



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

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FOR IMMEDIATE RELEASE  
Friday, February 10, 2012  
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**FORMER NEW YORK STATE SENATOR NICHOLAS A. SPANO**  
**PLEADS GUILTY IN WHITE PLAINS FEDERAL COURT TO FILING**  
**FRAUDULENT TAX RETURNS**

*Senator Guilty of Falsely Characterizing and Failing to Report Certain Income*

Preet Bharara, the United States Attorney for the Southern District of New York, Victor W. Lessoff, the Acting Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service, Criminal Investigation Division ("IRS-CID"), and Janice K. Fedarcyk, the Assistant Director-in-Charge of the New York Field Division of the Federal Bureau of Investigation ("FBI"), announced that former New York State Senator NICHOLAS A. SPANO pled guilty today in White Plains federal court to obstructing the ability of the IRS to assess and collect U.S. income taxes by filing fraudulent tax returns.

Manhattan U.S. Attorney Preet Bharara stated: "Former Senator Nicholas Spano is the latest in a regrettably long line of lawmakers turned lawbreakers. When elected officials put padding their pockets above the law, they tarnish our government and undermine people's faith in their public servants. We will not tolerate this conduct and will continue to aggressively prosecute those who engage in it."

IRS Acting Special Agent-in-Charge Victor W. Lessoff stated: "Public officials, whether elected or appointed, hold positions of trust in the eyes of the public. That trust is broken when these officials commit crimes. Public officials do not get free passes to ignore the tax laws and they will still be held accountable after they leave office. IRS-CI works to ensure that everyone pays their fair share. "

FBI Assistant Director-in-Charge Janice K. Fedarcyk stated: "We hope that our elected representatives hold themselves to a higher standard. At a minimum, the people of New York have the right to expect that lawmakers will not be lawbreakers."

According to the Information and statements made during today's proceeding:

## *Background*

NICHOLAS SPANO served as a New York State Senator for the 35<sup>th</sup> district, representing most of Westchester County, from 1987 until 2006. In that capacity, SPANO was responsible for voting on and approving the operating budget for New York State, a portion of which included funding for the Office of General Services (“OGS”).

In 1993, a White Plains-based insurance company began paying SPANO a \$1,500 monthly fee to act as an outside consultant. In 1996, after the insurance company was awarded a lucrative contract by OGS to become the broker of record for New York State, the payments increased to \$5,000 per month. The payments were subsequently increased to \$6,000 per month in 1999 and \$8,333.33 (or \$100,000 per year) in 2002. The payments stopped in 2008 when the insurance company ceased to be OGS’s broker of record.

The payments from the insurance company were paid through various corporate entities controlled by SPANO, including ONAPS, Inc. which later changed its name to HVM Corp. ONAPS had no employees or offices and was used almost exclusively to receive money paid to SPANO by the insurance company.

### *Spano’s Concealment of Income*

From 2000 through 2008, SPANO engaged in a scheme to impede and impair the due administration of the Internal Revenue Laws by filing false federal income tax returns that falsely characterized income he received from the insurance company and other sources to unlawfully reduce his tax burden.

During the relevant time period, SPANO wrote checks that totaled more than \$180,000 from HVM to a real estate holding company he owned, 221 Ridge Ave. Corp, which owned a two-family rental property in Yonkers, New York. The checks were for non-existent rental expenses. SPANO falsely advised his tax return preparer that HVM conducted business at 221 Ridge Avenue, had an office at that location, and paid rent to the holding company. As a result, HVM deducted more than \$180,000 in false and fraudulent rental expenses on its tax returns.

In 2004, SPANO also failed to report to the IRS a \$45,000 commission he received from the sale of a building to a White Plains real estate developer, and between 2005 and 2006, failed to report cash rental payments he received from residential real estate tenants.

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SPANO, 58, of Yonkers, New York, pled guilty to one count of obstructing and impeding the due administration of the Internal Revenue Laws. He faces a maximum sentence of three years in prison and a maximum fine of the greater of \$250,000 or twice the gross gain or loss derived from the crime.

SPANO will be sentenced by U.S. District Judge Cathy Seibel on June 11, 2012, at 3:30 p.m.

Mr. Bharara praised the outstanding work of the IRS Criminal Investigation Division and the FBI in the investigation.

This case is being handled by the Office's White Plains Division. Assistant U.S. Attorneys Perry A. Carbone, Jason P.W. Halperin, and Cynthia Dunne are in charge of the prosecution.

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