



Department of Investigation

Press Release

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NYC CLOTHING BANK MANAGER PLEADS GUILTY TO FEDERAL FRAUD CHARGES

*-- Admits \$10K Theft Of Mayoral Program Checks & Taking Payoffs To Divert Van Loads Of Donated Apparel To Fake Charities --
-- Faces 21-27 Months In Prison --*

EDWARD J. KURIANSKY, Commissioner of the Department of Investigation (DOI), announced today that PHILIP E. SHEIL, the former distribution manager of the Mayor's Voluntary Action Center (MVAC) Clothing Bank, has pleaded guilty to federal mail and bank fraud charges involving his taking cash payoffs from a DOI undercover agent 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, and, in addition, his stealing 12 blank MVAC checks, forging the MVAC director's signature, and unlawfully cashing 11 of the checks for over \$10,000.

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

Commissioner Kuriansky said, "Sheil 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, and then, while still under arrest for these shameful crimes, illegally forged and cashed Clothing Bank program checks worth more than \$10,000. He not only disgraced himself, but betrayed the trust of his co-workers and all New Yorkers."

SHEIL was charged on May 9, 2001, and again on August 23, 2001, in separate Manhattan Federal Court criminal Informations, with mail and wire fraud, in violation of Title 18, United States Code, Sections 1341 and 1342.

SHEIL was accused of soliciting and receiving, from an undercover agent posing as an individual improperly trying to obtain merchandise from the Clothing Bank, multiple payoffs totaling \$400 in return for allowing the

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agent to pretend he was a representative of 2 phony nonprofit charities--Bronx Educational and Charitable Organization, Inc., and Tyler Youth Education Foundation, Inc.--so the agent could make warehouse clothing pickups. He was also accused of instructing the undercover how to prepare pickup authorization letters which were used to obtain 2 van loads of clothing and other merchandise worth about \$9,000. Finally, SHEIL was charged with stealing 12 checks from the MVAC check ledger, forging the MVAC Executive Director's signature, and illegally negotiating 11 of the checks for over \$10,000.

Pleading guilty yesterday in federal court in Manhattan before U.S. District Judge Richard Berman, SHEIL admitted that he took illicit payoffs, improperly assisted the undercover agent to prepare program application letters, and advised the undercover agent how to complete a MVAC membership application. He further admitted stealing, forging, and unlawfully negotiating the MVAC checks.

Under his plea agreement, SHEIL faces a penalty of 21 to 27 months in prison and a fine of between \$4,000 and \$40,000, when he is sentenced on January 15, 2002.

According to Commissioner Kuriansky, the investigation began in July 2000, 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.

Thereafter, SHEIL, on September 15, 2000, met a DOI undercover investigator, posing as an individual improperly trying to obtain merchandise from the Clothing Bank. SHEIL 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. 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 MVAC annual membership fee, to MVAC's office at 51 Chambers Street in lower Manhattan, so that MVAC would believe that the charity was authentic.

Six days later, on September 21, 2000, the agent again met SHEIL, who solicited another \$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 pick up 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 meeting with the agent, SHEIL received \$175 cash--\$100 on October 3, 2000, and \$75 on October 13, 2000--for a total of \$300.

SHEIL was arrested on May 9, 2001, and charged with taking the cash payoffs. Thereafter, however, on August 17, 2001, MVAC representatives alerted DOI that SHEIL had apparently also stolen 12 program checks and illegally cashed 11 of them.

The investigation disclosed that SHEIL, between June 1 and August 16, 2001, unlawfully negotiated 11 MVAC checks, in amounts ranging from \$764 to \$986 and totaling \$10,285, at various financial institutions, including a local check cashing establishment on Chambers Street in lower Manhattan. MVAC, on August 17, 2001, stopped payment on the 12th check by contacting Citibank, the bank on which the checks were drawn.

SHEIL, 44, of 388 Dean Street in Brooklyn, a former 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.

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Commissioner Kuriansky expressed his sincere appreciation to Harriette Heller, MVAC Executive Director, and members of her staff, as well as to the Federal Bureau of Investigation, particularly FBI Special Agent Rodney Miller.

The investigation was conducted by Julia Davis, DOI's Inspector General for Executive Offices & Non-Mayoral Agencies, former Special Investigator Robert Medaglia, and Confidential Investigators Jared Feirstein and Edward Richards.

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