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**EXECUTIVE DIRECTOR OF NEW YORK CITY NON-PROFIT
ORGANIZATION AND HIS WIFE EACH CHARGED WITH
CORRUPTION OFFENSES**

Preet Bharara, the United States Attorney for the Southern District of New York, and Mark G. Peters, Commissioner of the New York City Department of Investigation ("DOI"), announced today the filing of criminal charges against KWAME INSAIDOO, the executive director of United Block Association ("UBA"), a non-profit organization, along with his wife ROXANNA PEARSON, a/k/a "Roxanna Insaidoo," with fraud and embezzlement charges involving UBA's contracts to operate senior centers for New York City and the misappropriation of over \$953,875. INSAIDOO and PEARSON were arrested this morning in Bay Shore, New York, and are scheduled to appear before U.S. Magistrate Judge Gabriel Gorenstein in Manhattan federal court later today.

U.S. Attorney Preet Bharara said: "As alleged, an executive director of a non-profit organization, with the assistance of his wife, abused his position of trust as a provider of public services to enrich himself and his family. Kwame Insaidoo and Roxanna Pearson allegedly diverted close to a million dollars in public funds designed to assist our city's elderly and spent it on themselves. I thank our partners in this investigation for their work in rooting out public corruption."

Commissioner Mark G. Peters said: "The defendants stole food from the mouths of New York's seniors, diverting almost a million dollars from programs designed to provide meals and services to the elderly, according to the criminal complaint. Our investigation revealed systemic vulnerabilities in the Department for the Aging's practices that we are now working with the agency to correct, so that City services get to New Yorkers who need them – not to the crooks who prey on them. I thank the U.S. Attorney for his continued partnership in these investigations."

According to the allegations contained in the Complaint¹ unsealed today in Manhattan federal court and publicly available documents:

UBA is a non-profit organization headquartered in New York, New York, that was controlled by INSAIDOO. UBA has agreements with New York City's Department for the Aging ("DFTA") to operate and provide healthy meals and programming for four senior centers in Upper Manhattan. UBA had been awarded contracts with New York City to operate each of these senior centers. These contracts are partly federally funded. Since in or about July 2008, DFTA had paid UBA more than \$11,682,213 for purported services performed under those agreements.

In connection with the investigation, DOI auditors discovered, among other things, numerous transfers involving a UBA bank account that had never been disclosed to the City and was involved in transfers of substantial funds that were embezzled by INSAIDOO and PEARSON, including through a shell corporation they had set up. INSAIDOO never disclosed this UBA account, or several other UBA bank accounts, to DFTA in violation of the contract requirements as well as requirements mandated by the City. DOI's auditors also found evidence of various financial irregularities that potentially had an effect on UBA's ability to provide services under the City's contracts.

UBA over-reported and over-billed the City for its supposed purchases of food supplies at the same time INSAIDOO was embezzling funds from UBA. At times, UBA appears to have over-reported total expenses of its four senior centers by more than 500%.

INSAIDOO abused his authority as UBA's Executive Director and, with the assistance of his wife, PEARSON, caused the misappropriation of over \$953,875 to himself, PEARSON, and others. INSAIDOO and PEARSON used these funds to pay for personal expenses, including the mortgage for their Long Island residence, as well as its utilities, the purchase of a late-model luxury sedan, and clothes, insurance, and loan payments, among other things.

PEARSON was purportedly a consultant to UBA until 2012 when she was terminated because her relationship with UBA was in violation of the City's and DFTA's anti-nepotism policies. However, INSAIDOO continued to authorize compensation to PEARSON even after UBA terminated her.

INSAIDOO, 59, and PEARSON, 62, both of Bay Shore, Long Island, are each charged with conspiracy to commit wire fraud, wire fraud, embezzlement from a federally funded program, and money laundering, each of which carries a maximum penalty of 20 years in prison. Each is also charged with conspiracy to embezzle from a federally funded program, which carries a maximum penalty of five years in prison.

The maximum potential sentences in these cases are prescribed by Congress and are

¹ As the introductory phrase signifies, the entirety of the text of the Complaint and the description of the Complaint set forth below constitute only allegations, and every fact described should be treated as an allegation.

provided here for informational purposes only, as any sentencing of the defendants will be determined by a judge.

U.S. Attorney Bharara praised the work of DOI and the Criminal Investigators of the United States Attorney's Office for the Southern District of New York.

The case is being prosecuted by the Office's General Crimes Unit. Assistant U.S. Attorney Eli J. Mark is in charge of the prosecution.

The charges contained in the Complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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