



Department of Investigation

Press Release

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FORMER NYCHA TENANT CHARGED IN \$15,000 HOUSING FRAUD ***-- Concealed Marriage and Assets, Including Joint Ownership of \$220,000 NJ Home --***

ROSE GILL HEARN, Commissioner of the Department of Investigation (DOI), announced today the felony arrest of CAROLYN VARGAS, a former public housing tenant, for fraudulently receiving \$15,344 in rent subsidy benefits by failing to reveal to the New York City Housing Authority (NYCHA) her joint ownership of a \$220,000 home in Dumont, New Jersey, other assets, and the presence in the apartment of her husband.

According to Commissioner Gill Hearn, NYCHA manages 345 public housing developments providing shelter to more than 435,000 tenants. VARGAS had been a resident and tenant of record of a 4-room apartment in NYCHA's Washington Houses, located at 225 East 99th Street in Manhattan, from 1983 until October 2000.

Commissioner Gill Hearn noted that today's arrest is part of an ongoing Citywide crackdown by DOI and the local district attorneys, which has, since 1995, resulted in the arrest of 248 residents -- including 79 City, State and Federal employees -- charged with stealing over \$5 million in rent and welfare subsidies by hiding their income and assets from the City. Since January, 33 individuals have been arrested for illegally receiving more than \$687,000 in government housing benefits by concealing their employment or household income from NYCHA. So far, 182 cases have resulted in conviction and more than \$2.6 million in court-imposed restitution.

In annual Affidavits of Income filed with NYCHA between April 1995 and April 2000, VARGAS reported that only she and her teen-age daughter lived in her Washington Houses apartment. Moreover, she reported that her household income consisted of less than \$10,000 a year and was wholly derived from her employment as a clerk at Manhattan Entertainment, Inc., a ticket/entertainment service located in Fort Lee, New Jersey. She also reported that she had no assets and owned no real estate.

DOI began an investigation after Alfred Velazquez, a NYC Financial Information Services Agency (FISA) Computer Specialist earning \$56,000/year, filed a Background Questionnaire with DOI, following a promotion to a managerial position, in which he reported that he had resided with VARGAS at 225 East 99th Street, Apartment 10H, since their marriage in 1995. DOI recognized this address as being located at NYCHA's Washington Houses. The investigation revealed that not only did VARGAS conceal her marriage to Velazquez, and his residency in her apartment for 5 years, but also the facts that she owned a 1998 Nissan Pathfinder, maintained \$45,000 in a joint savings account with Velazquez in a New Jersey bank, and jointly owned a \$220,000 home in Dumont, New Jersey, which she and Velazquez purchased in December 1999.

Former NYCHA Tenant Charged In \$15,000 Housing Fraud

Although VARGAS moved from her NYCHA apartment to her New Jersey home in February 2000, she continued to file documents with NYCHA through September 2000 in which she falsely reported that she and her daughter resided by themselves in the NYCHA apartment.

Between August 1995 and September 2000, VARGAS' rent ranged from \$214 to \$216 a month. In fact, VARGAS should have paid a rent share of \$495 a month, the maximum rent for a 4-room apartment at Washington Houses. Her repeated failure to disclose her true household composition and total income and assets resulted in an illegal reduction of her NYCHA apartment rent charges, totaling \$15,344 over the 5-year period.

VARGAS, 39, of 50 Pearl Street, Dumont, New Jersey, has been charged with Grand Larceny in the Third Degree, a Class D Felony, and Offering a False Instrument for Filing, a Class E Felony. If convicted, she faces up to 7 years in Prison.

The investigation was conducted by DOI Assistant Commissioner and NYCHA Inspector General Steven A. Pasichow and members of his staff, including Deputy Inspector General Kevin R. Smith and Special Investigator Rosemary Caruso.

The Office of Manhattan District Attorney Robert M. Morgenthau is prosecuting the case. Assistant District Attorney Ryan Scott Ferber is handling the prosecution.