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DOI ARRESTS MORE THAN ONE DOZEN INDIVIDUALS INCLUDING THREE CITY EMPLOYEES ON CHARGES OF STEALING HUNDREDS OF THOUSANDS OF DOLLARS IN PUBLIC FUNDS

MARK G. PETERS, Commissioner of the New York City Department of Investigation ("DOI"), announced today the conclusion of two separate investigations into public assistance fraud at the City Human Resources Administration ("HRA"), which involved two of its employees and several associates, including an employee of the City Health and Hospitals Corporation ("HHC"). The arrests are part of a focus by DOI to identify, investigate and stamp out corruption and fraud that steals public funds and diminishes the effectiveness of the City's public assistance programs. In each of these cases, DOI's investigation found that an HRA worker breached HRA's protocols and computer system to fraudulently prompt the distribution of public assistance funds to ineligible individuals resulting in more than \$250,000 in fraud. In return for their wrongdoing, these HRA workers received a fee from the associates to whom they fraudulently distributed public funds or shared the proceeds of their fraud. DOI analyzed records of financial transactions, issued subpoenas and conducted surveillance operations, among other investigative steps, culminating in today's arrests. These investigations began after HRA reported suspicious activity to DOI. HRA has already made some reforms, specifically centralizing its data entry operation and allowing for better tracking of workflow and better internal controls in order to minimize fraud.

DOI partnered with the United States Attorney's Office for the Southern District of New York, the New York Office of the Federal Bureau of Investigation ("FBI"), the Richmond County District Attorney's Office, and HRA's Bureau of Fraud Investigation to investigate these cases.

DOI Commissioner Mark G. Peters said, "City workers who steal public funds undercut the effectiveness of government and its ability to help some of the neediest New Yorkers. This is fraud at its most shameful: HRA employees who used their public positions to enrich themselves and their associates, rather than the eligible individuals who willingly and diligently went through the vetting process, according to the charges. DOI will continue to work with its federal, state and City law enforcement partners to make arrests in these types of crimes."

Assistant Director in Charge of the FBI's New York Office Diego Rodriguez said, "As alleged today, public funds were allocated to ineligible recipients of social service benefit programs. In a scheme to divert this money to those who did not qualify for assistance, those charged breached the trust of the public and will be held accountable for their actions."

Acting Richmond County District Attorney Daniel L. Master, Jr., said, "This case focuses on an HRA employee who abused his authority and helped line his and an accomplice's pockets with monies earmarked for Staten Island's neediest residents. The accomplice is accused of not only receiving funds to which she wasn't entitled, but she also gave her HRA cohort a kickback for his role in the scheme. My prosecutors will continue to work closely with DOI and HRA to uncover crimes such as this that defraud the city, cost the taxpayer, and cheat the individuals who truly need financial assistance."

HRA Commissioner Steven Banks said, "The individuals arrested by the Department of Investigation abused their positions by stealing funds intended for New Yorkers in need. HRA has instituted reforms to prevent this type of fraud. These bad actors do not represent the hard work of thousands of HRA employees throughout the City, and I thank the DOI for working with HRA to crack down on corruption and fraud."

According to the criminal complaint and DOI's investigation, nine individuals were arrested today in connection with an HRA Eligibility Specialist, HARRY FLETCHER, who between 2009 and 2015 fraudulently issued Supplemental Nutrition Assistance Program ("SNAP") benefits, also referred to as food stamps, to several individuals without obtaining, reviewing, or recording critical supporting documentation from the applicants – documentation that should have been used to determine the applicant's eligibility and benefit level. FLETCHER worked with two individuals who fraudulently received these benefits and also procured other interested individuals for FLETCHER so that he could fraudulently obtain food stamp benefits for them. (These two individuals have been charged but are not being named because of their cooperation with the investigation.) Using personal identifying information from the ineligible individuals, FLETCHER fraudulently processed the filing of their SNAP applications and the issuance of electronic benefit transfer ("EBT") cards that he loaded with public assistance funds, even though these individuals were not eligible to receive them. In return, these individuals periodically paid FLETCHER, in some instances monthly - between \$100 to \$200 - to continue the scheme and fraudulently receive these benefits. All of the fraudulent EBT cards were sent to locations in the Bronx controlled by FLETCHER's associates who would then deliver these cards to the individuals, some of whom were residents of other New York State counties. When questioned by an associate as to whether FLETCHER could guarantee the benefits, FLETCHER brazenly said, "I've been rocking this for years," according to the criminal complaint.

The following individuals were arrested today and charged with the federal offenses of Conspiracy to Commit Bribery, Solicitation and Receipt of Bribes, Honest Services Fraud (through Mail Fraud), and Theft of Government Funds. Upon conviction, Conspiracy to Commit Bribery is punishable by up to five years in federal prison, Solicitation and Receipt of Bribes is punishable by up to 10 years in prison, Honest Services Fraud (through Mail Fraud) is punishable by up to 20 years in prison, and Theft of Government Funds is punishable by up to 10 years in prison. The office of Preet Bharara, U.S. Attorney for the Southern District of New York, is prosecuting these cases:

- FLETCHER, 44, of the Bronx, N.Y., is an HRA Eligibility Specialist receiving an annual salary of approximately \$41,470, and began working at HRA in January 1990. He has been suspended. DOI determined that Fletcher issued over \$250,000 in food stamp benefits in this scheme.
- YESENIA VELAZQUEZ, 37, of the Bronx, N.Y., has been an HHC employee since April 2008 and is receiving an annual salary of approximately \$40,587; she is charged with defrauding HRA of approximately \$35,000 in public funds. DOI is also referring the conduct of this employee to HHC for appropriate disciplinary action.
- JOSEPH BULL, 39, of the Bronx, N.Y., is charged with acting in concert with YESENIA VELAZQUEZ to defraud HRA of approximately \$35,000.
- STANLEY HILL, 48, of Wallkill, N.Y., is charged with defrauding HRA of more than \$34,880.
- KENNETH WILLIAMSON, 51, of the Bronx, N.Y., is charged with defrauding HRA of approximately \$18,800.
- JAMES FORD, 52, of Jamaica, N.Y., is charged with defrauding HRA of approximately \$20,158.
- KAREEM WASHINGTON, 34, of White Plains, N.Y., is charged with defrauding HRA of approximately \$30,980.
- MARSHA RALPH, 38, of New Rochelle, N.Y., is charged with defrauding HRA of approximately \$28,930.
- JASON BRYCE, 42, of New Rochelle, N.Y., is charged with acting in concert with MARSHA RALPH to defraud HRA of approximately \$28,930.

- KEVIN WHYTE, 30, of Wappingers Falls, N.Y., is charged with defrauding HRA of approximately \$25,023.

In a separate investigation, according to the criminal complaint and DOI's investigation, HRA Clerical Associate, PETER RANSOME, who was working at an HRA office in Staten Island, improperly input the computer user identification number of another HRA employee with whom he had improperly exchanged IDs in the past, against agency protocol. As a result, RANSOME fraudulently obtained more than \$90,000 in public assistance funds for a friend, JENNEHA COOPER, between March 2012 and September 2013. COOPER then shared those funds with RANSOME. As an HRA Clerical Associate, RANSOME had access to HRA's payment system and, with it, the ability to issue cash. The office of Acting Richmond County District Attorney Daniel L. Master, Jr., is prosecuting these cases.

RANSOME, 60, of Brooklyn, has been charged with Welfare Fraud in the Second Degree and Grand Larceny in the Second Degree, both class C felonies. RANSOME began employment with HRA in July 1989 and was receiving an annual salary of approximately \$32,962 when he resigned in March 2014 as a result of this investigation.

COOPER, 26, of Staten Island, N.Y., has been charged with Grand Larceny in the Third Degree and Welfare Fraud in the Third Degree, both class D felonies. She was arrested on March 18, 2015, arraigned and released on her own recognizance.

Upon conviction, a class C felony is punishable by up to 15 years in prison and a class D felony is punishable by up to seven years in prison.

DOI Commissioner Peters thanked Preet Bharara, United States Attorney for the Southern District of New York; Diego Rodriguez, Assistant Director in Charge of the FBI's New York Office; Acting Richmond County District Attorney Daniel L. Master, Jr.; HRA Commissioner Steven Banks, and their staffs, for their cooperation and assistance in these investigations.

These investigations were conducted by DOI's Office of the Inspector General for HRA, specifically Assistant Inspector General Christos Hilas, Special Investigator Angie Wells, Deputy Inspectors General Margaret Shivers and John Bellanie, under the supervision of Inspectors General Shelley Solomon and Milton Yu, Special Associate Commissioner Susan Lambiase, Deputy Commissioner/Chief of Investigations Michael Carroll, and First Deputy Commissioner Lesley Brovner; and with assistance from DOI's NYPD Squad.

Assistant United States Attorney Robert Boone, from the office of the U.S. Attorney for the Southern District, is prosecuting the cases charged in the U.S. District Court for the Southern District of New York.

Assistant District Attorney Jin Lee from the office of the Richmond County District Attorney is prosecuting the RANSOME and COOPER cases.

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

DOI is one of the oldest law-enforcement agencies in the country and New York City's corruption watchdog. 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. DOI's strategy attacks corruption comprehensively through systemic investigations that lead to high-impact arrests, preventive internal controls and operational reforms that improve the way the City runs.

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