



NEW YORK CITY LAW DEPARTMENT  
OFFICE OF THE CORPORATION COUNSEL

Michael A. Cardozo, *Corporation Counsel*

Press Release

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*For Immediate Release*

**COURT FINDS SEVERAL BUSINESS AND INDIVIDUALS LIABLE  
UNDER “RICO ACT” FOR DEFRAUDING CITY  
OF PUBLIC ASSISTANCE FUNDS THAT WERE TO BE USED  
TO PREVENT HOMELESSNESS**

***SUMMARY JUDGMENT AWARD BY COURT GIVES CITY TREBLE DAMAGES***

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New York, March 8, 2006 – A federal district court last week found that several individuals and businesses were liable in a scheme to defraud the City of public assistance funds dedicated to prevent homelessness and awarded the City more than \$215,000 in damages, plus fees. Defendants Deborah Pollock, Eric Gladstein and several corporate entities they respectively controlled were found liable by Southern District Judge Paul A. Crotty under the civil provisions of the Racketeering Influenced and Corrupt Organizations Act (RICO) because they filed, or conspired to file, fraudulent applications to obtain payments to landlords to which they were not entitled.

“We are very pleased by the decision,” said Corporation Counsel Michael A. Cardozo. “This case shows that the City will not countenance the theft of City funds through fraud.”

Joshua Rubin and Eric Proshansky, attorneys in the Law Department’s Affirmative Litigation Division and the lead lawyers handling the case for the City, noted that the defendants’ fraud was particularly egregious, because it involved the theft of funds dedicated to help prevent homelessness and because the fraudulent papers created a misimpression as to actions taken by the housing court. “They didn’t just lie on an application, they doctored documents to look like they had been received by the court,” Rubin said.

The defendants included Deborah Pollock, who ran an organization called Community Law Advocates (CLA) and who owned rental apartment buildings through several corporate defendants, and Eric Gladstein, who also owned several rental apartment buildings through several other corporate defendants. Previous to the City’s civil lawsuit under RICO, the defendants were found guilty of criminal charges brought by the State.

The City’s lawsuit was based built upon an earlier criminal conviction of the same defendants obtained by the New York State Attorney General and the State Office of the Welfare Inspector General. In the earlier criminal case, each defendant pleaded guilty to the State’s charges related to filing false relief applications with the State’s Office of Temporary Disability Assistance (OTDA). The applications were false in that the tenants were not in fact the subject of eviction proceedings. Attached to the applications were false housing court petitions that were intended to make it appear that an eviction proceeding was pending against the tenant. In at least 69 admitted instances, the housing court petition was not filed with the housing court and/or never served on the tenant.

There was no eviction proceeding against the tenant and no basis to pay the relief to the landlords who participated in the scheme. In many cases, the fraudulent applications contained purported housing court petitions that had been doctored to contain what appeared to be housing court index numbers – in some cases with a phony stamp – to make it look like the housing court had received the petition and assigned the case an index number even though the petition had never been filed with the housing court.

Following the defendants’ guilty pleas in the criminal case, the City brought a civil lawsuit under the Racketeering Influenced and Corrupt Organization Act (RICO). In its RICO case, the City took the unusual step of asking the court for summary judgment on grounds that the undisputed facts established in the criminal action left no matters

undecided, including the City's damages. In a detailed, 38-page decision, the Court agreed that no trial was necessary; it found in favor of the City and awarded damages of \$215,393.58, based on the City's 25 percent share of the more than \$334,000 stolen through the scheme, which is automatically trebled (tripled) under RICO. Moreover, under RICO, the City is also entitled to receive its attorneys' fees.

The New York City Law Department is one of the oldest, largest and most dynamic law offices in the world, ranking among the top three largest law offices in New York City and the top three largest public law offices in the country. Tracing its roots back to the 1600's, the Department's 650-plus lawyers handle more than 100,000 cases and transactions each year in 17 separate legal divisions. The Corporation Counsel heads the Law Department and acts as legal counsel for the Mayor, elected officials, the City and all its agencies. The Department's attorneys represent the City on a vast array of civil litigation, legislative and legal issues and in the criminal prosecution of juveniles. Its web site can be accessed through the City government home page at [www.nyc.gov](http://www.nyc.gov) or via direct link at [www.nyc.gov/html/law/home.html](http://www.nyc.gov/html/law/home.html).

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