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**STATE HOUSING OFFICIAL PLEADS GUILTY IN FEDERAL COURT
TO FRAUD AND THEFT OF GOVERNMENT FUNDS**

MICHAEL J. GARCIA, United States Attorney for the Southern District of New York announced that MARK MARCUCILLI, formerly the Assistant Director of Housing Management for the New York State Division of Housing and Community Renewal ("DHCR") pleaded guilty in Manhattan Federal Court earlier today to charges of conspiracy, mail fraud and theft of United States Government funds.

MARCUCILLI pleaded guilty before United States District Judge BARBARA S. JONES to three counts of conspiracy to commit mail fraud and theft of United States Government funds, three substantive counts of mail fraud, and two substantive counts of theft of Government funds, and faces a maximum sentence of ninety-five (95) years imprisonment. MARCUCILLI also is required to pay full restitution to his victims. As part of his plea agreement, MARCUCILLI also agreed to forfeit all of his rights, title and interest in a Manhattan residence he occupied illegally as part of his criminal schemes.

MARCUCILLI is scheduled to be sentenced on January 7, 2007, at 2:00 p.m.

According to the Complaint and Superseding Indictment (the "Indictment"), as well as statements made during today's guilty plea proceeding, MARCUCILLI, together with his father, co-defendant FRED MARCUCILLI, co-conspirator CARMINE CARPINONE, and others, was involved in a series of schemes to defraud Southbridge Towers, Inc., a "Mitchell-Lama" cooperative housing project located in lower Manhattan, and the Lower Manhattan Development Corporation ("LMDC"), an entity established after the terrorist attacks of September 11, 2001, to help revitalize areas in lower Manhattan affected by the attacks.

According to the Complaint and Indictment, Southbridge Towers, Inc. ("Southbridge Towers" or "Southbridge"), is a New York State "Mitchell-Lama" housing program. As a Mitchell-Lama development, Southbridge Towers was established for the purpose of providing affordable housing for middle-income residents the Indictment explained. The Indictment also stated that The New York State Division of Housing and Community Renewal ("DHCR") is responsible for supervising Mitchell-Lama projects such as Southbridge.

According to the Complaint and Indictment, MARCUCILLI is a long-time employee of the DHCR who, until late 2005, served as the Assistant Director of Housing Management for the DHCR. It was charged that MARCUCILLI resided illegally in an apartment at Southbridge Towers. He was able to obtain an apartment there by falsely representing that his father lived with him, when in fact his father's primary residence was another address, it was alleged. It was further charged that he assisted others in obtaining residences at Southbridge and that he would sometimes assist these people in the illegal subletting or illegal selling of these apartments. According to the Complaint and Indictment MARCUCILLI received \$7,000 in grant money from the LMDC by falsely representing that his father lived with him in Southbridge Towers. He was also charged with assisting his friend in obtaining grant money from the LMDC by falsely representing that the friend lived in Southbridge Towers, when in fact the friend lived elsewhere and was illegally subletting his apartment.

MARCUCILLI's co-defendants -- his father, FRED MARCUCILLI, and CARMINE CARPINONE -- previously pleaded guilty to charges arising out of their involvement in the schemes. FRED MARCUCILLI is scheduled to be sentenced on December 18, 2006, at 2:00 p.m. CARPINONE is scheduled to be sentenced on November 3, 2006, at 2:00 p.m.

MARCUCILLI, 50, resides in Manhattan.

Mr. GARCIA thanked the New York State Office of the State Inspector General; the U.S Department of Housing and Urban Development, Office of Inspector General, the New York State Attorney General's Office, and the United States Postal Inspection Service for their assistance and cooperation in this investigation.

Mr. GARCIA added: "This case concerned a high-level housing official with the New York State Division of Housing and Community Renewal who not only was engaged in just the sort of housing fraud that the DHCR is charged with preventing, but also

helped steal thousands of dollars in Government funds earmarked to help this city recover from the terrorist attacks of September 11th."

Assistant United States Attorney MARCUS A. ASNER is in charge of the prosecution.

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