

Prepared Remarks Concerning United States v. Miguel Martinez

by

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Good afternoon. With me today is Rose Gill Hearn, the Commissioner of the New York City Department of Investigation, as well as the team from this Office and Rose's office responsible for this case.

For the past seven years, Miguel Martinez served as a member of the New York City Council, representing the 10th Council District, which includes the Washington Heights and Inwood neighborhoods of Northern Manhattan. Today in Manhattan federal court Martinez was charged with, and pled guilty to, fraud and money laundering offenses. Martinez stole over \$100,000 in funds intended to benefit the people Martinez served. Instead of using his Council seat to help his constituents, Martinez used his public office to help himself – at the expense of all New Yorkers. In doing so, Martinez not only violated federal law, as he admitted today – he also violated the public's trust.

Martinez engaged in three different fraudulent schemes. First, Martinez approved fake invoices for payment by the City and took the money for expenses that were never incurred. As a City Council member, Martinez was given an annual expense budget for his Council office. Martinez arranged for associates involved in the scheme to submit fake invoices for work that Martinez knew had not been done. Martinez then approved payment for these fraudulent invoices from the expense budget for his Council office, and sent the fraudulent invoices to the City Department of Finance for payment. Martinez shared the illicit proceeds with his criminal associates, and netted \$51,000 for himself through this scheme.

In the second scheme, Martinez had the power to allocate discretionary funds to non-profits to support the Northern Manhattan community. Martinez directed some of his discretionary funds to a non-profit called the Washington Heights Arts Center, which provided tutoring, arts classes and after-school programs to children. After allocating the money, Martinez directed his criminal associate, who controlled the Arts Center's bank account, to steal \$15,000 from the Arts Center and give it to Martinez.

In the third scheme, a Developer received loans from the New York City Housing Development Corporation to build low-income housing developments in Martinez's district. In order to qualify for valuable tax credits, the Developer sought a local non-profit organization to provide services to the housing developments. Martinez arranged for the Developer to make a series of payments to a non-profit called the Upper Manhattan Council Assisting Neighbors – “UCAN” for short – which was dedicated to preserving affordable housing for the citizens of Northern Manhattan and which Martinez had previously supplied with discretionary funds. And then, Martinez directed a criminal associate to steal approximately \$40,000 of the money paid the developer from UCAN and give it to Martinez.

In total, Martinez used his position on the City Council to steal more than \$106,000 that was supposed to be used to help the Northern Manhattan community he was sworn to represent.

Although the law required Martinez to disclose all of his income on Financial Disclosure Reports, he intentionally failed to disclose the income from these schemes in an effort to conceal his crimes. Martinez also hid his criminal activity by laundering some of the proceeds of his fraudulent schemes through a shell company bank account held in the name of another person. Martinez pled guilty to three federal charges today: conspiracy to commit honest services fraud, mail fraud, and conspiracy to commit money laundering. He faces a maximum sentence of 20 years' imprisonment on each of the charges. The investigation is continuing.

I want to commend the outstanding work of the Assistant United States Attorneys responsible for this case, Katie Lemire, Glen Kopp, and Brent Wible, as well as the Chief of our Public Corruption Unit, Boyd Johnson. I would also like to thank Bob Ryan of this Office and Ivette Morales, Hans Seidemann, and Richard Krause of the New York City Department of Investigation for their thorough investigation of this matter. And, I would like to thank the New York City Campaign Finance Board, and the U.S. Department of Housing and Urban Development, Office of Inspector General, for their important assistance in this case.

The people who elected Miguel Martinez to the City Council had the right to his honest services. But, the conduct that Martinez admitted today was not the conduct of an elected official serving the public, it was the conduct of a criminal breaking the law. At a time when our communities are particularly in need of financial support, we must ensure that scarce taxpayer dollars are used to help New Yorkers and not to line the pockets of politicians. As I said last month in announcing the guilty pleas of a former Chief of Staff and Staffer to another City Council member, this Office will continue to work closely with the Department of Investigation to scrutinize allocations of New York City taxpayer funds most vulnerable to abuse.

It is now my pleasure to introduce Rose Gill Hearn, the Commissioner of the New York City Department of Investigation, a close friend of this Office and our partner in this and so many other important public corruption cases.