

Department of Justice

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\$10,000,000 RETURNED TO VICTIMS OF PUBLIC CORRUPTION SCHEME INCLUDING KODAK AND THE TOWN OF GREECE

ROCHESTER, N.Y.– U.S. Attorney William J. Hochul, Jr. announced today that more than \$10,000,000 in forfeited property has been returned to the victims of one of the largest public corruption cases ever prosecuted in the Western District of New York. Those receiving restitution include the Eastman Kodak Company, the Town of Greece, IBM, ITT Industries, Inc., RG&E, and Global Crossing. The companies and town were all victims of real property tax appraisal and assessment schemes spearheaded by John Nicolo, a property appraiser.

In 2005, John Nicolo, Mark Camarata, Charles Schwab, David Finnman, and others were arrested and later convicted of a variety of crimes including mail and wire fraud, conspiracy, and money laundering. The defendants schemed victims out of millions of dollars by artificially inflating tax assessments on properties they owned, and then causing John Nicolo to be hired by the companies in an effort to reduce the resulting tax assessments.

Assistant U.S. Attorney Richard A. Resnick, who prosecuted the case, stated that David Finnman and Mark Camarata, while working at Kodak, hired Nicolo to perform real property appraisal services for Kodak between 1997 and 2005. In return for hiring Nicolo, Finnman and Camarata would receive money representing kickbacks from Nicolo. In addition, Charles Schwab, while the Greece Town Assessor, also received kickbacks from Nicolo in connection with various property tax assessment matters involving property located in Greece.

The forfeiture aspect of the case resulted in considerable litigation over the several years following the criminal convictions. In February 2009, U.S. District Judge David G. Larimer ultimately agreed with the Government's position and ordered over \$12,000,000

in assets to be forfeited from the various defendants. The ruling spurred further litigation involving John Nicolo's wife, Constance Roeder, who claimed that much of the money was hers and had nothing to do with Nicolo's crimes. In November 2011, Judge Larimer approved a settlement which awarded the Government more than \$10,000,000 and returned \$2,000,000 to Constance Roeder, which was determined not to have been involved in her husband's appraisal fund.

Of the \$10,000,000 settlement, the Eastman Kodak Co. received \$7,800,000 and the Town of Greece received \$1,900,000. In addition, IBM received \$70,000, RG &E \$13,000, ITT Space Systems, LLC \$633,000, and Global Crossing \$33,750.

The majority of the properties forfeited involved large financial accounts where John Nicole concealed his illegal proceeds. Some of the accounts were valued in excess of several million dollars. Nicolo also forfeited BMW and Volvo automobiles and a Bentley, valued at \$165,000, which was purchased with illegal cash just months prior to its seizure in 2005. In addition, Mark Camarata forfeited almost \$1,000,000 and the Government seized high end vehicles and two residences from Charles Schwab, one of which was a home in an exclusive South Carolina golf community.

Furthermore, a vacation home and a number of parcels overlooking Keuka Lake, worth approximately \$500,000, are still to be sold. That money will be forfeited to the Government and used to assist law enforcement in further criminal investigations in our community.

Following the criminal prosecution, John Nicolo and Charles Schwab were sentenced to 12 years in federal prison, Mark Camarata was sentenced to 24 months, and David Finnman received 21 months.

"This case sends a strong message that public corruption and corporate fraud will not be tolerated," said U.S. Attorney Hochul. "Those who attempt to make financial gains by victimizing others not only risk destroying their families but also losing their freedom. As this case demonstrates, our Office is also fully prepared to utilize the federal forfeiture laws to take the 'profit' out of such crimes by stripping defendants of their illicit proceeds and returning them to innocent victims where they belong."

The successful prosecution and restitution are the result an investigation by Special Agents of the Federal Bureau of Investigation, under the direction of Special Agent in Charge Christopher M. Piehota; the Internal Revenue Service, under the direction Special Agent in Charge Charles R. Pine; the Postal Inspection Service, under the direction of Inspector-in-Charge Robert Bethel; and the Greece Police Department, under the direction of Chief Todd K. Baxter.

