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FORMER FISCAL DIRECTOR OF NEW YORK CITY FOSTER CARE AGENCY
FOUND GUILTY FOR HER ROLE IN ADOPTION SUBSIDY SCHEME

PREET BHARARA, the United States Attorney for the Southern District of New York, and ROSE GILL HEARN, the Commissioner of the New York City Department of Investigation ("DOI"), announced that STAY THOMPSON, a/k/a "Stay Daniels," was found guilty yesterday evening of conspiring to commit mail fraud and money laundering after an eight-day trial before United States District Judge PETER K. LEISURE in Manhattan federal court. The charges relate to a scheme to obtain more than \$100,000 worth of adoption subsidy payments from New York City to care for needy children who did not in fact exist.

According to the Indictment and Complaint previously filed in this case, as well as evidence presented at trial:

The Administration for Children's Services ("ACS") is the New York City agency responsible for providing services to needy children and their families. Among other things, ACS administers payments to not-for-profit agencies that find and provide child care subsidies to foster parents. ACS administers approximately \$42 million in monthly payments to not-for-profit foster care agencies.

Concord Family Services, Inc. ("Concord") was a not-for-profit foster care agency that, from 1990 through 2008, was paid by ACS to provide foster care services to needy children in New York City. STAY THOMPSON was the fiscal director at Concord and was responsible for, among other things, managing Concord's financial cash flow and interacting with the ACS to ensure Concord's proper funding. Subsequent to THOMPSON's arrest in this case, ACS stopped providing any foster services through Concord.

Adoption Subsidy Scheme

Since 2002 through his arrest in July 2008, NIGEL OSARENKHOE, the Adoption Subsidy Supervisor at ACS, used his position to authorize adoption subsidy payments to be made to co-conspirators posing as adoptive parents who in fact did not adopt any children (the "Adoption Subsidy Scheme"). An adoption subsidy is a monthly payment mandated by New York State law to be made for the care, maintenance, and medical needs of a child who fits the definition of handicapped or hard-to-place. From September 23, 2002, through April 4, 2006, OSARENKHOE caused approximately \$266,629 in fraudulent checks payable to his wife to be mailed to OSARENKHOE's prior residence.

Beginning in 2005, and continuing through her arrest in this case, STAY THOMPSON received adoption subsidy payments arranged by OSARENKHOE to care for four children who did not exist. From December 20, 2005 through August 1, 2007, OSARENKHOE fraudulently caused approximately \$145,845 in adoption subsidy payments to be mailed to THOMPSON. THOMPSON shared the monies with OSARENKHOE and LETHEM DUNCAN, another ACS supervisor who had introduced THOMPSON to OSARENKHOE.

THOMPSON was found guilty of mail fraud in connection with her receipt of the adoption subsidy checks, and money laundering in connection with her deposit of those monies into a bank account at the Municipal Credit Union. The jury did not reach a verdict on an embezzlement conspiracy charge.

THOMPSON, 44, faces a statutory maximum sentence of 30 years in prison and is scheduled to be sentenced on a later date. Judge LEISURE ordered that THOMPSON's bail be revoked and remanded her into the custody of the United States Marshal Service.

Five other individuals have previously been charged and pleaded guilty in connection with this scheme. LETHEM DUNCAN pleaded guilty on July 31, 2008, and NIGEL OSARENKHOE pleaded guilty on January 20, 2009, to related charges.

As part of the fraudulent adoption subsidies for non-existent children scheme, TAMMY MOORE and OLETHA RHODES each pleaded guilty to conspiracy to commit mail fraud on July 30, 2009, and July 31, 2009, respectively. BRENDA TOWE pleaded guilty to mail fraud on August 6, 2009.

"Stay Thompson used her position to satisfy her own greed by lying to the City and enriching herself with money intended for children most in need," said United States Attorney PREET BHARARA. "Yesterday's guilty verdict has exposed

Thompson's deceit for what it was - unscrupulous crime for which the jury has brought her to justice. I would like to thank the New York City Department of Investigation for their outstanding work on this case."

DOI Commissioner ROSE GILL HEARN said, "This defendant defrauded the City and betrayed its vulnerable children. She participated in a scam to rake public funds into her pocketbook by faking adoptions. The jury has called her to account. DOI was pleased to work with the U.S. Attorney's Office for the Southern District of New York in this investigation, which has already resulted in successful prosecutions of five other defendants connected to this scheme."

The prosecution is being handled by the Office's Public Corruption Unit. Assistant United States Attorneys DANIEL L. STEIN and WILLIAM J. HARRINGTON are in charge of the prosecution.

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