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**U.S. SUES TWO INDIVIDUALS FOR FRAUDULENTLY OBTAINING  
LOANS AND GRANTS FROM FEDERAL AGENCIES  
AFTER THE TERRORIST ATTACKS OF SEPTEMBER 11, 2001**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced today that the United States has filed a civil lawsuit in federal court under the False Claims Act against ALEXANDER KOLTOVSKOY and VINCENT PIZZI for fraudulently obtaining loans and grants from several federal agencies after the September 11, 2001 terrorist attacks. As alleged in the Complaint:

KOLTOVSKOY, of Denver, Colorado, applied for and obtained loans and grants from two federal relief programs individually: the Mortgage and Rental Assistance program ("MRA") and the World Trade Center Business Recovery Grant program ("WTCBRG") and a third, the Economic Injury Disaster Loan program (the "EIDL") jointly with PIZZI, of Mamaroneck, New York.

The EIDL program, administered by the Small Business Administration (the "SBA"), provides operating funds at a reduced interest rate to assist in the recovery of businesses injured as a direct result of the terrorist attacks on the World Trade Center. The MRA program, administered by the Federal Emergency Management Agency ("FEMA"), assists individuals with mortgage or rent payments when financial hardship resulting from a disaster has led to eviction or dispossession. The WTCBRG program was established by the New York State Urban Development Corporation (d/b/a the Empire State Development Corporation) to assist in the recovery of businesses in lower Manhattan after the September 11, 2001 attacks. Funding for the WTCBRG program was provided by the U.S. Department of Housing and Urban Development ("HUD") through its Community Development Block Grant disaster assistance funds. HUD awarded \$564 million dollars to the State of New York to fund the WTCBRG program.

In order to obtain federal assistance from the EIDL, WTCBRG and MRA programs, KOLTOVSKOY and PIZZI falsely claimed to

the Government that their business, Alexander Edwards Global Search, Inc. (d/b/a Alexander Edwards International, Inc. or "AEI"), an executive search firm, had leased property and maintained equipment at 2 World Trade Center in Manhattan. In fact, neither KOLTOVSKOY, PIZZI nor AEI had any such property, lease, or equipment at 2 World Trade Center on September 11, 2001, and AEI, which at one time was based in 2 World Trade Center, had vacated its office in December, 1999, nearly two years prior to the terrorist attacks. Koltovskoy, in order to obtain assistance from the MRA program, also falsely claimed to the Government that landlord of his personal residence intended to evict him for non-payment of rent.

In total, KOLTOVSKOY and PIZZI jointly defrauded the EIDL program of \$228,000, and KOLTOVSKOY defrauded the MRA program of \$13,410.24 and the WTCBRG program of \$64,390.

Under the False Claims Act, the Government is entitled to recover three times the actual damages from the false claims. The suit against KOLTOVSKOY and PIZZI seeks a total of \$918,000, plus penalties.

On October 3, 2003, Koltovskoy and Pizzi were convicted of federal criminal charges relating to the fraudulent conduct described above. On May 20, 2004, KOLTOVSKOY was sentenced to a term of imprisonment of 51 months and supervised release of three years, and PIZZI was sentenced to a term of imprisonment of 33 months and supervised release of three years.

Mr. GARCIA said, "KOLTOVSKOY and PIZZI falsely claimed to be entitled to federal funds allocated to help those who were truly harmed by the events of September 11, 2001. The law provides serious consequences - both civil and criminal - for those who fraudulently attempted to profit personally from that tragedy."

Mr. GARCIA thanked HUD, SBA and FEMA for their assistance in the investigation of this case.

This lawsuit is assigned to United States District Judge Alvin K. Hellerstein.

Assistant United States Attorney REBECCA C. MARTIN is in charge of the case.