



The City of New York  
Department of Investigation

MARK G. PETERS  
COMMISSIONER

80 MAIDEN LANE  
NEW YORK, NY 10038  
212-825-5900

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**CONTACT: DIANE STRUZZI  
NICOLE TURSO  
(212) 825-5931**

## **DOI STATEMENT ON CONVICTION OF CITY-FUNDED NONPROFIT EXECUTIVE AND SPOUSE ON THEFT CHARGES**

Mark G. Peters, Commissioner of the New York City Department of Investigation ("DOI") issued the following statement today on the convictions after a jury trial of two defendants charged with more than \$500,000 in fraud involving a City-funded not-for-profit that served senior citizens in Upper Manhattan. The former executive director of the United Block Association ("UBA") and his spouse stole funds that were intended to provide services to senior citizens, including providing meals, and used them to pay for the defendants' personal expenses, including a mortgage on a home in Long Island, utility bills and payments for a luxury sedan. The verdicts were handed down in Manhattan federal court before U.S. District Judge Valerie Caproni. The office of Joon H. Kim, Acting United States Attorney for the Southern District of New York, prosecuted the case. Sentencing is scheduled to take place on August 11, 2017.

The arrests also exposed larger vulnerabilities in the City Department for the Aging's ("DFTA") oversight of fiscal practices at not-for-profit organizations that are funded by that agency. DOI issued a report on those vulnerabilities and the breakdowns in the agency's auditing practices at the time of the defendants' arrests, and recommended specific ways to improve fraud detection at DFTA. At the time, DFTA agreed to implement all of the recommended reforms. A copy of DOI's Report can be found at the following link: <http://www1.nyc.gov/site/doi/newsroom/public-reports.page>

Commissioner Mark G. Peters said, "These defendants turned their not-for-profit organization into a for-profit venture, their insatiable greed coming at a cost to City taxpayers and senior citizens who relied upon the meals and other services this organization was meant to provide. DOI thanks the Acting U.S. Attorney in the Southern District of New York and his team for their partnership in this investigation."

Former UBA executive director KWAME INSAIDOO, 60, of Bay Shore, NY, and ROXANNA PEARSON (a.k.a. ROXANNA INSAIDOO), 63, of Bay Shore, NY, were convicted of wire fraud, money laundering conspiracy, and conspiracy to commit mortgage fraud, federal offenses that upon conviction are each punishable by up to 20 years in prison; embezzlement, which is a federal offense punishable by up to 10 years in prison; and conspiracy to commit embezzlement, a federal offense that upon conviction is punishable by up to 5 years in prison. KWAME INSAIDOO was also convicted of an additional count of wire fraud.

According to the investigation, INSAIDOO authorized transfers of thousands of dollars of City funds from UBA's accounts to himself, PEARSON, the couple's son, and a shell corporation named Allied Home Care ("AHC"), which was controlled by INSAIDOO and PEARSON. The funds paid to AHC were used to pay for personal items for INSAIDOO and PEARSON, including a mortgage for a Long Island home, clothes, utilities and insurance.

DOI Commissioner Peters thanked Acting U.S. Attorney for the Southern District of New York Joon H. Kim, and DFTA Commissioner Donna M. Corrado, and their staffs, for their cooperation and assistance in this investigation.

The investigation was conducted by DOI's Office of the Inspector General for City-funded nonprofits, under the supervision of First Deputy Inspector General/Chief Forensic Auditor Ivette Morales, Inspector General Andrew Sein, Special Associate Commissioner Susan Lambiase, Deputy Commissioner/Chief of Investigations Michael

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Carroll and First Deputy Commissioner Lesley Brovner. Senior Investigative Auditors Hannah Golden and Nicole Clyne assisted in the case.

Assistant United State Attorneys Eli J. Mark, David Zhou, and Tatiana Martins from the U.S. Attorney's Office for the Southern District of New York prosecuted the case.

*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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