

THE UNITED STATES ATTORNEY'S OFFICE  
SOUTHERN DISTRICT *of* NEW YORK

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**Department of Justice**

U.S. Attorney's Office

Southern District of New York

FOR IMMEDIATE RELEASE

Monday, December 13, 2021

## **Brooklyn Supreme Court Justice Convicted Of Obstructing Federal Investigation Of Misconduct At Municipal Credit Union**

Damian Williams, United States Attorney for the Southern District of New York, announced today the conviction of SYLVIA ASH, a justice of the New York State Supreme Court, and former chair of the Board of Directors of Municipal Credit Union ("MCU"), for conspiracy to obstruct justice, obstruction of justice, and making a false statement to a federal agent. These charges arose from a scheme to impede the federal criminal investigation into fraud and corruption at MCU, a non-profit, multibillion-dollar financial institution, including misconduct committed by Kam Wong, the former chief executive officer ("CEO"), and Joseph Guagliardo, a former New York City Police Department Officer and member of MCU's Supervisory Committee. Wong and Guagliardo were charged separately and previously pled guilty to embezzlement from MCU. ASH was convicted after a two-week jury trial before U.S. District Judge Lewis A. Kaplan and is scheduled to be sentenced on April 20, 2022 by Judge Kaplan.

U.S. Attorney Damian Williams said: "Today's conviction demonstrates our resolve in uncovering criminal conduct at the highest levels of MCU and ensuring that those who attempt to thwart a federal investigation face consequences for that corrosive conduct. As the jury unanimously found, Sylvia Ash took repeated steps, over multiple months, to seek to obstruct the federal criminal investigation into financial misconduct at MCU that took place during Ash's tenure as chair of the Board of Directors. Obstruction of justice, particularly by a sitting state court judge, is a serious crime, and Ash now faces punishment for her obstruction scheme."

According to the Complaint, Indictment, Superseding Indictment, publicly-available information, court filings, and evidence presented during the trial in Manhattan federal court:

### *Municipal Credit Union*

MCU is a non-profit financial institution headquartered in New York, New York, which is federally insured by the National Credit Union Administration ("NCUA"). MCU is the oldest credit union in New York State and one of the oldest and largest in the country, providing banking services to more than 500,000 members, and with more than \$4 billion in member accounts, each of which is insured for at least \$250,000 by the National Credit Union Share Insurance Fund, which is administered by the NCUA. Membership in MCU is generally available to employees of New York City and its agencies, employees of the federal and New York state

governments who work in New York City, and employees of hospitals, nursing homes, and similar facilities located within New York State.

At all relevant times, MCU was overseen by a Board of Directors (the “Board”) and a Supervisory Committee (the “Supervisory Committee”), each of which was composed of members of MCU, who were not supposed to be compensated. As a result of severe deficiencies in the Board’s and the Supervisory Committee’s oversight of the credit union, which came to light in connection with the federal investigation, the New York Department of Financial Services (“DFS”) removed the members of the Supervisory Committee in May 2018 and the Board in June 2018. Subsequently, DFS appointed NCUA as the conservator for the credit union.

### *ASH*

ASH is a sitting New York State Supreme Court Justice in Kings County. ASH has served as a judge in the New York State court system since approximately 2006, first as a Kings County Civil Court Judge, and then, starting in 2011, as a Kings County Supreme Court Justice. In or about January 2016, ASH was appointed as the presiding judge in the Kings County Supreme Court’s Commercial Division. After the charges in this case were unsealed, ASH was suspended from her position.

ASH served on MCU’s Board from in or about May 2008 until on or about August 15, 2016, when she resigned. From in or about May 2015 until her resignation, ASH served as the chair of the Board. ASH resigned after a complaint was filed against her by the New York State Commission on Judicial Conduct arising from a conflict of interest between her position as a state judge and her membership on MCU’s Board. More than a year before her resignation, ASH had been instructed to resign from MCU’s Board by the Advisory Committee on Judicial Ethics, which instruction she disregarded.

From at least in or about 2012 through 2016, while serving as an MCU Board member and while Wong was CEO, ASH received annually tens of thousands of dollars in reimbursements and other benefits from MCU, including airfare, hotels, food and entertainment expenses for her and a guest to attend conferences both domestically and abroad, annual birthday parties at a minor league baseball stadium, payment for phone and cable bills, and electronic devices. Even after her resignation from the Board, Wong continued to provide or cause MCU to provide ASH with benefits, such as Apple devices and sports tickets. As a sitting state judge, ASH was required to report both her board service and gifts and benefits she received from any outside sources on an annual state disclosure form. But between at least 2012 and 2018, ASH never reported her board service nor any gifts or benefits from MCU.

### *ASH’s Obstruction of Justice*

In January 2018, after Wong, MCU’s then-CEO, had been approached by federal law enforcement agents investigating apparent financial misconduct by Wong, in an attempt to protect Wong, ASH agreed to and did sign a false and misleading memorandum purporting to explain and justify millions of dollars Wong had received from MCU. Wong subsequently provided that false and misleading memorandum to federal agents in an attempt to demonstrate that the millions of dollars had purportedly been orally approved for him to receive by ASH in June 2015, when she was chair of the Board. However, in truth, neither ASH nor the Board had approved the payment of those funds.

On March 1, 2018, shortly after Wong was placed on administrative leave by MCU, ASH was interviewed about the memorandum she signed for Wong. During that interview, ASH admitted that the memorandum was not accurate, but attempted to justify the money that Wong received by stating that MCU’s then-current general counsel had told her that Wong’s employment contract gave him the option of receiving such money. That statement was false.

On March 13, 2018, ASH was served with a federal grand jury subpoena (the “First Subpoena”), which required the production of documents related to various matters, including Wong’s compensation, and any communications with Wong through the date of the First Subpoena. On April 6, 2018, during a telephonic interview with a federal agent, ASH falsely stated that she did not have any materials responsive to the First Subpoena.

On June 8, 2018—after Wong was charged with embezzlement from MCU and the Government executed a judicially-authorized search of the residence of Guagliardo—ASH was interviewed by telephone for a second time about the First Subpoena. During that interview, ASH again falsely stated that she did not have any materials responsive to the First Subpoena.

On June 18, 2018, ASH was served with a second federal grand jury subpoena (the “Second Subpoena”), which required the production of, among other things, all correspondence with Wong and Guagliardo; all documents regarding any criminal investigation, internal investigation, or audit related to Wong; and all documents regarding items of value ASH received from MCU, Wong, or Guagliardo. Shortly afterward, ASH went to an Apple store and wiped an iPhone X that Wong had provided her in January 2018. In addition, ASH deleted emails from her Gmail account, including all of her emails with Guagliardo, none of which she produced in response to either of the two federal grand jury subpoenas directed to her. ASH also later wiped two MCU-issued iPads she had received.

On July 6, 2018, on ASH’s behalf, her then-counsel produced materials to the Government in response to the Second Subpoena. This production was materially incomplete, and did not contain text messages, emails, and other documents ASH possessed or had under her custody or control that were responsive to the Second Subpoena.

On July 9, 2018, ASH attended a voluntary interview with the U.S. Attorney’s Office. During this interview, while accompanied by her then-counsel, ASH made multiple false statements, including repeating false statements regarding her purported conversations with MCU’s former general counsel about Wong’s receipt of cash payments and falsely claiming that she and her aunt took a trip to Las Vegas paid for by MCU, including airfare, lodging, and entertainment expenses, after she resigned because all of her travel arrangements were paid for by MCU before she resigned, when in truth all of the expenses were paid for after she resigned.

On or about October 11, 2019, ASH was arrested and her cellphone was seized. After obtaining a judicially-authorized search warrant, ASH’s phone was searched, which revealed, among other things, numerous text messages, including with Wong and Guagliardo, that were concealed in response to the First and Second Subpoenas.

\* \* \*

ASH, 64, of Brooklyn, New York, was convicted of one count of conspiracy to obstruct justice, which carries a maximum penalty of five years in prison; one count of obstruction of justice, which carries a maximum penalty of 20 years in prison; and one count of making false statements, which carries a maximum penalty of five years in prison. The maximum potential penalties are prescribed by Congress and are provided here for informational purposes only, as sentencing of the defendant will be determined by Judge Kaplan.

On June 4, 2019, Wong was sentenced to 66 months in prison for embezzlement from MCU and was ordered to forfeit \$9,890,375 and to pay restitution in the same amount to MCU.

On July 23, 2020, Guagliardo was sentenced to 27 months in prison for embezzlement from MCU and was ordered to forfeit \$425,514 and to pay \$468,189 in restitution to MCU.

U.S. Attorney Williams praised the outstanding work of the Special Agents of the United States Attorney's Office. Mr. Williams also thanked the New York County District Attorney's Office and DFS for their assistance.

The case is being handled by the Office's Public Corruption Unit. Assistant U.S. Attorneys Eli J. Mark, Daniel C. Richenthal, and Jonathan Rebold are in charge of the prosecution, with the assistance of Special Assistant U.S. Attorney Alona S. Katz from the New York County District Attorney's Office.

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