



UNITED STATES ATTORNEY'S OFFICE
Southern District of New York

U.S. ATTORNEY AUDREY STRAUSS

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CONTACT: U.S. ATTORNEY'S OFFICE
James Margolin, Nicholas Biase
(212) 637-2600

NEW YORK CITY COUNCIL MEMBER PLEADS GUILTY TO TAX FRAUD

Audrey Strauss, United States Attorney for the Southern District of New York, Jonathan D. Larsen, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service, Criminal Investigation ("IRS-CI"), and Margaret Garnett, Commissioner of the New York City Department of Investigation ("DOI"), announced that CHAIM DEUTSCH, a New York City Council Member, was charged and pled guilty today in Manhattan federal court to filing a false tax return in connection with outside income he received from his real estate management corporation. DEUTSCH pled guilty before United States Magistrate Judge James L. Cott.

U.S. Attorney Audrey Strauss said: "New York City Council Member Chaim Deutsch admitted today that he defrauded the IRS in connection with his real estate business. As an elected official and community leader, Deutsch had a particular responsibility to follow the law. Instead, over a multi-year period, Deutsch concealed his true business income to avoid paying his fair share of taxes. My Office will continue to work tirelessly with our law enforcement partners to hold our elected officials accountable when they break the law for their own financial benefit."

IRS-CI Special Agent-in-Charge Jonathan D. Larsen said: "The defendant's admissions today are the result of the hard work of a talented and dedicated cadre of IRS CI special agents and federal prosecutors. This investigation should also make it clear that no one is above paying their fair share of taxes, even those who occupy elected office."

DOI Commissioner Margaret Garnett said: "It is dispiriting when a sitting City Councilmember is convicted of a crime. Rather than set an example of integrity and fidelity to the rule of law, this City Councilman's actions placed personal advantage over the public interest, and undermined public trust in elected officials. DOI was pleased to work side-by-side with our partners at the IRS and the U.S. Attorney's Office for the Southern District of New York on this investigation."

According to the allegations contained in the Information, other court filings, statements made during court proceedings, and publicly available information:

Since in or about 2014, DEUTSCH has served as the New York City Council Member for the 48th District, which includes portions of Brooklyn. During at least a portion of that time, DEUTSCH was the sole owner of Chasa Management, Inc., a real estate management business. In or about March 2016, DEUTSCH filed a personal tax return for calendar year 2015 that included false and fraudulent information concerning his income and business expenses in connection with operating Chasa Management. In total, during the tax years 2013 through 2015, DEUTSCH's failure to properly pay taxes on his income from Chasa Management evaded approximately \$82,076 in taxes due to the IRS. Effective on or about January 1, 2017, New York City Council Members were prohibited from earning most outside income.

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DEUTSCH, 52, of Brooklyn, New York, pled guilty to a single count of filing a false tax return for the tax year 2015, and agreed to restitution in the amount of at least \$82,076 plus interest. DEUTSCH is scheduled to be sentenced before Judge Cott on July 29, 2021, at 10:00 a.m.

The charge against DEUTSCH carries a maximum sentence of one year in prison, a maximum term of one year of supervised release, a maximum fine of \$100,000, and an order of restitution. The maximum potential sentence is prescribed by Congress and is provided here for informational purposes only, as any sentencing of the defendant will be determined by the Court.

Ms. Strauss praised the outstanding work of IRS-CI and the Special Agents of the U.S. Attorney's Office. Ms. Strauss also thanked the New York City Department of Investigation for its assistance in the investigation.

The case is being prosecuted by the Office's Public Corruption Unit. Assistant U.S. Attorney Eli J. Mark is in charge of the prosecution.

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