

Ex-Borough President Andrew Stein Indicted

BY JAMES BARRON MAY 27, 2010 1:07 PM

Updated, 7:01 p.m. | Andrew J. Stein, a former City Council president, assemblyman and Manhattan borough president who left politics in 1994, has been arrested along with a Manhattan financial adviser whose celebrity clients included Sylvester Stallone.

Court documents said that the financial adviser, Kenneth I. Starr, was charged with fraud and money laundering in what prosecutors called a \$30 million Ponzi scheme. But a federal prosecutor told a news conference in Lower Manhattan on Thursday that Mr. Stein had not been charged with participating in the fraud. He was charged only with lying, once to an investigator for the [Internal Revenue Service](#) and once on an I.R.S. form he filed.

Mr. Stein used about \$1.6 million from a company created through Mr. Starr to cover "extravagant personal expenses," including hundreds of thousands of dollars in credit card bills, according to a criminal complaint unsealed on Thursday in federal district court in Manhattan.

Mr. Starr is not the legal scholar by that name who served as a special prosecutor in the Whitewater case. The Kenneth I. Starr named in the court documents was accused of fraud and money laundering. He was accused of spending some of the money on a \$7.6 million apartment with a 32-foot lap pool.

"Starr had an M.O. that has become unfortunately familiar in recent times," [Preet Bharara](#), the United States attorney in Manhattan, said at a news conference. "He used his access to famous and powerful clients to burnish an image of trustworthiness, inducing them to entrust him with management and control of their financial affairs."

Mr. Bharara said that in some cases, Mr. Starr "assumed total control" over clients' financial affairs. They believed he was managing their income and investments and paying their bills. But Mr. Bharara said that "much of it was a mirage."

The complaint referred to a number of people who were apparently associates or victims of Mr. Starr but did not identify them by name. The complaint said one was an actress.

But one was identified by his own lawyer as Jacob Arabov, a Manhattan jeweler who was mentioned in a number of rap songs and [had a reputation](#) as the Harry Winston of the hip-hop world. Mr. Arabov's lawyer, [Benjamin Braffman](#), issued a statement saying Mr. Arabov and his wife had been defrauded and "intend to pursue all legal remedies the law provides in an effort to recover their investments."

Neither Mr. Starr nor Mr. Stein entered pleas at the initial hearing on Thursday. A federal magistrate judge, Debra Freeman, ordered Mr. Stein released on \$250,000 bond. Mr. Stein indicated after the hearing that he felt the charges against him would be "cleared up."

At the government's request, Judge Freeman ordered Mr. Starr held without bond over his protests and objections from his lawyer. A federal prosecutor, William J. Harrington, told the judge that Mr. Starr had the resources and the will to flee, access to private jets and potentially hidden assets. Mr. Harrington also said that when federal agents tried to arrest Mr. Starr at his home on Thursday morning, he did not at first answer the door. Once they got in, they had to search the apartment until they found him hiding, crouching behind clothing in a closet, spotting him by his shoes.

Mr. Starr addressed the judge himself at one point during the hearing, contending that he would never flee and that he had always been law abiding. But Judge Freeman said she continued to be "troubled" by the story of what had happened at his arrest.

The complaint unsealed on Thursday said that Mr. Stein worked as a consultant for investment companies that paid him "placement fees" for his help "in brokering agreements between public pension funds and investment funds."

Court documents said that Mr. Stein worked as a consultant for investment companies that paid him "placement fees" for his help "in brokering agreements between public pension funds and investment funds." He has been battling the I.R.S. for several years, according to the complaint, and had failed to pay \$2.1 million in taxes. The documents said that Mr. Stein had used the shell corporation set up by Mr. Starr to shield income from the I.R.S.

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Perley J. Thibodeau May 27, 2010 · 1:20 pm
I understood that Andrew Stein married money in the Hamptons several years ago. If that is true, then this proves that marrying money just isn't what it used to be!

tim May 27, 2010 · 1:23 pm
lol @ that toupee

jeff May 27, 2010 · 1:56 pm
Man, not aging well at all.

TRB May 27, 2010 · 2:05 pm
He was the darling of Manhattan liberals.

R. Toricelli May 27, 2010 · 2:18 pm
How many corrupt politicians have yet to be charged?

Can RICO charges be brought against the NYC Democratic party?

Liberty Lover May 27, 2010 · 2:18 pm
Dudda dum, dum, dum, another one bites the dust...

-LL

barbara May 27, 2010 · 3:32 pm
SchmUck.

John Farmer May 27, 2010 · 4:47 pm
Anybody else thinks this guy looks like the Joker?

Jfarmer9

jim walker May 27, 2010 · 5:03 pm
Stein looks like a cartoon character

Larry Eisenberg May 27, 2010 · 5:14 pm
Mr.Stein at least used some restraint.
His expenses could make a chap faint,
All those credit card bills,
Gave the poor fellow chills,
A Saint is something that he ain't!

Skeezix May 27, 2010 · 5:42 pm
I believe that a few months back there was a report that Joe Flom sued Stein to recover an unpaid short term loan for a relatively modest sum (a few hundred thousand). Is there a connection?

el barto May 27, 2010 · 7:42 pm
#7-

totally true-he never did a thing without daddy's approval-now that he's gone lets see what happens/
btw his birth name is FINKELSTEIN

rick May 27, 2010 · 7:44 pm
Whether or not Stein married money, he already comes from a wealthy family. His real name is Finkelstein and his father Jerry Finkelstein is a wealthy investor and political contributor who used to own the New York and National Law Journals.

I always thought Stein was a boob who got by on family connections and money. Perhaps he is dishonest as well.

ralph ng May 27, 2010 · 9:20 pm
My first reaction was that I had mistakenly logged onto the Archive section of the Times.

Paul '52 May 27, 2010 · 10:24 pm
True, he was a liberal politician, but his career went nowhere.

More recently, he dated Ann Coulter. Which could explain a whole lot.

Dimitri Cavalli May 27, 2010 · 11:48 pm
The guy's been out of office since Jan 1. 1994.

Talk about a retro Democrat and a name from the past. Stein could have learned something from Martha Stewart: either don't talk to the feds or don't lie if you do.

Peter May 28, 2010 · 10:19 am
The main story about this says "...Mr. Stein, who gained a reputation as a corruption fighter while in office."

Clearly, reporters Barron and Schwartz are not only enough to remember the real Andrew Stein of the 70's and 80's.
Stein's reputation: a playboy with a penchant for expensive attire and extravagant hairstyles, and the ability to get sound-bites placed on TV news several times a week. If anyone believed he was a genuine crusader against corruption, they were as gullible as the celebs who lost money in this case.

Rev. E.M. Camarena May 28, 2010 · 11:02 am
Stein proves the fact that rich people always want more money. Despite this, many people still think that wealthy candidates are the best ones because the cannot be bought. They don't care about money. Ha! That's all they care about.

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Seen It Before May 28, 2010 · 5:18 pm
A crooked ex-politician and a financial adviser. So what's the news item here?

asr-bklyn May 28, 2010 · 6:43 pm
It's sad and pathetic what has happened to Andrew Stein. At one time in my youth, I looked up to him as he took on a crooked Rabbi by the name of Bernard Berkowitz who ran a number of nursing homes where the residents lived in squalor while the 'good' Rebbe made a fortune. Stein's tireless efforts led to Berkowitz going to prison. And now this ... Andy, you sold out!

claudia colmer May 28, 2010 · 10:02 pm
Well I am not surprised by this scene. Let us say that Andrew Stein was not quite kosher! He was a Democrat in name only because he represented Manhattan. He was not a liberal by any standards. Always even in younger days wore way too much makeup.

Perley J. Thibodeau May 28, 2010 · 10:57 pm
He had a liaison for the Gay Community working in his municipal building office fifteen or twenty years ago, and that was very progressive for way back then!

chris May 29, 2010 · 8:57 am
Wow--a lot of people seem to like kicking the horse here when he is down. Having your junk aired in public is never fun and if any of you had to dig in your closet and say I would not want anyone to know a certain aspect about yourself... let alone comment about it...you would more than probably not say a word. Yes, he is Jerry's son and will always be, but now he is his own man. He is a generous person...clearer...A very generous person! A lot of people went to him when he was riding high and now like disloyal bums they kick him. Shame on those...and...like history....this will be, but only one chapter in his life and it will pass.

Peter Engel May 29, 2010 · 11:10 am
When people used to justify Andy Stein's political career despite the Daddy's Money attitude and near-absence of brains, they'd say: "at least he's smart enough to surround himself with good people."

The first thing I thought when reading this: "well, he certainly wasn't the mastermind of this plot."

Rev. E.M. Camarena May 31, 2010 · 5:32 pm
"I looked up to him as he took on a crooked Rabbi by the name of Bernard Berkowitz who ran a number of nursing homes"
The man with the nursing homes was actually named Bernard Bergman and contrary to posting #20 he was not by any stretch of the imagination a Rebbe.

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