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FOR IMMEDIATE RELEASE
SEPTEMBER 30, 2004

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U.S. CHARGES 37 IN LARGEST SINGLE SWEEP FOR
ALLEGED FRAUD OF HUD HOUSING SUBSIDIES

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced today the unsealing of 25 Indictments and 4 Complaints charging individuals with defrauding the federal Government by obtaining housing subsidies to which they were not entitled.

Over the last three days, law enforcement agents from the United States Department of Housing and Urban Development ("HUD"), the New York City Department of Investigation, the New York City Police Department, and the United States Marshal's Service arrested 35 individuals, with two more expected to surrender tomorrow, in the largest single sweep of people alleged

to have been involved in housing fraud. The total amount of housing benefits alleged to have been improperly obtained by those arrested was approximately \$786,000.

HUD funds the Section 8 Housing Voucher Program ("Section 8"), which provides housing subsidies to low-income individuals and families. As part of the Section 8 program, HUD pays subsidies, typically in the form of vouchers, for people to live in private housing of the tenant's choosing, provided that the housing fits the requirements of the Section 8 program.

The Section 8 program is administered locally by several agencies, including the New York City Housing Authority ("NYCHA") and the New York City Department of Housing Preservation and Development ("HPD"). HUD sends funds to HPD and NYCHA, which in turn pay the Section 8 housing subsidy directly to the landlord where the participating tenant lives. The tenant then pays the difference, if any, between the rent charged by the landlord and the amount of the Section 8 subsidy.

A person's eligibility for Section 8 is determined based on his or her household's total annual gross income and family size, among other factors. In order to receive Section 8 subsidies in New York City, an individual must complete and submit to either NYCHA or HPD an application in which he or she states who will be living in the apartment and all gross income earned by such persons. Each year, a participant is required to resubmit such information.

In general, those arrested are alleged to have improperly obtained federal housing benefits by falsely stating to NYCHA or HPD regarding eligibility to receive Section 8 benefits. Several people are charged with misstating their total household income and household composition, while others are charged with misstating their actual residence, receiving housing benefits, and then subletting out the subsidized apartment for profit.

According to NYCHA and HPD officials, absent an emergency, there is currently a 10-year waiting list for those wishing to receive Section 8 benefits in New York City. HUD officials report that each year the program loses nearly \$1 billion nationally as a result of fraudulent applications and representations by tenants.

In total, approximately 30 apartments in Manhattan, the Bronx, Queens, and Brooklyn were implicated in the fraud alleged.

The General Crimes Unit is in charge of the prosecution.

The charges contained in the Indictments and Complaints are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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