



**State of New York
Office of the Welfare Inspector General**

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**MONEY FOR NOTHING: HRA Caseworkers and NYC
Corrections Officer arrested in fake rental schemes**

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PAUL BALUKAS, New York State Welfare Inspector General, and ROSE GILL HEARN, Commissioner of the New York City Department of Investigation, announced today the arrest of seven defendants who are charged with stealing over \$130,000 in public assistance benefits from the NYC Human Resources Administration. Beginning in 1999, four defendants, all City employees, began fraudulently granting and receiving shelter benefits issued out of the Waverly Job Center in Manhattan while three of them were employed by HRA. The fourth City employee is a NYC Corrections Officer. The defendants were each involved in schemes to issue rent checks to fake landlords on behalf of homeless welfare recipients. These homeless individuals were unaware of and did not benefit from the schemes, which involved the submission of falsified documents to HRA. The schemes were discovered when an attempt was made to recoup expenses from one of the homeless individuals who denied paying any rent at the time that the

checks were issued. The four City employees arrested today are current HRA employees Wayne Adams and Sonia Diaz, former HRA employee Obiora Orakwue, and NYC correction officer Anthony Simpson. The investigation led to the prior arrests of Frederick Kornegay, Chinedu Uchanma and Fidelis Rafua, for posing as fake landlords and receiving the fraudulent shelter payments.

Wayne Adams, aged 39 and currently employed by HRA as a job opportunity specialist, is charged with submitting 32 fraudulent forms (known as “3575 forms”) authorizing rent money to be paid to defendants Kornegay and Rafua even though neither Kornegay nor Rafua provided housing to anyone receiving public assistance. Adams is charged with diverting \$62,350 to Kornegay and \$25,370 to Rafua during the scheme. As a result, Adams was charged in a 38 count indictment with Grand Larceny in the Second Degree, a class C felony; Defrauding the Government and Offering a False Instrument for Filing in the First Degree, class E felonies and Official Misconduct, an A misdemeanor. The charges of Defrauding the Government and Official Misconduct stem from Adams’s use of his position as a public employee to commit the crimes. Adams’s schemes took place between 1999 and 2002. Kornegay and Rafua were each previously arrested and charged with grand larceny for their part in the scheme.

Obiora Orakwue, aged 44, was arrested for submitting eight fraudulent “3575” forms and generating \$30,960 in shelter benefits paid to Chinedu Uchanma even though Uchanma never provided any housing to any public assistance recipients. Orakwue is accused of committing his crimes during 1999 and 2000 while he was employed as an eligibility specialist with HRA. An eleven count indictment charges Orakwue with Grand Larceny in the Third Degree, a class D felony; Defrauding the Government and eight counts of Offering a False Instrument for Filing in the First Degree, class E felonies and Official Misconduct, an A misdemeanor. Uchanma was also arrested and charged with grand larceny under a separate criminal complaint for his role in receiving the stolen funds.

A third city employee, Anthony Simpson, aged 36 and a New York City Correction Officer, was charged with stealing \$10,320 from NYC Human Resources Administration during 2002. An indictment charges him with Grand Larceny in the Third Degree, a Class D felony, for posing as a fake landlord and receiving shelter checks that he was not entitled to. Prior to joining the Department of Corrections, Simpson had worked at HRA as a caseworker.

Sonia Diaz, aged 34, was arrested and charged with issuing three shelter checks totaling \$1,290 to her own home, that were payable to a friend. In addition, Diaz also faces charges relating to a separate scam in which she told HRA that her friend, who has his own public assistance case, was her tenant, thereby causing HRA to pay her \$3,547.50 in rent on his behalf. Diaz, formerly of the Waverly Center, is presently assigned to HRA offices in Brooklyn.

Defendant Adams faces up to 15 years in prison and defendants Orakwue and Simpson face up to seven years in prison on the top counts. Adams and Simpson were arraigned on Monday; Orakwue’s arraignment was Tuesday in Supreme Court, New York County.

Frederick Kornegay, Chinedu Uchanma and Fidelis Rafua also have felony cases currently pending in Supreme Court, New York County. Defendant Diaz was arraigned Monday in New York City Criminal Court and is due back on June 21, 2005.

Commenting on this case, Inspector General Balukas stated:

The ease with which these HRA caseworkers were able to submit falsified documents and generate fraudulent rent checks to their friends raises serious concerns about the internal control policies in place at the job (welfare) centers. I look forward to working with the Department of Investigation and the Human Resources Administration to strengthen these important internal controls in order to prevent and more easily detect employee corruption.

DOI Commissioner Rose Gill Hearn said:

These defendants ignored their mandate to help the City's poor and, instead, used their inside access to line their own pockets with taxpayers' dollars. These defendants should have known that public assistance is for the truly needy not the greedy. DOI will work with HRA to examine and strengthen procedures to safeguard public benefits so that they go to those who truly need and deserve them.

The case was jointly investigated by the Office of the Welfare Inspector General and the New York City Department of Investigation by Confidential Investigator Gabriel Camacho of the Welfare Inspector General's office and Walter Hartman, a Special Investigator for the NYC Department of Investigation, under the supervision of Ben Defibaugh, DOI's Inspector General for the NYC Human Resources Administration. The case was presented to the Grand Jury by Special Assistant Attorney General Andrew Weiss of the Welfare Inspector General's office and by Assistant Attorney General Hugh McLean. The Office of New York State Attorney General ELIOT SPITZER will prosecute the case.

The Office of the Welfare Inspector General is a State agency, created in its current form in 1992, and charged with investigating and prosecuting criminal misconduct in social services programs of State and local governments. Complaints of misconduct in social services programs may be made directly to the Inspector General's office at 1-800-682-4530.

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. To report someone ripping off the city, call DOI at (212) 825-5959.

Under the law, the charges filed against the defendants constitute accusations only. The defendants are presumed innocent unless and until proven otherwise.