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**STATEMENT FROM DOI REGARDING FEDERAL CONVICTIONS OF 15 INDIVIDUALS
WHO CONSPIRED TO DEFRAUD THE MEDICAID PROGRAM**

Seven former employees of the New York City Human Resources Administration/Department of Social Services (“HRA”), and eight other individuals have pleaded guilty to federal offenses in connection with a multi-million dollar Medicaid fraud scheme that operated principally out of HRA's Central Medicaid Office on 34th Street in Manhattan. The last defendant pleaded guilty today in U.S. District Court in Brooklyn.

These guilty pleas are the result of a lengthy investigation by the New York City Department of Investigation, the U.S. Postal Inspection Service (USPIS) and the Office of the Inspector General for the U. S. Department of Health and Human Services (HHS OIG). The U.S. Attorney’s Office in the Eastern District of New York prosecuted the cases.

DOI Commissioner Rose Gill Hearn said, “This conspiracy to illegally sell Medicaid cards was the ultimate perversion of a public benefit program that was created to help the City’s neediest and most vulnerable. The convictions in this case should caution anyone contemplating participating in Medicaid fraud. Stealing from the needy won’t be tolerated. DOI will investigate and those involved in the criminal acts will be held accountable.”

The defendants participated in a lucrative scheme to generate Medicaid cards for people in exchange for a cash fee of approximately \$300-\$400 per card. The recipients of those Medicaid cards, none of whom had properly applied to HRA for the cards, were then able to use the Medicaid cards for medical needs just like a legitimate Medicaid card recipient. Collectively, millions of dollars of illegally dispensed benefits were charged on these ill-gotten Medicaid cards. Authorities estimated that the Medicaid program lost more than \$3.9 million as a result of the defendants’ scheme.

The HRA employees worked with “recruiters” who are the non-HRA defendants. These “recruiters” were charged with obtaining the names and contact information, as well as the cash payoffs, from the individuals seeking to illegally obtain the Medicaid benefits.

This investigation involved the use of court-authorized wire taps between November 2005 and January 2006, with which investigators listened in on telephone conversations between some of the co-conspirators. During that time period, investigators learned when the Medicaid cards were being illegally ordered and produced for sale. The cash fee for each card was typically divided between the HRA and non-HRA participants in the sale. DOI also used other techniques and its unique access to City agencies to track and collect evidence vital to this case.

The 15 defendants who have pleaded guilty include MIGUEL PAREDES and former HRA employees DONNA DORR, DONALD MILES, CHRISONE WHITE-ROBERTSON, ILIANA ALBELO-JOHNSON, CARL SMITH, KELLY HOOPER and STEVEN VINSON.

The DOI personnel who participated in this investigation were Assistant Commissioner Benjamin Defibaugh and Chief Investigator Frank DeLisi, along with agents from the USPIS and the HHS OIG.

All HRA employees and other individuals having knowledge, tips or information about this type of activity are encouraged to contact DOI's HRA Inspector General's Office at 212-331-3030.

DOI is one of the oldest law-enforcement agencies in the country. The agency investigates and refers for prosecution City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct. 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.

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