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**FORMER CHIEF OF STAFF FOR NEW YORK CITY COUNCIL MEMBER  
SENTENCED IN MANHATTAN FEDERAL COURT FOR EMBEZZLING  
CITY COUNCIL DISCRETIONARY FUNDS**

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 ASQUITH REID, former Chief of Staff for a New York City Council member, was sentenced today for embezzling New York City Council discretionary funds. REID, who pleaded guilty to one count of conspiracy to commit mail fraud and one count of witness tampering on June 25, 2009, was sentenced to three years of probation, nine months of which is to be served at a halfway house designated by the Bureau of Prisons. He was also ordered to pay restitution in an amount to be determined within 90 days, and to forfeit the proceeds of his crime. United States District Judge VICTOR MARRERO imposed the sentence today in Manhattan federal court.

According to the Superseding Indictment to which REID pleaded guilty (Counts One and Four), other documents in this case, and statements made in court:

Since at least 2003, the New York City Council has annually allocated millions of dollars in so-called "discretionary funds" to various non-profit organizations. Each Council member controlled a share of the discretionary funds and selected non-profit organizations of his or her choice to receive such funds. Once selected by a Council member to receive discretionary funds, the non-profit was required to apply through

an intermediary, often a New York City agency, for actual disbursement of the funds. Non-profits receiving discretionary funds are identified in Schedule C to the New York City budget.

From approximately April 2005 through April 2008, ASQUITH REID served as the Chief of Staff to a New York City Council member (the "Council Member"). In 2004, the Council Member designated the Donna Reid Memorial Education Fund, a non-profit organization sharing an address with REID's residence, to receive discretionary funds. The New York City Department of Youth and Community Development disbursed approximately \$356,000 in discretionary funds to the Donna Reid Fund. REID, co-defendant JOYCINTH ANDERSON, and other associates of REID's embezzled more than \$100,000 of these funds via Donna Reid Fund checks issued to co-conspirators; wire transfers to individuals, including REID's family and friends, in Jamaica; and payment of political club and campaign expenses for the Council Member for whom he worked. Moreover, during the investigation of this matter, REID directed a witness who had received a grand jury subpoena to lie to this Office about working for the Donna Reid Fund and about financial transactions the witness had with REID.

In addition to the Donna Reid Fund, in 2003, the council Member allocated discretionary funding to another non-profit based in REID's residence, named "Community Opportunity and Resource Development" ("CORD"). Co-defendant ANDERSON was listed as a paid "consultant" to CORD. CORD's financial records show that REID withdrew \$10,000 in cash from its account approximately one week following the initial disbursement of \$12,200 in discretionary funds. Likewise, in 2006, another non-profit based at REID's residence, called "Central Brooklyn Community Services" ("CBCS"), for which co-defendant ANDERSON was purportedly a "consultant," received approximately \$35,000 in Council discretionary funding via the New York City Department of Youth and Community Development, as well as approximately \$11,000 from other sources. From about June 2006 to November 2006, REID withdrew approximately \$12,000 in cash from the CBCS bank account.

In total, between 2003 and 2008, REID and his associates embezzled at least \$165,000 from the Donna Reid Fund, CORD and CBCS.

Mr. BHARARA praised the investigative work of DOI.

The prosecution is being handled by the Office's Public Corruption Unit. Assistant United States Attorney RUA KELLY is in charge of the prosecution.