

**Prepared Remarks Concerning United States v. Acquith Reid, et al.**

by

**Michael J. Garcia**

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

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GOOD AFTERNOON.

TODAY WE ANNOUNCE THE UNSEALING OF AN INDICTMENT CHARGING THE CHIEF OF STAFF OF A NEW YORK CITY COUNCIL MEMBER, AND ANOTHER EMPLOYEE ON THAT COUNCIL MEMBER'S STAFF, WITH EMBEZZLING \$145,000 OF TAXPAYER MONEY, MONEY INTENDED TO HELP THE COMMUNITY.

THE NEW YORK CITY COUNCIL ALLOCATES MILLIONS OF DOLLARS ANNUALLY IN CITY FUNDS TO NON-PROFIT ORGANIZATIONS, TYPICALLY LISTED IN A SCHEDULE TO THE ANNUAL BUDGET, PURPORTEDLY FOR THE PUBLIC BENEFIT. THESE EXPENDITURES ARE REFERRED TO AS "DISCRETIONARY FUNDS." EACH COUNCIL MEMBER CONTROLS A PORTION OF THOSE FUNDS, WITH BROAD DISCRETION TO DESIGNATE THE NON-PROFITS ELIGIBLE TO RECEIVE THEM.

IN ADDITION TO THE DISCRETIONARY FUNDS DISTRIBUTED AT THE TIME OF THE ANNUAL BUDGET, SINCE AT LEAST 2003, MILLIONS OF DOLLARS WORTH OF ADDITIONAL DISCRETIONARY FUNDS HAVE BEEN ALLOCATED TO “HOLDING CODES” IN THE NAMES OF FICTITIOUS NON-PROFITS. AFTER THE PASSAGE OF THE BUDGET, THE FUNDS HELD IN THE NAMES OF THESE FAKE NON-PROFITS HAVE BEEN DISTRIBUTED TO VARIOUS ORGANIZATIONS ASSOCIATED WITH CERTAIN COUNCIL MEMBERS.

SINCE AT LEAST 2005, ASQUITH REID HAS SERVED AS THE CHIEF OF STAFF TO A MEMBER OF THE NEW YORK CITY COUNCIL. IN HIS ROLE AS THE CHIEF OF STAFF, REID HAS BEEN THE CONTACT PERSON FOR THE COUNCIL MEMBER’S REQUESTS FOR DISCRETIONARY FUNDS.

SINCE AT LEAST 2006, JOYCINTH ANDERSON HAS BEEN EMPLOYED AS A STAFFER TO THE SAME COUNCIL MEMBER.

ACCORDING TO THE INDICTMENT FILED IN THIS CASE: SINCE APRIL 2005, THE COUNCIL MEMBER EMPLOYING REID AND ANDERSON HAS

ALLOCATED APPROXIMATELY \$356,000 IN DISCRETIONARY FUNDS TO A NON-PROFIT CALLED THE DONNA REID MEMORIAL EDUCATIONAL FUND. \$14,000 OF THESE FUNDS WERE RE-ALLOCATED TO THE DONNA REID FUND IN MARCH 2007, FROM "HOLDING CODES" IN THE NAME OF TWO FICTITIOUS NON-PROFITS: NEW YORK FOUNDATION FOR COMMUNITY DEVELOPMENT AND AMERICAN ASSOCIATION OF CONCERNED VETERANS. ABOUT 3/4 OF THE INCOME OF THE DONNA REID FUND CAME FROM CITY COUNCIL DISCRETIONARY FUNDS.

ALTHOUGH THE DONNA REID FUND PURPORTED TO BE INVOLVED IN EDUCATIONAL ASSISTANCE TO PUBLIC SCHOOL CHILDREN AND OTHER NON-PROFIT ACTIVITIES, IT ALSO SERVED AS A VEHICLE FOR REID, AIDED BY ANDERSON AND OTHER CRIMINAL ASSOCIATES, TO EMBEZZLE MORE THAN \$145,000. REID DID SO IN A VARIETY OF WAYS, INCLUDING REQUESTING THAT TWO CO-CONSPIRATORS AND ANDERSON CASH APPROXIMATELY \$93,000 IN CHECKS ISSUED BY THE DONNA REID FUND, AND SENDING APPROXIMATELY \$31,000 IN DONNA REID FUND MONEY BY WIRE TRANSFER TO FAMILY MEMBERS AND FRIENDS IN JAMAICA. HE ALSO SPENT

APPROXIMATELY \$18,000 ON A PRIVATE HALL IN BROOKLYN FOR EVENTS FOR A POLITICAL CLUB CONTROLLED BY THE COUNCIL MEMBER WHO EMPLOYED HIM, AND SPENT MORE THAN \$3,000 ON CAMPAIGN LITERATURE FOR THE SAME COUNCIL MEMBER.

REID'S EMBEZZLEMENT SCHEME IS OUTLINED IN THIS DIAGRAM.

THE INDICTMENT UNSEALED TODAY CHARGES REID AND ANDERSON EACH WITH MAIL FRAUD CONSPIRACY AND MONEY LAUNDERING CONSPIRACY.

THE INDICTMENT ALSO 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.

IN TOTAL, REID FACES A MAXIMUM SENTENCE OF 80 YEARS IN PRISON ON THE CHARGES ANNOUNCED TODAY. ANDERSON FACES A

MAXIMUM SENTENCE OF 40 YEARS IN PRISON ON THE CHARGES.

WITHOUT TRANSPARENCY AND ACCOUNTABILITY IN THE BUDGET PROCESS, DISCRETIONARY ITEMS ARE RIPE FOR ABUSE. TAXPAYER MONEY ALLOCATED TO FAKE NON-PROFIT ENTITIES, ORGANIZATIONS THAT DO NOT EXIST, IS EVEN MORE DIFFICULT TO TRACE AND MORE EASILY DIVERTED FOR PERSONAL GAIN. THIS INVESTIGATION WILL CONTINUE TO TAKE A HARD LOOK AT THIS PROCESS, SCRUTINIZING THOSE ALLOCATIONS MOST VULNERABLE TO ABUSE BY THOSE IN POSITIONS OF PUBLIC TRUST.

AS CHIEF OF STAFF TO A NEW YORK CITY COUNCIL MEMBER, AND AS A STAFF MEMBER, ASQUITH REID AND JOYCINTH ANDERSON'S LOYALTY SHOULD HAVE BEEN TO NEW YORK CITY TAXPAYERS. INSTEAD, THEY WERE DRIVEN BY GREED. BECAUSE THE SYSTEM LACKED CONTROLS AND ACCOUNTABILITY, THEY GOT AWAY WITH THEIR CRIMINAL ACTIVITIES, UNTIL TODAY.

I WOULD LIKE TO COMMEND THE WORK OF COMMISSIONER ROSE GILL HEARN AND THE INVESTIGATORS AND LAWYERS WITH THE NEW YORK CITY DEPARTMENT OF INVESTIGATION, AND THE PROSECUTORS AND INVESTIGATORS FROM THIS OFFICE'S PUBLIC CORRUPTION UNIT.

I WOULD NOW LIKE TO INTRODUCE COMMISSIONER HEARN, OF THE NEW YORK CITY DEPARTMENT OF INVESTIGATION, OUR LAW ENFORCEMENT PARTNER IN THIS AND SO MANY OTHER IMPORTANT CASES.