL, who resigned his New York State Senate seat effective on December 3, 2010, is scheduled to be sworn in as Putnam County Executive on January 1, 2011.

LEIBELL pled guilty today before Chief U.S. Magistrate Judge GEORGE A. YANTHIS to a two-count Information charging him with actively obstructing a pending Southern District of New York grand jury investigation involving Special Agents of the FBI and the IRS. The Grand Jury was investigating allegations of extortion by public officials in Putnam County and LEIBELL's . The case was assigned to U.S. District Judge WARREN W. EGINTON and sentencing has been set for March 7, 2011. The maximum sentence of imprisonment for the crimes to which LEIBELL pled guilty today is 13 years.

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Mr. BHARARA praised the work of the FBI and the IRS Criminal Investigation Division. He added that the investigation is ongoing.

This case is being handled by the Office's White Plains Division. Assistant U.S. Attorneys PERRY A. CARBONE and JASON P.W. HALPERIN are in charge of the prosecution.

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