



The City of New York
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**DOI STATEMENT ON GUILTY PLEAS OF TWO FORMER CITY EMPLOYEES IN MASSIVE FRAUD AND
BRIBERY SCHEME INVOLVING CITY-FUNDED DAY CARE CENTERS**

ROSE GILL HEARN, Commissioner of the New York City Department of Investigation ("DOI"), issued the following statement on the guilty pleas of two former City employees – LEONID GUTNIK, 39, and AURORA VILLAREAL, 64 – for their participation in a massive fraud and bribery scheme in which City employees collected tens of thousands of dollars in bribes to arrange City funding and permits for day care centers. GUTNIK, a former employee of the City Human Resources Administration ("HRA"), and VILLAREAL, a former employee with the City Department of Health and Mental Hygiene ("DOHMH"), each pleaded guilty in U.S. District Court for the Southern District of New York to the federal offense of mail fraud and honest services fraud conspiracy. The office of Preet Bharara, United States Attorney for the Southern District of New York, is prosecuting the case.

DOI Commissioner Rose Gill Hearn said, "These admitted felons reduced children to commodities and fleeced the taxpayers. City employees who choose profit over integrity forfeit their jobs and money and face conviction and possibly prison. DOI will continue to work hand-in-hand with the U.S. Attorney's Office for the Southern District of New York and our law enforcement partners to expose and stop corruption."

The defendants were arrested in August 2010 following the investigation by DOI joined by its federal law enforcement partners. The press release on the arrests can be found at the following link:
<http://www.nyc.gov/html/doi/downloads/pdf/OperationPayCare08-10-2010.pdf>.

GUTNIK and AURORA were indicted on mail fraud and honest services fraud conspiracy in January 2011.

GUTNIK was employed with HRA since July 2002 and was a job opportunity specialist receiving a salary of approximately \$41,100 when his employment was terminated in September 2010. VILLAREAL was employed with DOHMH since February 1985 and was an early childhood education consultant receiving a salary of approximately \$69,400 when she left City service in September 2010.

Commissioner Gill Hearn thanked Preet Bharara, U.S. Attorney for the Southern District of New York; Special Agent-In-Charge James T. Hayes Jr. of U.S. Immigration and Customs Enforcement, Dr. Thomas Farley, DOHMH Commissioner, HRA Commissioner Robert Doar, and John Mattingly, Commissioner of the City Administration for Children's Services, and their staffs, for their assistance on this investigation.

Assistant United States Attorneys Harris Fischman, Michael Bosworth, and Brent Wible, of the U.S. Attorney's Office for the Southern District of New York, are in charge of the prosecution of this case.

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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