



Department of Investigation

Press Release

Release #048-2000

2 Correction Officers, 2 Others Charged With Deferred Comp Fraud

-Filed False "Hardship" Claims For \$50,000 In Early Withdrawals-

WEDNESDAY, JUNE 28, 2000 -- EDWARD J. KURIANSKY, Commissioner of the Department of Investigation (DOI), today announced the felony arrest of 4 individuals -- 2 Department of Corrections (DOC) officers, FAITH GOSLEE and DIANA BAKER; a retired DOC administrative assistant, MILDRED BOSTIC; and, a Department of Probation (DOP) clerk, JA'NA CARROLL -- for filing fraudulent claims of hardship for infertility treatments, dental implants, and funeral and medical expenses, in an unlawful effort to prematurely withdraw funds ranging from \$4,900 to \$25,000 from their Deferred Compensation Plan (DCP) accounts.

Commissioner Kuriansky said that the investigation began in September 1999, when the City Office of Labor Relations contacted DOI regarding possible bogus or altered documents submitted by DOC employees to support deferred comp "hardship withdrawals." Among the false documents allegedly presented by the 4 individuals arrested today were forged funeral bills and death certificates, fraudulent bank letters, and phony medical documentation.

DCP officials had granted CARROLL's hardship claim and disbursed a \$4,962 check to her in February. However, DCP rejected the claims submitted by GOSLEE, BAKER, and BOSTIC, after detecting certain document irregularities.

Commissioner Kuriansky stated, "The actions of these 4 individuals, in trying to subvert the requirements of the City's Deferred Compensation Plan, should be of concern to all City employees. Only if the plan's conditions are complied with by everyone will it continue to meet the strict standards of the federal tax code. Therefore, the City must be especially vigilant in pursuing those who seek premature access to their contributions for impermissible purposes."

According to Commissioner Kuriansky, the Deferred Compensation or "457" Plan is a tax-deferred savings plan for City employees which allows them through payroll deductions to directly invest part of their biweekly salary in any of 8 managed investment accounts. Employees are allowed to contribute from 1% to 25% (or \$8,000, whichever is less) of their salaries to the plan prior to any federal, state, and city tax deductions, thus lowering their federal taxable income for the reporting year. The employees' contributions accumulate interest and/or dividends while remaining tax-free until they are ultimately withdrawn. Only upon withdrawal are the monies subject to the applicable city, state, and federal taxes.

An employee may only withdraw funds from the plan after termination or retirement from City

service. The only way an active employee may withdraw funds is under what is termed a "hardship withdrawal." A hardship withdrawal is defined as "severe financial hardship to the participant resulting from a sudden or unexpected illness or accident of the participant or of a dependent of the participant, loss of the participant's property due to casualty, or other similar extraordinary and unforeseeable circumstance arising as a result of events beyond the control of the participant."

In order to obtain a hardship withdrawal, the participant must submit sufficient documentation to establish the hardship. Each application filed for a withdrawal of funds must be notarized, and the employee must swear that the statements set forth in the request are accurate and true under penalties of perjury.

GOSLEE, 46, of Brooklyn, was appointed a Correction Officer on May 10, 1990, and earns \$49,023 a year. GOSLEE falsely asserted that she needed \$8,000 for a fertility procedure she was undergoing. In fact, the investigation revealed that she was not undergoing, nor had she undergone, any such procedure. GOSLEE has been charged with Criminal Possession of a Forged Instrument in the Second Degree, a Class D felony, and Offering a False Instrument for Filing in the First Degree, a Class E felony. If convicted, she faces up to 7 years in prison.

BAKER, 44, of Mount Vernon, New York, was appointed a Correction Officer on January 24, 1991, and earns \$49,023 a year. BAKER allegedly submitted fraudulent documentation claiming that she had had lost upper and lower teeth in a sidewalk fall and needed \$25,000 for 14 dental implants. However, the investigation disclosed that she had not had any recent accident or injury necessitating dental implants. BAKER has been charged with Forgery in the Second Degree and Criminal Possession of a Forged Instrument in the Second Degree, both Class D felonies, and Offering a False Instrument for Filing in the First Degree, a Class E felony. If convicted, she faces up to 7 years in prison.

BOSTIC, 62, of 16 Winthrop Street in Hempstead, Long Island, retired from DOC as a principal administrative associate on May 12, 2000, and had been earning \$37,804 a year after 26 years of service. Months prior to her retirement, BOSTIC allegedly filed documentation claiming that she needed \$10,000 for her husband's funeral expenses as well as for back mortgage payments. The investigation revealed that the funeral bills she submitted had been fraudulently altered to list her as the payer and to inflate the funeral cost from \$2,918 to \$5,000. In fact, her husband's daughter had paid the funeral costs, and the mortgage arrears she had claimed were fictitious. BOSTIC has been charged with Forgery in the Second Degree and Criminal Possession of a Forged Instrument in the Second Degree, both Class D felonies, and Offering a False Instrument for Filing in the First Degree, a Class E felony. If convicted, she faces up to 7 years in prison.

CARROLL, 33, of 23 Ashton Road in Medford, Long Island, who was appointed a DOP community associate on August 14, 1994, works as a management information services "help-desk" clerk, earning \$32,194 a year. CARROLL claimed falsely that she needed \$5,000 for funeral costs for a deceased family member and medical expenses for her future mother-in-law. However, the investigation revealed that CARROLL and her fiancé had not contributed to the funeral or medical expenses. CARROLL fraudulently received \$4,962 on February 15, leaving a \$22,449 balance in her DCP account. CARROLL has been charged with Forgery in the Second Degree and Criminal Possession of a Forged Instrument in the Second Degree, both Class D felonies, and Offering a False Instrument for Filing in the First Degree, a Class E felony. If convicted, she faces up to 7 years in prison.

GOSLEE and BAKER have been suspended without pay, pending the outcome of the case. CARROLL has been suspended without pay for 30 days, pending disciplinary proceedings.

Commissioner Kuriansky expressed his sincere appreciation to Office of Labor Relations Commissioner James F. Hanley, who administers DCP, and members of his staff, for their assistance and cooperation in the investigation.

The investigation was conducted by Michael Caruso, Assistant Commissioner and Inspector General for DOC, and members of his staff, including First Deputy Inspector General Josephine Pradegan, Acting Deputy Inspector General Valerie Brown, Captain Sharon Jones, Supervising Investigator Toni Bellamy, and Confidential Investigators Jason Pugh and Lawrence McGugins.

The Office of Manhattan District Attorney Robert M. Morgenthau is prosecuting the case. Assistant District Attorney Jonathan Berger is handling the matter.