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**FORMER FUGITIVE IN MULTIMILLION-DOLLAR NEW SQUARE
FRAUD SCHEME SENTENCED IN MANHATTAN FEDERAL COURT
TO 27 MONTHS IN PRISON**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced today that AVRUM DAVID FRIESEL was sentenced in Manhattan federal court to 27 months in prison for his participation in a long-running scheme to defraud millions of dollars from a number of federal and state programs, including the Pell Grant and Section 8 Housing programs. FRIESEL fled from the United States to Israel in 1997, shortly before he was charged in the case. Following the arrest of a co-defendant who had also fled to Israel, FRIESEL absconded to the United Kingdom in 1999, where he hid until he was arrested in 2008. FRIESEL was extradited to the United States in August 2009, over twelve years after he was initially charged. United States District Judge BARBARA S. JONES imposed the sentence on FRIESEL.

According to the Superseding Indictment, documents filed in court, and statements made during the guilty plea and sentencing proceedings:

FRIESEL and several other co-defendants defrauded a number of federal and state grant, loan, and subsidy programs of millions of dollars for the benefit of themselves and other residents of the Village of New Square, an incorporated village in Rockland County. For example, FRIESEL and his co-defendants defrauded the Pell Grant program funded by the United States Department of Education. The Pell Grant program provides funds to post-secondary school students with financial need who are seeking to obtain an academic or professional degree, vocational certificate, or other recognized undergraduate educational credential. FRIESEL and his co-defendants assisted in enrolling thousands of New Square residents and others in fraudulent post-secondary educational programs in order to obtain tens of millions of dollars in Pell Grants and other forms of student financial aid to which they were not entitled. Most of these students were enrolled in "independent study" programs that did

not require the students to attend classes, but instead permitted them to study independently under the guidance of "mentors," who supposedly met with them periodically to gauge their progress and administer examinations. Members of the conspiracy lied repeatedly to conceal the fact that many of these "students" were actually ineligible to receive financial aid because they were not seeking any certificate or degree, or because they were still in high school.

Among other things, and in order to execute the fraud, participants in the conspiracy: created entities through which federal and state funds could be fraudulently obtained; submitted fraudulent documentation in order to establish the eligibility of New Square residents and others to participate in these programs; used the funds obtained from these programs for impermissible purposes; and concealed their fraud by using false names and nominee bank accounts.

In addition to the Pell Grant program, co-conspirators, including FRIESEL, defrauded other federal programs and departments, including: a Small Business Administration program designed to provide venture capital to small, minority-owned businesses; the Section 8 rental subsidy program funded by the U.S. Department of Housing and Urban Development; the Social Security Administration; and the Internal Revenue Service.

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Judge JONES also ordered FRIESEL to pay over \$11 million in restitution and to serve 2 years of supervised release following his prison sentence. FRIESEL previously pled guilty before United States Magistrate Judge HENRY B. PITMAN to one count of conspiracy to defraud a number of federal agencies and programs.

Four of FRIESEL's co-defendants were convicted on January 25, 1999, following an 11-week jury trial in White Plains federal court before Judge JONES and received sentences of between 30 and 78 months in prison, which were commuted in 2001 by then-President CLINTON. CHAIM BERGER, the leader of the scheme who fled the United States, was arrested in Israel in 1999 and was later extradited to the United States. He pleaded guilty on January 23, 2002, and was sentenced to 72 months in prison. The remaining defendant, NATHAN ADLER, remains at large.

In sentencing FRIESEL, Judge JONES also explained that one of the reasons for the imposed sentence was that FRIESEL left the United States and remained out of the country after it had to be obvious that he was going to be charged. In response to FRIESEL's request that his sentence should be lower to take account of the fact that the sentences of several of his co-conspirators were commuted in 2001, Judge JONES stated that she gave "no weight" to the fact that several of FRIESEL's co-defendants had their sentences commuted.

U.S. Attorney PREET BHARARA stated: "Avrum Friesel stole millions of dollars in federal and state funds that should have gone to the poor and needy, among other worthy recipients. He spent 11 years on the run on two continents to avoid facing those charges, but today's sentence confirms that it is never in a defendant's interest to flee the authorities. Our Office, together with our law enforcement partners here in the United States and around the world, will work tirelessly to bring to justice all fugitives, no matter where they go or how long they are gone."

Mr. BHARARA praised the work and cooperation of the U.S. Department of Education, the Internal Revenue Service, the Federal Bureau of Investigation, the Department of Housing and Urban Development, the Small Business Administration, and the Social Security Administration for their investigation and their extraordinarily dedicated commitment to the prosecution. Mr. BHARARA also praised the efforts of the United States Marshals Service for locating FRIESEL, helping to apprehend FRIESEL in the United Kingdom, and providing essential support in obtaining his return to the United States. Mr. BHARARA thanked the Israeli National Police for their extensive assistance in locating and apprehending CHAIM BERGER and in investigating the whereabouts of FRIESEL. Mr. BHARARA also thanked London's Metropolitan Police Service, Extradition Unit, for its assistance in the location and apprehension of FRIESEL and the Crown Prosecution Service, Extradition Unit, of London in his extradition.

The case is being prosecuted by the Office's Complex Frauds Unit. Assistant United States Attorney DANIEL W. LEVY is in charge of the prosecution.

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