



The City of New York
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Release # 48-2005
nyc.gov/doi

FOR IMMEDIATE RELEASE
THURSDAY, JULY 21, 2005

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STATEMENT FROM DEPARTMENT OF INVESTIGATION REGARDING RUSSELL HARDING'S SENTENCING

In 2003, Russell Harding was charged with siphoning agency funds and possessing child pornography. In March 2005, he pled guilty. Today, he has been sentenced to 63 months in prison and to pay \$366,799.28 restitution.

DOI Commissioner Rose Gill Hearn said, "Russell Harding stole from HDC to give himself perks usually afforded a celebrity and not to a government official who is supposed to help finance, construct and rehabilitate affordable housing for low-income citizens. Mr. Harding tried to cover his tracks by concealing his improper conduct, including having documents destroyed and computer files deleted – which, in turn, made DOI's investigation more difficult and lengthy."

In pleading guilty in March 2005, Russell Harding admitted he embezzled hundreds of thousands of tax payer dollars from the Housing Development Corporation in order to support a lavish lifestyle that most of us would envy and was straight from the pages of "Vanity Fair." According to the Indictment, he used HDC funds to pay for things for himself and for his friends; everything from personal meals at restaurants, movie videos such as Happy Gilmore and Scary Movie, spa treatments, desktop and laptop computers, printers, camera and electronic equipment including DVD and CD players, bed linens and as well as personal trips to cities such as Vancouver, Hong Kong, Portland, Washington D.C., San Diego and Las Vegas, where he stayed at luxurious places such as the Hotel Del Coronado and The Bellagio. He also spent HDC funds on a helicopter tour of the Grand Canyon and tickets to Siegfried and Roy. He even used HDC funds to pay for a friend's bachelor party, another friend's birthday party at the Four Seasons restaurant, as well as to pay for personal meals for himself and friends, internet service, cookbooks, DVDs of "Sex and the City" and "The Sopranos" that were shipped to friends complete with holiday gift cards, and the yearly fee for a storage facility near his home. He also approved various forms of unauthorized compensation for himself including raises, bonuses, and increases in annual leave. He created a position at HDC for a friend's brother, who did little work for HDC but was paid a full-time salary. Harding also spent \$38,000 in HDC funds to buy a vehicle for his friend Richard Roberts, the former Commissioner of the Department of Housing Preservation and Development (HPD). Roberts pleaded guilty in August 2004 to giving false testimony in regard to his personal use of the vehicle. Moreover, throughout his tenure at HDC, Harding avoided detection of his activity by falsely characterizing the improper expenditures as legitimate business expenses of HDC and by thwarting FOIL requests that were made to HDC. Related to this case, in May 2003, Luke Cusack, a former HDC Senior Vice President and close associate of Harding's, also pleaded guilty to participating in and facilitating the scheme with Harding to use HDC funds for their personal gain, and for the enrichment of friends and associates. DOI has asked the U.S. Attorney's Office to seek restitution so HDC may be paid back the money taken. HDC is a public benefit corporation that provides financing for the construction and rehabilitation of affordable housing throughout the City. HDC also administers federal housing subsidy payments for low-income housing projects occupied by tenants who qualify for assistance.

Mr. Harding also pled guilty to possessing child pornography that was located on a computer disk that contained one movie file and 10 still images.

As a result of this investigation, DOI and HDC entered into a Memorandum of Understanding that established and funded an Office of the Inspector General for monitoring HDC. Since this agreement was signed in 2003, DOI has offered lectures to HDC staff to educate them about their obligation and rights in reporting corruption and wrongdoing. DOI will continue to offer these lectures to HDC staff and entities benefiting from HDC services. Commissioner Gill Hearn thanked HDC President Emily Youssouf and HDC Chairman Shaun Donovan for their ongoing cooperation and assistance. DOI also thanked the Assistant U. S. Attorneys for their work on this matter.

*Get the worms out of the Big Apple.
To report someone ripping off the city, call DOI at (212) 825-5959.*