



The City of New York
Department of Investigation

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STATEMENT FROM DOI REGARDING SETTLEMENT WITH GLORIA WISE

ROSE GILL HEARN, Commissioner of the New York City Department of Investigation (DOI), announced today that the Bronx-based not-for-profit Gloria Wise Boys and Girls Club, Inc. has agreed to repay the City \$625,000 in a settlement with DOI concerning City money that Gloria Wise executives misspent on themselves and other impermissible payees.

These funds compensate the City for \$250,000 in improper expenditures by Gloria Wise between January 2001 and January 2004 from funds obtained from the City through contracts between Gloria Wise and the Department of Youth and Community Development (DYCD) and the Department for the Aging (DFTA); and \$375,000 in overpayments by the Department of Education (DOE) to the Goose Bay Nursery and Kindergarten between 1997 and 2006.

During the course of a DOI investigation into improper expenditures at Gloria Wise, DOI discovered that the social services agency had "loaned" \$875,000 to SCG and Radio Free America, which once owned Air America. At DOI's request, Air America put the \$875,000 into an escrow account and agreed in writing not to distribute the money until DOI authorized payment of the funds. DOI has directed Air America to release the funds and Air America has transferred \$625,000 to the City and the remaining balance, \$250,000, has been transferred to Gloria Wise for its operating expenses.

The City no longer has contracts with Gloria Wise. In June 2005, DOI shared its preliminary findings with DYCD, DOE, DFTA, and the New York City Housing Authority (NYCHA), and those City agencies terminated their funding to Gloria Wise, which included another Bronx-based not-for-profit Pathways for Youth, and declined to award them any new contracts or grants. Until that point, nearly 80% of Gloria Wise/Pathways funding came from the City.

DOI has shared its findings with a variety of government agencies, including the Office of the New York State Attorney General. DOI will publish its findings once the investigation is complete.

DOI Commissioner Rose Gill Hearn said, "I am pleased that DOI has been able to successfully recover this money for the City. DOI will continue to be vigilant in ensuring that not-for-profits that receive City funding properly allocate that funding for the people and services for which it was intended."

DOI is one of the oldest law-enforcement agencies in the country. The agency investigates and refers for prosecution City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City.

Get the worms out of the Big Apple.
To report someone ripping off the city, call DOI at (212) 825-5959.

On October 5, 2006, DOI Issued a final report regarding The Gloria Wise Boys and Girls Club
Below are the links to the report and appendix:
http://www.nyc.gov/html/doi/pdf/GW_Report.pdf
http://www.nyc.gov/html/doi/pdf/GW_Exhibits.pdf