

Top NY State Assemblyman, Powerbroker and Cuomo Pal Shelly Silver Arrested for Taking \$4M in Bribes, Kickbacks



New York Assembly Speaker Sheldon Silver, center, is driven by federal agents to federal court, Thursday, Jan. 22, 2015 in New York.

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NY Assembly Speaker Sheldon Silver lined his pockets with nearly \$4 million in bribes and kickbacks in a stunning abuse of power dating to at least 2000, Federal authorities charged Thursday.

The Manhattan Democrat, acknowledged as the second-most powerful Democrat in the state, was hit with five felony charges involving fraud, extortion and conspiracy that each carry up to 20 years behind bars.

Silver, 70, surrendered at FBI headquarters in lower Manhattan at 8 a.m. and later took a ride of shame to the nearby federal courthouse.

He sat uncomfortably in the back seat surrounded by federal agents, a black fedora askew on his head and his hands cuffed behind his back.

The stunning arrest capped a secret grand-jury probe that began in June 2013, court papers said, and marked the latest in a string of public-corruption cases spearheaded by crusading Manhattan US Attorney Preet Bharara.

Asked how the case stacked up against the many other public-corruption cases he's brought, Bharara summed it up.

“Any time you have an allegation — especially when it's proven — against a public official, that is disturbing. And when you have an allegation against someone who is a public official — not just in a random file capacity, but a leader of an entire body who is known in the politics of Albany to be one of the ‘three men in a room’ — that is especially disturbing,” Bharara said.

Among the blockbuster developments:

- Silver was accused of collecting more than \$3 million in legal fees by steering asbestos-related cancer cases from a leading Manhattan oncologist to the Weitz & Luxenberg law firm. In exchange, Silver allegedly funneled two state research grants of \$250,000 each to Dr. Robert Taub, along with other official favors.
- Silver was also accused of scheming with his former Assembly counsel, Jay Arthur Goldberg, to split the fees paid to Goldberg's tiny tax firm by two real-estate developers, including one identified by sources as Leonard Litwin, the state's largest single political donor.
- Silver pocketed \$700,000 from the scam and sold out tenants during the 2011 renewal of New York City rent regulations, the feds say.
- The feds seized \$3.8 million in allegedly corrupt payments to Silver that were stashed in eight accounts spread out among six banks.
- Bharara said the charges against Silver demonstrated “the show-me-the-money culture of Albany has been perpetuated and promoted at the very top of the political food chain.” He also warned, “Our unfinished fight against public corruption continues. Stay tuned.”
- Albany lawmakers were left reeling, with one top Democratic operative telling The Post: “There's a lot of people scared s--tless because Shelly covered up for a lot of people. Many big players in the political circles are worried the dominos are going to fall hard.”

- Silver was charged with two counts of honest-services fraud, one count of conspiracy to commit honest-services fraud, one count of extortion under color of official right and one count of conspiracy to commit extortion under color of official right.

Silver didn't have to enter a plea during his brief, initial court appearance, after which he was fingerprinted and released on \$200,000 bond. The charges will be referred to a grand jury.

On his way out of the courthouse, Silver told reporters: "The issues will be addressed, and I am confident I will be vindicated."

Bharara said Silver's schemes started early in his tenure as Assembly speaker, when "he quietly and cleverly figured out how to monetize his position."

Silver was first elected speaker in 1994.

At an afternoon news conference, Bharara said, "The greedy art of secret self-reward was practiced with particular cleverness and cynicism by" Silver, who never did "a lick of work" to earn the buckets of cash he claimed were legal "referral fees."

"For many years, New Yorkers have asked the question: How could Speaker Silver, one of the most powerful men in all of New York, earn millions of dollars in outside income without deeply compromising his ability to honestly serve his constituents? Today, we provide the answer: He didn't," Bharara said.

"For many years, New Yorkers have also asked the question: What exactly does Speaker Silver do to earn his substantial outside income? Well, the head-scratching can come to an end on that score, too, because we answer that question today as well: He does nothing."

Sheldon Silver in custody on Thursday morning.

"As alleged, Speaker Silver never did any actual legal work. He simply sat back and collected millions of dollars by cashing in on his public office and political influence," Bharara said.

The lawman said Silver tried to cover up his scams with "false and misleading" entries on financial-disclosure forms and public statements in which he claimed to represent "plain, ordinary, simple people."

He also said Silver "thwarted" attempts by the state Moreland Commission on Public Corruption to investigate his outside income, first by filing motions to quash its subpoenas and later by negotiating to get the commission shut down by Gov. Cuomo. Bharara said his office "merged" records it subpoenaed from the Moreland Commission into its own investigation of Silver's outside income.

He noted that the investigation is ongoing and that the other “people we’re looking at” are potentially “very big.”

According to court papers, the probe of Silver was aided by unidentified cooperating witnesses from previous public-corruption cases.

Bharara’s office also struck a nonprosecution deal with the doctor in the asbestos-referral case and got grand-jury testimony from the law partner of Silver’s former Assembly counsel under terms of an immunity order, according to the complaint.

The complaint notes that Silver recently insisted through a spokesman that “none of his clients have any business before the state” — which the feds called a lie.

“In truth and in fact, Silver has obtained millions of dollars in outside income as a direct result of his corrupt use of his official position to obtain attorney referral fees for himself, including from clients with substantial business before the state,” Investigator Robert Ryan wrote.

Assembly Majority Leader Joe Morelle (D-Rochester) said he continued to support Silver. “The members overwhelmingly, in the conversation we have just had, are continuing their support,” he said. Asked if Silver should resign, state Senate Majority Leader Dean Skelos (R-LI) said: “The Assembly has to make that decision. He’s their leader. They have to make that decision themselves.”