



***United States Attorney
Southern District of New York***

**FOR IMMEDIATE RELEASE
JANUARY 6, 2010**

**CONTACT: U.S. ATTORNEY'S OFFICE
HERBERT HADAD,
YUSILL SCRIBNER,
REBEKAH CARMICHAEL,
JANICE OH
PUBLIC INFORMATION OFFICE
(914) 993-1900
(212) 637-2600**

**IRS
JOSEPH FOY
PUBLIC INFORMATION OFFICE
(212) 436-1032**

**FBI
JAMES MARGOLIN, RICH KOLKO
PUBLIC INFORMATION OFFICE
(212) 384-2720, 2715**

**UNITED STATES ATTORNEY CHARGES FORMER DEMOCRATIC
MAJORITY LEADER OF YONKERS CITY COUNCIL,
FORMER YONKERS REPUBLICAN PARTY CHIEF,
AND ATTORNEY WITH PUBLIC CORRUPTION CRIMES**

*Former Yonkers City Councilwoman Sandy Annabi Allegedly Received
More Than \$160,000 In Secret Payments;
Defendants Charged With Conspiracy, Bribery, Extortion,
False Statements, and Tax Crimes*

PREET BHARARA, the United States Attorney for the Southern District of New York, JOSEPH M. DEMAREST, JR., the Assistant Director-in-Charge of the New York Field Division of the Federal Bureau of Investigation ("FBI"), and PATRICIA J. HAYNES, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service ("IRS"), Criminal Investigation Division, announced today the unsealing of an Indictment against SANDY ANNABI, the former Democratic Majority Leader of the Yonkers City Council, charging her with conspiracy, bribery, extortion, false statements, and tax crimes. The Indictment also charges ZEHY JEREIS, the former head of the Yonkers Republican Party, and ANTHONY MANGONE, a Westchester County attorney, with conspiracy, bribery, and extortion in connection with two real estate development projects within the City of Yonkers which were pending before ANNABI.

MANGONE was arrested early this morning in Purchase, New York. ANNABI and JEREIS surrendered to federal authorities earlier today. All three defendants are expected to be presented later today before United States Magistrate Judge LISA MARGARET SMITH in White Plains federal court.

According to the Indictment filed in White Plains federal court:

On November 6, 2001, SANDY ANNABI was elected to serve as a Councilwoman to represent the Second District of the City of Yonkers. ANNABI was reelected two subsequent times, in 2003 and 2005, and served as the Democratic Majority Leader of the Yonkers City Council. The Yonkers City Council's primary function is to consider and vote on the City's budget, zoning changes, and other legislation. _____

From the Fall of 2003 through the Fall of 2007, ZEHY JEREIS was the Chairman of the Yonkers Republican Party. As the Party Chairman, JEREIS's duties were to promote the Republican Party in Yonkers and to advance the interests of Republican elected officials and candidates. ANTHONY MANGONE is an attorney whose office was located in Hawthorne, New York.

The Longfellow Project

In 2003, a developer ("Developer No. 1") proposed to develop a tract of land located partially within the Yonkers City Council District represented by ANNABI by renovating and transforming two vacant and dilapidated schools into market-rate housing (the "Longfellow Project"). ANNABI initially opposed the Longfellow Project. During a City Council meeting on June 14, 2005, ANNABI proclaimed her strong opposition to the project, stating: "Even if the entire community supported [it], I would be opposed" She also said that the project was "outrageous" and a "slap in the face to the taxpayers of Yonkers." Despite considerable effort, Developer No. 1 was unable to move the project forward in the face of ANNABI's opposition.

In April 2006, however, Developer No. 1 hired MANGONE to assist in persuading ANNABI to support the Longfellow Project. Shortly thereafter, MANGONE arranged a meeting between a representative of Developer No. 1 and JEREIS, who advised that he could help persuade ANNABI to support the project. Later, MANGONE told Developer No. 1 that, in order for the project to proceed, Developer No. 1 would have to pay ANNABI \$30,000 in

exchange for her support. Developer No. 1 gave MANGONE the \$30,000 in cash for ANNABI and paid MANGONE a \$10,000 cash fee for his services.

Shortly after receiving the \$30,000 in cash, ANNABI made several substantial cash and credit card purchases -- including airline ticket upgrades, a Rolex watch, and a diamond cross necklace. Then, at a City Council meeting in September 2006, ANNABI reversed her long-held opposition to the Longfellow Project and voted in favor of awarding the project to Developer No. 1.

The Ridge Hill Development Project

The "Ridge Hill Development Project" was a project proposed by a large developer ("Developer No. 2") to develop an 81-acre tract of land to establish retail shopping, restaurants, office space, hundreds of residential housing units, and a hotel and conference center. ANNABI was an outspoken critic of the proposed Ridge Hill Project and voted against both the project and legislation that would allow the project to move forward despite her opposition. ANNABI, with two other City Council members and others, also filed a civil lawsuit to effectively block the Ridge Hill Project. As the City Council was considering the Ridge Hill Project, Developer No. 2 made repeated and unsuccessful efforts to convince ANNABI to vote in favor of the project.

On June 2, 2006, JEREIS was introduced to representatives of Developer No. 2, after which JEREIS told representatives of Developer No. 2 that he could arrange a meeting between them, ANNABI, and JEREIS to discuss the Ridge Hill Project. JEREIS and representatives of Developer No. 2 also had an agreement in which Developer No. 2 would give JEREIS a consulting job sometime after ANNABI formally voted in favor of the Ridge Hill Project. After two meetings held in less than two weeks, ANNABI reversed her opposition to the Ridge Hill Project and issued a press release -- drafted by JEREIS and representatives of Developer No. 2 -- informing the public of her support for the project.

Specifically, at a City Council meeting on July 11, 2006, ANNABI voted in favor of the zoning change necessary for the Ridge Hill Project. Shortly after ANNABI changed her vote on the Ridge Hill Project, JEREIS received the promised consulting contract from Developer No. 2 worth \$60,000 over one year.

Secret Payments To ANNABI And Efforts To Conceal The Crimes

Since at least 2004, ANNABI has received from JEREIS, MANGONE, and others more than \$160,000 worth of secret payments designed to influence and reward her for favorable official action or inaction on matters pending before the City Council as specific opportunities arose. ANNABI, JEREIS, and MANGONE also took various steps to conceal their scheme, by making false statements and/or omitting required information in various reporting documents.

For example, JEREIS secretly gave ANNABI money and purported loans to finance the purchase of two residential properties located outside of ANNABI's Council District. To obtain favorable financing, ANNABI contemporaneously submitted applications to two different banks, advising both that she intended to occupy the house for which she was seeking financing and concealing that she was seeking to borrow money from the other bank for a second house. The closings for the two loans occurred only three days apart.

Furthermore, despite being required as a Councilmember, by state and local law, to live within her Council District, ANNABI in fact lived in one of these houses outside of her Council District. In order to meet the residential requirement to maintain her position, JEREIS purchased a cooperative apartment for ANNABI within her Council District. JEREIS had paid for the down payment and made the monthly mortgage payments, at times with postal money orders he had obtained.

The Indictment further charges that in her loan applications for one of the houses and for the apartment she purchased, ANNABI falsely inflated her income. ANNABI's applications also included fake pay stubs, W-2's, and bank statements.

According to the Indictment, ANNABI affirmatively concealed the illegal benefits she received from JEREIS and MANGONE by filing annual financial disclosure statements, from 2004 through 2007, that intentionally omitted the illegal payments. ANNABI also failed to report in federal income tax returns the illegal payments that she received from JEREIS, MANGONE, and others.

In a further effort to conceal the criminal conduct, during the federal grand jury investigation into ANNABI's corrupt relationship with JEREIS, MANGONE instructed Developer No. 1 not to tell an attorney representing Developer No. 1 that

representatives of Developer No. 1 had given MANGONE the \$30,000 in cash for ANNABI. MANGONE also failed to report, as required, the \$30,000 cash bribe and an additional \$10,000 fee that he received from Developer No. 1 to the IRS.

* * *

A chart setting forth the charges contained in the Indictment against ANNABI, JEREIS, and MANGONE and the maximum potential penalties for each offense is attached. The Indictment also seeks forfeiture of the proceeds of the crimes set forth above.

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

PREET BHARARA, the United States Attorney for the Southern District of New York,

"Today's indictment describes what was essentially a bipartisan corruption pact between Sandy Annabi, Zehy Jereis, and Anthony Mangone. When the people of Yonkers elected Annabi to the City Council, she swore an oath to faithfully discharge the duties of her office. But rather than keep her word, she betrayed Yonkers' residents by selling the most important assets any elected official has: her integrity and her independence. In our down economy, there are too many buildings with 'For Sale' signs hanging in the window; City Hall shouldn't be one of them," said United States Attorney PREET BHARARA.

"The conduct charged in the indictment is an assault on democracy. The people of Yonkers were betrayed by Sandy Annabi, someone elected -- and sworn -- to serve them. In publicly opposing one of the projects for which she later sold her vote, she called it 'a slap in the face to the taxpayers of Yonkers.' She willfully conspired to redefine her job from Councilmember to Councilmember-for-sale. That was the real slap in the face for the people of Yonkers," said FBI Assistant Director-in-Charge JOSEPH M. DEMAREST, JR.

"Public officials are no different from you or I in their responsibility to follow tax law. When this trust is violated it deteriorates confidence in the fairness of the application of tax law," IRS Special Agent-in-Charge PATRICIA J. HAYNES.

Assistant United States Attorneys JASON P.W. HALPERIN and PERRY A. CARBONE are in charge of the prosecution.

The charges contained in the Indictment are merely accusations and the defendants are presumed innocent unless and until proven guilty.

10-004

###

United States v. Sandy Annabi, et al.

Ct	Defendant(s)	Charge	Maximum Penalties
1	ANNABI, JEREIS, MANGONE	Conspiracy to Commit Bribery	5 years in prison; a fine of the greater of \$250,000 or twice the gain or loss from the offense
2	ANNABI, JEREIS, MANGONE	Receipt of Corrupt Payments	10 years in prison; a fine of the greater of \$250,000 or twice the gain or loss from the offense
3	JEREIS	Giving Corrupt Payments	10 years in prison; a fine of the greater of \$250,000 or twice the gain or loss from the offense
4	ANNABI	Receipt of Corrupt Payments	10 years in prison; a fine the greater of of \$250,000 or twice the gain or loss from the offense
5	ANNABI, JEREIS, MANGONE	Extortion	20 years in prison; a fine of the greater of \$250,000 or twice the gain or loss from the offense
6	ANNABI, JEREIS, MANGONE	Travel Act	5 years in prison; a fine of the greater of \$250,000 or twice the gain or loss from the offense
7	ANNABI, JEREIS	Travel Act	5 years in prison; a fine of the greater of \$250,000 or twice the gain or loss from the offense
8- 10	ANNABI	False Statements	30 years in prison; a fine of the greater of \$1,000,000 or twice the gain or loss from the offense
11- 12	ANNABI	False Tax Returns	3 years in prison; a fine of the greater of \$250,000 or twice the gain or loss from the offense
13	MANGONE	Currency Reporting Violation	3 years in prison; a fine of the greater of \$250,000 or twice the gain or loss from the offense