

## SCHEDULE OF EXHIBITS

1. ANALYSIS OF TOWNHOUSE WAITING LIST SHOWING MORALES AS NUMBER 6 ON A LIST OF SHAREHOLDERS INTERESTED IN A TOWNHOUSE LOCATED IN SECTION 2
2. RIVERBAY TOWNHOUSE WAITING LIST FOR PRE 12/16/08 APPLICANTS, REDACTED TO PRESERVE CONFIDENTIALITY OF NAMES
3. DHCR VERSION OF PRE 12/16/08 TOWNHOUSE WAITING LIST, REDACTED TO PRESERVE CONFIDENTIALITY OF NAMES.
4. SALES DEPARTMENT DOCUMENT SHOWING 7-19-10 APPROVAL OF MORALES TRANSFER BY STEVE GOLD.
5. DHCR APPROVAL OF MORALES TRANSFER ON 8-23-10 WITH RIVERBAY CERTIFICATION ON 7-27-10 THAT APPLICANT WAS SELECTED IN PRESCRIBED ORDER.
6. DISCLOSURE OF RIVERBAY "AS-IS" POLICY SIGNED BY MORALES IN 2008, STATING NO WORK AND NO INSPECTION PRIOR TO OCCUPANCY.
7. "AS-IS" ACCEPTANCE SIGNED BY MORALES ON 9-2-10.
8. BOARD RESOLUTION 08-50 REGARDING "AS-IS" TRANSFER POLICY

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9. CHANGE OF TENANCY FORM SHOWING 6-29-10 SURRENDER OF KEYS
10. 6-29-10 RESTORATION WORK ORDER FROM SALES DEPARTMENT
11. RESTORATION DEPARTMENT MEMO OF 10-7-10 OUTLINING WORK
12. TIME LINE OF KEY EVENTS
13. SUMMARY OF KEY WITNESS INTERVIEWS
14. BOARD RESOLUTION 10-86 – PUBLIC WAITING LISTS

EXHIBIT 1

ANALYSIS OF  
RIVERBAY'S TRANSFER WAITING LIST  
JULY 2010 \*\*\*  
THREE BEDROOM TOWNHOUSE  
7.0 ROOMS

A*	B**	Application Date	Original Stated Preference	Interested (Yes/No)
1		10/23/1998	"B" Townhouse, Section 5, Earhart Lane	Yes, only Section 5
6		12/2/2003	"B" Townhouse, Sections 3 - 4	Yes, only Sections 3 - 4
9	1	5/27/2004	"B" Townhouse, Cooper Place	Yes, Sections 1 - 4
13	2	3/15/2006	Sections 1 - 3	Yes, Sections 1 - 3
17	3	5/14/2007	Townhouse Sections 1 - 4	Yes, Sections 1 - 4
19		3/10/2008	Townhouse - Moved from 6.5	Yes, only Section 1
20	4	4/24/2008	Moved from Section 5.0 List	Yes, Open to any available Sections
21		5/13/2008	Section 5	Yes, Section 5
22		5/14/2008	Moved from 7.0 List on 9/08, request "E" Line, Section 3. Moved back to Section 7.0 List again on 7/30/10, Section 5	Yes, Sections 3 & 5
23	5	7/7/2008	Adler Place	Yes, Open to all Sections
24	6	7/23/2008 Leticia Morales	Sections 1 - 4	Approved 8/23/10, Section 2

Unshaded Areas identify the six (6) shareholders whose stated criteria and application date indicate they were eligible and interested in the Cooper Place townhouse located in Section 2.

\*A - Original ranking based on chronological date of application.

\*\*B - Ranking of eligible applicants willing to accept the Cooper Place Townhouse in Section 2 as of July of 2010. Morales, originally ranked number 24 based on date of application, is number 6 on the list of shareholders interested in a townhouse in Section 2, behind 5 other eligible shareholders.

\*\*\* Information on the list changes often and may not be accurate as of the date of publication of this report.

EXHIBIT 2

**THREE BEDROOM TOWNHOUSES**

**7.0 ROOMS**

1	10/23/1998	"B" Townhouse, Section 5, Earhart Lane	
2	11/19/2002	"B" Townhouse, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000	
2	11/19/2002	"B" Townhouse, Section 5, Earhart Lane	
3	12/13/2002	"B" Townhouse, Section 5, Earhart Lane	
4	3/10/2003	"B" Townhouse, Section 5, Earhart Lane	
5	1/19/2003	"B" Townhouse, Section 5, Earhart Lane	
6	12/2/2003	"B" Townhouse, Section 5, Earhart Lane	
7	2/2/2004	"B" Townhouse, Section 5, Earhart Lane	
8	3/2/2004	"B" Townhouse, Section 5, Earhart Lane	
9	5/27/2004	"B" Townhouse, Section 5, Earhart Lane	
10	10/20/2004	"B" Townhouse, Section 5, Earhart Lane	
11	11/5/2004	"B" Townhouse, Section 5, Earhart Lane	
12	11/17/2004	"B" Townhouse, Section 5, Earhart Lane	
13	3/15/2006	"B" Townhouse, Section 5, Earhart Lane	
14	7/17/2006	"B" Townhouse, Section 5, Earhart Lane	
15	12/5/2006	"B" Townhouse, Section 5, Earhart Lane	
16	8/28/2006	"B" Townhouse, Section 5, Earhart Lane	
17	5/14/2007	"B" Townhouse, Section 5, Earhart Lane	
18	1/25/2007	"B" Townhouse, Section 5, Earhart Lane	
19	3/10/2008	"B" Townhouse, Section 5, Earhart Lane	
20	4/24/2008	"B" Townhouse, Section 5, Earhart Lane	
21	5/13/2008	"B" Townhouse, Section 5, Earhart Lane	
22	5/14/2008	"B" Townhouse, Section 5, Earhart Lane	
23	7/7/2008	"B" Townhouse, Section 5, Earhart Lane	
24	7/23/2008	"B" Townhouse, Section 5, Earhart Lane	

EXHIBIT 3

THREE BEDROOM TOWN HOUSES

7.0 ROOMS

1	10/23/1998	"B" Town House, Section 5, Easthart Lane.
2	11/19/2002	"B" Town House, Section 5, open to others.
3	12/3/2002	"B" Town House, Adler or Brown
4	3/10/2003	Section 4, Adler Place <i>A 2-6-10 JRD</i>
5	11/19/2003	Moved from 6.0 to 7.0, Requests cooper, Adler, and Brown 1998. <i>A 8-31-10 JRD</i>
6	12/2/2003	"B" Town House, Section 3-1
7	2/2/2004	"B" Town House, Section 1-5
8	3/2/2004	"B" Town House, Section 1-5, Added "as is" 1/07
9	5/2/2004	"B" Town House, Coburn Place, As of Sept 08, open to "as is"
10	10/20/2004	"B" Town House, Section 1 or 2 <i>A 6-11-10 JRD</i>
11	11/6/2004	"B" Town House, Section 3 or 4
12	11/17/2004	"B" Town House, Section 1-2-3-4, Open to all as of 5/15/07
13	3/15/2006	Section 4-3-3
14	7/17/2006	Open and open to "as is" <i>A 2-20-10 JRD</i>
15	12/5/2006	Sections 4-3, As of Sept 08, added sections 1-3 so now open to all five sections.
16	8/28/2006	Open <i>Approved M. W. Rosemary B.B.S. Leticia Morales JRD</i>
17	5/4/2007	Section 1-4
18	11/26/2007	Section 3-4
19	5/13/2008	Section 5
20	7/7/2008	Adler Place
21	7/23/2008	Section 1-4 <i>A 8-23-10 JRD</i>
		D6542

EXHIBIT 4

Untitled

Mode:10:23:51 am

◆ RIVERBAY CORPORATION ◆ Apartment Management System ◆ APPLICATION RECEIPT◆

Name Last: MORALES First: LETICIA Application # Account #D8542  
 Address: 120 DARROW PL  
 05B-12F  
 City: BRONX NY Zip Code: 10475-  
 Telephone Home: ( ) - Work: ( ) - Ext: 6464362617  
 Number of Bedrooms Requested: 3  
 Number of Rooms Requested: 7.0 Application Received: 07/23/2008  
 Vietnam Veteran? (Y/N): N  
 Family Income: 113251  
 Status: A (P/A/C/D) Approved by: SHG Date: 07/19/2010  
 Assigned to: JN Date: 07/19/2010  
 To DHCR: 07/27/2010 From DHCR: 08/23/2010 DHCR Approve/Reject: A  
 Dear:  
 Comments: 7/28/08 Req. Sec. 1-4 \*DG\*

F1HELP F2Pref F3ReqDoc F5Chrgs F7Invtg F8Show F9Detail F10Save ESCQuit

Untitled

Mode:10:23:28 am

Bldg	Apt	Pink Recvd	Date Shown	Pink Retrn	Shown By	A/R	Reason Rejected/ Closing/Move-in Date/Elev.Auth.
41	21B	07/19/2010	07/28/201	/ /	JN	A	09/02/201009/03/2010 CR

F1HELP F10Save ESCQuit

EXHIBIT 5



EXHIBIT 6

DIRECTOR OF SALES:  
Steven H. Gold

SALES REPRESENTATIVES:  
Fron Clark  
Carol Roselli  
Marina Thomas

SALES SUPPORT REPRESENTATIVES:  
Barbara Cohen  
Dica Geronimo  
Tanzra Hodges  
Andrea Tuberman



RIVERBAY CORPORATION, 2049 BARTOW AVENUE, BRONX, NEW YORK 10475  
VOICE (718) 320-3373 FAX (718) 320-3692 www.riverbaycorp.com

### DISCLOSURE FOR "AS IS" APARTMENT SELECTION

The purpose of this form is to explain what it means to purchase an apartment "As Is" and advise you of the rules governing "As-Is" selection effective March 1, 1999.

Often a vacating shareholder is interested in selling his/her apartment "As-Is". Sometimes this is because the seller has made modifications to the apartment that may be desirable to an incoming shareholder. Other times they may know someone who is interested in the apartment (must be an approved applicant) and in order to avoid a long waiting period, the applicant opts to purchase the apartment "As-Is".

An "As-Is" apartment is one that is sold in its current condition. There is no restoration done to the apartment and the incoming shareholder assumes responsibility for any and all restoration and repairs. Nothing in the apartment is repaired or restored. Riverbay does not even enter the apartment prior to the new shareholder moving in. However, after the new shareholder takes possession of the apartment, Restoration will replace the smoke detector(s), toilet seat(s), bottom lock and window guards. Transferring Cooperators are required to bring their existing stove and refrigerator with them or provide their own replacement. From that point on Riverbay will only be responsible for normal maintenance repairs to which all shareholders are entitled. A bedroom flooring voucher will be provided to both new and transfer applications.

Effective, March 1, 1999 all requests for apartments to be sold/purchased "As-Is" must be processed through the respective waiting list. A vacating shareholder will no longer be able to provide a buyer unless Riverbay does not have anyone on the waiting list that is interested in purchasing the apartment "As Is"

Please note that in accordance with NYC Housing Codes all apartments must pass a "violation free" inspection conducted by the Restoration Department in order to be considered for an "As-Is" sale.

If it is therefore necessary for you to complete the bottom of this form and return it as part of your application package so we know whether or not to contact you for an "As-Is" apartment.

No. I am not interested in selecting an "As-Is" apartment. I am only interested in purchasing a fully restored apartment.

- either or -

Yes. I am interested in selecting an "As-Is" apartment. I understand that this Apartment will not be restored.

Leticia Morales  
Applicant Name(s)

120 Darrow 5B/12F  
Current Address, (Bldg and Apt.)

EXHIBIT 7



RIVERBAY CORPORATION, 2049 BARTOW AVENUE, BRONX, NY 10475-4613  
VOICE (718) 320-3300 FAX (718) 671-4733 www.riverbaycorp.com

Date: 9-2-10

### Your "As-Is" Apartment

Attention: New Cooperator:

It is our understanding that you have agreed to accept your new apartment "violation free". This means neither Riverbay Corporation nor anyone else will be entering your apartment until the day YOU receive the keys and move into the apartment.

Once you are in the apartment, please do the following:

*320-3300 x 3435*

1. Contact the Restoration Department, (718) ~~320-3435~~. They will arrange to have the bottom lock cylinder changed on the door and change the lock for the mailbox located in your building lobby.
2. The toilet seat (s) will be changed then.
3. The new smoke detector (s), which you purchased, will also be installed.

Your Cooperator Service Office would process further maintenance work and the chart below refers you to the correct Cooperator Service Office.

Bldgs. 1- 7	Bldgs. 8 - 14	Bldgs. 15 - 19	Bldgs. 20 - 25	Bldgs. 26 - 35
320-3453	320-3458	320-3403	320-3405	320-3595

Your cooperation in this matter is appreciated.

Sincerely,  
RiverBay Corporation

*Leticia Morales*  
Cooperator

Residential Sales Agent

\_\_\_\_\_  
Cooperator

EXHIBIT 8

**SECOND READING - RESOLUTION #08-50**

**SUBMITTED BY: Leticia Morales**

**SECONDED BY: Helen Atkins and  
Khalil Abdul-Wahhab**

**BOARD OF DIRECTORS MEETING DATED: October 22, 2008**  
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**WHEREAS** the Board of Directors has considered the current financial condition of the Corporation, the need to preserve affordable housing and the current market price for cooperative units in the New York Metropolitan area; and

**WHEREAS**, the Board wishes to ensure a uniform procedure for the assessment of restoration and renovation charges when a shareholder transfers to a different unit within Coop City; and

**WHEREAS**, the current policy is for the Corporation to pay all restoration and renovation charges when an existing resident transfers to a new apartment; and

**WHEREAS**, according to a recent audit, the restoration and renovation expenses often exceed the equity charge paid by the transferring resident; and

**WHEREAS**, the Board believes it would be more equitable to have the transferring resident acquire the new unit "as is" and to have the Corporation perform repairs which are the responsibility of the Corporation under the Occupancy Agreement;

**NOW THEREFORE BE IT RESOLVED** that as of December 1, 2008, any existing resident who acquires a new apartment shall acquire said unit "as is", except to the extent that the Corporation is required to perform repairs under the Occupancy Agreement; and it is further

**RESOLVED** that an existing resident who desires to improve or renovate their apartment may do so by following rules and regulations to be established by the Corporation's Managing Agent, which shall at a minimum require that the resident obtain adequate insurance naming the Corporation as an additional insured, use only licensed contractors, perform work during reasonable times and hours, and only perform work, renovations or improvements which is consistent with the existing structure in which the apartment is located and safe.

**YES: Atkins, Heath, Jones, Morales, Rodriguez, Santiago, Torres, Wahhab**

**ABSTAIN: Cabodevilla, Leslie,**

**ABSENT: Bailey, Helms, Illis, Owens, Shapiro, Taylor**

**PASSED**

EXHIBIT 9



EXHIBIT 10



RIVERBAY CORPORATION  
RESIDENTIAL SALES DEPARTMENT

RESTORATION WORK ORDER

BUILDING #:

APARTMENT #:

# OF ROOMS

21B

COOPER PL.

7.0

PLEASE INSPECT THE ABOVE UNIT AND DETERMINE IF THE UNIT SHOULD BE OFFERED "AS IS", PARTIALLY RESTORED WITH MINOR WORK BEING DONE OR FULLY RESTORED. PLEASE ADVISE SALES ONCE THE INSPECTION IS COMPLETE AND A DETERMINATION IS MADE.

6-29-2010

Today's Date

8-6-10

Restoration Completion Date

Steven H. Gold

Action Initiated By

EXHIBIT 11

## Memorandum

To: Vernon Cooper, General Manager  
From: Corey Jones, Director of Restoration  
Date: October 7, 2010  
Re: 21B-Cooper Place

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21B-Cooper was a custom unit that was outfitted with a variety of items and fixtures that were not Riverbay standard issue including but not limited to: a large marble fire place, a custom brick façade in the kitchen, custom stained beams in the bedroom, a stone planter at the top of the #1 landing leading into the living room, custom railing leading to the second floor, ceramic step landings, stucco walls, custom tile work and vanity in the full bathroom, wall paper in the ½ bath a multitude of other items making unit look well cared for on the surface. The flooring was in great condition besides where noticeable repairs were completed by the prior resident in various areas. (Color variations). The custom light fixtures were old and there were two broken drawers in the kitchen and the counter top was loose particle board.

There were personal items that the incoming share holder wanted to keep such as a stained glass window, decorative wood framing around the windows. Being this unit was only to be cleaned and potential code violations rectified I sent my staff to initiate the work on July 6<sup>th</sup> through July 9<sup>th</sup>. Unfortunately the staff while removing debris and furnishings damaged the custom railing discarded the wood work and stained glass from the living room and discarded the full length closet doors. Following this mix up called I personally viewed the damages and asked if the doors could be salvaged and they could not.

The following is a detailed list of work that was completed in unit 21B-Cooper under my Direction to repair what was broken during the process of clearing the unit and items that were considered potential hazards or potential building code violations.

- Replacement of all closet doors that were removed this process required framing, plaster/taping and replacement of the floor tiles directly in front of the closet opening.
- Replacement of the fixtures as a precautionary measure due to age.
- Plastering of the cracks that were deemed deep enough to be considered stress fractures.
- Replacement of one wood floor in bedroom #2 that was damaged by a convector leak between the time of 8-26 and 8-30, 2010.
- The loose counter top and doors were original and couldn't be repaired or matched so I approved replacement.
- Window guards were installed throughout the unit.

There was no painting, wall paper removal, floor buffing, or any other items addressed with my approval besides what is listed above and these Items I can vouch were necessary to make the unit habitable. There were no ascetic or cosmetic additions approved or sanctioned by me beyond what is listed. Attached are the work orders that were generated to initiate the items listed.

EXHIBIT 12

SALES INVESTIGATION TIME LINE

Date	Event
10/06/69	Prior Shareholder Assumes Possession of Cooper Place
07/23/08	Morales Applies for Townhouse Transfer
06/29/10	Prior Shareholder's Estate Surrenders Townhouse to Sales
06/29/10	Sales Department Transfers Keys to Restoration Department
Unknown	Townhouse Inspected by Sales and Restoration
Unknown	Meeting between General Manager, Sales and Restoration Directors
07/06/10	Restoration Begins Work on Townhouse, Removes Closet Doors
Unknown	Follow Up Meeting Between General Manager, Sales & Restoration
07/19/10	Internal Sales Dept Record Showing Morales Transfer Approved by Gold
07/26/10	Pre-Inspection Report of Morales Apt to be Surrendered Upon Transfer
07/27/10	Submittal to DHCR by Sales Department of Request to Approve Transfer
07/28/10	Signature by Morales Accepting Condition of Townhouse
08/23/10	Approval of Transfer by DHCR
09/03/10	Move In Date

EXHIBIT 13

SUMMARY OF KEY WITNESS INTERVIEWS

Leticia Morales, Riverbay Corporation Board Member

Steve Gold, Director of Sales Department, Riverbay Corporation

Vernon Cooper, General Manager, Riverbay Corporation

Corey Jones, Director of Restoration Department, Riverbay Corporation

MEMORANDUM

TO: Jeffrey D. Buss  
FROM: Heather Moran  
DATE: October 19, 2010  
SUBJECT: Interview of Steve Gold

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Steve Gold was interviewed at 12:00 (noon) on October 14, 2010, at his attorney's office (Eugene Eisner, 80 University Place) in Manhattan. Riverbay General Counsel Jeffrey D. Buss conducted the interview, and paralegal Heather Moran was also present. The following is a summary of the interview:

Steve Gold began working at Riverbay on October 11, 1976 in the Finance Dept. He was then moved to Restorations. (no timeline). He worked at Riverbay for 15 years straight, then he was laid off in January 1992. He was off for 22 months, returning Christmas of 1993 in the sales position he most recently had. He is a licensed real estate broker and he teaches the RAM D course. His last day of work before his suspension was October 1, 2010.

When he was showed the town house transfer waiting list, Mr. Gold stated that he creates and maintains the list and that Dica Geronimo provides him with the information that goes on the list. From Riverbay, Dica, Andrea Tuberman and Lorna all get a copy, as does DHCR. However, DHCR's list is not always as updated as the Riverbay copy. Mr. Gold explained that he sends DHCR a copy either a) when they ask or b) quarterly.

On July 23, 2008, Leticia Morales filled out a transfer application for a townhouse. According to Mr. Gold, every Friday night around 7pm, as Mr. Gold would leave work, Ms. Morales would approach him on her way to church at Bartow. According to Mr. Gold, she would always inquire when she was going to get a townhouse. He explained to Ms. Morales time and again that she would get a townhouse when she was next on the list. Mr. Gold also explained that normally Andrea Tuberman handles Riverbay transfers and Steve Gold is not involved. However, in this case he admitted that he personally assumed responsibility for the transfer. According to Mr. Gold, the only reason he got involved and assumed control of this transaction was because Ms. Morales kept approaching him.

A townhouse became available in Section 2 at the end of June, 2010. According to Mr. Gold, the townhouse was different than other townhouse because the owner had lived there for approximately 40 years, and the townhouse was "dated". Mr. Gold stated that before Sales viewed the apartment, Ms. Morales had found out about the townhouse and had gotten in to see it. Mr. Gold explained that both Ms. Morales' boyfriend Hector, and her daughter, also named Leticia, work in Restorations. Mr. Gold stated that Hector typically has keys to all the apartments/townhouses while they are being worked. Mr. Gold surmised that this relationship is how Ms. Morales found out about the vacancy, and how in his opinion, she was able to view the townhouse.

According to Gold, when the town house first became available, he went to inspect the townhouse with Andrea Tuberman, a Sales Department employee who normally handles transfers. According to Mr. Gold, they wanted to see the townhouse because they heard it was different.

Shortly after the townhouse became available, Ms. Morales approached Mr. Gold and told him she would take the townhouse "As Is". Steve Gold then went to see the townhouse with Restoration Department employees. He believes it may have been Eddie Arce, Alex Gazivoda, and/or Tony Mendez. All of the prior occupants furniture and personal items were still in the townhouse. Steve Gold stated he wanted all personal items removed before Restoration made a decision on whether to restore the townhouse or not. When all the items were removed, Corey Jones and Steve Gold decided the townhouse should be restored as it was dated and the kitchen and bathroom both needed to be completely redone.

Mr. Gold stated that Ms. Morales approached him again, after this decision was made, and told him she would pay for all restoration work. Ms. Morales suggested that Mr. Gold talk to Vernon Cooper about giving her the apartment. There was no discussion of the waiting list. A few days after Ms. Morales made this suggestion, Mr. Gold saw Ms. Morales coming out of Mr. Cooper's office and exiting into the Bartow hallway adjacent to public safety.

Mr. Gold stated that a meeting was subsequently held between Steve Gold, Corey Jones and Vernon Cooper. He does not recall the exact date and has no records, emails or diary entry for the meeting. He does not recall who called the meeting, or how it was called. According to Mr. Gold, the condition of the apartment was discussed at the meeting. Mr. Gold stated that he never met with Mr. Cooper on transfers typically so the fact that they were meeting on it was out of the ordinary. The transfer of the townhouse to Ms. Morales was mentioned in the course of the conversation, but no discussion took place regarding the right of Ms. Morales to obtain the townhouse. Mr. Gold told Mr. Cooper that Ms. Morales was willing to take the townhouse "As Is" and pay for the restoration work herself. Mr. Gold stated that he asked Mr. Cooper if it was okay if Leticia Morales got the townhouse and Mr. Cooper winked and nodded. Mr. Gold then suggested that pictures of the condition of the townhouse be taken. Mr. Jones stated he would do one better and videotape the townhouse. Mr. Cooper agreed that this was a good idea.

Mr. Gold states that Mr. Cooper never verbally authorized or directed him to transfer the townhouse to Ms. Morales. Mr. Gold further stated that Ms. Morales position on the waiting list was not discussed. Mr. Gold stated that he did not bring a copy of the waiting list with him, that he did not display the waiting list to Mr. Cooper, that Mr. Cooper does not, and would not receive a copy of the waiting list. Mr. Gold specifically stated that he did not disclose or discuss jumping Ms. Morales ahead to Mr. Cooper. Further, Mr. Gold stated that Mr. Cooper did not direct or order him to change Ms. Morales' position on the waiting list, threaten him, or offer him anything of value in order to change Ms. Morales' position on the waiting list.

Subsequently, Mr. Gold was advised that Restoration had removed the bi-fold closet doors and performed more extensive work than authorized. At that time, Mr. Gold revisited the unit with Corey Jones from Restoration.

As a side note, Mr. Gold stated that townhouses are never sold to new people. Even though State regulations provide that 1 out of every 4 townhouses be set aside for new residents, Riverbay does not follow that regulation. Further, according to Mr. Gold, a recent board resolution (2008) provides that townhouse transfers are required to accept townhouses in "As Is" condition.

When Mr. Gold was asked if he knew of any other time the waiting list was jumped, he stated that he could remember only one time. Vernon Cooper sent a letter to DHCR on behalf of a woman whose 4 year old son had fallen from a balcony. Cooper's letter disclosed the fact that the family was not on top of the townhouse transfer list and requested that the transfer be approved due to the special circumstances. The family's transfer was approved by DHCR on an emergency basis.

When Mr. Gold was asked about the other shareholders who were jumped on the waiting list, he offered that Mr. Torres had been on the list ahead of Ms. Morales, but in Mr. Gold's opinion, Mr. Torres was no longer eligible since his family composition had recently changed. According to Mr. Gold, Mr. Torres stated that he was having some new family members move in with him and he needed/wanted to stay on the large townhouse waiting list, as he originally was. Mr. Gold stated that he advised Mr. Torres to submit a new income affidavit. Mr. Gold believes that the file does contain a new income affidavit for Mr. Torres, along with other documentation regarding his occupancy status, but Mr. Gold recalls the income affidavits to be un-notarized. He further recalls that Mr. Torres complained and stated that the notarized copies were with finance.

Mr. Gold did not offer details about any other person on the waiting list. However, Mr. Gold confirmed again that Ms. Morales was not next, that other shareholders were jumped, and that the Sales Department did not contact the other shareholders ahead of Ms Morales on the list, or offer the townhouse to them.

On Tuesday, September 28, 2010, Mr. Gold was called into a meeting with Herb Freedman. He was asked to bring the transfer waiting list to the meeting. At the meeting, Mr. Freedman asked Mr. Gold why Ms. Morales was given the townhouse rather than other shareholders on the list. According to Mr. Gold, he advised Mr. Freedman that Ms. Morales was willing to take the unit "as-is", and that Vernon Cooper "knew about it". Gail Badger, Corey Jones and Vernon Cooper were present at various times throughout the meeting. According to Mr. Gold, Vernon Cooper stated that he met with Mr. Gold to discuss the townhouse transfer, that he knew that Ms. Morales was getting the townhouse, but that Cooper did not know that Morales was being transferred ahead of other people on the list. According to Gold, he believed that Cooper did know that Morales was getting a preference, and he gave Gold the impression that he should make it happen. At said meeting, Mr. Freedman told Mr. Gold that effective Monday, October 4, 2010, Mr. Gold was to be suspended without pay pending an investigation into the townhouse transfer. Mr. Gold was emailed a Last Chance Agreement to sign by Michael Munns but was later told that the Agreement was on hold until the review was completed.

Mr. Gold commutes to work with Collette Ragan and when he found out about the suspension, he stated that Ms. Ragan could see that Mr. Gold was visibly upset and when she asked him what was wrong, he told her he did not want to speak about it.

Mr. Gold further stated that last Friday, (October 8<sup>th</sup>) he received a call at home from Ms. Othelia Jones, a member of the Board of Directors and the former President. According to Mr. Gold, Ms. Jones stated that she was calling to lend her support to him. Mr. Gold further claims that Ms. Othelia Jones thought his suspension was "outrageous".

To finish, Mr. Gold stated that Vernon Cooper routinely approves or gives the okay on various matters and then denies that he ever approved them. He suggested we talk to either Gail Badger or Noel Ellison about this as they have been put in similar situations. He also wanted to put on the record that the space given to Leticia Morales' church in Bartow was given out of list order and that he believes that Vernon Cooper approved this jump as well, although he has nothing to back that statement up.

Subsequently, Mr. Gold, through his counsel, suggested that other Riverbay Employees such as Peter Merola, Mary Ahland, Noel Ellison, and Gail Ragin, be interviewed for the purpose of establishing a pattern on the part of Mr. Cooper allegedly making statements that he would later claim not to remember. As an example, Gold stated that at a meeting after the 32 BJ strike was resolved, where more than 100 management employees were present, Cooper announced that he was going to make a BBQ or luncheon to thank everyone for the efforts but never followed through.

MEMORANDUM

**TO:** Jeffrey D. Buss  
**FROM:** Maria D. Ayala  
**DATE:** October 20, 2010  
**SUBJECT:** Interview of Leticia Morales

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Mrs. Leticia Morales was interviewed at approximately 4:00 p.m. on October 12, 2010. Mrs. Morales asked to be interviewed at a different location other than the Riverbay, which she claimed was more convenient for an after work meeting for her. Ms. Morales requested that the interview take place at a health clinic known as Full Circle Health located at 2429 Tremont Avenue, Bronx, New York 10461. Riverbay General Counsel Jeffrey D. Buss conducted the interview, and his paralegal Maria D. Ayala was also present. The following is a summary of the interview:

Beginning the session, Counsel Jeffrey D. Buss, advised Mrs. Morales the purpose of the interview and the basis for Riverbay's investigation pertaining to her transfer from a three bedroom cooperative apartment to a Town House and allegations that she received preferential treatment which allowed her to obtain a townhouse before other shareholders on the waiting list.

Ms. Morales stated that Mr. Steven Gold, director of Riverbay Sales Department contacted her in mid July and offered her a Town House and assured her that she would be interested. Mrs. Morales stated she had no notice that she had been bumped up on the waiting list and did not know that she had skipped other interested share holders. She stated that she took the Town House "As Is" in accordance with Mr. Gold's offer. According to Ms. Morales, Mr. Gold stated that a Town House was available in Section 2, on Cooper Place since the former occupant had recently passed away. Ms. Morales stated that she took the townhouse in poor condition, consistent with her application which provided that she would take a townhouse "as-is".

Ms. Morales has no recollection of visiting the town house with Mr. Gold or anyone from the Sales Department. She indicates she has no recollection of having any further communication's with Mr. Gold after the first call for the offer of the town house. She states that she only physically visited the Sales Department when signing necessary documents to proceed with her transfer and the closing.

Mrs. Morales states that when she moved in to the town house, she began performing alterations to the house, replacing certain fixtures, painting, carpentry and other related matters. She stated that she did not contact or visit the Restorations Department at any time between the date that she was offered the townhouse and the date that she moved in. Ms. Morales also stated that prior to her own restoration work, there were some work done to the townhouse by Riverbay, such as window repairs and closet doors, but that the rest of the alterations were performed by her, with her own money, and that she has receipts for all of her expenses.

Mrs. Morales stated that she has no close relationship with Mr. Gold. Ms. Morales stated that she never gave, offered, suggested or implied that she would give any money or anything of value, or any favors of any kind to Mr. Gold in exchange for preferential treatment on the waiting list. She also stated that she would never even consider such behavior because she values her reputation as a Board Member, her career, and her family. Ms. Morales further stated that she had "no idea" prior to the

accusations being made public that there was any appearance of impropriety or any question about her right to obtain the Cooper Place townhouse.

Ms. Morales states that she moved in early September, 2010. After she had taken possession she began to hear "rumors" about her skipping the list and her relationship with Steve Gold. She also indicates that since she moved in certain board members are accusing her of such acts since they were on the waiting list as well, but they failed to see that she was offered the town house because of its condition and the fact that she had no issues with doing the repairs to the town house herself and not through the restoration department. She states that she assumed that the other shareholders on the waiting list did not want a town house in an "as-is" condition.

Ms. Morales was asked her about her relationship with Hector Rosario, who is employed in Riverbay's Restoration Department. Ms Morales stated that her personal relationship with Mr. Rosario was not a proper subject of inquiry, and that it had no relationship to her ability to obtain a townhouse. Ms. Morales refused to answer questions about where she resided, but ultimately stated that she resides at the Cooper Place townhouse. Mrs. Morales was asked about other family members that are employed by the Riverbay corporation. She again repeated that her family's employment and residence had nothing to do with her townhouse transfer. She stated that she was eligible for a townhouse, that she resided in the Cooper Place townhouse, and that she received no special information or favors as a result of her status as a board member, or the employment of her family members by Riverbay. Mrs. Morales stated that several members of her family are shareholders and that some work for Riverbay. She stated that her daughter works for the Restoration Department and that other family members work for different departments at Riverbay but she was not sure of their job titles or responsibilities.

Mrs. Morales insists that if anything was done that was contrary to Riverbay rules or regulations, it was a mistake by Riverbay's sale department and that she has nothing to do with it. She stated that she was on the list for two years, that she accepted the offered townhouse, that DHCR approved the transfer, and that she subsequently moved in and spent her own money restoring the townhouse. She also stated that she is being treated unfairly based on the other board members accusations and that the entire process was very distressful and frustrating.

MEMORANDUM

TO: Jeffrey D. Buss  
FROM: Jennifer L. Stewart  
DATE: October 13, 2010  
SUBJECT: Interview of Vernon Cooper

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Mr. Vernon Cooper was interviewed on October 13, 2010, at approximately 9:30 a.m., at the Riverbay Legal Office. Riverbay General Counsel Jeffrey D. Buss conducted the interview, and his associate Jennifer L. Stewart was also present. The following is a summary of the interview:

First Meeting

Mr. Cooper stated that he first became aware that board member Leticia Morales had obtained, or was going to obtain, a 3 bedroom townhouse during July or early August of 2010, during a meeting including Mr. Cooper, Steven Gold and Cory Jones in Mr. Cooper's office. Mr. Cooper stated that no other persons were present at this meeting. He could not recall the date of the meeting and stated that he had no diary or other record that reflected the meeting date.

Mr. Cooper explained that the purpose of the meeting was to discuss the condition of the townhouse and whether certain alterations should be performed in that townhouse before its transfer. Mr. Cooper stated that Mr. Gold told him during the meeting that the townhouse was to be transferred to Ms. Morales. Mr. Cooper said that there was no discussion of the wait list during the meeting, and Mr. Gold did not explain why the townhouse was going to Ms. Morales or that Ms. Morales was not the first person on the wait list. Mr. Cooper stated that he did not have a copy of the wait list at this time, he did not have access to the list, he did not ordinarily have any reason to consult or review the list, and it was maintained by the Sales Office.

Mr. Cooper stated that, during the meeting, Mssrs. Gold and Jones informed him that the townhouse was in "bad shape," specifically, that a partition or planter had been constructed at the top of the stairs, and stucco, an old fireplace, and broken tiles required replacement or repair. Mr. Cooper stated that there were no photographs or inspection reports at the meeting and no notes, memoranda, e-mails, or other documents were generated during or in reference to the meeting. Mr. Cooper explained that transfer units are generally transferred in "as is" condition, but he authorized Mssrs. Gold and Jones to perform repairs in this townhouse because it was in such poor condition. Mr. Cooper said that he specifically directed Mssrs. Gold and Jones to videotape the conditions of the apartment because Mr. Cooper was concerned that it might appear to other shareholders that extra work was being performed on the apartment because it was being transferred to a board member. Mr. Cooper explained that he wanted to document the very poor condition of the apartment in case anyone inquired about the reasons that the work was performed. Mr. Cooper stated that he subsequently learned that the townhouse conditions had not in fact been videotaped as he had directed.

Mr. Cooper stated that, during the meeting, Mr. Gold asked permission to perform the repairs to the apartment, but did not ask for permission to transfer the townhouse to Ms. Morales, or to permit her to move ahead on the wait list.

### Second Meeting

Mr. Cooper stated that there was a second discussion of the townhouse after the repairs were complete. Mr. Cooper could not recall whether it took place by telephone or in person. Mr. Cooper stated that Messrs. Gold and Jones reported to him that they had removed the partition or planter, that a banister had been broken and replaced, and they had replaced bi-fold closet doors with new mirrored doors. Mr. Cooper explained that he was not happy that they had replaced the closet doors because it was not part of the work he had previously authorized.

Mr. Cooper stated that, during this period, Ms. Morales never came to speak with him regarding the townhouse, nor did any other board member. Mr. Cooper stated that he believed that Ms. Morales moved into the townhouse in early September 2010.

### Third Meeting

Mr. Cooper stated that, on September 28, 2010 ("two weeks ago Tuesday"), he was in a deposition in an unrelated matter regarding a mold condition in the Loudermilk family's apartment. Mr. Cooper stated that, after returning to the office, Mr. Herb Freedman informed him that board member Manny Torres had come to the management office to inquire how Ms. Morales had gotten the townhouse when Mr. Torres had been higher on the list than she. Mr. Cooper said that Mr. Freedman told him that Mr. Torres had spoken with Mr. Gold and Mr. Gold told Mr. Torres that Mr. Cooper "knew about it."

Mr. Cooper stated that he immediately called Mr. Gold and requested that he join Mr. Cooper and Mr. Freedman. Mr. Cooper stated that, after some time, Mr. Gold and Ms. Gail Badger joined the meeting. Mr. Cooper stated that Mr. Freedman asked Mr. Gold where Ms. Morales was on the wait list and how she moved to the front of the list. Mr. Gold stated that there were people in front of Ms. Morales on the list, but they either had a preference indicating that they would not want the townhouse or were disqualified. Mr. Cooper stated that Mr. Gold brought a copy of the wait list with him to the meeting and it showed that there were six to eight people ahead of Ms. Morales on the list. Mr. Cooper stated that this meeting was the first time that he had reviewed the wait list with respect to this transaction.

Mr. Cooper stated that during the meeting, Mr. Gold said that there were one or two disqualified persons on the list and one or two who had preferences that would mean they would not accept the townhouse, but there were several others to whom the townhouse should have been offered before Ms. Morales. Mr. Cooper stated that Mr. Gold was asked why the townhouse was given to Ms. Morales, there was a long pause, and Mr. Gold then said that she was given the townhouse due to its poor condition. Mr. Cooper said that Mr. Gold implied that no one else would have wanted it due to that condition. Mr. Cooper said that Herb asked Mr. Gold if he offered it to anyone else, and Mr. Gold admitted that he had not. Mr. Cooper stated that Mr. Gold then said that Mr. Cooper "knew about it," making reference to the earlier

conversation including Mr. Jones, Mr. Cooper, and Mr. Gold regarding the condition of the apartment.

Mr. Cooper then had his secretary call Mr. Jones and direct him to join the meeting. Mr. Cooper stated that, when Mr. Jones arrived, Mr. Cooper asked him what he recalled of their prior meeting, and Mr. Jones stated that they had described the condition of the townhouse, and Mr. Cooper directed them to videotape it. Mr. Cooper stated that he then asked Mr. Jones if he recalled any discussion of Ms. Morales jumping ahead on the wait list, and Mr. Jones stated that he did not.

#### Additional Statements

Mr. Cooper explained that Riverbay was part of the DHCR automatic wait list system, but the oldest portion of the transfer list (the front of the list) was not on the automatic system. Mr. Cooper explained that before this incident, he had no cause to review the automated wait list; however, he recently requested access on October 12, 2010. When he reviewed it, he found it confusing. Mr. Cooper explained that he suggested to the Sales staff that the list be published to increase transparency, but the Sales staff explained that the list changed so frequently that it would be out of date immediately after publication.

Mr. Cooper also explained that he has previously requested emergency transfers, which authorize individuals to bypass others on the wait list. Mr. Cooper explained that, with such transfers, Mr. Gold would generally contact DHCR ahead of time to advise them of the application.

Mr. Cooper explained that he believed that about \$1,000 to \$1,500 was spent on renovating the townhouse.

Mr. Cooper stated that no one offered him anything of value to approve the transfer or to authorize the performance of work on the townhouse. Mr. Cooper stated that he did not accept anything from anyone to approve the transfer or the work. Mr. Cooper stated that no board member, including Ms. Morales, had done him any favors that he felt obligated to repay by authorizing the transfer or the work. Mr. Cooper further stated that Ms. Morales had never asked him to intervene or take any action to move her ahead on the waiting list.

Mr. Cooper stated that he believed that Mr. Gold had told others that Mr. Cooper authorized or directed Mr. Gold to give the townhouse to Ms. Morales. Mr. Cooper stated that he never authorized the transfer of the apartment to Ms. Morales or her jumping others on the wait list. Mr. Cooper stated that he did not know of these facts until the September 28, 2010 meeting. Mr. Cooper stated that he did not know why Mr. Gold had allowed Ms. Morales to jump to the front of the list.

Mr. Cooper also stated that he believed that Mr. Gold had told others that Mr. Gold had offered the townhouse to the other people on the wait list, but they did not want it. Mr. Cooper said that he believed Mr. Gold's statement to be false because Mr. Gold had previously stated in Mr. Cooper's presence that he had not offered it to others, and because three bedroom

townhouses are very rare in the development and he did not believe that the other people on the list would have refused it in any condition.

Mr. Cooper stated that he knew that Ms. Morales had a relationship with Hector Rosario, an employee in the Restorations department. Mr. Cooper stated that he did not know whether Mr. Rosario was involved with the work on the townhouse, but knew that he was one of three inspectors in that department who reviewed completed work before transfers. Mr. Cooper stated that he believed Ms. Morales previously lived in building five, and did not know whether she and her family had vacated the unit. Mr. Cooper indicated that Ms. Morales has a daughter and a son who both work in the Restorations department.

Mr. Cooper emphasized that, before the September 28, 2010 meeting, he did not know that Ms. Morales had jumped ahead on the wait list or that Mr. Gold had not offered the townhouse to other eligible shareholders. Mr. Cooper also stated that he had a good reputation within the community, and had actively worked with shareholders and police to investigate a prior fraud in the Sales department.

MEMORANDUM

TO: Jeffrey D. Buss  
FROM: Jennifer L. Stewart  
DATE: October 19, 2010  
SUBJECT: Interview of Cory Jones

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Mr. Cory Jones was interviewed at approximately 3:00 p.m. on October 18, 2010, at his office in the Restorations Department. Riverbay General Counsel Jeffrey D. Buss conducted the interview, and his associate Jennifer L. Stewart was also present. The following is a summary of the interview:

Throughout the interview, Mr. Jones provided general information about the Restorations Department and its operations. Mr. Jones indicated that there were 44 individuals on his crew in the Restorations Department, 17 additional people in Tiling, and 17 people in Flooring. Mr. Jones explained that Restorations generally only did work in apartments that were to be sold, and did not do work in apartments that were to be transferred in as-is condition. Mr. Jones also explained that, in a typical sale, the Sales Department would notify Eddie Arce, in Restorations, that an apartment was coming on the market, and Mr. Arce would arrange for someone to perform a pre-inspection to determine what work needed to be done. Mr. Jones stated that the Sales Department would not generally contact him directly.

Mr. Jones stated that he had some paperwork related to the restoration of Leticia Morales's former apartment, that ordinary repairs were being made to that apartment by the Restorations Department, and that it remained vacant on the date of the interview. Mr. Jones presented original documents and provided copies, as well as a copy of the video recording made of that apartment.

Mr. Jones was unsure of the date when the Cooper Place Townhouse first came to his attention. Mr. Jones stated that Steven Gold contacted him directly, and told him that the townhouse was about to become vacant and there was a party already interested in taking it in as-is condition. Mr. Jones said that Mr. Gold told him that the townhouse was in great condition and could be transferred as-is, and requested that Mr. Jones inspect the townhouse. Mr. Jones stated that he could not recall if Mr. Gold had previously contacted him regarding the townhouse, and there were no e-mails or notes made during the meeting. Mr. Jones said that he discussed the townhouse with Eddie Arce after the discussion with Mr. Gold. Mr. Jones noted that it was unusual that Mr. Gold brought the townhouse to his attention, because townhouses were generally as-is transfers, and Restorations would generally not perform any work on as-is transfers. Later during the interview, however, Mr. Jones stated that he had previously performed work on townhouses.

Mr. Jones stated that, at some time after the first meeting with Mr. Gold, but before any work had been done, he looked at the townhouse with Mr. Gold. Mr. Jones stated that only he and Mr. Gold were there. Mr. Jones indicated that he focused on the condition of the townhouse and noted that a lot of custom work had been done, and that, if someone were to take the

apartment in as-is condition, that person would have a lot of work to do. Mr. Jones stated that the townhouse was damaged, but nice, and had the following issues: a custom banister and planter; floors in good condition; both bathrooms needed work; wallpaper needed to be removed; the kitchen was custom, with a backsplash, drawers, and some handles needing repair; custom light fixtures; custom bedroom doors and fixtures; good closets; and there were cracks or holes in the laundry area and dining room walls. Mr. Jones noted that it appeared that the prior residents had wanted to make the interior of the townhouse "look like a castle," and had installed fixtures and finishes to create such an effect. Mr. Jones agreed that the majority of the issues were cosmetic; however, he stated that repairs to the laundry and dining room walls, and some of the light fixtures, were more serious and required immediate repair. Mr. Jones reported that the unit was in average condition for a townhouse.

Mr. Jones stated that sometime after the inspection, but before work was performed, Mr. Gold had told him not to touch anything in the townhouse except for furniture because the townhouse was being transferred in as-is condition, that it was being transferred to Leticia Morales, and that other people had seen the apartment but did not want it in that condition. Mr. Jones was unable to recall the date of this meeting, but indicated that he had obtained the date from Mr. Arce and recorded it in a recent memo, which he printed and provided. The memo indicated that the meeting had taken place on July 6, 2010.

Mr. Jones repeated that normally, with an as-is transfer, Restorations would not perform any work. Mr. Jones stated that he "messed up" and didn't tell his crew that the transfer was to be as-is and, as a result, they treated the transfer as an ordinary sale and ripped out closet doors and other items. Mr. Jones later stated that the two workers who had been working downstairs knew it was to be an as-is transfer, but the upstairs worker did not. Additionally, Mr. Jones stated that the workers had disposed of window treatments and stained glass panels. Mr. Jones said that he had recently written up the three workers who had performed the work, and provided copies of those write-ups. Mr. Jones stated that the workers told him that two of them had been working downstairs and one upstairs, and the person working upstairs, who was fluent in Spanish but not English, had done most of the extra work. Mr. Jones indicated that the three workers stopped work at the end of the day, not because anyone had come and stopped them.

Mr. Jones stated that Mr. Gold called him soon after the work was done and told Mr. Jones that the crew had "screwed up." Mr. Jones stated that he did not know how Mr. Gold learned of the work performed by the crew. Mr. Jones stated that he went over to the townhouse and called Alex Casavoda(?) and Mr. Arce and directed them to replace the items that had been improperly removed, specifically, the banister and closet doors. Mr. Jones said that he told Mr. Gold that he would have his crew replace those items. Mr. Jones stated that he did not think the workers were trying to do a favor for Ms. Morales; rather, he believed there was a communication failure with the crew member who had been working upstairs. Mr. Jones reported that plaster and flooring work was also performed, and provided work orders for that work. Mr. Jones indicated that unspecified work was also done in the kitchen, but no work order was prepared for that work.

Mr. Jones stated that he called Vernon Cooper to tell him that the Restoration crew had ripped out closet doors and broken a banister and to inform him that they would replace those

items. Mr. Jones could not provide a specific date for this discussion. Mr. Jones said that Mr. Cooper instructed him to videotape the condition of the apartment, but at other times during the interview, Mr. Jones repeated that he did not remember Mr. Cooper telling him to videotape the apartment. Later, Mr. Jones stated that Mr. Gold was also on the call with Mr. Cooper in which they discussed the townhouse.

Mr. Jones indicated that during a subsequent telephone conversation, Mr. Cooper asked Mr. Jones if he had videotaped the condition of the townhouse, and Mr. Jones stated that he had not. During the interview, Mr. Jones stated that he had taken pictures of the condition of the floor after the work had been performed. Mr. Jones indicated that the photos were still in his phone and a review demonstrated that they were dated July 16, 2010. However, there is nothing in the pictures that would specifically identify them as being of the townhouse, or as having been taken before or after other work. They only show portions of parquet floors.

Mr. Jones indicated that he also spoke with Ms. Morales and Hector Rosario about what had happened. Mr. Jones stated that, at the time of that conversation, he believed that Ms. Morales had previously seen the apartment, because she had specific knowledge of the condition of the apartment before Restorations had done any work. Later during the interview, Mr. Jones stated that he discussed the matter with Ms. Morales about a week or a few days before she moved in, which would have been late August or early September; however, his earlier statement suggested that he had spoken with her shortly after the work was discovered, which would have been significantly earlier.

Mr. Jones indicated that several members of Ms. Morales's family are employed in the Restorations Department, including Leticia Palomino, Ms. Morales's daughter, who works as a clerk scheduling inspections; Hector Rosario, Ms. Morales's boyfriend; and Jeremy Rosario, Mr. Rosario's nephew, a porter. Additionally, Mr. Jones indicated that Ms. Morales's son worked in Preventative Maintenance. Mr. Jones stated that he had checked his records, and none of Ms. Morales's family members had worked on the townhouse.

Mr. Jones stated that no one had come to him to discuss Ms. Morales receiving the townhouse out of order; no one had requested that he perform extra work on the townhouse; and no one had given him money or made promises or threats to him in relation to the townhouse. Mr. Jones stated that Mr. Gold never said that he was bumping Ms. Morales ahead on the list, and that he remembered Mr. Gold telling him that Ms. Morales was the only person who would take the townhouse in the condition it was in. Mr. Jones stated that he had many meetings with Mssrs. Gold and Cooper about a variety of different apartments, but he does not specifically recall any discussion of bumping Ms. Morales ahead on the list, nor did he witness any "wink and nod" regarding the matter. Mr. Jones also stated that he had no recollection of performing work on an as-is apartment, but that he had done work on other townhouses and would look that work up if the addresses were provided. Subsequently, addresses of five (5) townhouses were provided to Mr. Jones, Bldg 46 -TH 9B; Bldg 46 - TH 3B; Bldg 43 - TH 7B; Bldg 42 - TH 13B; and Bldg 42 - TH 6B. These addresses were provided to Smith Buss Jacobs by Steve Gold as examples of Townhouses where work was performed without a prior approval meeting with Vernon Cooper. Jones subsequently provided copies of work orders documenting work performed on all five (5) townhouses.

Mr. Jones also stated that no board members had spoken to him about the townhouse. Mr. Jones stated that Ms. Morales did not visit the Restorations Department, explaining that while she often would pick Mr. Rosario up from work, she went only to the top of the stairs and did not come down the stairs to the Restorations Department itself. Mr. Jones stated that Mr. Gold never requested favors of him with respect to apartments. Mr. Jones also stated that he does not generally complete or review transfer paperwork unless there had been a fire or flood in the unit. Mr. Jones also stated that he had never seen the transfer wait list and no one in Restorations would ordinarily review that list. Mr. Jones stated that Mr. Cooper had recently written him up for failing to videotape the townhouse.

Mr. Jones stated that, when the story about Ms. Morales jumping the line first broke, it was just an office rumor. Mr. Jones said that Mr. Cooper called him to Mr. Cooper's office with Mr. Gold, Mr. Friedman and Ms. Badger present and asked Mr. Jones if he recalled hearing Mr. Cooper tell Mr. Gold to move Ms. Morales up on the list. Mr. Jones he answered that he did not remember any such discussion. Mr. Jones stated that Mr. Gold then asked if Mr. Jones remembered the meeting, and Mr. Jones said that he did not. Mr. Jones said that Mr. Gold then asked him what work had been done in the apartment. Mr. Jones explained that the memo he had recently prepared, dated October 7, 2010, and provided during the interview, was his response to Mr. Gold's question posed during that meeting.

Mr. Jones stated that, after that meeting, Mr. Cooper wrote him up for failing to videotape the townhouse, and he wrote up the three crew members who had performed work on the apartment for removing the closet doors and breaking the banister.

**Exhibit 14**

**EMERGENCY RESOLUTION #10-86**

**SUBMITTED BY: Bernard Cylich**

**SECONDED BY: Al Shapiro**

**BOARD OF DIRECTORS MEETING, DATED: October 27<sup>th</sup>, 2010**

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**WHEREAS**, Counsel for Riverbay has confirmed that there has been impropriety in the allocation of Townhouse apartments, and

**WHEREAS**, there is a legitimate need to reinforce the trust of cooperators in the Board

**WHEREAS**, the Board is determined to enhance transparency and accountability in the operation of Riverbay Corporation

**RESOLVED**, that Management expeditiously publicly post waiting list for apartments, Townhouse apartments, garage spaces as well as reserve garage spaces, hall storage rooms as well as basement storage space mindful of protecting the confidentiality of cooperators.

**YES: Atkins, Cylich, F. Jones, Leslie, Morales, Rodriguez, Santiago, Shapiro, Tirado, Torres, Wahhab**

**NO: Bailey**

**ABSENT FOR VOTE: O. Jones**

**ABSENT: Gordon, Owens**

**Passed**