



The City of New York
Department of Investigation

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FORMER DOE EMPLOYEE ARRESTED FOR DEFRAUDING NYCHA OF \$38,000

-- She allegedly falsified co-workers' income statements so they would receive larger rent subsidies --

ROSE GILL HEARN, Commissioner of the New York City Department of Investigation, announced today the arrest of JUDITH KENNEDY, a former NYC Department of Education (DOE) payroll secretary, for allegedly defrauding the New York City Housing Authority of approximately \$38,000 by falsifying income verification forms for four former co-workers who received rent subsidies from NYCHA.

KENNEDY, 50, of Brooklyn, has been charged with Grand Larceny in the Third Degree and five counts each of Falsifying Business Records in the First Degree and Second Degree. If convicted, she faces up to seven years in jail.

KENNEDY, who worked for DOE from 1992 to 2003, was responsible for maintaining payroll records for DOE employees assigned to PS 181 in Brooklyn. As part of her duties, KENNEDY signed NYCHA documents, called Summary of Earnings statements, for PS 181 employees who, in turn, submitted them to NYCHA in order to receive rent subsidies. According to the Complaint, in multiple instances, KENNEDY signed Summary of Earnings statements that underreported the four tenants' annual incomes by as little as \$2,700 a year to as much as \$10,151 a year. As a result, the rents these tenants paid were \$50 to \$202 less than what they should have paid each month. For example, the DOE salary KENNEDY recorded from 1999 to 2002 for one co-worker ranged from \$12,000 to \$14,000 a year. However, DOE payroll records indicated that the employee actually earned between \$21,025 and \$24,151. Thus, NYCHA charged that employee/tenant \$417 to \$487 a month in rent for a 5-room apartment, when they should have charged the employee/tenant \$619 a month for the entire period.

The investigation regarding the former co-workers is ongoing. Only one former co-worker remains a NYCHA tenant. One other former co-worker remains a DOE employee.

DOI Commissioner Rose Gill Hearn said, "The City is very sensitive to the need for subsidized housing. Nonetheless, that doesn't mean people should cheat or lie to get it. Lying and cheating could lead to one's prosecution and eviction, and could deprive subsidized housing to others who may greatly need the help."

The investigation was conducted jointly by DOI's Inspector General for NYCHA, Judith F. Abruzzo, and DOI's Special Commissioner of Investigation for the New York City School District, Richard J. Condon. Members of their staff also contributed, including Deputy Inspector General Kevin Smith and Acting Deputy Inspector General Bergia Telesford. KENNEDY will be prosecuted by the Office of the Kings County District Attorney Charles J. Hynes.

Criminal complaints are merely an accusation. Defendants are presumed innocent until proven guilty.

DOI is one of the oldest law-enforcement agencies in the country. The agency investigates and refers for prosecution City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City.

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To report someone ripping off the city, call 311 or DOI directly at (212) 825-5959.