



The City of New York  
Department of Investigation

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**FOR IMMEDIATE RELEASE**  
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**DOI ARRESTS SIX MANHATTAN RESIDENTS THIS WEEK FOR DEFRAUDING NYCHA  
OF MORE THAN \$87K IN HOUSING SUBSIDIES**  
*-- Three defendants are government employees --*

ROSE GILL HEARN, Commissioner of the New York City Department of Investigation (DOI), announced today the arrest of six New York City Housing Authority (NYCHA) residents for fraudulently receiving more than \$87,000 in rent subsidies for apartments located throughout Manhattan. The six defendants were arrested over the course of several days this week and were charged with a variety of crimes including Grand Larceny, Offering a False Instrument for Filing and Criminal Possession of a Forged Instrument. If convicted, they each face up to seven years in prison.

DOI Commissioner Rose Gill Hearn said, "We will continue to arrest those who hide their employment and/or assets from NYCHA in order to pay lower rents and to receive subsidies for which they are not entitled. These greedy individuals are depriving many other needy citizens of affordable public housing."

RENEE EVANS, 49, has been the Tenant of Record of a 4-room apartment in NYCHA's Lillian Wald Houses located on the Lower East Side since 1978. EVANS is charged with unlawfully obtaining \$27,438 in rent subsidies from November 1994 through August 2003. She allegedly failed to report on her yearly Affidavits of Income submitted to NYCHA the Social Security and/or Supplemental Security Income benefits she received on behalf of one or more of her minor children. As a result, EVANS' rent ranged from \$84 to \$180 per month when she should have been paying the maximum rent of \$495 per month. She has been charged with Grand Larceny in the Third Degree and Offering a False Instrument for Filing in the First Degree.

DIEATREA LEE, 49, has been the Tenant of Record of a 6-room apartment in NYCHA's Lehman Village Houses in Spanish Harlem since 1988. DOI investigators found that, like Evans, LEE also allegedly failed to report to NYCHA the Social Security benefits she received on behalf of her minor child. Instead of reporting that she was receiving Social Security Survivor's Benefits ranging between \$8,000 and \$14,500 a year on behalf of her son, LEE answered "no" or "n/a" to the questions on her yearly Affidavits of Income that ask if anyone in the household receives Social Security benefits. As a result, NYCHA overpaid rental subsidies on behalf of LEE in the amount of \$21,324. Lee's monthly rent ranged from \$114 to \$586, when it should have been between \$317 and \$714 per month. She has been charged with Grand Larceny in the Third Degree and Offering a False Instrument for Filing in the First Degree.

DEANA SPADY, 38, Tenant of Record of a 3-room apartment in NYCHA's Frederick E. Samuel Apartments in Harlem, is charged with concealing from NYCHA her employment with the United States Postal Service and her yearly income which ranged from \$41,029 to \$43,536. DOI Investigators determined that SPADY has been employed with the USPS as a mail carrier since November 1999. However, on her yearly Affidavits of Income she filed with NYCHA from 2000 through 2004, SPADY reported she was employed with the New York City Department of Education (DOE) and earned only between \$7,326 and \$17,159 per year. DOI Investigators determined that SPADY left the DOE in 1999. As a result, NYCHA overpaid rental subsidies on behalf of SPADY in the amount of \$13,138. SPADY's rent ranged from \$326 to \$340 a month, when it should have been paying maximum rent of \$421 per month for an apartment that size. She has been charged with Grand

Larceny in the Third Degree, Criminal Possession of a Forged Instrument in the Second Degree and Offering a False Instrument for Filing in the First Degree.

MARTHA SHEPPARD, 40, Tenant of Record, since 1990, of a 3-room apartment at NYCHA's Washington-Lexington Houses in Carnegie Hill, allegedly concealed from NYCHA the fact that she has been employed as a Station Agent with the New York City Transit Authority since 1991. As a Transit Authority employee, SHEPPARD earned anywhere from \$25,833 to \$48,840 a year. However, SHEPPARD falsely reported to NYCHA that she was employed as a "Xerographer" with companies such as Louis Frey or Pitney Bowes and earned only \$12,500 to \$17,680 a year. As a result, SHEPPARD's rent payments to NYCHA from 1992 to 2005 ranged from \$264 to \$404 per year. She should have been paying maximum monthly rent of \$421 for an apartment that size. As a result, NYCHA was defrauded \$12,676. She has been charged with Grand Larceny in the Third Degree, Criminal Possession of a Forged Instrument in the Second Degree, and Offering a False Instrument for Filing in the First Degree.

SCHENELL BABB, 38, the Tenant of Record since 1994 of a 4-room apartment in NYCHA's Jefferson Houses located in the Spanish Harlem section of Manhattan, has been charged with unlawfully obtaining \$11,904 in rent subsidies between October 2001 and September 2004. BABB concealed from NYCHA her employment as a Provider/Teacher with the Neighborhood Children's Center where she earned between \$15,430 and \$19,000 a year. Instead of reporting that income to NYCHA, BABB reported Public Assistance as her sole income. As a result, BABB's monthly rent share for the period October 2001 through September 2004 was \$137 per month, when in fact, she should have paid between \$167 and \$495 per month. She has been charged with Grand Larceny in the Third Degree, and Offering a False Instrument for Filing in the First Degree.

LAURA DAILEY, also known as LAURIE DAILEY, 43, has been the Tenant of Record of a 4-room apartment in NYCHA's Taft Houses, located in Spanish Harlem, since 1997. DOI Investigators determined that DAILEY, a Clerical Associate with the New York City Human Resources Administration (HRA), failed to report to NYCHA the unauthorized presence in her apartment of a former NYCHA employee. DOI Investigators further determined that, posing as the unauthorized tenant's landlord, DAILEY received rental subsidies from HRA, on the unauthorized tenant's behalf, totaling \$8,009 from approximately January 2002 to September 2004. DAILEY also failed to report the rental subsidies to NYCHA. Instead, DAILEY reported on the Affidavits of Income she filed with NYCHA that her family composition consisted of her and her daughter and that her sole source of income was derived from her employment with HRA. DAILEY's failure to report the rental subsidies she received from HRA did not affect her rent, since her employment income required her to pay the maximum monthly rent of \$495 for an apartment of that size. However, DOI Investigators determined that DAILEY submitted two forged employment verification forms, purportedly completed by HRA employees, fraudulently indicating that her work hours had been reduced to part-time. As a result of her submission of one of the forged letters, NYCHA lowered her monthly rent from \$495 to \$405 per month from May 2003 through January 2004. Thus, NYCHA overpaid \$810 in her rental subsidies. She has been charged with Criminal Possession of a Forged Instrument in the Second Degree, Offering a False Instrument for Filing in the First Degree and Petit Larceny.

These arrests are part of an ongoing City-wide crackdown by DOI and New York area prosecutors that have resulted since 1995 in the arrest of 406 residents, including 126 City, State, and Federal employees, who were charged with stealing more than \$8 million in rent and welfare subsidies by hiding their income and assets from the City. So far, 322 cases have resulted in convictions and over \$4.5 million in restitution. Since January 2005 alone, 27 individuals have been arrested for illegally receiving over \$511,000 in government housing benefits.

The Office of Robert M. Morgenthau, District Attorney, New York County, will be prosecuting these cases. These investigations were conducted by DOI's Inspector General for NYCHA Judith F. Abruzzo and members of her staff, including Deputy Inspectors General Ralph Iannuzzi, Kevin Smith, Bergia Telesford, Irene Serrapica, Assistant Inspectors General James Hylton, Anthony Capek and Rosemary Caruso, Acting Assistant Inspector General April Mastrangelo, Special Investigators Michael Wilk, Denis Kennedy, and Nancy Roa, Confidential Investigator Tamar Markham and Assistant Counsel Lauren Hintz.

Criminal complaints are accusations. Defendants are presumed innocent until proven guilty.

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