



*United States Attorney  
Southern District of New York*

**FOR IMMEDIATE RELEASE  
MAY 25, 2010**

**CONTACT: U.S. ATTORNEY'S OFFICE  
YUSILL SCRIBNER,  
JANICE OH  
PUBLIC INFORMATION OFFICE  
(212) 637-2600**

**DOI  
DIANE STRUZZI  
PUBLIC INFORMATION OFFICE  
(212) 825-5931**

**USPIS  
THOMAS BOYLE  
PUBLIC INFORMATION OFFICE  
(212) 330-3049**

**FORMER NEW YORK STATE SENATOR SENTENCED  
IN MANHATTAN FEDERAL COURT TO SEVEN YEARS IN PRISON**

PREET BHARARA, the United States Attorney for the Southern District of New York, ROSE GILL HEARN, the Commissioner of the New York City Department of Investigation ("DOI"), and RONALD J. VERROCHIO, the Inspector-in-Charge of the New York Office of the United States Postal Inspection Service ("USPIS"), announced that EFRAIN GONZALEZ, JR., a former New York State senator from the Bronx, New York, was sentenced today in Manhattan federal court by United States District Judge WILLIAM H. PAULEY III to seven years in prison. On May 8, 2009, GONZALEZ pleaded guilty to fraudulently using two not-for-profit organizations, West Bronx Neighborhood Association, Inc. and United Latin American Foundation, to pay his personal expenses.

According to the superseding Indictment, statements made at the guilty plea proceeding, and statements made at the sentencing proceeding:

From October 1999 to January 2005, while serving in the New York State Senate, GONZALEZ designated member items, totaling approximately \$200,000, to a not-for-profit corporation, Pathways for Youth, Inc. ("Pathways"), based in the Bronx, New York. Pathways also received funding from numerous federal agencies.

Part of Pathways' mission was to "improve and generally further the welfare and happiness of young people," and, to those ends, to receive donations and take and manage gifts of property.

GONZALEZ directed the member items to Pathways as part of a scheme to have Pathways send money to another not-for-profit, West Bronx Neighborhood Association, Inc. ("West Bronx"). West Bronx did not engage in any substantial amount of not-for-profit activity; instead, it primarily served to pay the personal expenses of GONZALEZ and his criminal associates. From October 1999 through January 2005, Pathways directed approximately \$462,500 to West Bronx. From 2000 through 2004, other individuals and companies made financial donations to West Bronx totaling at least \$122,000. During this time, GONZALEZ then directed West Bronx to pay more than \$500,000 worth of his personal credit card and other bills for expenses that had nothing to do with the work of Pathways or West Bronx.

GONZALEZ's personal bills included expenses for, among other things: membership fees for a vacation club in the Dominican Republic; rent payments for a luxury apartment used by GONZALEZ's wife in the Dominican Republic; cigar band design, set-up, and printing relating to logos for GONZALEZ's own, private cigar manufacturing and distribution company; construction and renovations to a house in the Dominican Republic used by GONZALEZ's mother-in-law; rent for a residence in Monroe, New York, used by GONZALEZ; New York Yankees tickets; jewelry; clothing; and college tuition for GONZALEZ's daughter.

GONZALEZ also entered into a similar scheme, involving payments totaling approximately \$152,500 from Pathways to another not-for-profit organization, United Latin American Foundation, Inc. ("ULAF"), and arranged for ULAF to pay at least \$75,000 in his personal expenses.

In addition to his prison term, Judge PAULEY sentenced GONZALEZ, 62, to two years of supervised release and ordered him to forfeit \$737,775 as proceeds from his crimes.

"Today's seven-year sentence means that Efrain Gonzalez will join the growing ranks of former New York State and New York City lawmakers now serving lengthy terms in federal prison," said U.S. Attorney PREET BHARARA. "Like Anthony Seminerio, Brian McLaughlin, and Miguel Martinez before him, Efrain Gonzalez will now have years to contemplate his betrayal of the people he was elected to represent. Along with our partners at DOI who led this ground-breaking investigation, we will continue to work tirelessly to bring to justice elected officials who treat public service as an opportunity to serve themselves."

ROSE GILL HEARN, Commissioner for the DOI stated: "This prison sentence is a just result for a one-time state senator who looted hundreds of thousands of dollars to spend on his own

lavish lifestyle. Steak dinners, premium Yankees tickets, and a steady supply of cash came at the expense of the constituents this former public official pledged to represent. His deception had broad reach: from exploiting donors at a non-profit fundraiser merely to satisfy his gluttony for money, to manipulating his senate staff to further his crimes. This was a seminal case that exposed the scope of fraud and self-dealing at politically-funded not-for-profits, spurred the formation of DOI's Not-For-Profit Fraud unit, and caused DOI with our partners in the U.S. Attorney's Office for the Southern District of New York to probe the discretionary funding process and develop numerous significant prosecutions. This case along with the other public corruption cases we have jointly worked with U.S. Attorney Preet Bharara and his office shows the grave consequences for violating the public trust: arrest, prosecution and incarceration."

RONALD J. VERROCHIO, the Inspector-in-Charge of the New York Office of USPIS stated: "The Postal Inspectors are committed to protecting non-profit organizations from fraud. We will continue to work with the U.S. Attorney to prosecute anyone who misuses funds from these organizations for their personal gain."

The prosecution is being handled by the Office's Public Corruption Unit. Assistant United States Attorneys MICHAEL LEVY and PABLO QUIÑONES are in charge of the prosecution.

10-166

###