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Espada Is Charged With Stealing From a Health Network He Controlled

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In spring 2006, [Pedro Espada Jr.](#), then a vanquished state senator from the Bronx who oversaw a sprawling, multimillion-dollar health care network, wrote to federal authorities demanding that they investigate his chief rival.

Mr. Espada, who would return to the Senate in 2008 and lead a coup that shut it down and paralyzed state government for a month, said his rival, State Senator [Rubén Díaz Sr.](#), had misused employees of nonprofit groups that Mr. Díaz controlled for political fund-raising and campaigning.

But in the months before and after he wrote the letter, according to [federal charges](#) leveled against Mr. Espada on Tuesday, he was the one behaving badly. Indeed, the indictment portrays Mr. Espada, the departing Senate majority leader whose political career unspooled in a swirl of scandal when he lost his primary race in September, as a legislator who embezzled with abandon.

And the schemes detailed in the indictment, which also charges his son, Pedro Gautier Espada, ranged from the extravagant to the absurd.

According to the charges, he used money from a subsidiary of the health care network, Soundview Healthcare Center, to pay for after-school tutoring for one young member of his family and to cater a birthday party for another at his home — complete with a petting zoo, pony rides and a videographer to record it all for posterity.

Money from the same subsidiary paid for a ghostwriter to work on his personal book project and to service the air-conditioning system at his Mamaroneck home, according to the indictment. It contends that he even tried to use \$49,000 for the down payment on a \$125,000 Bentley, though he never bought the car because his credit application was rejected.

Prosecutors also charge that the elder Espada used a Soundview corporate American Express card to pay for personal expenses. Among the charges was more than \$100,000

worth of meals for him and his family, window treatments for his home and tickets to Broadway shows and sporting events.

All in all, the six-count indictment obtained by federal prosecutors in Brooklyn charges that Mr. Espada, 57, and his son, 37, abused their positions at Soundview between 2005 and 2009 to divert more than half a million dollars from the nonprofit organization and related companies for their own benefit and the use of family members and friends.

The charges were announced by the office of the United States attorney in Brooklyn, [Loretta E. Lynch](#); the [Federal Bureau of Investigation](#); the [Internal Revenue Service](#); and Attorney General [Andrew M. Cuomo](#), who is the governor-elect. Mr. Cuomo's office initiated a civil inquiry and brought a lawsuit in May against Mr. Espada, his son and Soundview.

"The indictment alleges that funds that could have been, and should have been, applied to purchase medical equipment and enhance health care services for an historically underserved population were diverted by the defendants for their personal use and to benefit friends and family members," Ms. Lynch said in a statement. "In these difficult economic times, the charged crimes are all the more reprehensible."

Ms. Lynch said the investigation was continuing.

Mr. Espada, the highest ranking Hispanic lawmaker in the state, founded the health care network in 1978.

His lawyer, Susan R. Necheles, said the senator and his son denied any wrongdoing and intended to fight the charges in court.

"Soundview has provided high quality health care to thousands of families, children and senior citizens in the Bronx," Ms. Necheles said. "Today is a sad day for Soundview and a sad day for the Espada family."

In a conference call with reporters on Tuesday, Mr. Cuomo and one of his senior aides, Mitra Hormozi, who was designated as a special assistant United States attorney for the investigation, said the dollar figure in the attorney general's civil lawsuit — \$14 million — was larger than the amount charged in the indictment because Mr. Cuomo's wide civil jurisdiction over charities under New York State law enabled his lawsuit to encompass acts for which Mr. Espada could not be charged under federal criminal law.

But if convicted, both Mr. Espada and his son, whose lawyer did not return a call seeking comment, face a maximum of 10 years in prison for each of the five counts of embezzlement, five years for the single conspiracy count and a fine of \$250,000 for each count on which they are convicted.

The indictment caps a turbulent two-year term as state senator during which Mr. Espada became perhaps the most controversial lawmaker in the Capitol.

He won election in 2008 by defeating an equally scandal-plagued incumbent, Efrain Gonzalez Jr., despite accusations that he did not actually reside in the district in question and owing tens of thousands of dollars in campaign fines. Mr. Espada refused to vote with fellow Democrats until he got a committee chairmanship and other perks, yet for months refused to file election paperwork or disclose the names of the donors who had financed his campaign.

And in summer 2009, Mr. Espada, still unsatisfied, staged the coup against his own party, joining with Republicans in a bid to wrest control of the narrowly divided Senate from the Democrats. The move plunged state government into chaos for a month.

Senate Democrats elevated Mr. Espada to majority leader in exchange for his allegiance. But unbeknown to Mr. Espada, he was already under investigation by Mr. Cuomo. Emboldened by Mr. Cuomo's lawsuit this year, a coalition of labor unions and liberal activists joined together to back a primary opponent, [Gustavo Rivera](#), and successfully ousted Mr. Espada.

The federal charges could spell the end of a quarter-century political career that is one of the more unusual and turbulent in recent New York City political history, spanning multiple investigations, repeated accusations of fraud and electoral misconduct, and seemingly incessant campaigns for office.

Since the late 1980s, Mr. Espada's name has appeared on Bronx ballots roughly a dozen times, including bids for City Council, borough president, State Assembly and State Senate — the last a job he has held three different times in two different Bronx districts.