



The City of New York
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**DOI INVESTIGATION LEADS TO ARREST OF TWO CITY DEPARTMENT OF EDUCATION EMPLOYEES
ON FEDERAL CHARGES OF STEALING THOUSANDS OF DOLLARS IN SECTION 8 SUBSIDIES**

ROSE GILL HEARN, Commissioner of the New York City Department of Investigation ("DOI"), announced the arrests of BETTY HIDALGO and LINDA PEREZ, City Department of Education ("DOE") employees, who, in separate cases, were charged with concealing their City incomes to steal Section 8 housing subsidies that, combined, totaled approximately \$100,800. The cases stem from investigations by DOI, with assistance from the Office of Inspector General for the United States Department of Housing and Urban Development ("HUD") in New York, and are being prosecuted by the office of Michael J. Garcia, United States Attorney for the Southern District of New York.

DOI Commissioner Rose Gill Hearn said, "Every City employee should know better than to falsify an income statement to obtain housing benefits. It's not only wrong but foolish, because we compare those statements with City payroll records and find the discrepancies. The consequences for individuals who defraud the taxpayers and deprive eligible people of the limited benefits include arrest, prosecution, and a possible prison sentence."

The Section 8 subsidies in these cases were administered by the New York City Housing Development Corporation ("HDC") and funded by HUD.

HIDALGO, 67, of Brooklyn, was arrested today and charged with violating 18 U.S.C. 641, for fraudulently obtaining approximately \$81,632 in rent subsidies between 2005 and August 2008. If convicted, she faces up to ten years in federal prison. HIDALGO has been employed with DOE since 1994, is currently a Paraprofessional at P.S. M721, the Manhattan Occupational Training Center, and receives an annual salary of approximately \$33,087.

PEREZ, 34, of Florida, was arrested on October 21, 2008, on an indictment filed in the federal court in Manhattan, and has been charged with violating 18 U.S.C. 641. A criminal complaint in the case charges that PEREZ fraudulently obtained rent subsidies of approximately \$19,716 from HUD between September 2006 and December 2007. If convicted, she faces up to ten years in federal prison. PEREZ began employment in 2000 as a teacher with DOE. She took a leave of absence in 2003 and returned to DOE from August 2006 to April 2007. PEREZ's last DOE assignment was at P.S. 157 in the Bronx, where she received an annual salary ranging between \$42,052 and \$59,323. Her employment was terminated in October 2007.

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These arrests are the result of DOI's ongoing effort to confirm that City employees who have received Section 8 subsidies through HDC accurately reported their City income. Investigators compare the employees' reports of income to HDC with the income records maintained in the City's Payroll Management System.

According to the criminal complaint, HIDALGO resided in a Section 8-subsidized apartment in Manhattan when she submitted signed certifications to HDC in May 2005, April 2006, May 2007 and May 2008 stating that as of those dates she was not receiving any income. In addition, in some of the certifications, HIDALGO stated that her household consisted of five individuals - herself, her husband, her daughter and two grandchildren. DOI's investigation found that HIDALGO failed to report her wages from DOE, which ranged from \$30,158 in 2004 to \$36,633 in 2007; her daughter's income between 2004 and 2007, which was between \$34,978 and \$44,693, and that her daughter and grandchildren did not live in the household. Based on the false statements to HDC, HIDALGO obtained approximately \$81,632 in Section 8 subsidies to which she was not entitled.

According to the criminal complaint, PEREZ resided in a Section 8-subsidized apartment in the Bronx when she submitted a recertification form in October 2006 stating that she received \$7,800 in employment income and a notarized letter saying she was paid \$150 per week for child care services. However, City records showed that between August 2006 and April 2007, PEREZ was employed by DOE as a teacher earning a salary ranging between \$42,052 and \$59,323. Based on the false income statements, PEREZ obtained approximately \$19,716 in Section 8 subsidies to which she was not entitled.

The Section 8 Rental Assistance Program is a federal government program for helping low income individuals to afford housing in the private market. A housing subsidy is paid each month directly to the landlord on behalf of the participating individual, and that individual pays the difference between the actual rent and the amount subsidized by the Section 8 program.

DOI Commissioner Gill Hearn thanked HDC's President Marc Jahr and Rene Febles, Special Agent in Charge of the HUD Office of Inspector General in New York, and members of their staffs, for their assistance and cooperation during these investigations. Commissioner Gill Hearn also thanked Michael J. Garcia, United States Attorney for the Southern District of New York, whose office is prosecuting the HIDALGO case, which has been assigned to Assistant U.S. Attorney Daniel Chung, and the PEREZ case, which has been assigned to Assistant U.S. Attorney Christopher Frey.

The investigations were conducted by DOI's HDC Inspector General Joseph P. Piazza, Special Counsel Catherine Riccards and Chief Investigator Belarminia Ortiz.

Criminal complaints are accusations. 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.

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