



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
March 29, 2007

CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER
REBEKAH CARMICHAEL
PUBLIC INFORMATION OFFICE
(212) 637-2600

**STATE HOUSING OFFICIAL SENTENCED TO 12 MONTHS
AND ONE DAY IN FEDERAL PRISON FOR HOUSING FRAUD
AND THEFT OF 9/11 AID FUNDS**

MICHAEL J. GARCIA, United States Attorney for the Southern District of New York, announced that MARK MARCUCILLI, formerly the Assistant Director of Housing Management for the New York State Division of Housing and Community Renewal ("DHCR"), was sentenced this afternoon to 12 months and one day in federal prison for his involvement in a series of schemes intended to obtain, illegally, inexpensive "Mitchell-Lama" housing at Southbridge Towers, Inc. ("Southbridge") for himself and his friends, and to steal thousands of dollars earmarked for the victims of the terrorist attacks of 9/11.

MARCUCILLI was sentenced before United States District Judge BARBARA S. JONES, after pleading guilty in September 2006 to three counts of conspiracy to commit mail fraud and theft of United States Government funds, three substantive counts of mail fraud, and two substantive counts of theft of Government funds. According to the Complaint, the Superseding Indictment (the "Indictment"), and materials submitted to the Court in connection with MARCUCILLI's sentencing:

MARCUCILLI abused his position as a high-level official with the DHCR by engaging in a series of fraudulent schemes to defraud Southbridge Towers, Inc. -- a "Mitchell-Lama" cooperative housing project located in lower Manhattan -- and the Lower Manhattan Development Corporation ("LMDC"), an entity established after the terrorist attacks of September 11, 2001, to help revitalize areas in lower Manhattan affected by the attacks.

As a Mitchell-Lama development, Southbridge Towers was established for the purpose of providing affordable housing for middle-income residents. Mitchell-Lama developments, such as Southbridge, charge rents (or "maintenance" fees) that are considerably lower than the rents or fees that residents would

have to pay for comparable housing on the open market. A Mitchell-Lama project such as Southbridge typically has a long waiting list of eligible, middle-class persons. As co-op apartments become vacant, those apartments typically are filled by the next eligible family on the waiting list.

MARCUCILLI defrauded Southbridge, the LMDC, and others by, among other things, obtaining an apartment at Southbridge as his personal residence based on false representations. The apartment had been awarded in his parents' names, and as one can only transfer a Mitchell-Lama apartment to an apartment-mate, MARK MARCUCILLI represented that his father (co-defendant FRED MARCUCILLI) resided with him though his father's primary residence was at another address. Additionally, MARCUCILLI assisted others in obtaining residences at Southbridge and would sometimes assist these people in the illegal subletting (in one case, to co-defendant CARMINE CARPINONE) or illegal selling of these apartments. MARCUCILLI also received \$7,000 in grant money from the LMDC by falsely representing that his father lived with him, and assisted a friend in obtaining a grant by falsely representing that the friend lived in Southbridge, when in fact the friend lived elsewhere and had illegally sublet his apartment.

In addition to his prison sentence, MARCUCILLI was sentenced to two years of supervised release, and ordered to pay restitution of \$10,863 to the LMDC and an \$800 special assessment.

MARCUCILLI's co-defendants, his father FRED MARCUCILLI, and CARMINE CARPINONE, also pleaded guilty to charges arising out of their involvement in the schemes. In February, CARPINONE was sentenced to a term of probation. As of this release, FRED MARCUCILLI had not yet been sentenced, but is scheduled to be sentenced later today.

MARK MARCUCILLI, 50, resides in Manhattan.

Mr. GARCIA thanked the New York State Office of the State Inspector General; the U.S Department of Housing and Urban Development; Office of Inspector General; the New York State Attorney General's Office; and the United States Postal Inspection Service for their assistance and cooperation in this investigation.

Assistant United States Attorney MARCUS A. ASNER is in charge of the prosecution.

07-78

###