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**FORMER YONKERS CITY COUNCIL DEMOCRATIC MAJORITY
LEADER AND FORMER YONKERS REPUBLICAN PARTY CHIEF
CONVICTED IN MANHATTAN FEDERAL COURT ON ALL COUNTS IN
PUBLIC CORRUPTION TRIAL**

Annabi Convicted for Accepting Nearly \$200,000 in Bribes and for Filing False Tax Returns

Preet Bharara, the United States Attorney for the Southern District of New York, announced that SANDY ANNABI, the former Democratic Majority Leader of the Yonkers City Council, and ZEHY JEREIS, the former head of the Yonkers Republican Party, were found guilty today by a jury in Manhattan federal court of public corruption crimes. ANNABI and JEREIS were convicted for participating in bribery schemes related to her position on the Yonkers City Council as well as the actions they took to conceal these schemes. ANNABI was also convicted of making false statements to financial institutions related to loans she was seeking for two houses and an apartment in Yonkers, New York, and for filing false federal income tax returns. They were convicted on all counts after a seven-week trial before U.S. District Judge Colleen McMahon.

U.S. Attorney Preet Bharara stated: "Today's convictions of Sandy Annabi and Zehy Jereis on all counts are a victory for the citizens of Yonkers who – like all Americans – deserve fair and honest government, and not government driven by bribes and riven with backroom deals. These guilty verdicts are yet another clarion call to corrupt public officials and those who contemplate buying their influence, that we will do everything within our power to root out, prosecute and punish this conduct. It is conduct that erodes the public's trust and confidence in government and poisons the legislative process."

According to the evidence at trial and the superseding Indictment originally filed in White Plains federal court:

ANNABI was first elected to the Yonkers City Council in November 2001 to represent the Second District and was subsequently re-elected in 2003 and 2005. She served as the Democratic Majority Leader of the Council during the latter part of her third term in office. The Yonkers City Council's primary function is to consider and vote on the city's budget, zoning changes, and other legislation. ZEHY JEREIS served as Chairman of the Yonkers Republican Party from the fall of 2003 through the fall of 2007. As the Party Chairman, his duties were to promote the Republican Party in Yonkers and to advance the interests of Republican elected

officials and candidates. JEREIS used his considerable influence and contacts to assist ANNABI with all three of her successful campaigns.

Since 2001, ANNABI received nearly \$200,000 in secret payments from JEREIS and others in exchange for taking favorable actions in her official capacity on matters in which they had an interest and that were pending before the City Council. These matters included two real estate projects known as the Longfellow Project and the Ridge Hill Development project.

The Longfellow Project

In 2003, Yonkers developer Milio Management was seeking to redevelop an area of land, known as the Longfellow Project, which was partially located within the Council District represented by ANNABI. 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, Milio Management was unable to move the project forward in the face of ANNABI’s opposition.

In April 2006, Milio Management hired Westchester County attorney Anthony Mangone to assist in persuading ANNABI to support the Longfellow Project. Shortly thereafter, Mangone arranged a meeting between a representative of Milio Management and JEREIS. During the meeting, JEREIS advised the representative that he could help persuade ANNABI to support the project. Later, Mangone told Milio Management that in order for the project to proceed, the developer would have to pay ANNABI \$30,000 in exchange for her support. In the summer of 2006, Milio Management gave Mangone \$30,000 in cash for ANNABI. Mangone then gave \$20,000 in cash to JEREIS to give to ANNABI. At a City Council meeting that September, ANNABI reversed her long-held opposition to the Longfellow Project and voted in favor of awarding it to Milio Management. Shortly after receiving the \$20,000, ANNABI made several substantial cash and credit card purchases, including airline ticket upgrades, a Rolex watch, and a diamond necklace.

The Ridge Hill Project

The Ridge Hill Project was a proposal by developer Forest City Ratner to develop an 81-acre tract of land into retail, restaurant, and office space with hundreds of residential housing units, a hotel, and a conference center. ANNABI was an outspoken critic of the proposed Ridge Hill Project and voted against both the project as well as legislation that would allow it to move forward over her opposition. ANNABI and others also filed a civil lawsuit to effectively block the project. As the City Council was considering the Ridge Hill Project, Forest City Ratner made repeated and unsuccessful efforts to convince ANNABI to vote in favor of the project.

On June 2, 2006, after being introduced to representatives of Forest City Ratner, JEREIS advised them that he could arrange a meeting for them with ANNABI. JEREIS and representatives of Forest City Ratner also had an agreement in which the developer would give him a consulting job sometime after ANNABI formally voted in favor of the Ridge Hill Project. After two meetings with JEREIS and Forest City Renter’s representatives, which were held five days apart, ANNABI reversed her opposition to the Ridge Hill Project. On June 15, 2006, she issued a press release – drafted by JEREIS and representatives of Forest City Ratner – informing the public of her support for the project. One month later, 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 Forest City Ratner worth \$60,000 over one year.

Other Secret Payments to Annabi and Efforts to Conceal These Payments

JEREIS also secretly gave ANNABI money and purported loans to finance the purchase of two residential properties located outside of her 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, ANNABI lived in one of these houses, which was outside of her Council District, despite state and local laws that required her as a Councilmember to live within her District. JEREIS then purchased a cooperative apartment for ANNABI within her Council District so she could meet the residency requirement. JEREIS paid the down payment on the apartment and made the monthly mortgage payments. In addition, in her loan applications for one of the houses and for the apartment she purchased, ANNABI falsely inflated her income. Her loan applications also included fake pay stubs, W-2's, and bank statements.

From 2002 through 2007, ANNABI affirmatively concealed the illegal benefits she received from JEREIS and others by filing annual financial disclosure statements that intentionally omitted the illegal payments. ANNABI also failed to report the illegal payments she received on federal income tax returns.

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ANNABI, 41, and JEREIS, 40, both of Yonkers, New York, were each convicted of one count of conspiracy to make and accept corrupt payments, one count of conspiracy to deprive the City of Yonkers and its citizens of ANNABI's honest services, one count of receiving corrupt payments, and one count of extortion. ANNABI was also convicted of one count of receiving corrupt payments, three counts of making false statements to a bank, and two counts of filing false tax returns. JEREIS was also convicted of one count of making corrupt payments.

ANNABI faces a maximum sentence of 161 years in prison, and JEREIS faces a maximum sentence of 65 years in prison.

Mangone was initially charged with ANNABI and JEREIS in January 2010. He pled guilty on November 29, 2010 to conspiracy, bribery, extortion, and tax evasion charges and is awaiting sentencing.

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

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