FEDERAL BUREAU OF INVESTIGATION

Date of transcription 01/10/2012

FRANK PARLATO, DOB /1955, , NY, cellular telephone number ·5740, was interviewed telephonically by the undersigned agents via speakerphone. After being advised of the identities of the interviewing agents and of the nature of the interview, PARLATO provided the following information:

PARLATO was asked whether a payment of $1 million that was made to him about four years ago from SARA and CLARE BRONFMAN was a loan or compensation. PARLATO advised that the payment was a mixture of both a loan and future compensation relating to his work on a real estate project in California for the BRONFMAN sisters. PARLATO was hired by the BRONFMAN sisters to look into a residential real estate development investment they made that was in danger of failing. PARLATO's job was to get the project back on track so that it would be completed and become profitable.

PARLATO advised that he signed a contract with the BRONFMAN sisters where the money was paid to him as a draw on the future profits of the real estate investment. Through the contract, PARLATO was also made a 1/3 owner of the real estate investment. There is no specific repayment date set and there is no interest that PARLATO is required to pay on the money. PARLATO would only have to begin to repay the loan once the real estate investment began to produce profits. Under the terms of the contract, PARLATO would receive 1/3 of any of the profits of the real estate development as his compensation. The remainder of any profits would be paid to the BRONFMAN sisters.

PARLATO advised that the BRONFMAN sisters had given $26 million to a developer named URI PLYAM with a verbal agreement to construct residential real estate in Los Angeles. PARLATO uncovered that PLYAM had diverted some of this money for his own use and was able to get PLYAM to agree to sign over his 2/3 interest in the real estate development back to the BRONFMAN sisters.

PARLATO was asked if he declared any of the money that he received from the agreement with the BRONFMAN sisters as income on his federal income tax returns. PARLATO advised that he did not declare any of the $1 million he received as income because he

Investigation on 01/04/2012 at Niagara Falls, NY (telephonically)

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by SA Thomas W. Provost TWP
SA David Budz DB D9018201.302

viewed that money as a loan to him and not income. PARLATO has not made any payments on the loan as he is not required to make any payments until the real estate development begins producing profits. PARLATO believes that the real estate development can still be profitable, but that litigation by the BRONFMAN sisters has prevented the development from continuing and the construction that took place when the project began is deteriorating and needs to be improved.

PARLATO did acknowledge writing an editorial in the Niagara Falls Reporter on March 30, 2011, regarding his business arrangement with the BRONFMAN sisters. PARLATO was unsure if he described the payment from the BRONFMAN sister in the article as being a loan or as compensation.