



**UNITED STATES ATTORNEY'S OFFICE**  
*Southern District of New York*

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**MANHATTAN U.S. ATTORNEY ANNOUNCES GUILTY PLEA OF  
NEW YORK STATE SENATOR CARL KRUGER IN BRIBERY SCHEMES  
INVOLVING NEARLY HALF A MILLION DOLLARS**

*Co-Defendant Michael Turano Also Pleads Guilty*

Preet Bharara, the United States Attorney for the Southern District of New York, announced that New York State Senator CARL KRUGER pled guilty today to participating in bribery schemes in which he accepted nearly half a million dollars in exchange for taking official actions. As part of the schemes, the corrupt payments intended for KRUGER were directed to bank accounts controlled by MICHAEL TURANO, a Manhattan-based gynecologist, who also pled guilty today in connection with the schemes. KRUGER and TURANO each pled guilty before U.S. District Judge Jed S. Rakoff.

Manhattan U.S. Attorney Preet Bharara stated: "As Chairman of the Senate Finance Committee, Carl Kruger stood near the apex of political power in New York State. With Senator Kruger's guilty plea today, yet another lawmaker-turned-lawbreaker has now been removed from an undeserved position of power in Albany. Instead of serving the people who elected him, Senator Kruger monetized his public office and served himself. The people of New York expect, deserve and demand honesty and integrity from their public servants. We will not pause in our fight to hold New York's representatives accountable for violating the public's trust, no matter how difficult the challenges presented."

As alleged in the Indictment and in the Complaint previously filed in Manhattan federal court:

KRUGER has served as a member of the New York State Senate since 1994, representing Bergen Beach, Flatlands, Mill Basin and other Brooklyn communities in the 27th Senate District. From 2009 to the beginning of 2011, he served as the chair of the Senate Finance Committee. According to the Complaint, KRUGER allegedly had a close relationship with TURANO and was effectively a member of his family.

As alleged in the Complaint, from 2007 through March 2011, Richard Lipsky directed approximately \$260,000 of his lobbying fees to Olympian Strategic Development Corp. ("Olympian") and Bassett Brokerage ("Bassett"), two entities controlled by TURANO. In exchange for the payments made to Olympian and Bassett, as alleged in Counts One and Two of the Indictment, KRUGER undertook official action to benefit Lipsky and his lobbying clients as opportunities arose. Further, from 2007 through March 2011, Solomon Kalish, through Adex

Management (“Adex”), a marketing/consulting firm, allegedly directed approximately \$197,000 that third parties had paid to Adex to Olympian. In exchange for the payments made to Adex, as alleged in Counts Three and Four of the Indictment, KRUGER undertook official action to benefit Kalish, Adex, and the third parties paying Adex as opportunities arose.

At today’s plea proceeding, KRUGER admitted that from 2007 through March 2011, he agreed to undertake action, in connection with his official position as a member of the New York State Senate, to benefit the individuals and entities named in Counts One through Four of the Indictment, in exchange for payments that he directed to Olympian, Bassett, Adex, and the individuals who have an interest in those entities. TURANO admitted that from late 2007 through February 2011, his consulting business received payments from individuals and entities named in Counts Two and Four of the Indictment knowing that the money was paid, in part, in exchange for KRUGER taking acts in his official capacity as a member of the New York Senate to benefit those individuals and entities.

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KRUGER, 62, of Brooklyn, New York, pled guilty to two counts of conspiracy to commit honest services fraud and two counts of conspiracy to commit bribery. TURANO, 50, of Brooklyn, New York, pled guilty to one count of conspiracy to commit bribery.

The honest services fraud counts each carry a maximum potential penalty of 20 years in prison and a fine of \$250,000 or twice the gross gain or loss from the offense. The bribery counts each carry a maximum potential penalty of five years in prison and a fine of \$250,000 or twice the gross gain or loss from the offense. KRUGER faces a maximum potential penalty of 50 years in prison, and TURANO faces a maximum of five years in prison. As part of their agreements, KRUGER and TURANO each agreed to forfeit up to \$450,000.

KRUGER and TURANO were initially charged on March 10, 2011, along with six others, including Lipsky, Kalish, David Rosen, the former CEO of MediSys Health Network, Robert Aquino, the former CEO of Parkway Hospital, real estate developer Aaron Malinsky, and New York State Assemblyman William Boyland, Jr.

Rosen, 64, of Harrison, New York, was convicted at a trial before Judge Rakoff on September 12, 2011 for his involvement in schemes to bribe KRUGER, former New York State Assemblyman Anthony Seminerio, and Boyland. Rosen is scheduled to be sentenced by Judge Rakoff on January 6, 2012.

Boyland, 41, of Brooklyn, New York, was acquitted by a jury on November 10, 2011.

The Government entered into a deferred prosecution agreement with Malinsky, 63, of New York, New York, on November 22, 2011.

Charges are still pending against Lipsky, 64, of New York, New York, Aquino, 54, of Glen Head, New York, and Kalish, 61, of Rockville Centre, New York, and they are presumed innocent unless and until proven guilty. Lipsky and Aquino are scheduled for trial on January 17, 2012. Kalish will be tried separately in May 2012.

Mr. Bharara praised the investigative work of the Federal Bureau of Investigation.

This prosecution is being handled by the Office's Public Corruption Unit. Assistant U.S. Attorneys Glen McGorty, William Harrington, Michael Bosworth, and Kan Nawaday are in charge of the prosecution.

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