



The City of New York
Department of Investigation

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**DOI CLOSES OUT 2007 WITH 335 ARRESTS AND A DRAMATIC INCREASE IN ITS
OUTREACH TO CITY EMPLOYEES AND THE NUMBER OF COMPLAINTS RECEIVED**

ROSE GILL HEARN, Commissioner of the Department of Investigation (DOI), announced today the agency's 2007 accomplishments which highlight a number of significant investigations that became public during the year, an increase in monies recovered as a result of DOI cases, double the number of corruption prevention lectures given throughout the City, and the result of a new initiative to record important policy and procedure recommendations made to City agencies intended to prevent future frauds, based on the findings from over 1,150 DOI investigations completed.

The Department issued a record number of public reports on issues ranging from: the manner in which the Administration for Children's Services (ACS) investigates child abuse complaints; how the Department of Health and Mental Hygiene (DOHMH) inspects restaurants; the proliferation of bogus academic degrees for sale on the internet and the need for all City agencies to have training and new procedures for screening out bogus degrees that are used for employment and promotion within City agencies and, in particular, within the Fire Department (FDNY) where DOI made six arrests of individuals who provided bogus internet degrees to the FDNY; how the City can avoid making fraudulent payments to so-called experts used in criminal cases involving indigent defendants; and the improper sale of scrap metal that should have been brought to the authorized recycling plant by over 50 workers of the Department of Sanitation (DSNY), some of whom released hazardous substances into the air by disassembling air conditioners to sell the parts for scrap metal.

Additionally, DOI conducted 335 arrests in 2007 involving an array of criminal offenses. Among those cases was a significant and highly successful effort to root out tenant fraud in the New York City Housing Authority ("NYCHA") developments, a type of fraud that is a drain on precious housing resources for the needy in our City. Over 60 tenant fraud arrests were made in 2007. This year also brought the successful investigation and arrest of 9 contractors for committing prevailing wage violations, and the guilty pleas of 6 additional corporations and individuals also for prevailing wage violations.

DOI's docket of reports and arrests reflect the Department's broad jurisdiction over more than 45 mayoral agencies, and over 300 other City agencies, entities, boards and commissions.

Notably, in 2007, the Department was responsible for recovering in excess of \$27 million -- up from \$20 million in 2006 -- on behalf of the City and other victims due to agreements and orders of restitution, fines, forfeiture and other financial recoveries from cases investigated by DOI. Approximately \$6.6 million of that amount will benefit the City.

In 2006, the Department announced it would focus increased resources in 2007 on conducting corruption prevention awareness lectures throughout the City agencies and to vendors who do business with the City, so that there would be no mid-term complacency. The result is that in 2007 the number of anti-corruption lectures doubled from 303 in 2006 to 640 in 2007. This City-wide lecture program has been conducted every year since 2002; it is designed to encourage people to report corruption and to serve as a deterrent. The lecture program has caused a steady increase in complaints received by the Department from 10,319 in 2002 to 12,737 in 2007. That effort also increased the caseload the agency carries, from 1,973 cases in 2006 to 2,223 cases in 2007.

In 2006, DOI announced a commitment to collect, memorialize and issue all of the Policy and Procedure Recommendations ("PPRs") made by DOI to various City agencies since 2002. The effort is to ensure that corruption vulnerabilities already identified have been fixed. PPRs illustrate DOI's dual function of not only making arrests but also -- unlike any other law enforcement agency -- addressing operational vulnerabilities within a City agency. In January 2007, DOI appointed a staff member to undertake this project of collecting all PPRs made by DOI and ensuring that the problems identified have been remedied. As a result in 2007, more than 1,070 PPRs were issued to various City agencies stemming from findings from cases dating from 2002 through 2007.

The number of backgrounds performed by the DOI Background Investigations Unit increased 25% in 2007. This increase is attributed to an increase in individuals entering or being promoted or transferred within City agencies, and appointments to boards and commissions.

During the course of DOI investigations in 2007, the DOI Digital Forensic Unit was called upon to conduct forensic work on almost 100 computers, laptops, cellphones, video equipment and a combination of other media such as flash, CDs, ZIP and floppy disks. This skill is necessary to obtain valuable evidence for our investigations.

DOI Commissioner Rose Gill Hearn said, "DOI's accomplishments in 2007 highlight the breadth of work this agency has conducted, from arrests to procedural recommendations DOI has made to various City agencies to correct corruption vulnerabilities and prevent future frauds. Each of these achievements point to DOI's unique mission of investigating municipal corruption and fixing problems within City government."

DOI arrests in 2007 underscore the agency's commitment to maintain integrity in City government. Of the 335 arrested, 252 were non-City employees, 83 City employees, illustrating that DOI's focus is not only the City employee who may take a bribe but also the individual doing business with the City who may offer a bribe or try to scam the City.

The following are among DOI's significant investigations in 2007:

- The arrest of two Department of Transportation ("DOT") employees -- the Director and Assistant Civil Engineer -- in the Movable Bridges Division who were charged in connection with a \$450,000 bribery scheme involving the reconstruction of the Third Avenue Bridge. DOI not only assisted in the investigation but was a key resource to

federal authorities providing knowledge of DOT operations and the process of City contracts.

- DOI investigated a rash of sick and medical leave fraud perpetrated by City employees who submitted fake doctors' notes to various agencies; DOI made 13 arrests in total of employees from the FDNY's Emergency Medical Service, the Department of Juvenile Justice (DJJ), the Department of Environmental Protection (DEP), the Department of Citywide Administrative Services (DCAS) and the Office of Administrative Tribunals and Hearings (OATH), which is the agency responsible for conducting disciplinary cases when City employees engage in wrongdoing. DOI's examination of this problem was prompted by a series of arrests within the Department of Corrections (DOC) last year for the same type of sick/medical leave fraud. Following these arrests, employees out on sick leave returned to work in significant numbers. Agencies accepted DOI recommendations on how to greatly improve their medical note and leave verification procedures.
- DOI began an undercover operation when a City administrative judge with the Environmental Control Board (ECB) reported that a person who appeared before the judge had offered her Yankee tickets in exchange for resolving an ECB summons on a Brooklyn building. The individual, Celestino Orta, was eventually charged with federal bribery charges stemming from allegations that in the ensuing investigation, 4 DOI undercover agents met Orta at Yankee Stadium for the Yankee-Mets game, where Orta brought them into the game to seats right behind home plate. Also alleged is that Orta subsequently asked the DOI undercover (posing as a clerk for the ECB judge) if he could clear other ECB violations for private individuals or companies in exchange for half of the money that the individual/company owed the City. Thus, DOI set up a fake business with "outstanding" violations created with assistance from ECB, and it is alleged that ORTA approached the "owner" of the business (also a DOI undercover), offered to reduce the ECB violations in exchange for a fee, was eventually paid \$15,000 by the DOI undercover, and then split the money with our initial undercover. Orta was arrested by DOI in conjunction with the FBI.
- Fifteen individuals were arrested in various cases for counterfeiting or stealing City checks. Two of the individuals arrested had been City employees, 13 were non-City employees. This type of scheme is an active area of interest for DOI and is the subject of a series of current investigations.
- Following an 18-month investigation, DOI issued an exhaustive examination of 11 child deaths and one near fatality, revealing problems with ACS investigations and recommending that ACS strengthen its investigations of serious child abuse cases by hiring 100 additional Investigative Consultants. DOI conducted hundreds of interviews and undertook a comprehensive review of all relevant documents. The agency used its subpoena power when necessary and studied the 140-year history of ACS and its predecessor entities in connection with the investigation of serious abuse or neglect. DOI's conclusion was that vital child welfare investigations need to be thoroughly conducted and call for two types of expertise: the trained social worker and the seasoned investigator.
- When rats were videotaped scurrying around a KFC-Taco Bell in Greenwich Village only a day after a DOHMH inspector inexplicably did not close the restaurant or issue violations consistent with the very visible infestation, DOI investigated the matter. After repeatedly telling DOHMH that she had reported all violations in the KFC that

she had seen, DOI's investigation, which included interviewing the inspector under oath, found that the inspector underreported her findings and failed to take proper action. DOI recommended the termination of the inspector, who promptly resigned, and also recommended changes to DOHMH's restaurant inspection program.

- DOI's cases successfully culminated in several high-profile convictions this year including:
 - the guilty pleas by the former IT Director and Director of Records at the City Medical Examiner's Office in connection with their defrauding the agency of millions in September 11th funds;
 - the conviction of 15 individuals who conspired to defraud the Medicaid program, a scheme that operated principally out of the City Human Resources Administration's Central Medicaid Office in Manhattan. Medicaid fraud continues to be an active focus of investigation for DOI. These convictions underscore the positive impact of DOI's investigations.

The agency continued to pursue a number of proactive efforts and to develop initiatives begun by the agency in 2006.

- DOI established a Non-For-Profit (NFP) Vendor Fraud Unit this year, an outgrowth of its 2005-2006 investigation of the Gloria Wise case in which DOI found gross fraud and mismanagement at the City-funded non-profit. Gloria Wise highlighted how City funds, including Member Item money, given to non-profits could be siphoned away by unscrupulous individuals. The NFP Unit, with its forensic auditors and investigators, will be examining these types of issues and has already opened almost 40 cases involving fraud at not-for-profit vendors funded by City funds.
- DOI and the FDNY conducted a Citywide warrant sweep after DOI discovered there were numerous outstanding arrest warrants against numerous individuals who had failed to appear in connection with Fire Code violations at residences and commercial locations. These unanswered violations gave rise to public safety issues. Forty-seven people were arrested in this warrant sweep. DOI and FDNY will continue to work together on this effort in 2008 to ensure that individuals answer Fire Code violation allegations.
- DOI's new Lobby Law Unit (LLU) was fully established in 2007 and implemented a framework that includes regular meetings with the Lobby Bureau of the City Clerk's office, training the Clerk's staff, reviewing their audit protocols and forms, and advising them with respect to enforcement actions. The LLU has also undertaken several random audits of its own of lobbyists' filings and supporting documentation. The LLU has identified several issues in the current reporting requirements that it will pursue further in 2008.

Outreach by DOI in 2007:

- The agency's anti-corruption platform received national and international attention. In February, Commissioner Gill Hearn presented DOI's mission to a global audience in Amsterdam at the World Cities Conference on Fighting Corruption and Safeguarding Integrity. In April, she visited Chicago to address Chicago Mayor Richard M. Daley and his City Commissioners about DOI's operations along with the Chicago

Inspector General, whose office has looked to DOI for guidance on best practices. In September, the Philadelphia Inspector General visited DOI to learn firsthand about how DOI investigators pursue investigations, the agency's statutory authority and its independent status. In 2007, representatives of more than a dozen countries visited the agency to learn about DOI's mission to maintain integrity in City government.

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.**