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**FORMER DEPUTY DIRECTOR OF NEW YORK HEAD START PROGRAMS
PLEADS GUILTY TO EMBEZZLING HUNDREDS OF THOUSANDS OF
DOLLARS INTENDED FOR LOW-INCOME CHILDREN AND FAMILIES**

LEV L. DASSIN, the Acting 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 that HUGH BLACKBURN, a former deputy director of two New York City-based Head Start programs, pleaded guilty today in Manhattan federal court to embezzling hundreds of thousands of dollars in Head Start funds from two Head Start programs.

According to the Indictment and other documents publicly filed in this case:

Head Start is a program run by the United States Department of Health and Human Services. La Peninsula Community Organization, Inc. ("La Peninsula") and St. Albans, Inc. ("St. Albans") were non-profit organizations that operated federally-funded Head Start programs in the Bronx and Queens, respectively.

HUGH BLACKBURN was employed as the Deputy Director of La Peninsula from 1989 to 1996, and of St. Albans from 1999 to 2007. In his capacity as the Deputy Director of St. Albans, BLACKBURN was responsible for the fiscal operations of the organization, and thus reviewed invoices and other requests for payment submitted by vendors, authorized the payment of expenses, and directed his employees to prepare checks for vendors.

Beginning in 1999, BLACKBURN through two shell entities that he controlled -- "DACO Sales & Service" ("DACO") and "DSA Enterprises" ("DSA") -- received purported vendor payments, made

by his employers, which he used to pay personal expenses. DACO was owned by the mother of two of BLACKBURN's children ("girlfriend"), who, acting at BLACKBURN's direction, withdrew money from the DACO bank account to pay BLACKBURN's personal expenses. DSA was registered under BLACKBURN's name.

From 1999 to 2005, DACO and DSA billed St. Albans and La Peninsula for goods and services, including annual service contracts for computers; computer training; booster seats with safety restraints for buses; carpets; flat panel monitors; office supplies; classroom painting; and digital cameras. In fact, these goods were either never provided, or were provided at inflated prices.

In total, St. Albans paid DACO more than \$400,000 and La Peninsula paid DACO almost \$200,000, much of which was then used by BLACKBURN to pay personal expenses. Between 1999 and 2005, approximately \$163,000 was paid by DACO to BLACKBURN's girlfriend, and more than \$90,000 was withdrawn in cash from the DACO bank account using an ATM card in his girlfriend's name. In addition, approximately \$15,000 in checks payable to BLACKBURN were issued from the DACO Bank Account, and at least \$14,500 in checks written on the DACO account were used to pay a variety of other credit card bills for BLACKBURN.

Between 1999 and 2006, La Peninsula paid more than \$850,000 to DSA. DSA also received approximately \$80,000 from DACO during the same period. BLACKBURN diverted more than \$600,000 of these amounts for his own personal expenses, expenses of his girlfriend, expenses of his wife, and made payments to a third woman, who is the mother of one of BLACKBURN's children.

BLACKBURN was arrested on November 19, 2008 and pleaded guilty today to one count of embezzlement of federal funds before United States District Judge PAUL A. CROTTY. BLACKBURN faces a maximum sentence of 10 years in prison; a fine on each count of the greater of \$250,000 or twice the gross gain or loss from the offense; and the imposition of restitution.

Mr. DASSIN praised the investigative work of DOI.

The case is being handled by the Office's Public Corruption Unit. Assistant United States Attorney RUA KELLY is 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.