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DOI RELEASES 2017 STATISTICS SHOWING GAINS IN ARRESTS, INVESTIGATIONS, AND REFORMS STRENGTHENING CITY OPERATIONS

Mark G. Peters, Commissioner of the New York City Department of Investigation ("DOI"), issued the 2017 Calendar Year data for DOI today, reflecting increases in arrests, current investigations and recommended reforms to strengthen and improve procedures at City agencies. Commissioner Peters also released statistics that detail the number of complaints received and investigations conducted in 2017 by DOI's Inspector General for the New York City Department of Education ("DOE"), also known as the Special Commissioner of Investigation for the New York City School District.

DOI Commissioner Mark G. Peters said, "These numbers reflect the critical nature of the City's Inspector General: holding fraudsters accountable, stopping misconduct by City employees and others, uncovering and stemming theft of City funds, and prompting change that improves how this City operates. The work of the New York City Department of Investigation is broad and rests in DOI's ability to both make arrests and effect change through reforms. I congratulate the dedicated team here at DOI and thank our partnering agencies who have joined us in the fight against corruption and fraud."

The number of DOI complaints, current investigations, closed investigations, arrests and recommended reforms all increased from 2016 to 2017:

- **Complaints**: In 2017, DOI received more than 12,400 complaints, a 5% increase from the 11,837 complaints received in 2016.
- **Current Investigations**: In 2017, DOI counted 2,001 current investigations, a 7% increase from the 1,866 in 2016.
- **Closed Cases**: DOI closed approximately 1,343 investigations in 2017, a 10% increase from 2016 when the agency closed 1,217 cases.
- **Arrests**: DOI made 726 arrests in 2017, a 4% increase from the 696 the agency made in 2016.
- **Reforms**: DOI issued 969 policy and procedure reforms in 2017, a 42% increase from the 681 the agency issued in 2016.

DOI's investigations in 2017 touched on several major areas, specifically investigations that exposed and stopped the theft of public funds, strengthened fairness and integrity in City operations, found City employees exploiting their insider access and protected the safety of New Yorkers.

Stopped the Theft of Public Funds

A core element of DOI's work is to safeguard taxpayer funds from those individuals who seek to steal them, in particular for personal gain. In 2017, DOI's investigations in this area included investigating fraud involving City-funded nonprofits, City employees who allegedly used their insider access to skim taxpayer funds for personal profit and schemes to steal from Hurricane Sandy disaster relief. Highlights include:

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- An investigation that led to the arrest of a City employee with the City Human Resources Administration (“HRA”) and a co-conspirator on charges of embezzling tens of thousands of dollars in public benefits that had been earmarked for a food assistance program. An associated report documented the findings and made a series of recommendations to close operational gaps within HRA that were found during the investigation;
- The arrests of five individuals for defrauding disaster relief associated with the Build it Back program and a report documenting the findings of an interim investigation examining contractor invoices and field audits that so far has saved approximately \$40 million in taxpayer funds;
- A former Human Resources Manager at a nonprofit that provided low income housing services who was convicted of stealing more than \$400,000 for her personal use and sentenced to 1 to 3 years for Grand Larceny in the Second Degree and ordered to pay restitution in the amount of the theft;
- Prison sentences for a City-funded nonprofit executive and spouse in connection with the theft of more than a half-million dollars;
- Uncovering a \$3 million fraud scheme in partnership with the United States Attorney’s Office of the Eastern District involving the submission of reimbursement claims for school meals that were never served; and
- Working with our law enforcement partners to uncover how millions of dollars were stolen from the City’s healthcare system and arresting medical professionals charged with unlawful prescribing practices that contributed to the opioid crisis in New York City.

Protecting New Yorkers’ Safety

DOI’s investigations into construction fraud, protocols surrounding child abuse investigations and the operation and management of public housing exposed how safety and integrity are powerfully linked. In 2017, DOI investigations resulted in arrests, prison sentences and reforms, including:

- Exposing an illegal gas meter installation scheme that led to the arrests of National Grid employees and others on charges of enterprise corruption. DOI made recommendations to National Grid to ensure that gas power is delivered safely in the City;
- In partnership with the Brooklyn District Attorney’s Office, DOI investigated the death of a worker at a construction site resulting in the indictment of a construction company owner on manslaughter and other charges;
- Contraband smuggling and inmate assault by City Department of Correction (“DOC”) staff remained a focus for DOI in 2017 and resulted in one dozen arrests and multiple jail sentences of DOC staff;
- The conviction of a Correction Officer on filing a fraudulent use-of-force report to cover up the assault of an inmate;
- Working with the Brooklyn District Attorney’s Office on an investigation that led to the arrests of property managers and developers, a private asbestos inspector and City Department of Buildings inspectors in separate schemes involving construction fraud, including fraudulent asbestos inspections and bribe receiving by the City inspectors;
- The sentencing of a landlord to between three-to-six years in prison for his role in a widespread bribery scheme involving City employees that was uncovered by DOI and the Manhattan District Attorney’s Office;
- Finding deficiencies in the response by the City Administration for Children’s Services (“ACS”) to abuse and neglect allegations related to a three-year old boy who was allegedly beaten to death, and issuing recommendations that were adopted by ACS to improve how the agency handles allegations involving ongoing criminal conduct;
- Conducting an undercover operation at the New York City Housing Authority (“NYCHA”) that found insufficient inventory controls over large appliances, a problem that DOI first alerted NYCHA to in 2016;
- Determining that NYCHA continued in its failure to fully enforce its policies to remove criminal offenders, despite a 2015 DOI report that alerted NYCHA to these failures and recommended improvements;
- Lending intelligence and other assistance to law enforcement partners to stop gang and other criminal activity on NYCHA properties; and
- Exposing that NYCHA failed to conduct mandatory lead paint safety inspections for four years.

Strengthening Fairness and Integrity

DOI issued 16 reports in 2017 that documented investigations and made recommendations to remedy vulnerabilities found during DOI investigations. These reports provide a window for the public to understand the challenges facing the City and how to overcome them; and they enhance the investigations DOI conducts by publicly exposing wrongdoing and holding the City accountable. Results in this area included:

- Reports issued on areas of concern within the New York City Police Department (“NYPD”), including improvements needed in how officers handle situations involving people in mental crisis, gaps in Department-wide training for officers on interactions with LGBTQ people, and how NYPD can strengthen how it assists undocumented victims of serious crimes – who have been helpful to NYPD – with obtaining federal immigration relief;
- Prevailing wage investigations that included the recovery and reimbursement of wages to workers on school construction sites of more than \$1.2 million dollars;
- A report on the use of fraudulent parking placards and related arrests;
- DOI continued its investigation into City employees who filed fraudulent supplemental disability claims forms with AFLAC and received payment while collecting their full City salaries, resulting in 2017 in the arrests of seven City employees, 14 guilty pleas, and court-ordered restitution totaling more than \$432,000; and
- A detailed report on how high-level managers at DOC, including the agency’s Commissioner, misused their City-issued vehicles, taking them on personal trips.

Commissioner Peters also released statistics related to the Inspector General for DOE, whose investigations involved employees, individuals, and vendors associated with DOE and included cases of alleged sexual misconduct and inappropriate relationships with students, among others. In 2017, the office processed a total of 6,277 complaints. Other highlights included 739 new investigations opened; 691 investigations completed that were opened in 2017, and earlier years; and substantiated findings in 24% of investigations conducted.

A total of 759 complaints included a sexual component and 213 investigations were opened involving those allegations. Sexual misconduct allegations included criminal acts, inappropriate relationships with students, physical and verbal harassment of a sexual nature, and inappropriate cell phone and social media contact involving DOE employees. Substantiated findings were made in 12% of the sexual misconduct investigations that were conducted.

A significant number of complaints in 2017 also involved a Pre-Kindergarten For All (“Pre-K”) issue. The office received 352 complaints involving Pre-K in 2017, a 12% increase from 2016, likely reflecting the expansion of the Pre-K program this past year and a more heightened awareness and reporting of incidents. These complaints ranged from allegations of unsupervised children to corporal punishment and sexual abuse.

The office also monitored 489 complaints and opened 222 investigations based on those allegations. These cases involved misconduct allegations made against DOE employees, which originally were referred to another agency, including the New York City Police Department (“NYPD”).

Indictments and 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.

DOI’s press releases can also be found at twitter.com/doinews

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