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**FORMER NEW YORK STATE SENATOR AND CITY COUNCIL
MEMBER HIRAM MONSERRATE PLEADS GUILTY IN MANHATTAN
FEDERAL COURT TO FRAUD CHARGES**

Monserrate Admits to Misusing Not-for-Profit Funds to Finance His State Senate Campaign

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 today that HIRAM MONSERRATE, a former member of the New York State Senate and the New York City Council, pled guilty in Manhattan federal court to mail fraud offenses relating to his misuse of more than \$100,000 in Council discretionary funds. Specifically, he admitted to improperly using discretionary funds he directed as a Council member to a non-profit organization for his failed 2006 New York State Senate campaign. MONSERRATE pled guilty before U. S. District Judge Colleen McMahon.

Manhattan U.S. Attorney Preet Bharara said: "As a City Council member, Hiram Monserrate was supposed to help deserving community groups by directing City funds to them, not use one of those groups as a front to illegally finance his State Senate campaign. Sadly, Monserrate took money out of the pockets of needy people to fund his own political career. We will continue to pursue and prosecute elected officials who foolishly think that they can corruptly use public money for their own benefit."

DOI Commissioner Rose Gill Hearn said: "As an elected official, this defendant should have protected his constituents and taxpayer funds. Instead, he abused them to gain political advantage and support a failed bid for state senate. Today's guilty plea drives home the message that an elected official who betrays the public trust will be held accountable. This conviction deals another blow to public corruption and stands alongside the other successful prosecutions borne from the partnership between DOI and the U.S. Attorney's Office for the Southern District."

According to the Indictment and statements made at today's plea proceeding:

From 2002 to 2008, MONSERRATE was a member of the New York City Council and represented New York City's 21st Council District, which includes the Corona, East Elmhurst,

and Jackson Heights neighborhoods of Queens. In 2006, while a member of the Council, MONSERRATE ran for a seat in the New York State Senate.

As a member of the City Council, MONSERRATE was allocated a certain amount of discretionary funding every year to support local initiatives by community-based, non-profit organizations within his district. One of the non-profits that MONSERRATE designated as a recipient of the Council's discretionary funds was the Latino Initiative for Better Resources and Empowerment, Inc. ("LIBRE"), a tax-exempt organization dedicated to working with "churches, civil rights organizations and community organizations . . . to counsel and assist individuals to secure their legal rights."

In 2005 and 2006, MONSERRATE, as a Council member, directed approximately \$300,000 in discretionary funds to LIBRE. He then used approximately \$109,000 of these funds to finance his New York State Senate campaign. Specifically, he directed that LIBRE fraudulently use the Council discretionary funds in three distinct ways:

- From June through September of 2006, while seeking the Democratic Party nomination to run for New York State Senate, MONSERRATE directed certain LIBRE employees to perform work on behalf of his political campaign, for which LIBRE paid them thousands of dollars.
- In 2006, after LIBRE used its discretionary funds to conduct a voter registration drive in the Senate district where MONSERRATE was campaigning, MONSERRATE directed LIBRE to create a database of the registered voters and provide it to his Senate campaign. Because LIBRE deliberately delayed providing the same information to the New York State Board of Elections until shortly before the voting deadline, MONSERRATE gained an unfair advantage in the campaign by being the only candidate aware of the individuals LIBRE registered to vote.
- In June and July of 2006, MONSERRATE directed LIBRE to use its discretionary funds to pay workers to gather signatures of registered voters on petitions designating him as a candidate for the Democratic Party's nomination for State Senate for the 13th Senate District. Then, from July through September 2006, LIBRE used Council discretionary funds to pay workers to canvass residents of the 13th Senate District on MONSERRATE's behalf.

* * *

MONSERRATE, 44, of Jackson Heights, Queens, pled guilty to one count of conspiracy to commit mail fraud, and one count of mail fraud. Each count carries a maximum term of 20 years in prison. He is scheduled to be sentenced by Judge McMahon on September 14, 2012, at 11:30 a.m.

Mr. Bharara praised the investigative work of DOI, and thanked the office of Queens District Attorney Richard A. Brown for its assistance with the investigation.

The case is being prosecuted by the Office's Public Corruption Unit. Assistant U.S. Attorneys Brent S. Wible and Carrie H. Cohen are in charge of the prosecution