



Department of Investigation

Press Release

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NYC CLOTHING BANK MANAGER NABBED IN DOI "STING"
-- Took Payoffs To Divert Van Loads Of Donated Apparel To Fake Charities --

EDWARD J. KURIANSKY, Commissioner of the Department of Investigation (DOI), announced today the arrest of PHILIP E. SHEIL, the Mayor's Voluntary Action Center (MVAC) Clothing Bank distribution manager, for taking cash payoffs from a DOI undercover to enable bogus charities to get 2 van loads of donated garments--including overcoats, denim jeans, dresses, shirts, and shoes--and other new merchandise from the Clothing Bank's Brooklyn Navy Yard warehouse.

According to Commissioner Kuriansky, the Clothing Bank, which is administered by MVAC, was established in 1986 to distribute new apparel to benefit the City's homeless and needy. The Clothing Bank stocks irregular and out-of-season clothing, as well as counterfeit designer garments seized by police and no longer needed as evidence, together with other surplus or overstocked merchandise which is donated by more than 800 local and national manufacturers and retailers. The Clothing Bank's citywide distribution network includes over 400 nonprofit charities, which pay an annual membership fee to make warehouse pickups. A charity pays MACV a minimum \$300 a year membership fee to be allowed to make 4 annual pick ups of clothing and merchandise totaling \$18,000 in value--\$60 worth of goods for each \$1 in membership fees.

Commissioner Kuriansky said, "This defendant was supposed to help clothe New York City's poor and homeless. Instead, he took the clothes off their backs and put money in his own pocket."

The investigation began last July when DOI received a tip that SHEIL, who supervised the Clothing Bank's warehouse, was selling garments to nonexistent nonprofit groups and pocketing the proceeds.

On September 15, 2000, near 26 Federal Plaza in lower Manhattan, a DOI undercover investigator, posing as an individual improperly trying to obtain merchandise from the Clothing Bank, met SHEIL, who solicited and received from the agent a \$100 payoff in return for allowing the agent to pretend he was a representative of a phony nonprofit charity--Bronx Educational and Charitable Organization, Inc.--so the agent could make a warehouse clothing pickup. During the meeting, SHEIL gave the agent a blank Clothing Bank application, instructed the agent how to prepare a pickup authorization letter, and told the agent to mail the completed documents, along with a \$300 money order for the MACV annual membership fee, to MVAC's office at 51 Chambers Street in lower Manhattan, so that MVAC would believe that the charity was authentic.

Thereafter, on September 21, 2000, at the same location, the agent again met SHEIL, who solicited another

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\$100 payoff to arrange for a clothing pickup by a second sham charity that SHEIL helped him set up--Tyler Youth Education Foundation, Inc.--and received a \$25 partial cash payment from the agent. Then, on September 28, 2000, the agent, accompanied by a second undercover operative, presented 2 bogus pickup authorization letters--one for each illegitimate charity--to a Clothing Bank warehouse clerk, and obtained 2 van loads of clothing and other merchandise worth about \$9,000. Subsequently, in 2 additional meetings with the agent, SHEIL received \$175 cash--\$100 on October 3, 2000, and \$75 on October 13, 2000--for a total of \$300.

SHEIL, 44, of 388 Dean Street in Brooklyn, a full-time employee since 1998 of the Mayor's Voluntary Action Corporation, the 501(c)(3) fund-raising branch of MVAC, was earning \$25,000 a year. He has been charged with mail and wire fraud, in violation of 18 United States Code, Sections 1341 and 1342, each offense punishable by up to 5 years in federal prison.

Commissioner Kuriansky expressed his sincere appreciation to the Federal Bureau of Investigation, especially Special Agents Rodney Miller, Victor Arocho, and Robert Brooker, and Financial Agent Kevin Larkin of the New York Office's Official Corruption Squad, for their cooperation and assistance in the investigation.

The investigation was conducted by Julia Davis, DOI's Inspector General for Executive Offices & Non-Mayoral Agencies, and Special Investigator Robert Medaglia, with the assistance of Deputy Inspector General L. Stephan Zander, Assistant Inspector General Daniel Alejandro, Special Investigators Alicia George, Marc Herman, John Reatz, and Daniel Tanaka, Confidential Investigator Erskine Fleming, and Sergeant Dennis Crowley and Detectives Thomas Barnes, Cleveland Baxter, Antoine Dandridge, and Garry Ferguson of DOI's Investigative Squad.

The Office of Mary Jo White, United States Attorney for the Southern District of New York, is handling the case. Assistant United States Attorney William E. Craco is in charge of the prosecution.