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PRESS RELEASE

For immediate release on October 17, 2019

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Four Individuals Arraigned on Indictment Charging Them in Bogus Not-For-Profit Scheme Involving Approximately \$376,660 in Stolen City Funds

Defendants allegedly misused City funds for personal expenses including vacations, car payments, hot tub repairs, and large cash withdrawals at casinos

Staten Island, N.Y. – Richmond County District Attorney Michael E. McMahon and Margaret Garnett, Commissioner of the New York City Department of Investigation (“DOI”), announced today that four members of the Board of Directors of a purported City-funded not-for-profit known as Second Chance Resources Group Inc. have been arraigned on an indictment charging them with multiple counts of Grand Larceny in the Second Degree, Criminal Possession of Stolen Property in the Second Degree, both class C felonies, and related charges, for allegedly stealing approximately \$376,660 in funding provided to their purported nonprofit by the City Department of Health and Mental Hygiene (“DOHMH”) and City Department of Youth and Community Development (“DYCD”). The joint investigation with DOI showed that Second Chance was a fake not-for-profit and that the defendants did not actually use the funding to provide any services to the community. Rather, the stolen funds were used by the defendants for personal expenses.

Staten Island District Attorney Michael E. McMahon said, “Following a joint investigation with DOI, it was discovered that these defendants had set up a phony nonprofit organization claiming to do charitable work for the Staten Island community. In reality, these defendants allegedly stole hundreds-of-thousands-of-dollars in City funds to bankroll their own lavish lifestyles. This taxpayer money was meant to help the neediest Staten Islanders, but instead it only served to enrich the defendants and pay for their personal indulgences. My office’s Economic Crimes Bureau will continue to work closely with the Department of Investigation in our tireless pursuit to protect our communities from fraudsters who break the public trust for their own greed. I would also like to thank DOHMH, DYCD, the Department of Social Services and NYS Department of Taxation and Finance for their assistance with this investigation.”

DOI Commissioner Margaret Garnett said, “These defendants served themselves rather than the community they professed to, committing a wide array of crimes, including the theft of hundreds-of-thousands-of-dollars in City funds, according to the indictment. In reality, as our investigation showed, the City-funded nonprofit they established was bogus and their full-time job was to funnel taxpayer funds into their own pockets. I thank the Staten Island District Attorney’s Office for their partnership and commitment to holding accountable those who seek to cheat New Yorkers and steal public funds.”

Renauld Gregg, a.k.a. R.A. Gregg, 40, of Staten Island, and Cheryinne Caro, 36, of Staten Island, were initially arrested and charged in March 2019 following a joint investigation with DOI. Continuing the investigation, the Staten Island District Attorney’s Office’s Economic Crimes Bureau identified two additional individuals – Olga Hernandez, 38, of the Bronx, and Andrea Gregg, 66, of Staten Island – as members of Second Chance, subsequently charging all four of the individuals in the unsealed indictment.

The defendants were arraigned today in Staten Island Supreme Court on varying charges including three counts of Grand Larceny in the Second Degree; three counts of Criminal Possession of Stolen Property in the Second Degree; 12 counts of Falsifying Business Records in the First Degree; seven counts of Criminal Possession of a Forged Instrument in the Second Degree; one count of Welfare Fraud in the Third Degree; five counts of Forgery in the Second Degree; 20 Counts of Offering a False Instrument for Filing in the First Degree; six counts of Money Laundering in the Fourth Degree; Criminal Tax Fraud, and related charges.

According to a 78-count indictment and documents filed in court, the defendants received salaries as members of a charity known as Second Chance Resources Group, an organization supposedly dedicated to providing poor New Yorkers with services including HIV/AIDS education, counseling, and addiction treatment services. The nonprofit also claimed to run food pantries, literacy courses, and hold community events on Staten Island. Between July 2015 and November 2018, Second Chance received approximately \$300,000 in funding from DOHMH, and an additional approximately \$41,660 in funding from the DYCD. The investigation revealed that Second Chance, in fact, provided none of the services for which it had received funding, and that the defendants allegedly submitted false reports to DOHMH and DYCD to conceal their theft and allegedly used the funds for personal expenses. Some of these personal expenses included: vacations; car payments; repairs for a hot tub; private school tuition, and large cash withdrawals made at multiple casinos. The investigation began after a tip to DOI that Second Chance was not present at an event that it claimed to have attended.

In a related scheme, between October 2014, and November 2014, defendants Renauld Gregg, Caro, and Hernandez, allegedly committed welfare fraud by falsifying an application for rental assistance from the City’s Human Resources Administration (“HRA”) by falsely claiming that Caro needed \$6,200 in emergency rental assistance to pay her purported landlord, the charity Second Chance. In addition, in 2015 and 2018, defendant Renauld Gregg failed to report income in excess of \$3,000 and \$1,000 respectively from Second Chance in his personal income tax filings.

The investigation was conducted by DOI’s Office of the Inspector General for City-Funded Not-For-Profit Organizations, specifically Assistant General Counsel Amy Young, Assistant Inspector General Nicole Clyne, and Special Investigator Beatriz Solorzano, under the supervision of Senior Inspector General Eleonora Rivkin, Deputy Commissioner/Chief of Investigations Dominick Zarrella, and First Deputy Commissioner Daniel Cort.

The case is being prosecuted by ADA Nicole Lauterbach, under the supervision of ADA Jeffrey Curiale, Chief of the Economic Crimes Bureau.

The charges contained in the indictment are merely allegations and the defendants are presumed innocent unless and until proven guilty.

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