



The City of New York
Department of Investigation

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DOI ARRESTS CITY HOUSING AUTHORITY SUPERVISOR ON LOAN SHARKING CHARGES

ROSE GILL HEARN, Commissioner of the New York City Department of Investigation ("DOI"), announced the arrest today of DEREK MITCHELL, a Supervisor of Caretakers with the New York City Housing Authority ("NYCHA"), on charges of lending two subordinates money at illegal interest rates. MITCHELL was assigned to NYCHA's Sheepshead Bay/Nostrand Houses in Brooklyn. The office of Kings County District Attorney Charles J. Hynes is prosecuting the case.

DOI Commissioner Rose Gill Hearn said, "City supervisors cannot lawfully become involved in any kind of financial relationships with their subordinates, much less lend them money at illegal rates of interest, as charged here. When the matter was reported to DOI, our investigators acted to uncover the facts leading to today's arrest, ensuring that the corrupt activity stopped."

DEREK MITCHELL, 54, of Brooklyn, was charged with two counts each of Criminal Usury in the Second Degree, a class E felony, and Official Misconduct, a class A misdemeanor. Upon conviction, a class E felony is punishable by up to seven years in prison and a class A misdemeanor is punishable by up to a year's incarceration.

MITCHELL began employment with NYCHA in February 1982 and was receiving an annual salary of approximately \$51,000 as a supervisor. He was suspended today.

DOI's investigation stemmed from a complaint that MITCHELL was lending money for a "fee" to other NYCHA employees, including his subordinates.

According to the criminal complaint, in February 2009, MITCHELL lent a subordinate \$1,000 on terms that required the subordinate to pay MITCHELL that amount plus \$500 in interest two months later. When the subordinate was unable to pay MITCHELL the required \$1,500 by the due-date, MITCHELL told the subordinate that as of that date the subordinate owed MITCHELL \$3,000, which included an additional \$1,500 in interest. Also in February 2009, MITCHELL lent another subordinate \$200 on terms that required the subordinate to repay the loan plus \$50 in interest two weeks later. The subordinate was unable to pay by the deadline, and MITCHELL added \$50 in interest every two weeks thereafter until the amount owed reached \$900, which included \$700 in interest. Thereafter, when the subordinate made a \$200 payment, MITCHELL said it was untimely and added an additional interest charge of \$300. DOI's investigation found that on numerous occasions MITCHELL discussed the loans with the two subordinates in a NYCHA office in Brooklyn.

Commissioner Gill Hearn thanked NYCHA Chairman John B. Rhea and Kings County District Attorney Charles J. Hynes and their staffs for their assistance in this investigation.

The investigation was conducted by DOI's Acting Inspector General for NYCHA Kelvin Jeremiah and members of his staff, including Counsel to the Inspector General Kevin Smith, Deputy Counsel to the Inspector General Lauren Hintz and Special Investigator John Reatz.

Assistant District Attorney Mike Saint-Pre from the Kings County District Attorney's Office has been assigned to prosecute the case.

A criminal complaint is an accusation. A defendant is presumed innocent until proven guilty.

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