



## UNITED STATES ATTORNEY'S OFFICE *Southern District of New York*

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### **QUEENS MAN CHARGED FOR DEFRAUDING GOVERNMENT RENTAL ASSISTANCE PROGRAMS BY RENTING OUT DILAPIDATED APARTMENTS HE DID NOT OWN TO FAMILIES IN NEED**

Audrey Strauss, United States Attorney for the Southern District of New York, and Margaret Garnett, Commissioner of the New York City Department of Investigation ("DOI"), announced today the unsealing of a Complaint charging PAUL FISHBEIN, the defendant, with theft of government funds, wire fraud, and mail fraud for defrauding rental assistance programs administered by New York City's Human Resources Administration ("HRA"), New York City's Housing Preservation & Development ("HPD"), and the New York City Housing Authority ("NYCHA"), by falsely claiming to be the owner and landlord of 20 properties (the "Properties") in New York City, renting out the Properties to families in need through the rental assistance programs, and collecting money – including federal funds – from HRA, HPD, and NYCHA as the purported owner and landlord of the Properties. The defendant is also charged with Medicaid fraud. The defendant was arrested today and will be presented later today in Manhattan federal court before United States Magistrate Judge Stewart D. Aaron.

U.S. Attorney Audrey Strauss said: "As alleged, Paul Fishbein not only took advantage of New Yorkers in need, he also defrauded city and federal government programs designed to help those very people. Fishbein allegedly lied about ownership of residential properties, fraudulently took rent subsidies and other benefits from those government housing programs, and often evicted tenants without cause from housing that was substandard in any event. Now Paul Fishbein is in custody and facing serious federal charges for his alleged fraud and exploitation."

DOI Commissioner Margaret Garnett said: "This defendant's alleged conduct wove a web of lies that allowed him to illegally profit from government programs meant to help those in desperate need of housing, and he further exploited them by providing squalid apartments in properties he did not rightly own, often evicting them shortly after they moved in, according to the charges. Homeless New Yorkers, and others in critical need of housing, not only have a need but a right to homes that are clean, safe, and secure, especially when they are offered through public assistance programs. DOI will continue to work in partnership with the U.S. Attorney's Office for the Southern District of New York to root out and stop the corruption and fraud that undermines basic needs such as housing."

As alleged in the Complaint unsealed today in Manhattan federal court<sup>1</sup>:

## The Rental Assistance Program Fraud

### *The Rental Assistance Programs*

HRA, HPD, and NYCHA (collectively, the “Agencies”) each offer a rental subsidy program that helps provide critical affordable housing to New Yorkers in need. Landlords who participate in these programs receive guaranteed monthly rent payments, among other benefits. Rental units must meet federal “Housing Quality Standards,” which are based on the minimum criteria for safe housing, and otherwise meet basic safety and living conditions.

Specifically, HRA administers a rental assistance program (the “Rental Assistance Program”) that helps homeless families move out of the shelter system and into stable housing. Landlords who participate in the Rental Assistance Program rent housing to homeless families, and in turn, HRA pays participating landlords, among other things, (i) the first month’s rent; (ii) a landlord bonus at signing, which is currently \$4,300; and (iii) a rent supplement for either the first three or 11 months’ rent, which is paid in a lump sum at the time of the lease. In addition, if a landlord uses the services of a broker in renting out the property, HRA will pay the broker a broker’s fee equal to 15 percent of the annual rent. These and other program-related payments from HRA to participating landlords and brokers include funds from the federal government.

HPD offers a Housing Choice Voucher program, which is also known as Section 8 (“HPD’s Section 8 Housing Program”). This program provides federal funding to local housing agencies to assist eligible low-income families with rental subsidies toward decent, safe, and affordable housing. Participating families pay a certain percentage of their income toward rent and HPD pays the difference directly to the landlord.

NYCHA also operates a Section 8 program (“NYCHA’s Section 8 Housing Program”), which provides assistance to eligible low- and moderate-income families to rent housing in the private market. NYCHA’s Section 8 Housing Program works as a rental subsidy that allows families to pay a reasonable amount of their income toward their rent. In general, families pay no more than 40 percent of their adjusted monthly income toward their rent share. NYCHA pays the remaining amount to the property owner on the family’s behalf.

### *The Housing Fraud*

In this case, from at least in or about 2013 through at least in or about the present, the defendant defrauded the Agencies’ rental assistance programs by falsely claiming to be the owner and landlord of 20 different Properties in New York City based on forged deeds that purported to transfer the Properties from legitimate owners to the defendant. The defendant rented out the Properties to homeless and low/moderate-income families through the Agencies’ programs, and collected payments from the Agencies as the purported owner and landlord of the Properties. In addition, the defendant falsely represented to HRA that he used a broker to rent out the Properties, and collected and kept for himself certain broker’s fees that HRA issued for

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<sup>1</sup> 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.

the Properties. The defendant also took advantage of the homeless and in-need families who were placed in the Properties. For example, most of the Properties that Fishbein rented out were dilapidated and uninhabitable. Moreover, even though he was not the lawful owner of the Properties, the defendant often evicted families shortly after they were placed in the Properties. Through this scheme, the defendant fraudulently obtained more than \$1.5 million from HRA, HPD, and NYCHA, including more than \$270,000 in federal funds.

#### The Medicaid Fraud

The defendant also committed Medicaid fraud. Medicaid is a health insurance program for low-income adults, children, pregnant women, elderly adults, and people with disabilities, which is funded jointly by states and the federal government.

From at least in or about 2014 through at least in or about the present, the defendant received Medicaid benefits based on his false representations to HRA that he was financially eligible for Medicaid. During that time, the defendant represented to HRA that he worked at a company where his total income was approximately \$150 a week – that is, approximately \$600 a month or approximately \$7,200 a year. In reality, the defendant made hundreds of thousands of dollars each year, thus, far exceeding the income and asset limitations for Medicaid eligibility. By lying about his income and assets, the defendant received at least approximately \$47,621 in Medicaid benefits to which he was not entitled.

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FISHBEIN, 47, of Far Rockaway, New York, is charged with two counts of theft of government funds, in violation of Title 18, United States Code, Section 641, each of which carries a maximum sentence of 10 years in prison, one count of mail fraud, in violation of Title 18, United States Code, Section 1341, and one count of wire fraud, in violation of Title 18, United States Code, Section 1343, each of which carries a maximum sentence of 20 years in prison. The maximum potential sentences in this case are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendant would be determined by the judge.

Ms. Strauss praised the outstanding investigative work of DOI.

The prosecution of this case is being handled by the Office's General Crimes Unit. Assistant United States Attorney Sarah L. Kushner is in charge of the prosecution.

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

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