

A.G. Schneiderman, State Comptroller DiNapoli & DOI Commissioner Gill Hearn Announce Arrest Of Not-For-Profit Executive In Six-Year Theft Scheme

December 5, 2013

Investigation Exposes Charity Stealing More Than \$350K In City, State And Federal Grant Funds

Schneiderman & DiNapoli: Our Investigation Will Crack Down On Charity Bosses Who Steal Funds Intended To Serve The Public

NEW YORK – Attorney General Eric T. Schneiderman, Comptroller Thomas DiNapoli and New York City Department of Investigation (NYC DOI) Commissioner Rose Gill Hearn today announced the arrest of a nonprofit executive accused of pocketing taxpayer dollars intended for public services and capital improvements in New York City. A multi-agency joint investigation, including NYC DOI and two federal agencies, exposed the theft of approximately \$373,000 in public funds provided by New York State, the New York City Council, and federal earmark grants.

The defendant, Dorothy N. Ogundu, allegedly engaged in a scheme to defraud the City of New York, the State of New York and the United States using her not-for-profit corporation, Angeldocs, Inc. Angeldocs received a total of twelve government grants. The indictment alleges that Ogundu stole a portion of each of the twelve government grants by filing fraudulent requests for reimbursement and making false statements to the government agencies administering the grants. Ogundu used the money she stole from these government grants to pay the mortgage and utilities on a commercial property she owned, make improvements to that property to increase its value, purchase and ship vehicles to Nigeria, and make other purchases for her personal benefit and for the benefit of her for-profit business.

“Dorothy Ogundu pocketed hundreds of thousands of city, state and federal taxpayer dollars intended to help those who need it most with their health care costs,” said **Attorney General Schneiderman**. “City, state and federal funds intended to serve New Yorkers in need should not be used to line the pockets of people running charities. Working together with Comptroller DiNapoli, we will use every tool at our disposal to crack down on anyone abusing the public trust.”

“This doctor deprived the needy of hundreds of thousands of dollars for personal gain. The fact that she allegedly scammed \$373,000 from the state, city and federal governments shows the breadth of her fraud and greed,” **Comptroller DiNapoli** said. “Through our joint anti-corruption task force, we will continue to investigate and prosecute those who steal from the public. I thank Attorney General Schneiderman for his cooperative effort to fight corruption.”

NYC DOI Commissioner Rose Gill Hearn said, “This doctor prescribed a regimen of bogus claims and business records and hid behind the facade of a nonprofit to attract a stream of taxpayer dollars, according to the indictment. This investigation exposed the facts: She enriched herself rather than the community she purported to serve. DOI worked with its state and federal partners to trace the funds and put an end to the scam.”

Today's indictment is rare in that the state Attorney General is bringing charges in connection with the theft of federal grant money. The United States Departments of Health and Human Services (HHS) and Housing and Urban Development (HUD) were integral to this part of the investigation.

"As HHS provides more grant funding than any other government agency, it has become increasingly apparent that the theft of federal grant funds is a serious problem that's based on nothing more than greed," said **Thomas O'Donnell, Special Agent in Charge of the Office of the Inspector General, U.S. Department of Health and Human Services, New York Region**. "HHS-OIG, along with its law enforcement partners, will continue to vigorously investigate these fraud schemes and make sure that the criminals that perpetrate them are brought to justice."

"The charges disclosed today prove our continuing resolve to root out thievery in all forms, especially when the funds involved should have been used to help our neediest families," said **Christina Scaringi, Special Agent in Charge of the Northeast Region in the Office of the Inspector General, U.S. Department of Housing and Urban Development**. "It is our continuing core mission to work jointly with our local, state and federal law enforcement partners to protect the integrity of our housing programs and to take strong action against those who seek to personally benefit from taxpayer-funded grants. We wish to thank the New York State Attorney General's Office, the New York City Department of Investigation, and the U.S. Department of Health and Human Services, Office of Inspector General, for their committed and steadfast efforts."

According to the indictment, Ogundu received two types of government grants for Angeldocs: program grants to support Angeldocs programs and capital grants to improve the Angeldocs facility. To obtain payment on the program grants Angeldocs received, Ogundu falsely claimed that she spent grant funds on expenses related to various Angeldocs programs, primarily rental space for the programs. The indictment alleges that Ogundu diverted nearly all of the program grant funds to pay the mortgage and utilities on a commercial building she owned through a holding company, instead of using the building for the programs she promised to provide.

To obtain payment on the capital grants Angeldocs received, Ogundu claimed that she was building a state-of-the-art demonstration kitchen and making other capital improvements to a building that she falsely claimed was used by Angeldocs. Instead, Ogundu allegedly received kickbacks on the kitchen project from a contractor and diverted other capital grant funds to pay the mortgage on her building and other personal expenses.

As a result of the scheme, Ogundu stole approximately \$373,000 in government grants: approximately \$91,000 from the City of New York, approximately \$87,000 from the State of New York and approximately \$195,000 from the United States.

Individual disbursements of public funds are not themselves evidence of any wrongdoing, and it would be inappropriate to presume that any particular public official has engaged in misconduct simply by directing funds to a non-profit.

The indictment charges Ogundu with Grand Larceny in the Second Degree, Forgery in the Second Degree, Falsifying Business Records in the First Degree, and Offering a False Instrument for Filing in the First Degree. The maximum penalty for the top count charged in the indictment is up to 15 years in prison.

Also today, Attorney General Schneiderman announced that he has obtained a forfeiture order permitting the seizure of assets up to \$373,000. Pursuant to that order, the Attorney General's Office has frozen approximately \$373,000 worth of Ogundu's assets, consisting of bank accounts and real property. Ogundu is under an injunction not to dissipate assets. As part of the civil action against Ogundu, the Attorney General alleges that Ogundu violated the New York State False Claims Act when she made fraudulent claims for New York City and New York State grant funds. The Attorney General is seeking triple damages and penalties, totaling more than \$500,000, for violations of the False Claims Act.

Senior Counsel Emily Bradford and Assistant Attorney General Jerrold Steigman are prosecuting the case, under the supervision of Public Integrity Deputy Bureau Chief Stacy Aronowitz, Chief William E. Schaeffer, and Executive Deputy Attorney General for Criminal Justice Kelly Donovan. The investigation was handled by Investigator Gerard Matheson and Investigative Analyst Brian Selfon of the Investigations Bureau, Forensic Auditor Akeel Uddin, and Analyst KerryAnn Rodriguez. The related asset forfeiture action is being handled by Assistant Attorney General Brian Moore.

The joint investigation was conducted with Inspector General Chanterelle Sung, Chief Forensic Auditor Ivette Morales, and Special Investigator Kerasha Campbell of the Not-for-Profit / Vendor Fraud Unit of the New York City Department of Investigation, Special Agent Daniel Connor of the Office of the Inspector General of the United States Department of Health Human Services, Special Agent William Martinez of the Office of the Inspector General of the United States Department of Housing and Urban Development, and the Comptroller's Legal Services Division's Investigations Unit.

The charges are merely accusations, and the defendant is presumed innocent unless and until proven guilty in a court of law.

Anyone with additional information on this matter or any other public corruption is encouraged to contact the Attorney General's Office at 1-800-996-4630 or the Comptroller's Office by dialing the toll-free fraud hotline at 1-888-672-4555; filing a complaint online at investigations@osc.state.ny.us; or mailing a complaint to: Office of the State Comptroller Investigations Unit, 110 State Street, 14th floor, Albany, NY 12236.