

# Oyster Bay, SEC reach proposed settlement

BY TED PHILLIPS

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The Town of Oyster Bay will hire a municipal finance consultant to review its bond disclosures under a proposed settlement with the U.S. Securities and Exchange Commission in a lawsuit over securities fraud.

The town board is to consider the settlement at its regular meeting Tuesday.

SEC attorneys charged Oyster Bay and former Town Supervisor John Venditto in 2017 with defrauding investors for failing to disclose loan guarantees and then making “materially misleading” disclosures about them in its bond documents.

The SEC had initially sought to impose a court-appointed consultant for a five-year term who would have the power to stop the town from borrowing money in the capital markets. Under the proposed settlement, outlined in a Town Board resolution, the consultant’s power would be limited to reviewing documents and making recommendations for three years.

In a 2017 ratings report, Moody’s Investors Service said the imposition of a financial consultant with the power to stop cash flow borrowing could hurt the town’s bond rating.

Under the proposed agreement, the town would not admit or deny the allegations and would not pay a fine or penalty, according to the outline of the settlement in the town board resolution.

The disputed loan guarantees made on behalf of former town concessionaire Harendra Singh were at the heart of last year’s federal corruption trial against former Town Supervisor John Venditto and former Nassau County Executive Edward Mangano. Prosecutors also alleged Mangano’s wife, Linda Mangano, lied to the FBI when questioned about work she performed for Singh and his restaurants. Venditto was acquitted. A mistrial was declared for the Manganos, whose second trial is in closing arguments this week.

Oyster Bay Town Attorney Joseph Nocella said the settle-

ment does not include Venditto.

SEC spokeswoman Judith Burns declined to comment on the proposed agreement. Venditto’s attorney, Marc Agnifilo, did not respond to a request for comment.

The SEC said in its complaint the first indirect loan guarantee in 2010 for \$1.5 million was the template for subsequent guarantees. The town argued in legal filings in 2017 that the first guarantee was legitimate but that subsequent guarantees were not because they had been entered into without the knowledge or approval of the town board and because Singh had not spent the money on capital improvements. None of the guarantees were disclosed to investors until 2015.

Oyster Bay’s first indirect guarantee for Singh was for \$1.5 million.

“The \$1.5 million was repaid in November of 2011 and in any event is not material,” Nocella said Monday of the 2010 indirect guarantee.

Subsequent disputed guarantees totaled about \$20 million.

The SEC also sued former Town Attorney Leonard Genova for his role in the guarantees. Genova, who was granted immunity for testifying against Venditto, settled with the SEC in an agreement approved by U.S. District Judge Joan Azrack last year. Genova agreed to be permanently barred from participating in municipal securities transactions.

Genova testified in the Mangano/Venditto trial last year that he had signed documents, including loan guarantees, without looking at them.

“I was not aware of signing them, and I was not aware that they existed,” Genova said of two disputed loan guarantees, according to a transcript of his April 30, 2018, testimony. Genova also admitted accepting bribes from Singh.

Last year the town sued Genova for his role in the loan guarantees based “on his sworn trial testimony,” Nocella said.

Nocella said the town has no evidence to pursue a case against Venditto, who did not testify.



House Speaker Nancy Pelosi joins Gov. Andrew M. Cuomo at the signing in Manhattan.

# Cuomo signs ‘red flag’ law

## Mental health weighed for guns

BY MICHAEL GORMLEY

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ALBANY — New Yorkers deemed by a judge to be a danger to themselves or others will have their guns confiscated under a measure overwhelmingly passed by the Legislature in January and signed into law Monday by Gov. Andrew M. Cuomo.

The so-called red flag measure is part of a package of bills approved by the Legislature in January. A Cuomo aide said the governor will sign the other parts of the package into law in coming weeks. The red flag bill is the most significant gun control legislation to become New York law since Cuomo’s 2013 SAFE Act. That comprehensive law included a ban on more firearms that are

considered to be assault weapons and more background checks at points of sale. It also required regular reauthorization of pistol permits.

“The SAFE Act saved lives and didn’t infringe on anyone’s rights,” Cuomo said Monday. “The red flag bill . . . is common sense. It is logical. It is factual. We just have to get past the politics and the fear because Americans are smarter than this.”

House Speaker Nancy Pelosi of California attended Cuomo’s bill signing. She said New York and Cuomo are leading the way for what she called sensible gun control despite political opposition from the National Rifle Association, Republicans and President Donald Trump.

“The survival of our children is much more important than your political survival,” Pelosi said she tells colleagues in Congress.

The red flag measure addresses legal gun owners who develop mental illness after they obtained firearms and pass a background check. A judge, acting on a concern of a family member or acquaintance, would have to consider the input of physicians. The firearms owner has a right to appeal after a judge issues the order.

The order would expire after a year, but could be extended.

The rest of the package of bills when signed into law will extend the potential waiting period for buying a gun up to 30 days and would ban the arming of teachers as a safeguard against school shootings under a bill sponsored by State Sen. Todd Kaminsky (D-Long Beach).

Another measure would ban “bump stocks,” which can allow a rifle’s trigger to be pulled fast to shoot many bullets in seconds.