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ADELPHIA FOUNDER JOHN J. RIGAS AND FORMER CFO TIMOTHY J. RIGAS RE-SENTENCED TO 12 AND 17 YEARS IN PRISON FOR MASSIVE SECURITIES FRAUD

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that JOHN J. RIGAS, the founder and former Chairman and Chief Executive Officer of Adelphia Communications Corporation ("Adelphia"), and his son, TIMOTHY J. RIGAS, Adelphia's former Chief Financial Officer, were re-sentenced yesterday by written opinion to 12 and 17 years in prison, respectively, in connection with their participation in a scheme to defraud investors, creditors and the public concerning the financial condition and operating performance of Adelphia. JOHN J. RIGAS, 83, and TIMOTHY J. RIGAS, 52, were found guilty by a jury in July 2004, after a five-month trial before United States District Judge LEONARD B. SAND -- who imposed yesterday's sentences and originally sentenced the defendants to 15 and 20 years in prison, respectively. On May 24, 2007, the United States Court of Appeals for the Second Circuit affirmed the defendants' convictions on all counts except one count of bank fraud, and directed that the defendants be re-sentenced. In reducing the defendants' sentences by three years, Judge SAND indicated that "a minimal adjustment is appropriate" in light of the reversal of one of the bank fraud convictions. Judge SAND stated that the reversal: "in no meaningful way altered the seriousness of defendants' crimes, nor the suffering which their conduct inflicted on so many people." The defendants are currently serving their sentences.

According to the superseding Indictment filed in Manhattan federal court and the evidence at trial:

From approximately 1999 through May 2002, JOHN J. RIGAS, TIMOTHY J. RIGAS, and others defrauded Adelphia's creditors and investors by, among other things, making false and misleading statements concerning the company's purported deleveraging through a variety of securities transactions; its "off-balance-sheet" debt; Adelphia's compliance with various covenants and financial ratios required under its loan agreements and the indentures related to its bonds and other debt securities; the unauthorized and unreimbursed use of Adelphia’s funds and assets by the Rigas family; and the company's operating performance -- as reflected in such metrics as its EBITDA (earnings before interest, taxes, depreciation and amortization), basic cable subscriber growth and plant rebuild progress.

Adelphia was one of the most heavily indebted companies in the cable television industry, in part as a result of its rapid expansion through a series of highly leveraged acquisitions of other cable companies. Adelphia faced intense pressure from investors, lenders, securities analysts and credit rating agencies to generate high levels of earnings to service its staggering debt load and to reduce its leverage, but Adelphia consistently failed to meet these expectations. In order to conceal that failure and avoid such consequences as a decline in Adelphia’s stock price, inability to access the capital markets, and default on its debts, JOHN J. RIGAS, TIMOTHY J. RIGAS, and others perpetrated a scheme to create the false appearance that Adelphia’s operating performance was consistently in line with Wall Street’s expectations, and that Adelphia was systematically deleveraging through, among other means, sales of equity securities to the Rigas family.

The Rigas family also used billions of dollars in Adelphia’s funds and assets for their own benefit. Among other things, JOHN J. RIGAS, TIMOTHY J. RIGAS, and others caused Adelphia to pay more than $250 million in connection with personal loans to the Rigas family. From approximately 1999 through April 2002, JOHN J. RIGAS, TIMOTHY J. RIGAS, and others took unauthorized and undisclosed cash advances from Adelphia, totalling more than $50 million. In addition, the Rigas family spent approximately $13 million in corporate funds to construct a golf course located on land primarily owned by them. Such uses of Adelphia’s funds and assets by the Rigas family were not presented to or authorized by Adelphia’s Board of Directors, and were not disclosed to the non-family members of the board or to the public.

In his written opinion, Judge SAND ordered that, other than the prison terms and the reduction of the special assessments by $100 for each defendant, all other terms and conditions of the original sentences remain unchanged.

The investigation and prosecution of the Adelphia fraud resulted in criminal forfeiture to the United States of over $700 million. That money will be distributed to the victims of the fraud pursuant to the Attorney General's discretionary authority to restore forfeited property to victims in accordance with Department of Justice regulations. The United States Securities and Exchange Commission ("SEC") will also be seeking authority from the United States District Court -- which is overseeing its civil enforcement actions arising out of the Adelphia fraud -- to combine the funds it has recovered in those actions with the forfeited funds for distribution to the victims.

Mr. GARCIA, a member of the President's Corporate Fraud Task Force, praised the investigative work of the United States Postal Inspection Service and thanked the SEC for its assistance in this matter.

Assistant United States Attorneys WILLIAM F. JOHNSON, BARBARA A. WARD, and SHARON COHEN LEVIN are in charge of the prosecution.

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