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January 31, 1994

William J. Gallagher, Esq.
Inspector General
Office of Court Administration
270 Broadway,
New York, New York, 10007

Dear Mr. Gallagher,

As per telephone conversation of this date, I will briefly set forth several situations of misconduct, within the jurisdiction of your office.

For further information or documentation, as to any aspect of these matters, only a simply request is required.

1a. A court-appointed receiver is an arm, agent, and representative of the court, and made the subject of Rules and Regulations of your agency, including the mandate that such receiver must account "at least once a year" (22 NYCRR §202.52[e]).

b. PUCCINI CLOTHES, LTD. ["Puccini"] was involuntarily dissolved on June 4, 1980, and there should exist in the County Clerk's Office at least thirteen (13) accountings. However, if you inspect the County Clerk's Docket Book or the Docket itself, you will find there are none.

c. The failure to file an accounting, which must set forth, inter alia, Puccini's assets as of June 4, 1980 and the disposition of said assets is not a technical omission, since a true accounting will reveal that all of its judicial trust assets were made the subject of larceny, not leaving anything for any legitimate creditor.

d. An accounting will reveal, inter alia, the following:

(a) A total of more than \$4,000,000 was debited to Puccini's checking account after June 4, 1980, without the authorization of the Court or the court-appointed receiver, a requirement specifically set forth in the Order of June 4, 1980.

(1) Included in the aforementioned debits from the Puccini checking account were at least seventeen (17) checks issued to KREINDLER & RELKIN, P.C. ["K&R"], JEROME H. BARR, Esq. ["Barr"], CITIBANK, N.A. ["Citibank"] and/or the ESTATE OF MILTON KAUFMAN ["Kaufman Estate"], to wit., on June 5, 1980; June 25,

1980 [2 checks]; July 11, 1980; July 15, 1980; July 25, 1980; August 1, 1980; August 22, 1980; August 29, 1980; September 5, 1980; September 30, 1980; October 10, 1980; October 17, 1980; October 27, 1980; November 19, 1980; December 1, 1980; and December 17, 1980.

(2) RASHBA & POKART ["R&P"], Certified Public Accountants, were retained by K&R, Barr and/or Citibank, in 1980, and were billed \$6,200 for their services. Payment of such K&R, Barr and/or Citibank indebtedness of \$6,200 was satisfied by a \$10,000 withdrawal by ARUTT, NACHAMIE, BENJAMIN, LIPKIN & KIRSCHNER, P.C. ["ANBL&K"] from Puccini's judicial trust assets, without the approval of the court or any court-appointed receiver, falsely debiting such withdrawal as "legal fees"; ANBL&K then deposited such monies in its own account, issued a check for \$6,200 to R&P in satisfaction of the indebtedness due by K&R et. el., and ANBL&K kept \$3,800 of such sum as a "laundering fee".

(3) Under the aegis of legal fees, more than \$22,000 was paid to ANBL&K after June 4, 1980, none of which was authorized by the receiver or the Court.

(b) All of Puccini's large inventory of clothing was sold or transferred, and only \$512 gross, was received by Puccini for same!

(c) Fixed assets, at a book value of \$15,442, were sold or transferred, without any evidence that Puccini received any part thereof.

(d) Insurance refunds of \$3,053 were not received by Puccini.

(e) Security deposits of \$1,615 were also not received by Puccini.

e. Except for the payments made to K&R, Barr, Citibank, and/or the Kaufman Estate, and the wash [exchange] transactions, essentially all of Puccini's trust assets were employed to bribe and corrupt.

2a. Judiciary Law §35-a and 22 NYCRR §26 makes mandatory the filing of statements of compensation with the Office of Court Administration.

b. None have been filed, as your records will indicate.

c. Referee DONALD DIAMOND ["Diamond"] authorized the payment of approximately \$600,000 and Judge DAVID B. SAXE ["Saxe"] about \$150,000.

d. Approximately \$700,000 was given from Puccini's judicial trust assets to the firm of the court-appointed receiver, for not doing anything to benefit Puccini or intended to benefit it. Such payments were made to unlawfully circumvent the maximum statutory compensation that can be awarded to the court-appointed receiver (Bus. Corp. Law § 1217), which was less than \$9,000,

e. Again your office must take some steps to compel such mandatory filings.

3a. Referee Diamond, in a "boiler room" operation, threatened HYMAN RAFFE ["Raffe"] with incarceration and other draconian consequences, unless he submitted to the desires of the court-appointed receiver and his co-conspirators.

b. Raffe, saw no alternative but to submit, and as independently investigated by Jonathan Ferziger of United Press, International and published in, inter alia, the Village Voice (June 6, 1989):

"By signing three extraordinary agreements in 1985, however, Raffe agreed In exchange, the court agreed to let him go free. The tab so far has come to more than \$2.5 million, paid to both the Feltman and Kreindler firms. Raffe continues to pay with checks from his A.R. Fuels Co. business."

As long as Raffe keeps paying, and so the written agreement reads, he will not be incarcerated.

So Raffe pays, pays and pays, to these "judicial indulgence peddlers" under continuous threats that he will be incarcerated if he refuses.

c. Mr. Gallagher, those extorted monies should either be returned to Mr. Raffe or turned over to the State of New York and/or the Office of Court Administration (Gompers v. Buck's Stove, 221 U.S. 418, 447 [1911]; Goodman v. State, 31 N.Y.2d 381, 340 N.Y.S.2d 393, 292 N.E.2d 665 [1972]).

4a. On December 7, 1985, when I wrote to your office, I thought the situation had reached absolute rock bottom and could not possibly become egregious. I was wrong!

b. To say more at this time would be supererogatory.

Very truly yours,

GEORGE SASSOWER