



The City of New York
Department of Investigation

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**DOI ARRESTS TWO CITY EMPLOYEES AND A THIRD INDIVIDUAL ON CHARGES OF
DEFRAUDING THE CITY HOUSING AUTHORITY OF APPROXIMATELY \$81,981**

ROSE GILL HEARN, Commissioner of the New York City Department of Investigation ("DOI"), announced the arrests, in separate cases, of two City employees and a third individual on charges of concealing their income in order to reduce the rent each paid for their apartments located in New York City Housing Authority ("NYCHA") developments in the Bronx. As a result of these misrepresentations, the defendants are charged with defrauding NYCHA of a total of approximately \$81,981 between August 1998 and January 2007. The Office of Bronx County District Attorney Robert T. Johnson is prosecuting the cases.

DOI arrested ROSA DURAND today, and on April 14, 2009, DOI arrested two City employees, PALERMA MARTINEZ and MADELINE SIERRA. Each of the defendants has been charged with Grand Larceny in the Third Degree, a class D felony, and Offering a False Instrument for Filing in the First Degree, a class E felony. DURAND was also charged with Grand Larceny in the Fourth Degree, a class E felony. SIERRA was also charged with Criminal Possession of a Forged Instrument in the Second Degree, a class D felony. Upon conviction, a class D felony is punishable by up to seven years in prison, and a class E felony is punishable by up to four years in prison.

DOI Commissioner Rose Gill Hearn said, "In the last nine days, DOI has arrested seven individuals, including four City employees, on charges of defrauding the City housing authority. Individuals who intentionally conceal income to steal public housing benefits intended for needy families need to know that they risk arrest and criminal prosecution."

DOI's releases on the other arrests can be found at the following links:

http://www.nyc.gov/html/doi/pdf/pr32wilson_burke_41509.pdf and
http://www.nyc.gov/html/doi/pdf/pr35mcgann_torres_42209.pdf.

Following are summaries of the charges against the three defendants:

- DURAND, 64, of the Bronxdale section of the Bronx, was a tenant of NYCHA's Soundview Houses between August 1998 and July 2006, and her rent was determined, in part, by filings with NYCHA regarding her income and household composition. DURAND signed and filed Affidavits of Income ("AOIs") with NYCHA that stated her sole source of income was her husband's Social Security benefits and she stated on these forms that she was not employed. However, DOI's investigation found that DURAND was employed by Jacobi Medical Center, a New York City Hospital, since November 1997, and that between 1998 and 2006 she earned wages of between \$34,395 and \$48,557. As a result of these misrepresentations, DURAND defrauded NYCHA between August 1998 and July 2006 of approximately \$36,291 in rental subsidies, according to the criminal complaint.

DOI's investigation found that DURAND paid rent ranging between \$208 and \$266 per month when she should have paid \$628 per month.

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- MARTINEZ, 59, of the Melrose section of the Bronx, was a resident of NYCHA's Melrose Houses in the Bronx between July 1999 and January 2007, and her rent was determined, in part, by the income and household composition she reported to NYCHA. DOI's investigation found that MARTINEZ was employed as a Paraprofessional with the City Department of Education ("DOE") since April 1998 and that between 1999 and 2006 she received income of between \$2,633 and \$23,901, but did not report her income on the AOs she signed and submitted to NYCHA. As a result of these misrepresentations, MARTINEZ defrauded NYCHA between July 1999 and January 2007 of approximately \$35,230 in rental subsidies, according to the criminal complaint.

DOI's investigation found that MARTINEZ paid monthly rent that ranged between \$113 and \$509, when she should have paid between \$515 and \$633 per month.

- MADELINE SIERRA, 52, of the Morris Heights section of the Bronx, was a resident of a NYCHA apartment on Featherbed Lane between August 2002 and July 2005, and her rent was determined, in part, by the income and household composition she reported to NYCHA. DOI's investigation found that SIERRA was employed with the City Human Resources Administration/Department of Social Services ("HRA/DSS") since April 2001 and between 2001 and 2005 received a salary that ranged between \$25,844 and \$40,052. In addition, the investigation found that AOs signed and filed by SIERRA stated she was employed by a temp agency and failed to report her HRA/DSS income. In 2004 and 2005, SIERRA submitted to NYCHA Summary of Earnings forms purportedly completed by employees of the temp agency, which stated SIERRA was employed at the temp agency and received approximately \$14,700 each of those years. DOI's investigation found that SIERRA was not employed with the temp agency and those Summary of Earnings forms were fraudulent. In addition, the investigation found that SIERRA submitted fraudulent documents that falsely indicated she started work at HRA/DSS in 2005. As a result of these misrepresentations, SIERRA defrauded NYCHA between August 2002 and July 2005 of approximately \$10,460 in rental subsidies, according to the criminal complaint.

DOI's investigation found that SIERRA paid monthly rent of between \$286 and \$401, when she should have paid \$619 per month.

Commissioner Gill Hearn thanked NYCHA Chairman Ricardo Elías Morales, HRA Commissioner Robert Doar, DOE Chancellor Joel I. Klein, and Bronx District Attorney Robert T. Johnson, and their staffs, for their assistance in these investigations.

These investigations were conducted by DOI's Inspector General for NYCHA Robert J. McSweeney and members of his staff, including Counsel to the Inspector General Kevin Smith, Deputy Inspector General Bergia Telesford, Deputy Counsel to the Inspector General Laureen Hintz, First Assistant Inspector General Rosemary Caruso, Chief Investigator Christopher France and Chief Investigative Paralegal Tracy Meisel.

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.

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To report someone ripping off the City, call DOI at (212) 825-5959.**