



***United States Attorney
Southern District of New York***

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**MANHATTAN U.S. ATTORNEY CHARGES FORMER
NEW YORK STATE SENATOR AND NEW YORK CITY COUNCIL MEMBER
HIRAM MONSERRATE WITH CONSPIRACY AND MAIL FRAUD CRIMES**

*Hiram Monserrate Charged With Abusing New York City Council
Discretionary Funds To Advance His Own Political Campaign*

PREET BHARARA, 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 ("DOI"), announced today the unsealing of an Indictment charging HIRAM MONSERRATE, a former New York State Senator and New York City Council member, with conspiracy and mail fraud offenses relating to the abuse of City Council discretionary funds. Specifically, MONSERRATE is accused of misusing more than \$100,000 in discretionary funds he himself directed to a New York City non-profit to finance his failed, 2006 campaign for the New York State Senate. MONSERRATE surrendered to authorities early this morning, and is expected to be presented later today in Manhattan federal court.

Manhattan U.S. Attorney PREET BHARARA stated: "As we move into the heart of the political season, today's indictment of Hiram Monserrate should serve as a reminder. No campaign should ever be funded by fraud. Moreover, worthy non-profits are supposed to have access to public money because they are meant to be a resource for communities, not a piggy bank for politicians. Public officials who act like they are above the law may get away with it for a while, but eventually we will find you and we will prosecute you. Today's charges demonstrate - once again - that rooting out public corruption is a top priority for this Office and for our partners at the Department of Investigation. And our work is far from finished."

DOI Commissioner ROSE GILL HEARN stated: "This defendant misused his elected office to fund a campaign hiring hall at the expense of the City's taxpayers and the community he represented, according to the charges. This indictment makes clear that City funds are for City purposes, not for the private, political use of the legislator who allocates them. DOI thanks the U.S. Attorney's Office for the Southern District of New York, our strong partner in attacking public corruption. And we thank the Queens District Attorney's Office for its assistance in this case."

According to the Indictment unsealed today in Manhattan federal court:

Council Discretionary Funds

It has been the practice of the New York City Council (the "Council") to allocate millions of dollars annually to non-profit organizations. These funds, which are known as "discretionary funds," were typically allocated by the whole Council in connection with specific Council initiatives. Additionally, each Council member was allotted a certain amount of discretionary funds annually that were to be distributed to community-based, non-profit organizations for "local initiatives." The Council member then identified both the non-profit organizations to which he or she wanted to direct funds and the amounts the organizations were going to receive. While serving in the Council, Monserrate designated the Latino Initiative for Better Resources and Empowerment, Inc. ("LIBRE"), a tax-exempt organization that described its mission as including working with "churches, civil rights organizations and community organizations . . . to counsel and assist individuals to secure their legal rights," as a recipient of discretionary funds.

Monserrate's Fraudulent Scheme

As alleged in the Indictment, during the fiscal years 2006 and 2007, while serving as a member of the New York City Council, Monserrate directed approximately \$300,000 in discretionary funds to LIBRE, and then used approximately \$109,000 of LIBRE funds to finance his 2006 failed Senate campaign. Specifically, the Indictment alleges that MONSERRATE improperly used LIBRE resources in various ways to promote his unsuccessful 2006 campaign for election to the New York State Senate.

The Indictment details three distinct ways in which MONSERRATE directed that LIBRE fraudulently use Council discretionary funds MONSERRATE himself had allocated in support of his political campaigns:

- ***Voter Registration For 2006 Senate Campaign.*** In order to vote in the 2006 primary election in which MONSERRATE sought the Democratic Party's nomination for the Senate, individuals were required to have registered to vote in person or to have submitted a voter-registration application by mail by August 18, 2006. In 2006, LIBRE, using discretionary funds allocated by MONSERRATE, conducted a voter registration drive focused on the 13th Senate district for which MONSERRATE sought the nomination. The LIBRE workers told the newly-registered individuals that LIBRE would submit the applications to the New York City Board of Elections. However, at MONSERRATE's direction, LIBRE created a database containing the names and contact information of the individuals and provided this database to workers affiliated with his Senate Campaign. MONSERRATE further directed LIBRE to wait to submit the voter-registration applications to the New York City Board of Elections until shortly before the August 18, 2006, deadline for voting in the primary election. MONSERRATE thus gained an advantage by being the only candidate aware that these particular people would be eligible to vote in the 2006 primary election and that they should be targeted with campaign messages.
- ***Petitioning And Canvassing For the 2006 Senate Campaign.*** Under New York law, to be included on the ballot for a political party's primary election, a prospective candidate must obtain signatures of at least five percent of the political party's enrolled voters in the relevant electoral district on so-called "designating petitions." Each designating petition has to be signed by a witness who affirmed each of the signatures. In June and July of 2006, at MONSERRATE's direction, LIBRE used Council discretionary funds to pay workers to gather signatures of registered voters on petitions designating MONSERRATE as the Democratic Party candidate for the 13th Senate District and to sign those designating petitions as witnesses. Thereafter, from July through September 2006,

LIBRE used Council discretionary funds to pay workers to canvass residents of the 13th Senate District on MONSERRATE's behalf.

- ***Payments To LIBRE Employees.*** From June through September 2006, while MONSERRATE was seeking the nomination of the Democratic Party to run for Senate for the 13th Senate District, certain LIBRE employees were paid thousands of dollars by LIBRE to perform work on behalf of MONSERRATE's political campaign and performed no substantial independent work for LIBRE during this period of time.

In a related matter, Javier Cardenas, a LIBRE employee, pled guilty in Manhattan federal court yesterday to mail fraud and conspiracy to commit mail fraud.

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The Indictment charges MONSERRATE with one count of conspiracy to commit mail fraud, and one substantive mail fraud count. Each count carries a maximum term of imprisonment of twenty years.

Mr. BHARARA praised the investigative work of DOI and the Criminal Investigators from the Office's Public Corruption Unit. He also thanked the office of Queens District Attorney RICHARD A. BROWN for its assistance with the investigation.

The case is being handled by the Office's Public Corruption Unit. Assistant U.S. Attorneys BRENT S. WIBLE and GLEN G. MCGORTY are in charge of the prosecution.

The charges contained in the Indictment are merely accusations and the defendant is presumed innocent unless and until proven guilty.

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