



U.S. Department of Justice

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FOR IMMEDIATE RELEASE

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PRESS RELEASE

**FORMER NYC MAYORAL CHIEF-OF-STAFF AND THREE OTHERS CHARGED IN
BRIBERY SCHEME RELATED TO NYC MIGRANT SHELTER CONTRACT**

***Former Chief of Staff Frank Carone Allegedly Accepted Bribes in Exchange for Steering a
Multi Million Dollar Municipal Migrant Shelter Contract to a Long Island Businessman***

A 13-count indictment was unsealed today in federal court in Brooklyn charging Anthony J. Carone, Frank V. Carone, Crystal Chen, and Yan Po Zhu, also known as "Andy Zhu," for their roles in a bribery scheme that capitalized on funding meant to address New York City's migrant crisis. The charges include fraud, bribery, money laundering, obstruction of justice, and tax fraud. All four defendants were arrested today and will be arraigned this afternoon before U.S. Magistrate Judge Marcia M. Henry.

Michael Considine, First Assistant United States Attorney for the Eastern District of New York; James C. Barnacle, Jr., Assistant Director in Charge, Federal Bureau of Investigation, New York Field Office (FBI); Harry T. Chavis, Jr., Special Agent in Charge, Internal Revenue Service-Criminal Investigation, New York (IRS-CI New York); and Nadia I. Shihata, Commissioner, New York City Department of Investigation (DOI), announced the arrests and charges.

"As alleged in the indictment, the defendants exploited the unprecedented migrant crisis in New York City for their own personal gain," stated First Assistant United States Attorney Considine. "The defendants engaged in a bribery scheme to secure a migrant shelter contract worth millions of dollars from a city agency funded in part by billions of federal dollars. Frank Carone and his brother Anthony Carone are also charged with evading taxes on the proceeds of that scheme. This case demonstrates the Office's commitment to protecting taxpayer dollars, and holding accountable those who misuse public funds for private gain."

FBI Assistant Director in Charge Barnacle: “The alleged conspiracy resulted in a massive betrayal of the American taxpayers’ trust by steering millions of dollars in funding for asylum housing in exchange for illegal bribe payments, which were then funneled to cover personal expenses.”

“Today’s charges show how these defendants chose greed over integrity, exploiting a humanitarian crisis and siphoning taxpayer funds intended to support vulnerable migrant families. IRS Criminal Investigation worked alongside our law enforcement partners to unravel the financial maneuvers used to conceal bribe payments and evade taxes. Our mission in this case was simple—follow the money, expose corruption, and protect taxpayer funds,” stated IRS-CI New York Special Agent in Charge Chavis.

“The conduct charged in this indictment is the epitome of corrupt self-dealing. The former chief of staff in the prior mayoral administration allegedly used his connections and the influence afforded to him by his public office to push through a multimillion dollar, publicly funded contract to personally enrich himself. By allegedly engaging in this criminal scheme, as charged, all four defendants used the plight of migrants for their own profit, resulting in the inefficient use and approval of a shelter location that could house fewer people than more appropriate locations and required the City to expend additional resources to make up the difference. That two of the defendants are attorneys who allegedly violated their ethical duty to act with honesty and integrity underscores the seriousness of these charged offenses. DOI thanks the U.S. Attorney’s Office for the Eastern District of New York and the New York Offices of the FBI and the IRS for their steadfast partnership on this joint investigation, which highlights the need to protect the integrity of City processes and public funds, particularly during a crisis,” stated DOI Commissioner Shihata.

As alleged in court filings, beginning in approximately 2022, Anthony Carone and Frank Carone—who are brothers and attorneys both admitted to practice in the State of New York—Crystal Chen, and Yan Po Zhu, devised and executed a scheme to exploit the City’s migrant crisis for their personal profit.

In 2022, New York City experienced an unprecedented influx of migrant asylum seekers. New York City was a “right to shelter” city, meaning the City was legally required to provide shelter to all homeless individuals who sought it. Because the volume of migrant asylum seekers who needed housing outpaced the City’s existing shelter system, the City instituted a process for contracting with local hotels to house migrant asylum seekers (the Emergency Shelter Contracts). Through the Emergency Shelter Contracts, the City agreed to rent entire hotels for one year or more and utilize the hotels as emergency shelters to house migrant asylum seekers.

To identify and evaluate sites for potential Emergency Shelter Contracts, employees from the City’s Department of Social Services (DSS) solicited and reviewed proposals from local hotels. Following its own due diligence, DSS recommended to City Hall that the City enter into Emergency Shelter Contracts with certain local hotels. To fund the Emergency Shelter Contracts and other asylum services, the City received over approximately \$1.8 billion of federal grant money in 2022.

As the City’s migrant crisis reached its peak in 2022, Frank Carone accepted a series of bribe payments from Zhu and Chen to steer a multi-million-dollar shelter contract to the Microtel,

a hotel in Long Island City, Queens, which allowed the Microtel to operate as an emergency migrant shelter. Zhu, a wealthy businessman, owned the Microtel, and Chen was Zhu's business manager.

Repeatedly throughout 2022, DSS rejected the Microtel as a suitable location to be run as a migrant shelter. Frank Carone, however, used his official position as Chief of Staff to intercede on the Microtel's behalf in exchange for \$120,000 of bribe payments from Zhu and Chen. Despite DSS's prior independent assessment that the Microtel was not a suitable location for a temporary shelter, the Microtel was ultimately awarded an Emergency Shelter Contract due to Frank Carone's directive to DSS to consider the Microtel for such a contract. The Microtel ultimately received an Emergency Shelter Contract worth \$6,825,000, which inured to the financial benefit of Zhu and Chen.

To conceal the criminal nature of the bribe payments, Zhu and Chen directed the bribe payments to a bank account controlled by Anthony Carone in the name of his law firm (the Law Firm Account). The bribe payments were commingled with legal fees from other clients that Frank Carone referred to Anthony Carone while Frank Carone served as Chief of Staff. Anthony Carone then steered the majority of the funds paid into the Law Firm Account to Frank Carone, including by paying Frank Carone's personal credit card bills while Frank Carone served as Chief of Staff. Anthony Carone also used the funds paid into the Law Firm Account to write checks payable to Frank Carone. In addition, Anthony Carone, Zhu, and Chen executed a sham retainer agreement to make the bribe payments to Frank Carone appear to be legitimate legal fees paid to Anthony Carone's law firm. Notably, Anthony Carone did not inform his law firm partners that Zhu had allegedly retained Anthony Carone or the law firm, nor did Anthony Carone inform his law firm partners that he was facilitating cash payments from the Law Firm Account to Frank Carone including while Frank Carone was Chief of Staff.

The sham retainer agreement called for Zhu and Chen to make bribe payments totaling \$120,000. After those payments were made, Chen emailed Anthony Carone and requested to terminate the sham retainer agreement. Despite the fact that the payments outlined in the sham retainer agreement had been made, Anthony Carone responded seeking additional payments. After no further payments were made, Frank Carone communicated with Zhu and expressed that he was "not happy" and would "not discuss[] [any future deals] until past is worked out." In response, Zhu stated that he had "asked my partners to pay you for a year."

Neither Frank Carone nor Anthony Carone reported their income from the criminal scheme to the IRS in their initial 2022 tax filings. Nor did Frank Carone report this outside income to the NYC Conflicts of Interest Board as required. In 2025, however, after learning there was a federal investigation into his finances, Anthony Carone amended his 2022 personal and law firm tax filings to declare as income the client fees he received in the Law Firm Account.

Similarly, in July 2024, after Frank Carone and Anthony Carone became aware of the federal investigation, they obstructed justice by fabricating evidence to create the false impression that the payments from the Law Firm Account to Frank Carone's personal credit card were personal loans instead of a conduit to conceal bribe payments. Specifically, Frank Carone and Anthony Carone created and executed a document purporting to be a promissory note, which they backdated to January 2022, and subsequently provided to federal investigators.

The charges in the indictment are allegations, and the defendants are presumed innocent unless and until proven guilty. If convicted of the charges, the defendants each face up to 20 years in prison.

The government's case is being handled by the Office's Public Integrity Section and the Criminal Section of the Office's Long Island Division. Assistant United States Attorneys Sara K. Winik, Adam R. Toporovsky, and Eric Silverberg are in charge of the prosecution, with assistance from Paralegal Specialists Johnson Peow and Daniel Arakawa.

On April 7, 2026, the Department of Justice announced the creation of the National Fraud Enforcement Division (Fraud Division). The Fraud Division is focused on investigating and prosecuting those who commit fraud against the American people.

The Defendants:

ANTHONY J. CARONE

Age: 54

New York, NY and East Hampton, New York

FRANK V. CARONE

Age: 56

New York, NY and Boca Raton, Florida

CRYSTAL CHEN

Age: 39

East Williston, New York

YAN PO ZHU (also known as "Andy Zhu")

Age: 51

Glen Head, New York

E.D.N.Y. Docket No. 26-CR-177 (KAM)

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