

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

-----X
ANDREW M. CUOMO, Attorney General of the
State of New York,

Plaintiff-Claiming Authority,

-against-

HENRY "HANK" MORRIS and DAVID LOGLISCI,

Defendants,

STEVEN L. RATTNER and SR ASSET CORPORATION,

Non-Criminal Defendants.
-----X

SUPPLEMENTAL
SUMMONS

Index No.09/400605

NEW YORK
COUNTY CLERK'S OFFICE

NOV 18 2010

NOT COMPARED
WITH COPY FILE

TO THE ABOVE-NAMED DEFENDANTS:

You are hereby summoned and required to serve upon plaintiff's counsel, at the address stated below, an answer to the attached verified amended complaint.

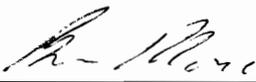
If this supplemental summons and verified amended complaint was personally delivered to you in the State of New York, the answer must be served within twenty days after such service of the supplemental summons and verified amended complaint, excluding the date of service. If the summons and verified complaint was not personally delivered to you within the State of New York, the answer must be served within thirty days after service of the supplemental summons and verified amended complaint is complete as provided by law.

If you do not serve an answer to the attached verified amended complaint within the applicable time limitation stated above, a judgment may be entered against you, by default, for the relief demanded in the amended complaint, without further notice to you.

The action will be heard in the Supreme Court of the State of New York, in and for the County of New York. This action is brought in the County of New York on the basis of Civil Practice Law and Rules Section 1311(10).

DATED: New York, New York
November 18, 2010

ANDREW M. CUOMO
Attorney General of the State of New York
101 East Post Road
White Plains, New York, 10601
(914) 422 - 8700

BY: 

Brian Moore
Assistant Attorney General
Certification Pursuant to 22 NYCRR 130.1.1

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

-----X

ANDREW M. CUOMO, Attorney General
of the State of New York,

Plaintiff-Claiming Authority,

-against-

HENRY "HANK" MORRIS and DAVID LOGLISCI,

Criminal Defendants,

STEVEN L. RATTNER and SR ASSET CORPORATION,

Non-Criminal Defendants.

-----X

**AMENDED
VERIFIED COMPLAINT**

Index No.09/400605

**NEW YORK
COUNTY CLERK'S OFFICE**

NOV 18 2010

**NOT COMPARED
WITH COPY FILE**

Plaintiff, Andrew M. Cuomo, Attorney General of the State of New York, for his amended verified complaint, respectfully alleges as follows:

INTRODUCTION

1. The plaintiff brings this action against the above-named defendants pursuant to Article 13-A of the Civil Practice Law and Rules ("CPLR") seeking the forfeiture of proceeds, substituted proceeds and instrumentalities of the criminal activity committed by the criminal defendants, Henry "Hank" Morris and David Loglisci, and a money judgment equivalent in value to the proceeds, substituted proceeds and instrumentalities and as to non-criminal defendants Steven L. Rattner and SR Asset Corporation seeking the forfeiture of the proceeds, substituted proceeds and instrumentalities of the criminal activity committed by the criminal defendants, Henry "Hank" Morris and David Loglisci.

PARTIES

2. The plaintiff, Andrew M. Cuomo, is the Attorney General of the State of New York.

3. Criminal defendant Henry “Hank” Morris (hereinafter “Morris”) is an individual who resides at 376 Pantigo Road, East Hampton, New York.

4. Criminal defendant David Loglisci (hereinafter “Loglisci”) is an individual who resides at 11 Westmere Avenue, Norwalk, Connecticut.

5. Non-criminal defendant Steven L. Rattner (hereinafter “Rattner”) is an individual who resides on Fifth Avenue, New York, New York.

6. Non-criminal defendant SR Asset Corporation (hereinafter “SR Asset Corp.”) is a New York S-corporation wholly owned by Rattner, with offices located at 375 Park Avenue, New York, New York.

JURISDICTION

7. Plaintiff has jurisdiction over the offenses out of which this action arises pursuant to General Business Law Section 352 and is an appropriate claiming authority as that term is defined in CPLR Section 1310(11).

VENUE

8. The criminal defendants, Morris and Loglisci, have committed acts in New York County and elsewhere in furtherance of various crimes including, but not limited to, the crimes of enterprise corruption, falsifying business records in the first degree, bribery in the second degree, rewarding official misconduct in the second degree, offering a false instrument for

filing in the first degree, money laundering in the fourth degree and violations of Section 352-c(6) of the General Business Law.

9. A criminal prosecution has been commenced in New York County relating to these crimes.

10. Venue of this civil forfeiture action is appropriate in New York County pursuant to CPLR Section 1311(10)(b).

INTRODUCTORY FACTS

11. The facts set forth herein are alleged upon information and belief, based upon facts learned in the course of the investigation conducted by the Attorney General's Office, except where otherwise indicated.

12. The Comptroller was a statewide elected official and the state's chief fiscal officer in charge of the Office of the State Comptroller ("OSC"). The New York State Comptroller was the sole trustee of the New York State Common Retirement Fund ("CRF"). The Comptroller, the Chief Investment Officer and investment staff with discretionary authority over the pension fund had fiduciary and other duties toward the pension fund, its members, and beneficiaries, and were required to make investment decisions concerning pension funds solely in the best interests of the CRF and its members. The criminal defendants breached these duties, and corrupted the investment process for their financial and personal gain.

13. Morris was the paid political advisor, consultant and principal fundraiser for the New York State Comptroller in office from 2003 through 2006. Morris was a de facto gatekeeper for investment transactions with the CRF and, at the same time, received fees as a placement agent and finder with respect to certain investment transactions with the CRF.

14. Loglisci was the Deputy Comptroller for Pension Investment and Cash Management (the "Chief Investment Officer") for the CRF from approximately April 2004 through May 2007, and was formerly the Director of Alternative Investments for the CRF.

15. Rattner is a former founding principal of Quadrangle Group LLC ("Quadrangle"), who departed Quadrangle in or about February 2009. Quadrangle, through various related entities, serves as the General Partner of the Quadrangle Capital Partners Fund II private equity fund. Rattner maintains his ownership interest in the Quadrangle Capital Partners Fund II through SR Asset Corp., an S-corporation of which he is the sole owner.

16. The criminal defendants corrupted the investment selection process by favoring investment transactions on which defendant Morris, or a Morris associate, would profit. Through their criminal scheme, since on or about November 2002, the criminal defendants caused the CRF to make commitments of more than five billion dollars worth of pension funds in investments that generated \$35,659,075 in fees to Morris and his associates.

FACTUAL ALLEGATIONS

17. From in or about November 2002 through in or about July 2008, the criminal defendants Morris and Loglisci breached their fiduciary and other duties, and engaged in fraud pursuant to which they caused the CRF to select investments that would allow Morris and his associates, including Rattner, to receive substantial fees.

18. From in or about November 2002 through in or about July 2008, the criminal defendants Morris and Loglisci, having knowledge of the existence of a criminal enterprise, and the nature of its activities, and being employed by and associated with this enterprise, intentionally conducted and participated in the affairs of this enterprise by

participating in a pattern of criminal conduct.

19. The criminal defendants Morris and Loglisci and their associates shared a common purpose of engaging in criminal conduct, associated in an ascertainable structure distinct from a pattern of criminal activity, and with a continuity of existence, structure and criminal purpose beyond the scope of individual criminal incidents. Through the corruption of the OSC and the CRF, and the use of the OSC and the CRF, as well as various private equity funds, as instrumentalities of the enterprise, the criminal defendants Morris and Loglisci and their associates committed crimes relating to transactions involving the CRF for the common criminal purpose of profiting through fees, payments to third parties, professional advantage, and other benefits and so obtained property with a value of at least \$35,659,075. The criminal defendants Morris and Loglisci have thus committed the crime of enterprise corruption in violation of Penal Law Section 460.20.

20. From in or about November 2002 through in or about July 2008, the criminal defendants Morris and Loglisci and their associates intentionally engaged in fraud, deception, concealment, suppression, false pretense and fictitious and pretended purchase and sale, and made material false representations and statements with intent to deceive and defraud, while engaged in inducing and promoting the exchange, sale, negotiation and purchase within and from New York of securities and thereby wrongfully obtained property with a total value of \$35,659,075 in violation of Section 352-c(6) of the General Business Law.

21. In the course of the criminal defendants Morris's and Loglisci's participation in this criminal enterprise and their fraudulent schemes, the criminal defendants Morris and Loglisci committed, among other crimes, the crimes of bribery in the second degree in

violation of Penal Law Section 200.3, rewarding official misconduct in the second degree in violation of Penal Law Section 200.20, falsifying business records in the first degree in violation of Penal Law Section 175.10, offering a false instrument for filing in the first degree in violation of Penal Law Section 175.35, money laundering in the fourth degree in violation of Penal Law Section 470.05(1)(a), and violations of Section 352-c(6) of the General Business Law.

22. As set forth below, all of the defendants generated unlawful fees and other payments and benefits as a result of the criminal schemes of Morris, Loglisci, and their associates.

23. From in or about November 2002 through in or about February 2004, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the FS Equity Partners V Fund. As a result of this commitment, Morris wrongfully obtained \$500,000.00 in fees.

24. From in or about November 2002 through in or about January 2006, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Ares Corporate Opportunities Fund. As a result of this commitment, Morris wrongfully obtained \$637,500.00 in fees.

25. From in or about March 2005 through in or about February 2007, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Levine Leichtman Capital Partners III Fund. As a result of this commitment, Morris wrongfully obtained \$200,000.00 in fees.

26. From in or about May 2004 through in or about April 2006, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Aldus/NY Emerging Fund. As a result of this commitment, Morris wrongfully obtained \$319,374

in fees.

27. From in or about July 2003 through in or about December 2006, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Odyssey Investment Partners III Fund. As a result of this commitment, Morris wrongfully obtained \$400,000.00 in fees.

28. From in or about July 2004 through in or about June, 2006, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Carlyle Realty Partners IV-A Fund. As a result of this commitment, Morris wrongfully obtained \$1,250,000.00 in fees.

29. From in or about July 2005 through in or about December 2006, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Carlyle Europe Real Estate Partners II Fund. As a result of this commitment, Morris wrongfully obtained \$1,155,960.00 in fees.

30. From in or about July 2003 through in or about May 2007, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Carlyle/Riverstone Global Energy & Power Fund II. As a result of this commitment, Morris and a Morris associate wrongfully obtained \$3,000,000.00 in fees.

31. From in or about July 2003 through in or about May 2007, the defendants Morris and Loglisci caused the CRF to make an investment commitment in the Carlyle/Riverstone Renewable Energy Infrastructure Fund I. As a result of this commitment, defendant Morris and a Morris associate wrongfully obtained \$600,000.00 in fees.

32. From in or about July 2003 through in or about May 2007, the criminal

defendants Morris and Loglisci caused the CRF to make an investment commitment in the Carlyle/Riverstone Global Energy & Power Fund III. As a result of this commitment, Morris and a Morris associate wrongfully obtained \$7,000,000.00 in fees.

33. From in or about April 2003 through in or about November 2007, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Quadrangle Capital Partners II Fund. As a result of this commitment, Morris wrongfully obtained \$1,125,000.00 in fees.

34. From in or about November 2003 through in or about July 2007, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the GKM/NY Venture Capital Fund. As a result of this commitment, Morris and a Morris associate wrongfully obtained \$658,686.00 in fees.

35. From in or about September 2004 through in or about September 2006, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Hicks, Muse, Tate & Furst European Fund II/ Lion Capital Fund I. As a result of this commitment, Morris and a Morris associate wrongfully obtained \$1,176,639.47 in fees.

36. From in or about November 2004 through in or about January 2005, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Clessidra Fund. As a result of this commitment, Morris and a Morris associate wrongfully obtained \$2,695,000.00 in fees.

37. From in or about April 2006 through in or about September 2007, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Sector Performance Fund. As a result of this commitment, Morris wrongfully obtained

\$225,730.00 in fees.

38. From in or about July 2004 through in or about February 2008, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Access/NY European Fund. As a result of this commitment, Morris and a Morris associate wrongfully obtained \$2,395,482.00 in fees.

39. From in or about June 2005 through in or about July 2007, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Liberty Oak Capital Fund/CSG Fund. As a result of this commitment, Morris and a Morris associate wrongfully obtained \$1,155,002.34 in fees.

40. From in or about June 2003 through in or about January 2008, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the HFV Multi-Strategy Fund Ltd Fund, a fund managed by a Morris associate. As a result of this commitment, Morris and a Morris associate wrongfully obtained \$865,436.53 in fees.

41. From in or about June 2003 through in or about August 2007, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Olympia John Street Fund. As a result of this commitment, Morris and a Morris associate wrongfully obtained \$6,664,224.99 in fees.

42. From in or about November 2005 through in or about September 2007, the criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Strategic Co-Investment Partners, L.P. Fund. As a result of this commitment, a Morris associate wrongfully obtained \$1,259,490.65 in fees.

43. From in or about June 2003 through in or about December 2005, the

criminal defendants Morris and Loglisci caused the CRF to make an investment commitment in the Paladin Homeland Security Investment Fund. As a result of this commitment a Morris associate wrongfully obtained \$300,000.00 in fees.

44. From in or about July 2005 through in or about July 2008, the criminal defendants Morris and Loglisci caused the CRF to make investment commitments in the Pequot Diversified Offshore Fund and Pequot Private Equity Partners Fund IV. As a result of these commitments, Morris associates wrongfully obtained \$1,786,082.97 in fees.

45. Morris, on or about February 14, 2004, made a payment of \$100,000 to an account in the name of "Chooch," a film produced by Loglisci's brother in which Loglisci had had a financial interest. This "investment" occurred while Morris was doing business with the CRF. The payment was made in furtherance of the criminal scheme and was not disclosed to the CRF executive staff, ethics officers, or CRF members and beneficiaries.

46. In an effort to influence Loglisci, a fund manager seeking to do business with the CRF made a payment of \$100,000 to an account in the name of "Chooch," a film produced by Loglisci's brother in which Loglisci had had a financial interest. This benefit was not disclosed to the CRF executive staff, ethics officers, or CRF members and beneficiaries.

47. Morris caused Rattner, who was seeking to do business with the CRF, to arrange for a DVD distribution deal for the film "Chooch" which resulted in payments totaling \$89,466.03 to "Chooch." This benefit was not disclosed to the CRF executive staff, ethics officers, or CRF members and beneficiaries.

48. As a part of his criminal scheme, Morris engaged in a systematic course of criminal conduct designed first to induce, and then to increase, the CRF's investment in the

Quadrangle Capital Partners Fund II. As a result of Morris' efforts, the CRF committed a total of \$150,000,000 to the Quadrangle Capital Partners Fund II. As a result of this commitment, Morris wrongfully obtained \$1,125,000.00 in fees.

49. Rattner knew and should have known that Morris engaged in a systematic course of criminal conduct designed first to induce, and then to increase, the CRF's investment in the Quadrangle Capital Partners Fund II. As a result of Morris's efforts, the CRF committed a total of \$150,000,000 to the Quadrangle Capital Partners Fund II. Pursuant to that commitment, the CRF paid Quadrangle a total of at least \$13 million in management fees, of which, through his interest in Quadrangle, Rattner obtained an undetermined amount. Rattner knew or should have known that these management fees constituted property obtained through the commission of a felony, to wit: a violation of Section 352-c(6) of the General Business Law.

50. The Quadrangle Capital Partners Fund II investment vehicle was used as an instrumentality in the fraudulent criminal conduct described in paragraph 49, in that it constituted property whose use contributed directly and materially to the commission of a crime. Defendant Ratter knew, and therefore, because Rattner was its sole owner, SR Asset Corp. knew, that the Quadrangle Capital Partners Fund II would be and was in fact used in violating Section 352-c(6) of the General Business Law.

51. Rattner, who departed Quadrangle in or about February 2009, will continue to receive a percentage of profits and management fees, including those associated with the CRF's investment with Quadrangle Capital Partners Fund II and constituting criminal proceeds, in an undetermined amount. According to the terms of various "Tail Agreements" between Rattner and Quadrangle, Rattner stands to receive future profits and management fees associated

with the CRF investment and constituting criminal proceeds, in an undetermined amount.

52. From in or about November 2002 through in or about July 2008, as a result of the criminal defendants' fraudulent schemes, the criminal defendants Morris and Loglisci and their associates obtained criminal proceeds of at least \$35,659,075.

53. From in or about March 2005 through the present defendant Rattner obtained criminal proceeds of an undetermined amount, and stands to receive additional future criminal proceeds in an undetermined amount.

54. Defendant Rattner, through his sole ownership of defendant SR Asset Corp., holds an interest in the instrumentality of a crime, to wit: Quadrangle Capital Partners Fund II, in an undetermined amount of at least \$13 million.

FIRST CAUSE OF ACTION

55. Criminal defendants Morris and Loglisci have engaged in a common plan and scheme of criminal activity that included one or more of the post-conviction forfeiture crimes listed above.

56. Criminal defendants Morris and Loglisci have criminal liability for one or more post-conviction forfeiture crimes and are, thus, criminal defendants in this action as that term is defined in CPLR Section 1310(9).

57. Criminal defendants Morris and Loglisci and Morris associates obtained proceeds from these crimes in the amount of at least \$35,659,075.

58. Criminal defendants Morris and Loglisci are jointly and severally liable as criminal defendants for the forfeiture of an amount equal to the proceeds, substituted proceeds and instrumentalities of their post-conviction forfeiture crimes and all criminal activity of which

those crimes are a part, in the amount of at least \$35,659,075.

SECOND CAUSE OF ACTION

59. Criminal defendants Morris, and Loglisci obtained proceeds from the criminal scheme described herein in an undetermined amount, but not less than \$35,659,075.

60. Criminal defendants Morris and Loglisci each knew and should have known that the property he obtained as a result of the criminal activity described herein was obtained through the commission of one or more of the felonies enumerated in this complaint.

61. Criminal defendants Morris and Loglisci are liable to the plaintiff as non-criminal defendants for the forfeiture of the proceeds, substituted proceeds and instrumentalities obtained by any of them, in an amount not less than \$35,659,075.

THIRD CAUSE OF ACTION

62. Defendant Rattner obtained proceeds, and will continue to receive proceeds from the criminal scheme described herein in an undetermined amount.

63. Defendant Rattner knew and should have known that the property he obtained, and stands to receive as a result of the criminal activity described herein, was obtained through the commission of one or more of the felonies enumerated in this complaint.

64. Defendant Rattner is liable to the plaintiff as a non-criminal defendant for the forfeiture of the proceeds and substituted proceeds obtained by him, in an undetermined amount.

65. Defendant Rattner is liable to the plaintiff as a non-criminal defendant for the forfeiture of future proceeds and substituted proceeds that he stands to receive in an undetermined amount.

FOURTH CAUSE OF ACTION

66. Defendant Rattner, through defendant SR Asset Corp., had an ownership interest in the Quadrangle Capital Partners Fund II that was used to obtain proceeds from the criminal scheme described herein in an undetermined amount, but not less than \$13 million.

67. The Quadrangle Capital Partners Fund II is an instrumentality, as that term is defined in CPLR section 1310(4), of the criminal activity of criminal defendants Morris and Loglisci and others whose criminal activity and use of Quadrangle Capital Partners Fund II as an instrumentality of their crime was known to defendant Rattner and defendant SR Asset Corp.

68. Defendant Rattner and defendant SR Asset Corp. are liable as non-criminal defendants, for the forfeiture of their share of the Quadrangle Capital Partners Fund II as an instrumentality of a crime.

PRAYER FOR RELIEF

WHEREFORE, the plaintiff demands judgment against the defendants as follows:

- a. As to the First Cause of Action, against defendants Morris and Loglisci jointly and severally, as criminal defendants for the forfeiture pursuant to CPLR Article 13-A of a sum equal in value to the total of the proceeds, substituted proceeds and instrumentalities of their post-conviction forfeiture crimes in an amount not yet determined, but not less than \$35,659,075;
- a. As to the Second Cause of Action, against defendants Morris and Loglisci as non-criminal defendants for the forfeiture of all proceeds, substituted

proceeds and instrumentalities they obtained in an amount not yet determined, but not less than \$35,659,075;

- c. As to the Third Cause of Action, against defendant Rattner as a non-criminal defendant for the forfeiture of all proceeds and substituted proceeds he obtained in an amount not yet determined, and all future proceeds and substituted proceeds that he stands to receive in an undetermined amount, and the appointment of a receiver to take custody and control of these future funds as they become due and payable to defendant Rattner.
- d. As to the Fourth Cause of Action, against defendants Rattner and SR Asset Corp. as non-criminal defendants for the forfeiture of their interest in the Quadrangle Partners Capital II fund as an instrumentality of crime; and
- e. The costs and disbursements of this action and for such other and further relief as the Court deems just and proper.

DATED: November 18, 2010
New York, New York

ANDREW M. CUOMO
Attorney General of the
State of New York
101 East Post Road
White Plains, New York 10601
(914) 422-8700

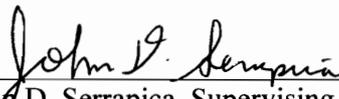
BY: 
BRIAN MOORE
Assistant Attorney General
In Charge of Forfeiture

VERIFICATION

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

JOHN D. SERRAPICA, being duly sworn, deposes and says:

I am a Supervising Investigator with the Office of the New York State Attorney General. I have read the foregoing amended complaint and know the contents thereof, and the factual matters therein are true to my own knowledge, except as matters therein stated to be alleged upon information and belief, and as to those matters, I believe them to be true; that my belief as to all matters not stated upon my own knowledge is based upon the investigation conducted by the New York State Attorney General's Office into the matters described in the amended complaint, and includes interviews with other persons, including investigative personnel, and the review of investigatory reports and material. The reason the verification is not made by Plaintiff-Claiming Authority is that he is a public officer and a representative of a governmental agency.



John D. Serrapica, Supervising Investigator

Sworn to before me this
18th day of November, 2010



Notary Public

BRIAN J. MOORE
Notary Public, State of New York
No. 02MO4924799
Qualified in Putnam County
Commission Expires February 28, 2012