

RULES SPECIAL INVESTIGATIVE COMMITTEE
MINUTES
WEDNESDAY, OCTOBER 13, 2021
3:30 P.M.

PRESENT: Thomas J. Faggione, Chairman
Michael D. Paduch (via telephone), Barry J. Cheney, Kevin W. Hines,
James K. Kulisek, John S. Vero

ALSO

PRESENT: Katie Bonelli, Chairwoman
Betsy N. Abraham, Legislative Counsel
James D. O'Donnell, Legislator
Rob Sassi, Legislator
Kathy Stegenga, Legislator
Harold J. Porr, III, Deputy County Executive
Langdon Chapman, Interim Attorney for the Orange County Industrial Development Agency (IDA)

Mr. Faggione opened the meeting at 3:30 p.m. and requested everyone stand for the Pledge of Allegiance to the Flag and a moment of silence to honor the life of former Legislator Joe Pagano, who recently passed. Joe was a friend to many, and a true Patriot. Peace to his family and friends, especially his wife Alice. All members were present with the exception of Legislator Amo who was absent.

Mr. Faggione quoted American lawyer, statesman, and noted orator Daniel Webster, "Justice is the great interest of man on earth. It is the ligament which holds civilized beings and civilized nations together." The purpose of this meeting was to discuss: 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. More particularly, whether certain contracts signed by the entities are void under General Municipal Law. This responsibility was placed into their trust with unanimous consent of the Legislature on July 21, 2021." At their first meeting on August 25th they: set a goal to formulate a plan and timeline that includes research, review, and the issuance of our findings into a report as to whether any of those signed contracts are void." Their second meeting was on September 20, 2021, with the focus of that meeting being on General Municipal Law 800-804. Legislative Counsel Abraham provided them with background and legislative intent related to General Municipal Law 800-804. Committee members asked questions related to the topic of GML 800-804 and issues related to their task at hand. Those included:

- If there were any additional contracts they had not received
- Status of contracts at the Orange County Industrial Development Agency (IDA) presently related to Galileo Technology Group (GTG)
- Related to the Joint Report:
 - Questions about the interview process and formats
 - And a series of questions related to accountant Leonard W. Vona, CPA, CFE, Fraud Auditing, Inc.

- Questions related to the salary of the Orange County Industrial Development Agency (IDA) Counsel, Kevin Dowd and his responsibilities.

Between the first meeting and second, several things of note 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 pleaded 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.** Three, 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, with focus being on addressing the facts. During that meeting, questions related to the facts as they know them were discussed here and those questions bring them here today. Today is their 4th meeting and they will enter into the record the answers to questions presented at their last **meeting.** Their goal today is to take that information, and related information expressed today, combined with the work done previously to create what will be their draft report.

Legislative Counsel Abraham addressed the questions from the meeting on September 29, 2021. At the last meeting a number of things were requested, and emails were sent out on October 1, 2021, containing a majority of those items. The emails contained the invoices and vouchers for payment to Kevin Dowd Esq., letters and resolutions for the repeated appointment of Mr. Dowd as the Orange County Industrial Development Agency (IDA) attorney from 2017 forward and the minutes to the Accelerator meetings. In addition, the request for a job description and/or duties given to Mr. Dowd and/or Request for Proposal (RFP) if one was provided prior to his retention as counsel. Interim Attorney for the Orange County Industrial Development Agency (IDA), Langdon Chapman worked quickly with them to provide the information requested. A search was conducted to determine whether the Request for Proposal (RFP) existed and while they could not find one, the minutes with respect to the Mr. Dowd's initial appointment was included from 2012. There were questions in regard to time records from Galileo Technology Group (GTG) for services provided by Mr. Cozzolino and Ms. Villasuso. Mr. Chapman cc'd her on an email to the District Attorney's office to determine whether they had those answers and to date they have not responded. However, they do have the benefit of the District Attorney's report and Mr. Vona's interview where he states: "...that he asked for the hourly rates; however, he was never provided the time records, he requested and in fact, he wasn't convinced there were any actual time records..." and it did not appear that any were in existence at that time and, to that extent, they do not have any. The next question was in regard to project expenditures in relation to the Strategic Economic Consortium, Inc. (TSEC): There was an agreement between the Orange County Funding Corporation (OCFC) and the Strategic Economic Consortium, Inc. (TSEC) repeatedly to provide "project expenditures" to cover the cost of the Strategic Economic Consortium, Inc.'s (TSEC) labor and overhead expenses to operate and maintain the SMARTT Labs/Pods in the Newburgh, Middletown and Warwick accelerators. That information could be found within the contracts provided initially in August. The following question was in regard to what "agent status" meant and under General Municipal Law Section 858 (7) Industrial Development Agencies are permitted to appoint "agents" and "agent status" is a general term in use

for legal purposes and designates one person to act for another person and/or entity on their behalf. There was also a question in regard to Mr. Januskiewicz the Chief Financial Officer (CFO) of the Orange County Industrial Development Agency (IDA). He received an annual salary of \$64,896.00 for 30 hours a week. They also questioned Mr. Rollins' role at the Orange County Industrial Development Agency (IDA) and it appears that Mr. Rollins was employed solely by Galileo Technology Group (GTG). In regard to whether Mr. Cozzolino and Ms. Villasuso were paid as board members of the Strategic Economic Consortium, Inc. (TSEC), the District Attorney's report notes there was no indication that they were paid and the report states: "...records indicate that TSEC contracted with GTG (Cozzolino) paying GTG a little over \$526,000.00 as a consultant and Mr. Cozzolino was a founder and board member of TSEC and that Ms. Villasuso was on the TSEC board..." There does not seem to be any information in the District Attorney's report that either were paid by the Strategic Economic Consortium, Inc. (TSEC). The final question was in regard to whether Mr. Vona had access to the Strategic Economic Consortium, Inc. (TSEC) financials and, once again, they had to rely on the District Attorney's report and the statement he provided to them noting there was no indication in the report that he was provided the Strategic Economic Consortium, Inc. (TSEC) financials.

Mr. Cheney commented that they do not have detailed time records for Galileo Technology Group (GTG), but do they have access to their actual invoices and vouchers that would verify that information. Mr. Chapman replied that the Orange County Industrial Development Agency (IDA) has invoices from Galileo Technology Group (GTG) on a monthly basis and his understanding was that they had previously been submitted. However, he would secure them for the committee if needed.

Mr. Hines commented that the Orange County Legislature recently passed a resolution asking that the federal government look into any kind of federal crimes that may have occurred at the Orange County Industrial Development Agency (IDA). Do they know if any federal grant funds went to the Strategic Economic Consortium, Inc. (TSEC). Mr. Chapman replied that he had heard that, but he has not seen any paperwork for federal grant funding; however, the New York State Comptroller's office has provided information on state grants but nothing on federal grants.

Mr. Hines asked if the funds went from New York State to the Strategic Economic Consortium, Inc. (TSEC) to Galileo Technology Group (GTG). Mr. Chapman replied that he believed that was the chain and that they received two grant documents from the Comptroller's office.

Mr. Hines stated that at the last meeting he requested Mr. Dowd's billing from 2015 forward in which they received some volumes. Was Mr. Chapman able to attach that billing to any contracts and from his legal experience with billing, could he target a bill to a contract. Mr. Chapman replied that he had not yet reached that point and that would certainly be something they would look at as part of any potential civil litigation.

Mr. Hines asked Mr. Chapman if in his previous career in private practice, would it have been common to give a detailed accounting on your billing/invoices such as looking at a contract by name, the time, and/or the work on a project. Mr. Chapman replied that in the private sector attorney's generally bill in either 6-minute or 15-minute increments and in his private practice they billed in 6-minute increments, and they would specifically state what they worked on such as "reviewed Smith subdivision for the Town of X and map" at a rate of .12 of an hour because they wanted to know what they were paying for. The Orange County Law Department is a public entity, and they bill as well at 15-minute increments and their billing is detailed, and they could see what is being worked on at any given day or any given minute. Normal attorneys give detailed billing records.

Mr. Hines commented that after reading Mr. Vona's testimony it seemed that he was very frustrated when trying to audit the Orange County Industrial Development Agency (IDA) because there was nothing to audit as he could not find the right paper trails to audit anything. He feels the same frustration. At the last meeting he commented that he thought the Legislature was tasked with whether the contracts were valid, or should they be invalid based on conflicting interest, and he has seen enough to make that determination as the contracts have to be invalid because even Mr. Vona stated that all the contracts went to the benefit of Galileo Technology Group (GTG) and nothing was to the benefit of the Orange County Industrial Development Agency (IDA) and he would agree.

Mr. Faggione added that he conducted some research, and went to the Strategic Economic Consortium, Inc. (TSEC) website, and it had a lot to be desired. He saw their financial statements from 2016, 2017 and 2018 and he would suggest that his colleagues visit their website and review the statements as there is information regarding lines of credit and how their Board of Directors was involved with the Orange County Industrial Development Agency (IDA). He found it interesting how they outlined that information without using anyone's name and/or entity.

Mr. Paduch commented that while a lot has been said today, the most important part was what he has requested with respect to what Mr. Dowd's responsibilities were. They did receive a response from Kelly Reilly at the Orange County Industrial Development Agency (IDA) in which she states that she had searched their drop box and paper files and though she cannot say there wasn't a Request for Proposal (RFP), she cannot get her hands on one. She went on to say that she was able to locate the minutes of the July 18, 2012 meeting and a resolution that states they interviewed six (6) attorneys, but those names were not attached to the resolution. They do not know what Mr. Dowd's responsibilities were in regard to these contracts because there is no Request for Proposal (RFP) indicating what his responsibilities would be and/or if he was responsible for reviewing contracts. He was a big part of this, and they have no idea as to what his responsibilities were and, in his opinion, that is key to everything that is going on at the Orange County Industrial Development Agency (IDA). It appears they interviewed six (6) attorneys, but they do not have a Request for Proposal (RFP) and they hired an attorney without it being voted on. There is a bigger issue here and it has to do with the Orange County Industrial Development Agency (IDA) attorney and what his

responsibilities were and how he could possibly be responsible for a lot of the contracts that should not have been signed but how do they find that out.

Mr. Faggione commented that Mr. Paduch brought up some very interesting points. They were tasked with investigating the Orange County Industrial Development Agency (IDA) and whether certain contracts are void under General Municipal Law. They have heard legal background and legislative intent related to General Municipal Law. They have had access to many documents including the contracts and related documents. They have had time to read and review the Joint Report from the New York State Comptroller and Orange County District Attorney. They have received additional documentation and facts related to their questions and the crimes committed by Vincent Cozzolino, Laurie Villasuso, and Edward Diana. Their next step is to draft a report combining all that they have learned. He offered the floor to Legislative Counsel Abraham to explain the next step.

Legislative Counsel Abraham commented that given the amount of time they have discussed General Municipal Law, the facts, specifically the plea agreements, and the meaningful conversations they have had at this point it would be fair to start compiling the draft report and present it for review.

Mr. Faggione stated that with the consent of his colleagues their next step would be to draft the report. The report will be in draft form and submitted electronically to this committee on October 28, 2021, for review. This will allow the committee ample time to review the draft report and to submit suggested edits, revisions or amendments. He asked that the edits, revisions or amendments be submitted in writing or electronically by Thursday, November 4, 2021, with the committee reconvening on November 10, 2021, with the final report being submitted following a vote taken by this committee to send the final report to the full legislature on Thursday, December 2, 2021.

Mr. O'Donnell asked if the Strategic Economic Consortium, Inc. (TSEC) was still listing their tax returns on their website. Mr. Faggione replied that he did not see the tax returns just the financial statements as of December 31, 2018, and 2017 together along with an independent auditor's report.

The meeting adjourned at 3:56 p.m.