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**FORMER NEW YORK CITY COUNCIL MEMBER SENTENCED IN
MANHATTAN FEDERAL COURT TO FIVE YEARS IN PRISON
FOR CORRUPTION CRIMES**

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 that former New York City Council member MIGUEL MARTINEZ was sentenced today in Manhattan federal court to five years in prison for participating in a fraud and money laundering scheme that involved his approval of false invoices submitted to his Council office and his diversion of funds from non-profit organizations that netted him over \$100,000. MARTINEZ previously pleaded guilty in July 2009 to honest services fraud, mail fraud, and conspiracy to commit money laundering before United States District Judge PAUL A. CROTTY, who imposed the sentence today in Manhattan federal court.

According to the Information, other documents filed in the case, and statements made during court proceedings:

From 2002 to 2009, MARTINEZ served as a member of the New York City Council representing New York City's 10th Council District in Manhattan. During his time as a City Council member, MARTINEZ, in concert with others, approved and submitted fictitious invoices for office expenses to the City for reimbursement. For example, some invoices falsely claimed that a particular vendor had performed a variety of services for MARTINEZ's Council office when, in truth and in fact, the vendor had not provided such services. Vendors who received payment on the fictitious invoices returned approximately \$51,000 of the payments to MARTINEZ for his personal benefit.

In addition, since at least 2003, MARTINEZ, in his role as a City Council member, was the principal sponsor of City funding for the Washington Heights Arts Center (the "Arts Center"). The City of New York provided \$163,000 to MARTINEZ to allocate to the Arts Center. From 2003 to 2005, a co-conspirator of MARTINEZ was a signatory on the Arts Center's bank account. During that time, the co-conspirator provided approximately \$15,000 from the Arts Center's bank account to MARTINEZ for his personal benefit.

Finally, during 2004 and 2005, the New York City Housing Development Corporation lent a particular developer approximately \$35 million for the construction of four low-income housing developments in the 10th Council District and elsewhere in the Bronx. At the time, under applicable law, if the developer partnered with a local non-profit organization to sponsor a low-income housing development, the developer would have been eligible to receive substantial tax benefits. In August 2004, MARTINEZ introduced the developer to MARTINEZ's co-conspirator. The co-conspirator instructed the developer to make a series of payments to non-profit entities related to a Manhattan non-profit, in exchange for the developer receiving tax benefits. From August 2004 to December 2005, the developer made approximately \$96,000 in such payments and was able to obtain millions of dollars in tax benefits. The co-conspirator deposited the developer's payments into bank accounts the co-conspirator controlled, and the co-conspirator then paid MARTINEZ approximately \$40,000 of the developer's money for MARTINEZ's personal benefit.

In addition to the prison term Judge CROTTY sentenced MARTINEZ, 39, of the Bronx, New York, to two years of supervised release and ordered him to pay \$106,000 in forfeiture.

PREET BHARARA, the United States Attorney, said: "Election to the City Council gave Miguel Martinez the right to represent the hard-working people of Northern Manhattan, not to steal from them. Martinez sold out the New Yorkers he took an oath to protect, and his price tag was \$106,000. He used the City's coffers as his personal ATM. Today's sentence sends the clear message that we will hold corrupt City officials accountable for their crimes. Together with the Department of Investigation, we will continue to investigate and prosecute all forms of corruption in New York City government."

ROSE GILL HEARN, the Commissioner of DOI, said, "As he heads to prison, Miguel Martinez is a cautionary tale for public servants that corruption is a hazardous occupation. As a City

Councilman, Martinez excelled at fraud. He used phony invoices to fleece the taxpayers, steered City Council discretionary dollars through a children's art program into his pocket, and wielded his influence to skim thousands of dollars from a housing developer's tax-incentive plan. But the joint efforts of DOI and the U.S. Attorney's Office for the Southern District of New York unmasked this corrupt, now-former public official and ended his fraudulent run."

Mr. BHARARA praised the investigative work of DOI. He also thanked the New York City Campaign Finance Board and the U.S. Department of Housing and Urban Development, Office of Inspector General, for their assistance in the investigation.

The prosecution is being handled by the Office's Public Corruption Unit. Assistant United States Attorneys BRENT S. WIBLE and GLEN A. KOPP are in charge of the prosecution.

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