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FORMER CHIEF OF STAFF AND STAFFER OF NEW YORK CITY
COUNCIL MEMBER CHARGED IN SUPERSEDING INDICTMENT
FOR EMBEZZLING ADDITIONAL NEW YORK CITY
COUNCIL DISCRETIONARY FUNDS

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and ROSE GILL HEARN, the Commissioner of the New York City Department of Investigation, announced today the return of a superseding Indictment charging ASQUITH REID, former Chief of Staff to a New York City Council Member (the "Council Member"), and JOYCINTH ANDERSON, a/k/a "Sue," a former staffer of the Council Member, with embezzling thousands of dollars in New York City Council discretionary funds.

In April 2008, an Indictment was filed alleging that REID, aided by ANDERSON and other criminal associates, embezzled at least \$145,000 in discretionary funds allocated by the Council Member to a non-profit organization known as the Donna Reid Memorial Education Fund (the "Donna Reid Fund.") The April 2008 Indictment alleged that REID embezzled the money in a variety of ways, including, but not limited to, requesting two co-conspirators and ANDERSON to cash approximately \$93,000 in checks issued by the Donna Reid Fund, and sending approximately \$31,000 in Donna Reid Fund monies to individuals, including family members and friends, in Jamaica via Western Union wire transfers. The April 2008 Indictment also alleged that REID spent approximately \$18,000 on a hall used for events for a political club controlled by the Council Member, and more than \$3,000 on campaign literature for the Council Member.

Today's superseding Indictment charges that REID, aided

by ANDERSON, embezzled thousands of dollars in additional discretionary funds allocated by the Council Member.

According to the superseding Indictment:

Community Opportunity and Resource Development ("CORD")

In July 2003, the Council Member allocated funding to an organization known as "Community Opportunity and Resource Development" ("CORD"). At that time, the Council Member signed a form recommending funding for CORD (the "Funding Form") that described CORD's mission as: "People to do research, collect data, knock on doors and collect information on resources, available to children, seniors, and children's organizations, outreach to [high school] seniors who do not avail themselves of services available [sic], match providers with recipients of children's services, promote the value of intergenerational relationship [sic]." The Funding Form listed the residential address of REID as the program address for CORD. ANDERSON was described as a paid "consultant" to CORD in program materials.

From June 2004 through November 2004, CORD received approximately \$14,500 in Council discretionary funding from the New York City Department of Youth and Community Development, which was transmitted through a fiscal conduit (the "Fiscal Conduit,") a non-profit whose role in this transaction was merely to act as a pass-through for discretionary funds from the Council.

Central Brooklyn Community Services ("CBCS")

In March 2006, DYCD registered a contract allocating \$35,000 in Council discretionary funding to an organization called "Central Brooklyn Community Services" ("CBCS"). CBCS also received approximately \$11,000 in additional funding from other sources. CBCS was a non-profit organization designated by the Council Member to receive Council discretionary funding. According to documents submitted to the City of New York by CBCS, the program address for CBCS was in fact REID's residence, and the sole paid consultant to CBCS was ANDERSON.

The Embezzlement Scheme

Both CORD and CBCS were purportedly non-profit organizations providing services to the community. The primary function of both CORD and CBCS, however, was to funnel taxpayer money to REID and his criminal associates for their personal benefit. Although one of REID's co-conspirators -- CC-1 -- was listed in the contracts as the "Executive Director" of both CORD and CBCS, CC-1 had no knowledge of the services ostensibly being

provided by CORD and/or CBCS. CC-1's sole function was to sign official documents for CORD and CBCS, including batches of blank checks, at REID's direction. Similarly, the individual listed in CBCS documents as the board president (the "Board President") never attended a CBCS board meeting, and did not know the other individuals listed as board members in official documents submitted by CBCS. The Board President's sole responsibility for CBCS was to sign blank CBCS checks at REID's direction. CORD and CBCS provided minimal, if any, services to the community, and tens of thousands of dollars in discretionary funding allocated to both CORD and CBCS were embezzled by REID for the benefit of himself and his criminal associates. According to CORD's financial records, in September 2004, REID withdrew \$10,000 in cash from the CORD account approximately one week immediately after the initial disbursement of \$12,200 in discretionary funds. In addition, from about June 2006 to November 2006, REID withdrew approximately \$12,000 from the CBCS bank account. From December 2005 to May 2006, JOYCINTH ANDERSON, the defendant, received approximately \$26,000 in checks from the CBCS bank account.

The Charges

The superseding Indictment charges REID and ANDERSON each with mail fraud conspiracy and money laundering conspiracy. They each face a maximum sentence of 20 years in prison on each of these charges if convicted.

In addition, the superseding Indictment charges REID with two counts of witness tampering for allegedly directing two witnesses who were subpoenaed to testify before a federal grand jury to lie about working for the Donna Reid Fund and about financial transactions they conducted with REID. REID faces a maximum sentence of 20 years in prison on each of these two charges if convicted.

In total, REID faces a maximum sentence of 80 years in prison if convicted on the charges announced today. ANDERSON faces a maximum sentence of 40 years in prison if convicted on the charges. Both defendants also face: a fine on the money laundering conspiracy count of the greater of \$500,000 or twice the gross gain or loss from the offense; a fine on the mail fraud conspiracy count of the greater of \$500,000 or twice the gross gain or loss from the offense; the imposition of restitution; and the forfeiture of the proceeds of the offenses.

Mr. GARCIA praised the investigative efforts of the New York City Department of Investigation.

The prosecution is being handled by the Office's Public Corruption Unit. Assistant United States Attorneys RUA KELLY and

WILLIAM HARRINGTON are in charge of the prosecution.

The charges contained in the Indictment and superseding Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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