Department of Justice

Acting United States Attorney Andrew T. Baxter
Northern District of New York

FOR IMMEDIATE RELEASE	CONTACT: Andrew T. Baxter or
FRIDAY, JANUARY 23, 2009	William C. Pericak
http://www.usdoj.gov/usao/nyn	(518) 431-0247

FORMER NEW YORK STATE SENATE MAJORITY LEADER JOSEPH L. BRUNO INDICTED FOR SCHEME TO DEFRAUD CITIZENS OF HIS HONEST SERVICES

ALBANY, NEW YORK—Acting United States Attorney Andrew T. Baxter and Special-Agent-in-Charge John F. Pikus of the Albany Division of the Federal Bureau of Investigation announced that a federal grand jury in Albany returned an indictment today against Joseph L. Bruno, the Former Majority Leader of the New York State Senate. Bruno is charged with carrying out a scheme to defraud the State of New York and its citizens of the right to his honest services by soliciting private business from, and entering into direct and indirect financial relationships with, persons or entities who were pursuing interests before the New York State Legislature or other state agencies. The indictment further alleges that Bruno concealed and failed to disclose the existence and nature of such financial relationships, and the resulting conflicts of interest while taking discretionary official actions benefitting parties with whom he had those relationships.

The charges arise from Bruno's receipt of almost $3.2 million from five groups of individuals and related entities, either directly or through so-called consulting companies, between 1993 and 2006. While New York State legislators are part-time officials permitted to pursue other employment or business activities, the indictment alleges that Bruno improperly exploited his official position and concealed conflicts of interest, contrary to state ethics and reporting laws, with respect to his private "consulting" business.

According to the indictment, Bruno received approximately $2 million from two financial services firms. These payments were essentially fees relating to labor union benefit funds which decided to invest funds or conduct brokerage transactions with the firms, ostensibly as a result of referrals by Bruno. The unions, whose benefit funds were solicited by Bruno, had frequent business before the New York State legislature and other state agencies, and Bruno took discretionary official actions benefitting the unions. The union officials solicited by Bruno were responsive to his "business" proposals because of his official position and his perceived ability to influence legislative or other state actions on behalf of their unions. In required financial disclosure statements, and in other contexts, Bruno concealed the fact that he enriched himself by exploiting relationships with unions which benefitted from official actions of Bruno. For example, rather than reporting that he was paid for soliciting union benefit funds, Bruno misleadingly reported most of his income as fees for "consulting."

Bruno was also paid approximately $1.2 million in "consulting" fees by three individuals and a myriad of related entities. Some of those entities had interests before the New York State legislature and other state agencies and several benefitted from official acts of Bruno. According to the indictment, Bruno did not perform legitimate work commensurate with these substantial "consulting fees" which were, in essence, gifts from these individuals or related entities. Bruno failed to report these payments as gifts, as required under state ethics and reporting laws. Bruno also misrepresented to two of these "consulting" clients that he had received clearance from the Legislative Ethics Committee to receive payments from them when, in fact, Bruno had never sought ethics opinions relating to these particular outside activities.

Acting United States Attorney Baxter stated: "As the Senate Majority Leader, Joseph L. Bruno had a fiduciary relationship with the State of New York and its citizens requiring disinterested decision making and candid disclosure of the potential motivation behind his official acts. Mr. Bruno exploited his office by concealing the nature and source of substantial payments that he received from parties that benefitted from his official actions and the resulting conflicts of interest. This investigation and prosecution demonstrate the commitment of federal law enforcement in the Northern District of New York to strive to ensure that public officials who breach their public trust will be held accountable."

Special-Agent-in-Charge Pikus stated: "This complicated investigation has been conducted in a professional and thorough fashion, notwithstanding the significant difficulties in overcoming the lack of transparency in New York State government. The FBI will continue to root out public corruption within New York State government to ensure the integrity of the legislative process."

Daniel R. Petrole, Deputy Inspector General, United States Department of Labor, stated: "Former State Senator Joseph L. Bruno allegedly used his powerful position improperly to induce union officials to invest their organizations' pension plan funds through several investment companies in return for just under $ 2 million. I'd like to thank our law enforcement partners at the FBI and the U.S. Attorney's Office for working with us to ensure that corruption at all levels will be thoroughly investigated and aggressively prosecuted."

An indictment is merely an accusation and Defendant Joseph L. Bruno is presumed innocent unless and until proven guilty. None of the other persons or entities identified in the indictment have been accused of federal criminal violations. If convicted, Defendant Joseph L. Bruno faces a maximum sentence of up to 20 years imprisonment and fines of up to $250,000 on each of the eight counts of the indictment under the federal wire and mail fraud statutes. Bruno was arraigned earlier this afternoon before United States Magistrate Judge David R. Homer in Albany.

The investigation which led to this indictment was conducted by the Albany Division of the Federal Bureau of Investigation, with the assistance of the Inspector General of the United States Department of Labor, and the Criminal Investigation Division of the Internal Revenue Service. The United States is represented in this prosecution by Assistant United States Attorneys Elizabeth C. Coombe and William C. Pericak.

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