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U.S. | NEW YORK | NY CRIME

Former U.S. Rep. Michael Grimm Sentenced to Eight Months in Prison

The former Staten Island representative pleaded guilty to tax fraud last year



Former Staten Island Congressman Michael Grimm, center, outside U.S. District Court in Brooklyn on Friday.
PHOTO: ANDREW LAMBERSON FOR THE WALL STREET JOURNAL

By REBECCA DAVIS O'BRIEN

Updated July 17, 2015 5:59 p.m. ET

Former U.S. Rep. Michael Grimm, a Staten Island Republican who pleaded guilty last year to tax fraud, was sentenced Friday to eight months in prison and one year of supervised release.

Mr. Grimm, who served in the U.S. Marines and is a former agent with the Federal Bureau of Investigation, had faced up to three years in prison. He is scheduled to surrender Sept. 10.

The former congressman apologized in a packed federal courtroom in Brooklyn on Friday morning, and his attorneys asked U.S. District Judge Pamela Chen to spare him from prison.

But Judge Chen said she was “troubled” by the tenor of Mr. Grimm’s “somewhat belated” apology.

“Your moral compass, Mr. Grimm, needs some reorientation,” she said.

Mr. Grimm, 45 years old, was charged in April 2014 in a 20-count indictment that alleged he schemed to hide more than \$1 million in earnings and employees' wages at a Manhattan restaurant he ran before becoming a congressman in 2011. The charges stemmed from a probe into his campaign financing.

In December, Mr. Grimm admitted that he had underreported to federal and state tax authorities what the restaurant, Healthlicious, earned between 2007 and 2010, court records show. He also admitted using a portion of the underreported receipts to pay employees off the books.

In an impassioned plea to the court, Mr. Grimm described himself as an ambitious but unsophisticated businessman who didn't know when to walk away from a foundering restaurant. He said he was "ashamed to fail."

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- U.S. Rep. Michael Grimm to Resign (<http://www.wsj.com/articles/u-s-rep-michael-grimm-to-resign-1419908406>) (Dec. 30)
- Rep. Michael Grimm Pleads Guilty (<http://www.wsj.com/articles/u-s-rep-michael-grimm-pleads-guilty-1419360672>) (Dec. 23)
- Michael Grimm, Under Indictment, Wins Re-Election in Staten Island ([http://www.wsj.com/articles/michael-grimm-under-indictment-wins-re-election-in-staten-island-1415161191?KEYWORDS=michael grimm](http://www.wsj.com/articles/michael-grimm-under-indictment-wins-re-election-in-staten-island-1415161191?KEYWORDS=michael%20grimm)) (Nov. 5)
- Staten Island's Rep. Michael Grimm Is Optimistic, Despite Indictment (<http://www.wsj.com/articles/staten-islands-rep-grimm-is-optimistic-despite-indictment-1415111971>) (Nov. 4)

Mr. Grimm said paying people off the books was a "harsh reality" of the restaurant world, and asked to be treated "just like every other restaurant owner."

"I was a darn good congressman," he said. "I can't tell you how terribly I felt that I walked away from my constituents."

Mr. Grimm's attorneys asked for leniency in light of Mr. Grimm's service with the Marines and his work as an elected official. They also said that most people convicted of tax fraud on that scale don't see prison time.

Mr. Grimm won election to Congress in 2010 touting a straight-arrow image. He campaigned on his service as a Marine during the Persian Gulf War and as an FBI agent from 1995 to 2006.

In November, while under indictment, Mr. Grimm won re-election to New York's 11th congressional district, which covers Staten Island and a slice of Brooklyn. Seven weeks later, Mr. Grimm pleaded guilty to a single count of felony tax fraud.

Mr. Grimm initially said he had no intention of stepping down, but a week later changed course and resigned from Congress in early January. Former Staten Island District Attorney Dan Donovan, a Republican, won a special election in May to fill the congressional seat.

“Mr. Grimm made a terrible choice,” his attorney, Daniel Rashbaum, said Friday. “A prison sentence does no one good here.”

But Assistant U.S. Attorney James Gatta pressed for prison time, saying Mr. Grimm hadn’t “truly come to grips” with his crimes.

“It is Mr. Grimm who embraces, even wraps himself in the oaths he has taken when it suits him, and then turns his back on those oaths,” Mr. Gatta said.

In seeking a stiffer sentence, prosecutors cited Mr. Grimm’s management role at the restaurant and his admission that he lied under oath in a 2013 deposition for a civil suit brought by former Healthlicious employees. That suit was later settled.

Judge Chen said she didn’t see proof that Mr. Grimm was a restaurant supervisor, but she said she agreed with prosecutors that his lying under oath merited a tougher punishment.

Judge Chen rejected Mr. Grimm’s claim that he had been sufficiently punished.

“Everyone falls from grace” when they are caught committing crimes, the judge said. “Some people fall farther than others.”

The judge also read aloud from a letter submitted by a resident of Mr. Grimm’s former district, who said Mr. Grimm’s “deceit and treachery” had contributed to the “unsavory, untrustworthy image” of elected leaders.

Mr. Grimm and his lawyers left the courthouse Friday without addressing reporters.

Acting U.S. Attorney in Brooklyn Kelly T. Currie said in a statement that “this prosecution and sentence should be a reminder to those in positions of trust” that federal officials would “vigorously pursue whomever commits fraud.”

Guy Molinari, a former congressman and Staten Island borough president, said he was devastated by the case’s outcome.

“It’s a sad day for me to watch this young man who has so much promise and helped so many people to stand before a judge and be sentenced in a criminal trial,” Mr. Molinari, 86, said.

Chris Ribaldo, a 47-year-old Staten Island resident who voted for Mr. Grimm, said the case confirmed his suspicion that “all politicians are crooks.” But he said he believed Mr. Grimm had been singled out because he was a Republican.

In January 2014, Mr. Grimm drew national attention when he was caught on camera in the U.S. Capitol threatening a television reporter who had asked him about the federal investigation.

Mr. Grimm told NY1 reporter Michael Scotto that he would throw him off the Capitol balcony. “I’ll break you in half, like a boy,” he said.



Former U.S. Rep. Michael Grimm, center, hugs a supporter outside federal court in Brooklyn where he was sentenced to eight months in prison for tax fraud on Friday. *ILLUSTRATION: ANDREW LAMBERSON FOR THE WALL STREET JOURNAL*

Mr. Grimm later apologized.

In addition to his prison term and supervised release, Mr. Grimm was sentenced to 200 hours of community service. The judge said Mr. Grimm will also be ordered to pay restitution to state and federal tax authorities. The amount is to be determined at an August hearing.

The judge cited figures from the Internal Revenue Service and the state Department of Taxation and Finance showing the estimated total tax loss in this case at more than \$185,000.

—*Mara Gay and Joe Jackson contributed to this article.*

Corrections & Amplifications:

U.S. District Judge Pamela Chen said, “Your moral compass, Mr. Grimm, needs some reorientation.” An earlier version of this article incorrectly quoted her as saying “Your moral compass, Mr. Grimm, needs some realignment.” (July 17, 2015)

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