



# Department of Investigation

## *Press Release*

## News from Attorney General Eliot Spitzer

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**FORMER H.R.A. OFFICIAL INDICTED IN \$300,000 WELFARE HOUSING SCAM  
– CHARGED ALONG WITH TWO OTHERS WITH USING NON-PROFIT GROUP FOR THE POOR AS FRONT TO STEAL  
WELFARE HOUSING FUNDS –**

Attorney General Eliot Spitzer, together with New York State Welfare Inspector General Paul Balukas and New York City Department of Investigation Commissioner Edward J. Kuriansky, announced today that a former Executive Deputy Commissioner-designate of the City's Human Resources Administration has been indicted on charges of stealing some \$300,000 in welfare housing funds from HRA, as well as a state agency.

Deborah Pollack, 42, of Manhattan, was a consultant hired by HRA Commissioner Jason A. Turner in April, 1999. Eight months later, in February of last year, Turner designated Pollock to the post of Deputy Commissioner for new initiatives. Although Pollock served in the role until June of last year, she was never formally appointed by the City.

At the same time that Pollock was doing work for the City, she was also running a non-profit group, Community Law Advocates, Inc. (CLA), which she formed in 1998, purportedly to advocate on behalf of poor tenants and their families. Throughout this time, Pollock also secretly owned fifty percent of two apartment buildings in the Bronx at 974 Sheridan Avenue and 1819 Weeks Avenue. Both buildings have been cited for numerous housing code violations.

The indictment charges that Pollock and two co-defendants, CLA's assistant director, Marla Lopez, and a Bronx landlord, Eric Gladstein, used CLA, which was located at 184 McClellan Street in the Bronx, as a front to steal money from a program designed to prevent welfare recipients from being evicted by their landlords for failure to pay rent.

As part of the scam, Pollock submitted false claims for emergency rent money for tenants in her buildings, as well as for tenants in buildings owned a group of landlords, including Gladstein, with whom she affiliated in the Bronx. Relying on the false information that CLA provided, HRA issued payments directly to the landlords, and to Pollock herself. The affiliated landlords, in turn, kicked back ten percent to Pollock and CLA.

"This was as cynical a crime as you can possibly imagine," said Spitzer. "At the very time that Pollock was supposed to be helping the poor with their housing problems, she was using her positions with the city and her non-profit group to abuse the system, steal from taxpayers, and line her pockets and those of her partners. Tenants were being used, without their knowledge, as pawns in the fraudulent scheme."

Only the Legal Aid Society and state-approved community based organizations, like CLA, are permitted to apply for the housing money, known as "Jiggetts relief," on behalf of public assistance recipients.

"Hundreds of not-for-profits throughout New York State provide a range of social services funded by taxpayers, but too often are not held accountable for what they do and what they spend," said State Welfare Inspector General Paul Balukas. "Community Law Advocates typifies the worst of this situation: an organization whose primary function was not serving the poor, but enriching its leader, Deborah Pollock."

Added DOI Commissioner Kuriansky, "The Jiggetts program was designed to provide temporary shelter subsidy to poor tenants facing the threat of eviction. Now, thanks to this two year, coordinated effort of state and local law enforcement, the 'jig is up' for this gang of social service profiteers who swiped hundreds of thousands of dollars in emergency rent money intended for welfare families throughout the Bronx."

The indictment alleges that at least 66 times between October 1998, and December 2000, the defendants submitted false emergency housing applications to the City and State through CLA. On average, each application was worth thousands of dollars.

The top counts of the 141-count indictment charge Pollock, Lopez, and CLA with one count of Grand Larceny in the Second Degree, one count of Conspiracy in the Fourth Degree, one count of Defrauding the Government, and multiple counts of Offering a False Instrument for Filing in the First Degree. If convicted, Pollock and Lopez face up to 15 years in prison. In the case of a corporation, a felony is punishable by a fine of up to \$10,000 or double the amount of the illegal gain.

Two real estate corporations owned by Deborah Pollock -- Palazzolo Management Corp. and Palazzolo Management II Corp. -- were also charged in the indictment.

Eric Gladstein, along with four real estate corporations he owns -- Quest Property Management IV Corp., Quest Property Management V Corp., Quest Property Management VI Corp., and Quest Property Management VII Corp. -- have also been charged. If convicted of all the charges, Gladstein faces up to 7 years in prison. Gladstein owns buildings at 1064-1068 Ward Avenue, 3569 DeKalb Avenue, and 1515 Selwyn Avenue in the Bronx.

Pollock will also be arraigned today on a separate indictment charging her with tax evasion for 1998 and 1999. For both years, Pollock failed to report income she earned from CLA, her real estate corporations, and payments received from other landlords. If convicted of these charges, Pollock faces up to an additional 4 years in prison. Spitzer thanked the State Department of Taxation and Finance for its assistance in the investigation.

The defendants are to be arraigned this afternoon before Justice Carol Berkman in Manhattan State Supreme Court.

Both cases are being prosecuted by Assistant Attorney General Steven Nachman and Special Assistant Attorney General Sean Courtney, Deputy Inspector General of OWIG, under the supervision of Criminal Prosecutions Bureau Chief Janet Cohn and Criminal Division Chief Peter Pope.

The Attorney General praised Commissioner Kuriansky and Inspector General Balukas for the dedicated work of their agencies and investigators, particularly Andrew Weiss of OWIG and Joseph Caputo of DOI.

The charges are accusations and the defendants are presumed innocent until proven guilty.