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DOI SUSTAINS CONCERTED ATTACK ON CITY HOUSING FRAUD IN 2010

ROSE GILL HEARN, Commissioner of the New York City Department of Investigation ("DOI"), announced today that in 2010 DOI arrested 91 individuals and uncovered the theft of more than \$2.6 million in investigations of housing fraud and related crimes against the City's housing agencies. DOI exposed an array of schemes and actors who profited from the seemingly insatiable demand for subsidized housing. Numerous tenants, including eight public employees, were charged in 2010 with concealing income and assets to steal benefits, and other individuals traded on their positions and specialized knowledge to game the system for profit.

DOI Commissioner Rose Gill Hearn said, "With public resources under intense pressure, housing fraud works a double-whammy, hitting taxpayers and holding needy applicants on a six-figure waiting list. Particularly galling are the corrupt entrepreneurs – public employees, homeowners, and others who prosper at public expense through trickery and deceit. DOI, working with all of the City's prosecutors and housing agencies, will continue to emphasize that housing fraud is a crime with real victims and real consequences for the individuals involved."

DOI's investigations in the housing arena yielded prolific results in 2010, including 82 arrests on charges of fraud and stolen subsidies by landlords and tenants and additional cases involving charged fraud and corruption perpetrated against the City's housing agencies by employees, contractors, and others. Following are some of this year's notable cases:

- Prison time for JOBA CORTORREAL, a former supervisor at the City Department of Housing Preservation and Development ("HPD"). She was sentenced in November 2010 to 1½ to five years for selling Section 8 vouchers for cash bribes of up to \$7,000. CORTORREAL abused her access to HPD's automated systems and paper records to alter hundreds of Section 8 applications to generate vouchers that were marketed to ineligible tenants through intermediaries in upper Manhattan and the Bronx. DOI's investigation resulted in CORTORREAL's arrest in 2008 and has since led to 29 criminal convictions. Several defendants illegally collected subsidies for periods exceeding two years. DOI's investigation exposed and ended a flourishing black market in illicit Section 8 vouchers, centered on CORTORREAL.
- A felony conviction for former City Correction Captain and Staten Island homeowner CLARENCE McGANN, who surrendered his \$97,000 City job and was ordered to pay \$72,000 restitution following his arrest by DOI for stealing Section 8 rent subsidies from NYCHA. McGANN posed as the landlord of his live-in companion of more than six years, Section 8 tenant MARIA TORRES, who was also convicted of fraud charges.
- A Williamsburg resident, UNIQUE D. JONES, charged in October 2010 with advertising her NYCHA apartment on Craigslist and profiting not only by illegally subletting it for six months but also by collecting advance rent from multiple apartment-seekers simultaneously, reneging on the deals, and pocketing the victims' payments. A bench warrant was recently issued for her arrest after JONES did not appear for a December court date.

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- BASHIR ZINDANI was sentenced to five months in federal prison for his role in a bribery scheme to obtain a lease for a NYCHA commercial property. ZINDANI was charged with his father, ALI HASSAN ZINDANI, after they offered money to an individual they believed was a NYCHA employee, but who was actually an undercover DOI investigator. BASHIR ZINDANI's sentence is followed by three years of supervised release, in which he is subject to home confinement during the first five months. His father's case is pending in Manhattan federal court.
- The owner and president of Start Elevator, Inc., JOHN O'SHEA, was charged in November 2010 with shortchanging his workers more than \$1 million and submitting fraudulent certified payrolls to NYCHA that overstated the payments made to the company's employees on federally-funded NYCHA contracts.
- A Harlem-based tax preparer, JOHN MOFUNANYA, arrested by DOI in October 2010 and charged with falsifying a tax return and forging pay stubs for an undercover investigator believing that they would be used in a fraudulent application to conceal a \$63,000 income to obtain a low-income apartment through a City-sponsored program.
- A \$73,000-per-year City employee, JOHN MIRANDA, who worked at different times for NYCHA and the Department of Citywide Administrative Services, and his wife, EVELYN MIRANDA, arrested in December 2010 and charged with conspiracy to steal more than \$100,000 in Section 8 benefits by concealing for eight years Mr. Miranda's presence in the home and his income.
- A \$71,000-per-year City employee, KEISHA REASE, a congregate care specialist for the Administration for Children's Services and the Department of Juvenile Justice, and her companion, GREGORY BOWEN, arrested in October 2010 and charged with concealing REASE's income to steal more than \$27,000 in Section 8 benefits in four years.
- Two tenants, LATONYA MALONE, a State employee, and ERICA MITCHELL, charged, respectively in October and December 2010, with submitting forged and fabricated police reports and court orders of protection identifying them falsely as victims of domestic violence to bypass long waiting lists, currently approximately 125,000 applicants, for Section 8 rent subsidies. DOI has been on the forefront of stemming this fraud, arresting a total of nine individuals since 2009 with falsely claiming they are victims of domestic violence to obtain Section 8 subsidies, investigations which have resulted in five guilty pleas so far.
- A ten-year Section 8 tenant-turned homeowner, ENERCIDA GARCIA, and her son, VICTOR GARCIA, accused in May 2010 of posing as unrelated tenant and landlord and fraudulently transferring ENERCIDA GARCIA's Section 8 rent subsidies to a Brooklyn house they owned in a fraudulent scheme to continue collecting the subsidies by concealing their familial relationship and their ownership of the house.
- NYCHA tenants MEI KI WAN and JOAN J. JOHNSON, charged with false statements in separate cases involving their concealed ownership of and residency in, respectively, a private house in Westbury, Long Island, and a cooperative apartment in Harlem for multi-year periods while retaining and claiming to reside in their subsidized NYCHA apartments, which they had turned over to others. WAN pleaded guilty to making false statements and JOHNSON's case is pending.
- A Brooklyn hair stylist and homeowner, JULIENNE SIALEU, who occupied a subsidized NYCHA apartment since 1999, was charged in January with concealing her income and ownership interests in two Brooklyn residences and the income of her son, an employee of the New York City Police Department, who resided in her NYCHA apartment.
- Two tenants, GERMAINE ROBINSON and ANA TORRES, charged in separate cases with double-dipping – fraudulently collecting rent subsidies simultaneously in New York City and another jurisdiction, in these instances, respectively, Maryland and Rhode Island, for periods of four and six years. TORRES pleaded guilty to theft of government funds and ROBINSON's case is pending.

- A DOI investigation led to NYCHA Superintendent of Caretakers DERRICK MITCHELL pleading guilty to Criminal Usury in the Second Degree for wrongfully lending money to his subordinates and then charging them more than 25% interest in interest. Based on DOI's investigation, the City Conflicts of Interest Board levied a \$6,000 fine against him for violating the City's conflicts of interest law. MITCHELL retired from NYCHA.
- ANITA HAINES, a NYCHA community center director, arrested on charges of defrauding the housing authority by pocketing \$4,775 in fees paid by tenants and others for room rentals and a summer camp program. The tenants and other individuals received the services they paid for, but the housing authority never received its payments.
- In a case involving administrative, non-criminal, charges, former NYCHA Senior Deputy Director for Infrastructure Technology JOSEPH FISCHETTI was fined \$20,000 for multiple violations of the City's conflicts of interest law, including wrongfully using his NYCHA-issued cell phone, computer, and telephone for non-City business, namely the restaurant in which he held an interest. FISCHETTI resigned from NYCHA.

The investigations were conducted by DOI's Offices of the Inspectors General for NYCHA, HPD and HDC.

Commissioner Gill Hearn thanked Preet Bharara, United States Attorney for the Southern District of New York, Loretta E. Lynch, United States Attorney for the Eastern District of New York, Cyrus R. Vance, Jr., New York County District Attorney, Richard A. Brown, Queens County District Attorney, Robert T. Johnson, Bronx District Attorney, and Charles J. Hynes, Kings County District Attorney, and Rene Febles, Special Agent in Charge of the New York Office of the U.S. Department of Housing and Urban Development, John B. Rhea, NYCHA Chairman, Rafael E. Cestero, HPD Commissioner, and Marc Jahr, President of the City's Housing Development Corporation ("HDC"), and their staffs for their assistance in these cases.

Criminal complaints and indictments are accusations. Defendants are presumed innocent until proven guilty.

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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