



The City of New York
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**A FORMER CITY EMPLOYEE ARRESTED BY DOI IN TAX SCAM
IS SENTENCED TO THREE YEARS OF PROBATION IN FEDERAL COURT**
*--Former ACS employee sentenced today follows the sentencing in August 2006 of her co-
conspirator, a former City Deputy Sheriff. Both were convicted in a tax fraud scheme--*

Rose Gill Hearn, Commissioner of the New York City Department of Investigation (DOI), announced today that DANIELLE VAUGHT, a former Administration for Children's Services (ACS) Clerical Associate, was sentenced to three years probation for her role in a tax fraud conspiracy scheme. VAUGHT, 32, of Queens, pleaded guilty in January 2007 to the federal criminal charge of misuse of a social security number and was sentenced today in U.S. District Court, Eastern District of New York, in Brooklyn.

VAUGHT'S co-conspirator in this scheme, DAVID THOMAS, a former New York City Department of Finance Deputy Sheriff, pleaded guilty in August 2005 to misuse of a social security number, aggravated identity theft and aiding in the fraudulent preparation of income tax returns. He was sentenced in August 2006 to 30 months in federal prison. THOMAS, 42, of Queens was also ordered to pay restitution to the federal government in the amount of \$400,000 upon his release.

Commissioner Rose Gill Hearn said, "These former City employees had an obligation to protect the confidential information they had access to as part of their jobs. But these individuals violated the trust of their positions by illegally disclosing social security numbers that belonged to underprivileged children and selling them for use on fraudulently prepared tax returns. They took advantage of their authority and poor children, to benefit their own bank accounts."

DOI began its investigation jointly with federal law enforcement authorities after receiving a complaint from an individual who alleged that THOMAS, the complainant's tax preparer, offered to sell three names and corresponding social security numbers for use as dependents on the complainant's tax returns. THOMAS asked for a fee of \$500 for the use of these social security numbers.

The investigation disclosed that VAUGHT, who worked as a data-entry clerk at the ACS Archer Avenue field office, located in Jamaica, N.Y., used her work computer to access confidential

records belonging to children, including their social security numbers and dates of birth, stored in the City's Child Care Record System, known as "CCRS," and Welfare Management System (WMS). Subsequently, VAUGHT sold the information to THOMAS, a part-time tax preparer.

THOMAS used the names and social security numbers belonging to these children, mostly in ACS foster care programs, and fraudulently claimed them as dependants on tax returns that he prepared for his clients. THOMAS charged each tax client \$500 extra for each child added and gave some of that money to VAUGHT. THOMAS charged an additional \$285 fee for preparing and filing the tax forms electronically, a method he used to check that the stolen identities he submitted were not already claimed by others filing taxes. Adding dependents to an individuals' tax return in these cases increased their tax refunds.

This investigation was conducted jointly by DOI, the U.S. Social Security Administration's Office of the Inspector General, and the Criminal Investigation branch of the U.S. Internal Revenue Service, the U.S. Secret Service and the U.S. Postal Inspection Service. DOI's role in the investigation was led by Assistant Commissioner Benjamin Defibaugh, and members of his staff, including Deputy Inspector General Joseph Caputo and Confidential Investigator Martin Lintner.

Commissioner Gill Hearn thanked the special agents from all of the various federal law enforcement agencies who assisted in the investigation.

This case was prosecuted by the Office of the United States Attorney for the Eastern District of New York.

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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