

**RULES SPECIAL INVESTIGATIVE COMMITTEE  
MINUTES  
WEDNESDAY, FEBRUARY 9, 2022  
3:30 P.M.**

PRESENT: Paul Ruskiewicz, Chairman  
Michael Amo, Barry J. Cheney, Thomas J. Faggione, Kevin W. Hines, Michael D. Paduch,  
Joel Sierra, Kathy Stegenga

ALSO

PRESENT: Katie Bonelli, Chairwoman  
Glenn R. Ehlers, Legislator  
Betsy N. Abraham, Legislative Counsel

Mr. Ruskiewicz opened the meeting at 3:37 p.m. and requested everyone stand for the Pledge of Allegiance to the Flag and a moment of silence. All members were present with the exception of Legislator Sierra, who was absent.

Mr. Ruskiewicz addressed the committee and welcomed Legislators Stegenga and Sierra to the committee and thanked the returning members for the work they have done. Today's meeting will consist of a recap of what the committee has accomplished to date and a discussion on where they would like to go moving forward. His term as a member of the Orange County Industrial Development Agency and Orange County Funding Corporation has ended since the new board was appointed at the February 3, 2022, Legislative Session. Therefore, his interests are solely with the legislature and this committee. He witnessed the work of this committee as an IDA board member and all they accomplished. Since becoming Chairman of the Rules, Enactments and Intergovernmental Relations committee he has reread the "Rules Special Investigate Committee Report" and met with former Rules, Enactments and Intergovernmental Relations committee Chairman Thomas J. Faggione and Legislative Counsel Betsy N. Abraham who enlightened him what this committee has done. He asked Mr. Faggione to present an overview of what the committee has accomplished thus far.

Mr. Faggione presented a brief timeline on the investigation of the Orange County Industrial Development Agency and the Orange County **Funding Corporation**. More particularly, whether certain contracts signed by the entities are void under General Municipal Law. The investigation of the Orange County Industrial Development Agency and the Orange County Funding Corporation. The responsibility was placed into their trust with unanimous consent of the Legislature on July 21, 2021. At their first meeting on August 25, 2021, they set a goal to formulate a plan. Their second meeting was on September 20, 2021, with the focus of that meeting on General Municipal Law 800-804. Between the first and second meetings several things of note and related to their work took place. One, this committee was provided access to volumes of background information, most specifically, contracts involving the Orange County Industrial Development Agency (IDA). Second, on September 10, 2021, three defendants, Vincent Cozzolino, Laurie Villasuso, and Edward Diana pled guilty to a variety of charges, including Corrupting The Government. Collectively, these criminals were forced to repay more than \$1 million for their illegal activities. On that same day, the New York State Comptroller and Orange County District Attorney issued their Report on the Joint Investigation of the Orange County Industrial Development Agency (IDA). Their third meeting was on September 29, 2021, which focused on addressing the facts. Their fourth meeting was on

October 13, 2021, where answers to follow up questions posed by the committee were entered into the record. They also agreed to the creation of a draft report for the committee to review. On October 28, 2021, the information compiled through this process and the basis of the Draft Report was made available to all committee members on October 28, 2021. On November 10, 2021, the committee reviewed, revised, edited, and amended, as necessary, the draft report. On November 17, 2021, as amended, the committee affirmed the contents of the report. On December 2, 2021, the Rules, Enactments and Intergovernmental Relations committee released the final report which focused on the validity of signed contracts that the Orange County Industrial Development Agency had with Galileo Technology Group (GTG) and Strategic Economic Consortium, Inc. (TSEC). The credibility of these contracts came into question after the three defendants, Vincent Cozzolino, Laurie Villasuso, and Edward Diana pled guilty to a variety of charges, stemming from the failure to disclose conflicts of interest and were formally associated with the IDA. The conclusion of the "Rules Special Investigate Committee Report" was a result of the investigation conducted by the offices of the New York State Comptroller and Orange County District Attorney on behalf of the Orange County Legislature. The Rules, Enactments and Intergovernmental Relations committee found that Vincent Cozzolino, Laurie Villasuso, and Edward Diana perpetrated a scheme to defraud the IDA of millions. Their actions and failure to disclose their conflicts of interest rendered the contracts executed by Vincent Cozzolino, Laurie Villasuso, and Edward Diana void. This report can be found on the Legislatures page on the county website.

Mr. Ruszkiewicz stated that he was an IDA board member when this committee released the report. When they were terminating contracts they had an issue with Strategic Economic Consortium, Inc. (TSEC) who was occupying office space. They were asked to leave but refused until their lease was up; however, once the Rules Special Investigative Committee was formed, they had a change of heart and vacated the office space. Since the report was released, the IDA voted to pursue civil litigation to recoup additional funds following some of the recommendations in that report. He understands they discussed bringing in certain individuals to speak to the committee, but he would recommend they speak to IDA Counsel, Susan R. Katzoff, Esq. on where the IDA is at with respect to their civil case and on what this committee can do to aid them in that case. He would like to ensure that what they do as a committee will not hinder and/or jeopardize the IDA's case.

Ms. Stegenga agreed with Mr. Ruszkiewicz on having the IDA's attorney come before the committee. She would not want them to do anything that would inhibit the IDA's civil case.

Ms. Stegenga asked if there was a statute of limitation on what the IDA is trying to accomplish and/or what the legislature may want to proceed with. Legislative Counsel Abraham addressed Ms. Stegenga's question on what the legislature could be doing. She explained that the Legislature is not the aggrieved party, the IDA is the aggrieved party, and they are the only ones that have standing to bring any action. Because of the damages the IDA incurred they are able to go after the individuals that should be pursued in civil litigation and retrieve the damages incurred. For the Legislature there is no statute of limitations because there is no action they have to take on their behalf. The statute of limitations on the criminal aspect of all that has transpired is different than that of the civil aspect. The criminal aspect is done and completed and the sentencing of the three individuals occurred on September 10, 2021. The statute of limitations on the civil litigation is still running and as a former civil litigator you would not generally wait until the end of the time frame to file something as there could be defects in the complaint filed. It is her understanding that they are still within the statute of limitations to bring civil litigation against the three individuals.

Mr. Hines asked if the civil litigation was filed or was it still being discussed. Mr. Ruszkiewicz replied that he understands that the process has been started. He added that Mr. Torelli provided an update to the Education and Economic Development committee and indicated that the process had been started; however, he was unsure as to where they were in that process.

Mr. Hines asked if the attorney Mr. Ruszkiewicz suggests come before the committee would handle the matter or would a different attorney handle the litigation. Mr. Ruszkiewicz replied that Ms. Katzoff would be the best person to answer that question. However, if she does not, it would be handled by someone who works with her directly.

Mr. Hines expressed his concerns that the new IDA board may decide not to move forward with civil litigation. This committee voted to bring in Mr. Vona and former IDA board member John McCarey voluntarily; however, they have not honored that decision. He would like to stay on that track as they have already wasted two months. In his opinion, their interests are not the same as the IDA's at this point as Legislative Counsel Abraham explained the IDA is the aggrieved party. However, they are the body responsible for appointing individuals to the IDA and their task is different than the IDA's.

Mr. Paduch agreed with Mr. Hines. He asked for confirmation from Legislative Counsel Abraham on whether the legislature has any ability to enforce charges if criminal activity is found. His understanding was that once the plea bargain was done there was a one-year time frame to file any criminal charges against them and for them to serve time in jail. They have been lackadaisical in trying to get any information from Messrs. Vona and McCarey. Their plea bargain agreements stated that if they were convicted of a crime they could go to jail as part of their sentencing.

Legislative Counsel Abraham replied that she was unsure as to where Mr. Paduch obtained that information. The plea agreements contained nothing that mentions what Mr. Paduch just referred to and the plea agreements are exhibits in the report put out by this committee. Constitutionally it is not within the purview of the legislative branch of government nor is it within their jurisdiction to have a criminal hearing or pursue criminal action against any individual and/or group of people.

Mr. Paduch expressed his confusion as he recalls reading that within a one-year time frame if the defendants were charged with any criminal activity, they would serve at least one-year in jail. He cannot recall where he read it, but he does know that it was part of their plea agreements. However, Legislative Counsel Abraham has stated that is not located in the documents.

Legislative Counsel Abraham respectfully replied that she has not seen that in the documents, and she reviewed the plea agreements again today and that language was not to be found. However, if Mr. Paduch can retrieve that information, she would look at it. In the work that they have done over the last few months she has not seen that language and if it was, it would have been included in plea agreements.

Mr. Paduch asked if the language was in the District Attorney's Report. Legislative Counsel Abraham replied that it was not; however, if Mr. Paduch can locate that information, she would look at it.

Mr. Faggione commented that he realizes they voted to invite Messrs. Vona and McCarey to come before the committee. He went on to highlight various aspects of Resolution No.

174 of 2021: ...The first **RESOLVED** established the committee; the second **RESOLVED** stated that the Committee shall issue a report to the Legislature as to whether the contracts signed by the IDA and/or OCFC with any entities including but not limited to contracts or agreements with: Galileo Technology Group, The Strategic Economic Consortium (a/k/a TSEC), Landlords and/or tenants are void under General Municipal Law 804 or other applicable law and the third **RESOLVED** states that the Committee may make such other and further recommendations as it shall see fit as a result of its actions. They can invite individuals to come before the committee, but the report clearly defines that they believe the contracts are void. Asking Messrs. Vona and McCarey to come in would be a result of their actions; however, their actions said that the contracts are null and void. Would having Messrs. Vona and McCarey come before the committee make the contracts more void. He did vote in favor of them coming before this committee, but will it advance their cause. He cautioned his colleagues on going down a fishing hole and the idea of criminality because they are not prosecutors. They were tasked with specific goals and they established that last year, and he would hope that they can stick to what those goals are. If those gentlemen can reenforce their goal then it could be something they consider; however, he would caution on bringing people in for other reasons. He would suggest the committee stick to the **RESOLVES** in the resolution.

Mr. Ruskiewicz agreed and one of the goals for today was to decide where they want to go and what do they want to accomplish. They can bring people in but what are they hoping to accomplish. His understanding was that the committee was formed to look at the contracts and determine if they were void and in doing that provide a tool for the IDA to pursue civil litigation which they are in the process of doing.

Mr. Hines emphasized that the tasks are entirely different as the IDA is pursuing the civil matter with the Legislature investigating a criminal matter. When Mr. O'Donnell spoke at the last meeting he had tremendous knowledge of things that occurred that were not in the D.A's Report and he received that information from Mr. McCarey. Therefore, why would they not want to hear from him when he voluntarily shared information with Mr. O'Donnell and started this process in the beginning. Mr. McCarey was a member of the IDA and he was appalled by the actions of the board at that time and he believes that Mr. McCarey wants to tell that to everyone. They have a duty to the taxpayers and the IDA has a duty to the taxpayers to recover the funds because they are the aggrieved party; however, they have a duty to get to facts on who did what with respect to the IDA. If there are individual contractors and/or people that benefit from the IDA, has that been explored. Mr. Vona was very informative in the D.A. Report and why would they not want to hear from him. Their goal is totally separate from the IDA because they are running a civil matter and they are still tasked by the legislature to investigate and when they decided as a committee to issue the report, they did so under the promise that they were not done. There was a hurry to get the report out because they thought the IDA needed to move forward with their civil action, yet they were promised and voted to go forward to get more answers for the taxpayers.

Mr. Ruskiewicz asked if Mr. Vona would tell this committee anything different than he told the District Attorney publicly. Mr. Hines replied that they do not know what he told the District Attorney because he was not able to watch and/or hear that conversation. He was only able to read some comments that were made, and they need to hear directly from Mr. Vona and Mr. McCarey who brought this to light for Orange County.

Ms. Stegenga agreed with Mr. Hines that they should be hearing from these individuals; however, she also agrees that the attorney for the IDA should come before the committee first to ensure they do not do anything that could cause a conflict between what they are

looking to do and what the legislature is looking to do. The whole idea is to make the IDA whole again and to pursue the civil matter.

Mr. Ruskiewicz agreed that they should have a conversation with IDA Counsel, Susan R. Katzoff, Esq. before they move forward. This will ensure they are all on the same page.

Mr. Amo asked when IDA Counsel, Susan R. Katzoff, Esq. could come before the committee. Mr. Ruskiewicz replied that they could have a meeting following the regular Rules, Enactments and Intergovernmental Relations committee meeting. He would have Legislative Counsel Abraham contact Ms. Katzoff for her availability. If at that time they decide to move forward with interviews they can do so at that time.

Mr. Paduch asked if Ms. Katzoff would be telling the committee what the IDA's plan was going forward. Mr. Ruskiewicz replied that he is looking for an update from Ms. Katzoff on where the IDA stands with their civil suit and if there was anything this committee could do to assist.

Mr. Faggione commented that several individuals have used the word "criminal" and "civil" versus "criminal." He reiterated that they reread Resolution No. 174 of 2021. He highlighted the following: "...**WHEREAS**, this Legislature finds that the District Attorney of Orange County has conducted a criminal investigation resulting in guilty pleas by three individuals formerly associated with the Orange County Industrial Development Agency (hereinafter, 'IDA') and Orange County Funding Corporation (hereinafter, 'OCFC'); and **WHEREAS**, the criminal disposition of such cases requires the parties who have pled guilty, Vincent Cozzolino, Laurie Villasuso, and Edward A. Diana (hereinafter, the 'Defendants') to make restitution of certain amounts to the IDA; and **WHEREAS**, the Legislature wishes to ensure that all moneys paid out by the IDA and OCFC as a result of the behavior of the Defendants which the Legislature believes to be in violation of civil statutes due to void contracts and potentially due to violations of Federal Law are fully identified and repaid to the IDA and OCFC..." The focus of these **WHEREAS's** is on the civil statutes and he would suggest they continue to focus on that. The criminality aspect was identified by the District Attorney's office and the New York State Comptroller's office. He would encourage his fellow legislators to stick with what this resolution states.

Mr. Hines reminded the committee that the report this committee issued was a preliminary report and the closing line of the reports states that this committee is not done, and the investigation will continue and that a supplemental report could be done based on their findings. They voted that they were not done when they issued that report.

Mr. Ruskiewicz addressed the civil matter and in the fourth **WHEREAS** of Resolution No. 174 of 2021 it states: "This Legislature finds that it is necessary and fitting for there to be an investigation as authorized by the Orange County Charter Section 2.02 (q) on this issue in order for there to be (i) a complete recapture of all money civilly due the IDA and OCFC under the law..."

Legislative Counsel Abraham addressed the civil versus criminal aspect. She explained that the committee as a whole needs to decide and proceed accordingly. If they want to interpret this resolution to characterize an investigation of criminal wrongdoing, it is not necessarily in the language there. If the committee chooses to move in that direction and to be frank her reading of this resolution is it was never meant to address criminal aspects of it as that was what the District Attorney's investigation was for. Throughout this resolution it mentions the recapture of monies only

civily due, not restitution, payments or further criminal investigation. She is uncertain if that is within the purview of the legislature and this particular branch of government. Aside from that, with civil litigation that is potentially pending and not knowing what the status of that is currently, and if they have filed a complaint or not, she has no information as to that. That being said, it is important to address those issues with the attorney for IDA moving forward particularly with Mr. Vona with statements that he has previously provided and likely the IDA will rely significantly on statements he provided in regard to financial aspects of the IDA, contracts involved and to proceed and attempt to get a statement, testimony or voluntary conversation, the fact of the matter is it will become a part of this legislative record and there is always a possibility that it could potentially hinder civil litigation. Without knowing what that status is, what the goal of that is, and any other civil litigation that they might be attempting to pursue, it is very important to address those issues with the attorney who is handling that matter. If this is still within the infancy stages, they need to proceed with caution as they do not want to go down a slippery slope and potentially hinder that litigation before it has actually started.

Mr. Hines pointed out that County Attorney Langdon Chapman stated that anything they do could only help the matter and is one of the reasons they did this. There is not one legislator that he has spoken to and/or met that can tell him the exact amount of money that is missing. He does not think that anyone actually knows that yet. It is their job to keep going in that way. The reason he uses the word "criminal" is because if there were no crimes, they would not have the civil damages. Civil damages come from the crimes committed and know one knows how much money is missing and if they look at their task to find out how much money is missing, they have not even begun to determine that. He agrees that they should start with the IDA's attorney as he is unsure if the attorney or her firm will handle the litigation even if they are experts with an IDA. When this legislature conducted investigative committees on the Government Center and Valley View, they hired outside counsel to assist them. In his opinion, Mr. O'Donnell may have a better idea of how much money is missing as he spent a great deal of time talking to people. Their job is to talk to people yet they have not even started to do that.

Mr. Ruskiewicz commented that there seems to be a consensus from the committee to invite the IDA attorney to come before the committee and provide an update. After that meeting, they will determine their next action. Mr. Ruskiewicz directed Legislative Counsel Abraham to contact the attorney and arrange a meeting.

The meeting adjourned at 4:14 p.m.