



The City of New York
Department of Investigation

JOCELYN E. STRAUBER
COMMISSIONER

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

Release #07-2024
nyc.gov/doi

FOR IMMEDIATE RELEASE
TUESDAY, FEBRUARY 6, 2024

CONTACT: DIANE STRUZZI
(212) 825-5931

**DOI COMMISSIONER JOCELYN E. STRAUBER REMARKS AT PRESS CONFERENCE ANNOUNCING
70 CURRENT AND FORMER NYCHA EMPLOYEES CHARGED WITH BRIBERY AND EXTORTION OFFENSES**

Thank you, Damian. I want to recognize the team of Assistant U.S. Attorneys, their supervisors, and our federal law enforcement partners at Homeland Security Investigations, and the Offices of the Inspectors General for the Department of Housing and Urban Development and the Department of Labor, for their work on this important investigation. And, I want to thank the New York City Housing Authority's ("NYCHA's") senior leadership for its prompt and extensive cooperation in this matter.

I also want to thank the investigators and supervisors at DOI's Office of the Inspector General for NYCHA who have worked tirelessly on this investigation and who are here today: Confidential Investigator Karen Smith, Special investigator Delcine Doscher, Assistant Inspectors General Enio Bencosme and Robert Joyce, Deputy Inspector General Gregory Deboer and Inspector General Ralph Iannuzzi.

The complaints unsealed today are striking both in number and in the conduct alleged: that NYCHA Superintendents, Assistant Superintendents, and others responsible for the care and maintenance of public housing – a scarce resource in this City – allegedly used their positions of public trust and responsibility to solicit and receive bribes from NYCHA vendors as a cost of doing business – over \$2 million in bribe payments in total. The 70 current and former NYCHA staff members charged today in separate bribery schemes touch every borough of New York City and nearly one-third of NYCHA's 335 housing developments.

The bribery and extortion that is charged here allegedly exploited the no-bid process for goods and services under \$10,000, commonly referred to as micro-purchases. That process was intended to ensure swift completion of necessary lower-cost construction and maintenance work in the NYCHA developments. The conduct, as alleged, drove up the cost of this kind of work and diverted valuable public funds away from public housing and into the pockets of corrupt NYCHA staff.

As in all DOI investigations where misconduct is identified – and particularly where, as here, the conduct is alleged to be widespread – DOI considers the policy and procedural changes that can prevent similar fraud or corruption in the future. To that end, DOI has issued 14 recommendations. On this effort, I am particularly thankful for the partnership of Lisa Bova-Hiatt, NYCHA CEO, who has committed to make these reforms.

DOI's recommendations will be on our website and we have copies of them here with us today. They focus on reform of the micro-purchase process to protect it from abuse, while maintaining efficient service for NYCHA residents; improvement of controls and oversight of that process; and education for NYCHA employees and vendors. Our recommendations include:

- Transferring responsibility for micro-purchases from development-level staff to a centralized procurement unit with necessary expertise;
- Standardizing micro-purchase costs by establishing a cost schedule for typical services, with excess costs to be explained in writing by the vendor and approved in writing prior to the commencement of work by the Neighborhood Administrator who manages staff at several developments;
- Requiring review by NYCHA staff, outside the development, of documentation of completed work for all micro-purchases, prior to processing payments to vendors;
- Creating a Pre-Qualified List of vendors that must be used for micro-purchases, following a vendor integrity review process to be developed jointly by DOI and NYCHA.
- Requiring that all NYCHA staff involved in the micro-purchase process attend a DOI anti-corruption training on City employees' mandated duty to report corruption and illegal bribery and gratuities.

Thank you.

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/NYC_DOI
Know something rotten in City government? Help DOI Get the Worms Out of the Big Apple.
Call: 212-3-NYC-DOI or email: Corruption@DOI.nyc.gov**