

JJD: RAT/CMM  
F. #2015R01954

**FILED**  
IN CLERK'S OFFICE  
U.S. DISTRICT COURT E.D.N.Y.

★ **MAR 28 2017** ★

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK  
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**LONG ISLAND OFFICE**

UNITED STATES OF AMERICA

INDICTMENT

- against -

Cr. No. **CR 17 162**

EDWARD AMBROSINO,

(T. 18, U.S.C., §§ 2, 981(a)(1)(C), 1343  
and 3551 et seq.; T. 21, U.S.C.,  
§ 853(p); T. 26, U.S.C., §§ 7201, 7203  
and 7206(1); T. 28, U.S.C., § 2461(c))

Defendant.

**SEYBERT, J.**

**SHIELDS, M.J.**

----- X  
THE GRAND JURY CHARGES:

INTRODUCTION TO ALL COUNTS

At all times relevant to this Indictment, unless otherwise indicated:

The Defendant

1. The defendant EDWARD AMBROSINO, who maintained a residence in North Valley Stream, New York, was a practicing attorney specializing in economic and industrial development and financings, and working in private practice.
2. In or about and between November 2001 and December 2015, AMBROSINO was "Of Counsel" at a law firm based in Uniondale, New York, the identity of which is known to the Grand Jury (the "Law Firm"). In addition, from March 2003 through the present, AMBROSINO served as a Councilman for the Town of Hempstead, New York, a municipality in Nassau County, New York. From 2010 through the present, AMBROSINO also acted as Special Counsel to the Nassau County Executive.

3. In 2011, AMBROSINO incorporated Vanderbilt Consulting Group, Inc. (“Vanderbilt”) as an S Corporation in the State of New York. AMBROSINO was the sole shareholder for Vanderbilt.

### The Defendant’s Criminal Schemes

#### A. The Scheme to Defraud the Law Firm

4. From at least 2010 through 2015, the defendant EDWARD AMBROSINO’s compensation at the Law Firm was based upon the amount of outside fees he generated from non-Law Firm clients. Consistent with his compensation agreement, AMBROSINO was required to forward all legal fees or compensation he received for professional legal services from non-Law Firm clients to the Law Firm. In exchange, AMBROSINO received a base salary plus a percentage of the legal fees collected. More specifically, for the period in or about 2013 through 2015, AMBROSINO was paid a base salary of \$200,000 per year plus 15% of all legal fees he generated and collected in excess of \$125,000.

5. Among the outside clients from whom AMBROSINO received legal fees were components of Nassau County, New York, including the Nassau County Industrial Development Agency (“NCIDA”) and the Nassau County Local Economic Assistance Corporation (“NCLEAC”). The NCIDA and NCLEAC were established to promote the economic welfare and prosperity of Nassau County, New York by assisting businesses in relocating, expanding, operating and financing new investments. The NCIDA and NCLEAC facilitated their respective missions by, among other things, arranging loans and tax credits for these businesses. AMBROSINO received payments for legal fees directly from the NCIDA and NCLEAC by check. Consistent with his compensation agreement

with the Law Firm, AMBROSINO was required to endorse the checks received from the NCIDA and NCLEAC over to the Law Firm so that the amounts could be deposited into a Law Firm bank account and included in the calculation of AMBROSINO's compensation. From in or about and between 2010 through 2012, AMBROSINO provided the payments he received from the NCIDA and NCLEAC to the Law Firm as agreed upon in his compensation agreement.

6. On or about September 5, 2012, AMBROSINO opened a bank account in the name of Vanderbilt (the "Vanderbilt Bank Account"). AMBROSINO was the sole authorized signer on the Vanderbilt Bank Account.

7. Beginning in early 2013, AMBROSINO deposited a portion of the checks received from the NCIDA and NCLEAC into the Vanderbilt Bank Account rather than endorsing the checks to the Law Firm. Between 2013 and 2015, AMBROSINO received more than \$1.3 million in payments from the NCIDA and NCLEAC. Of this amount, AMBROSINO deposited more than \$800,000 into the Vanderbilt Bank Account rather than submitting the payments to the Law Firm. No payments were made from the Vanderbilt Bank Account to the Law Firm to reimburse the Law Firm for the funds owed. By diverting the funds to his personal account and failing to forward those funds to the Law Firm, AMBROSINO deprived the Law Firm of in excess of \$800,000 in revenue during the period.

8. In or about the first half of 2013, Individual #1, an employee of the Law Firm whose identity is known to the Grand Jury, sought to reconcile and verify the amounts AMBROSINO paid to the Law Firm. As such, Individual #1 requested that AMBROSINO identify payments he received from his Nassau County clients, including the

NCIDA and NCLEAC. In response, on or about May 23, 2013, AMBROSINO sent an email to Individual #1 to which he attached a spreadsheet that listed the purported payments received by AMBROSINO from the NCIDA and NCLEAC. Unknown to Individual #1, AMBROSINO listed only checks he had properly endorsed to the Law Firm in the spreadsheet he provided. AMBROSINO failed to disclose checks he had diverted to the Vanderbilt Bank Account or otherwise not endorsed to the Law Firm. Subsequent to the May 23, 2013 email, AMBROSINO continued to divert the majority of checks received from the NCIDA and NCLEAC to the Vanderbilt Bank Account rather than providing the checks to the Law Firm.

9. In or about early 2016, Individual #1 received Internal Revenue Service (“IRS”) Forms 1099 related to Law Firm employees. An IRS Form 1099 was a tax form that reported the year-end summary of all non-employee compensation and, as such, included such items as self-employment and independent contractor income. In particular, Individual #1 received an IRS Form 1099 for AMBROSINO (the “AMBROSINO Form 1099”), which indicated that AMBROSINO had been paid in excess of \$500,000 from Nassau County for the tax year 2015. Individual #1 compared the amount of payments on the AMBROSINO Form 1099 with the amount of payments received from AMBROSINO contained in the Law Firm’s records. Individual #1 determined the payments received by the Law Firm from AMBROSINO were substantially less than the amount reported on the AMBROSINO Form 1099.

10. In or about early 2016, AMBROSINO was notified of the discrepancy between the amount of payments received. To explain the difference, AMBROSINO claimed there was a conflict of interest between the Law Firm and some of the Nassau

County clients whom AMBROSINO represented. As such, AMBROSINO claimed the difference between the AMBROSINO Form 1099 and the payments to the Law Firm were amounts paid by AMBROSINO to non-Law Firm attorneys to handle the matters in conflict. AMBROSINO identified one of the attorneys he purportedly hired to handle one of the conflicts, Individual #2, an individual whose identity is known to the Grand Jury. However, records obtained from Individual #2's law firm reflect no such payments from AMBROSINO. Further, a review of the Vanderbilt Bank Account records for 2015 revealed deposits of checks from the NCIDA and NCLEAC, but no payments to Individual #2 or Individual #2's law firm.

11. To obtain money and property from the Law Firm, AMBROSINO tendered partial payments to the Law Firm and concealed his diversion of the additional, undisclosed fees collected from non-Law Firm clients such as the NCIDA and NCLEAC. Consequently, the Law Firm, unaware of AMBROSINO's fraudulent scheme, continued to pay AMBROSINO compensation consistent with his compensation agreement.

12. From in or about and between 2013 through 2015, AMBROSINO was paid his salary plus the percentage of legal fees collected from the Law Firm via direct deposit to a personal checking account maintained by AMBROSINO. The Law Firm made payments to AMBROSINO to compensate him for his originations, including those received from the NCIDA and NCLEAC. However, the Law Firm's calculation of these amounts relied solely on the checks AMBROSINO submitted to the Law Firm and excluded the checks that AMBROSINO fraudulently diverted to the Vanderbilt Bank Account. Since at least 2013, all such payments to AMBROSINO's personal checking account were electronically transmitted through interstate wire transmissions.

B. The Scheme to Defraud the United States

13. The IRS, an agency within the U.S. Department of Treasury, was responsible for administering and enforcing federal revenue laws and regulations regarding ascertainment, computation, assessment and collection of taxes owed to the United States by its citizens and residents.

14. In order to accurately assess and collect taxes, the IRS must, among other things, determine taxpayers' actual income, credits and deductions. To accomplish this mission, the IRS used, among other means, tax returns filed pursuant to the tax laws of the United States, as set forth in Title 26 of the United States Code, including:

a. Every citizen and resident of the United States who received gross income in excess of the minimum filing amount established by law for a particular tax year was required to annually make and file a United States Individual Income Tax return for that year on an Individual Income Tax Return Form 1040 ("Form 1040").

b. In general, all domestic corporations in existence for any part of a tax year were required to file an income tax return for that year, whether or not they had any taxable income. A corporation was required to file with the IRS a United States Corporation Income Tax Return, Form 1120, or a United States Income Tax Return for an S Corporation, Form 1120S ("Form 1120S"), to report its gross receipts, income, gains, losses, deductions, credits, and income tax liabilities.

15. As set forth above, in 2011, Vanderbilt was formed as an S Corporation, an entity whose profits and losses flowed through to the shareholders. Shareholders of an S Corporation were required to report and pay taxes on the taxable

income of the S Corporation on their individual tax returns. The defendant EDWARD AMBROSINO was the sole shareholder for Vanderbilt.

16. For the 2011, 2012 and 2013 tax years, AMBROSINO evaded the assessment of his income tax by, among other things, deducting rent expenses on the Vanderbilt corporation tax returns (IRS Form 1120S) that he knew were not business expenses. Specifically, AMBROSINO claimed rental payments for a Manhattan apartment paid for by AMBROSINO, on behalf a third-party, as business expenses. AMBROSINO's individual tax returns (IRS Forms 1040) included the losses flowing from Vanderbilt for the 2011 and 2012 tax years. In addition, for the 2013 tax year, AMBROSINO failed to claim approximately \$315,000 in funds he diverted from the Law Firm on either his personal income tax return (IRS Form 1040) or the Vanderbilt corporation tax return (IRS Form 1120S).

17. With respect to the 2014 tax year, AMBROSINO did not timely file his individual tax return or the corporate tax return for Vanderbilt.

18. As a result of AMBROSINO's conduct, the IRS suffered a tax loss of approximately \$254,628 in total for tax years 2011, 2012, 2013 and 2014.

COUNT ONE  
(Wire Fraud)

19. The allegations set forth in paragraphs one through 12 are realleged and incorporated as if set forth fully in this paragraph.

20. In or about and between January 2013 and February 2016, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant EDWARD AMBROSINO did knowingly and intentionally devise a scheme and

artifice to defraud the Law Firm, and to obtain money and property from the Law Firm by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, did transmit and cause to be transmitted writings, signs, signals, pictures and sounds by means of wire communication in interstate commerce, to wit: wages and compensation which were electronically transmitted through interstate wire transfers.

(Title 18, United States Code, Sections 1343 and 3551 et seq.)

COUNTS TWO THROUGH FOUR  
(Tax Evasion)

21. The allegations set forth in paragraphs one through 18 are realleged and incorporated as if set forth fully in this paragraph.

22. On or about the dates listed below, within the Eastern District of New York and elsewhere, the defendant EDWARD AMBROSINO, together with others, did knowingly and willfully attempt to evade and defeat substantial income tax due and owing by him to the United States of America, by filing and causing to be filed with the IRS, false and fraudulent Individual Tax Returns, Forms 1040, wherein he knew the respective individual income tax returns (Forms 1040) failed to include the proper income from Vanderbilt (Forms 1120S), and stated that he had income and tax due and owing in the amounts stated below, whereas, as the defendant EDWARD AMBROSINO then and there well knew and believed, his taxable income and tax due and owing thereon was substantially greater:



COUNT	TAX YEAR	APPROXIMATE DATE FILED	REPORTED TAXABLE INCOME	REPORTED TAX DUE AND OWING
TWO	2011	October 15, 2012	\$40,773	\$18,859
THREE	2012	October 4, 2013	\$184,932	\$49,841
FOUR	2013	February 17, 2016	\$369,840	\$103,423

(Title 26, United States Code, Section 7201; Title 18, United States Code, Sections 2 and 3551 et seq.)

COUNTS FIVE THROUGH SEVEN  
(Making and Subscribing False Corporate Tax Returns)

23. The allegations set forth in paragraphs one through 18 are realleged and incorporated as if set forth fully in this paragraph.

24. On or about the dates set forth below, within the Eastern District of New York and elsewhere, the defendant EDWARD AMBROSINO, together with others, did willfully make and subscribe false and fraudulent Forms 1120S for Vanderbilt, for the tax years set forth below, each of which was verified by a written declaration that it was made under penalties of perjury and which was filed with the IRS, which tax returns the defendant EDWARD AMBROSINO did not believe to be true and correct as to one or more material matters, in that the returns reported, among other falsities, that Vanderbilt had reported expenses in the amounts set forth below for the 2011, 2012 and 2013 tax years and reported gross receipts in the amount set forth below for the 2013 tax year, whereas, as the defendant EDWARD AMBROSINO then and there well knew and believed, Vanderbilt's expenses for each such tax year were substantially less and the reported gross receipts for the 2013 tax year was substantially greater:

COUNT	TAX YEAR	REPORTED EXPENSES	REPORTED GROSS RECEIPTS
FIVE	2011	\$25,733	N/A
SIX	2012	\$91,332	N/A
SEVEN	2013	\$140,751	\$65,000

(Title 26, United States Code, Section 7206(1); Title 18, United States Code, Sections 2 and 3551 et seq.)

COUNT EIGHT  
(Failure to File Return)

25. The allegations set forth in paragraphs one through 18 are realleged and incorporated as if set forth fully in this paragraph.

26. On or about October 15, 2015, within the Eastern District of New York, the defendant EDWARD AMBROSINO did knowingly and willfully fail to make and file with the IRS, a United States individual income tax return (IRS Form 1040) for the 2014 calendar year, whereas, as the defendant EDWARD AMBROSINO then and there well knew and believed, he had received taxable income in the 2014 calendar year, in the approximate amount of \$627,288, and by reason of such income was required by law, following the close of the 2014 calendar year, to make and file an IRS Form 1040 with the IRS, stating specifically the items of his gross income and any deductions and credits to which he was entitled.

(Title 26, United States Code, Section 7203; Title 18, United States Code Sections 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION  
AS TO COUNT ONE

27. The United States hereby gives notice to the defendant that, upon his conviction of the offense charged in Count One, the government will seek forfeiture, in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offense to forfeit any property, real or personal, constituting or derived from proceeds obtained directly or indirectly as a result of such offense.

28. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any property of the defendant up to the value of the forfeitable property described in this forfeiture allegation, including but not limited to any of the following: any

and all pensions, annuities or other benefits to which the defendant may be entitled as a result of his employment as a Town of Hempstead Councilman and any and all proceeds traceable thereto.

(Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p); Title 28, United States Code, Section 2461(c))

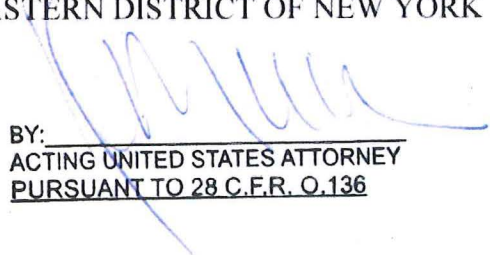
A TRUE BILL



FOREPERSON

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BRIDGET M. ROHDE  
ACTING UNITED STATES ATTORNEY  
EASTERN DISTRICT OF NEW YORK



BY:  
ACTING UNITED STATES ATTORNEY  
PURSUANT TO 28 C.F.R. O.136

No. \_\_\_\_\_

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**UNITED STATES DISTRICT COURT**

*EASTERN District of NEW YORK*

**CRIMINAL DIVISION**

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**THE UNITED STATES OF AMERICA**

vs.

*EDWARD AMBROSINO,*

Defendant.

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**INDICTMENT**

(T. 18, U.S.C., §§ 2, 981(a)(1)(C), 1343 and 3551 *et seq.*; T. 21, U.S.C., § 853(p); T. 26, U.S.C., §§ 7201, 7203 and 7206(1); T. 28, U.S.C., § 2461(c))

*A true bill.*

  
Foreperson

Filed in open court this \_\_\_\_\_ day,

of \_\_\_\_\_ A.D. 20 \_\_\_\_\_

\_\_\_\_\_  
Clerk

Bail, \$ \_\_\_\_\_

*Catherine M. Mirabile and Raymond A. Tierney, Assistant U.S. Attorney*