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**DOI COMMISSIONER MARK G. PETERS, NYS ATTORNEY GENERAL ERIC T. SCHNEIDERMAN AND
NYS DEPARTMENT OF FINANCIAL SERVICES SUPERINTENDENT MARIA T. VULLO JOINTLY ANNOUNCE
INDICTMENTS OF 13 CURRENT AND FORMER CITY FIRE AND POLICE DEPARTMENT EMPLOYEES
IN HALF MILLION DOLLAR SUPPLEMENTAL INSURANCE FRAUD SCAMS**

Mark G. Peters, Commissioner of the New York City Department of Investigation (“DOI”), New York State Attorney General Eric T. Schneiderman, and New York State Department of Financial Services Superintendent Maria T. Vullo jointly announced today the arrest of 13 current and former City employees in a series of insurance fraud schemes resulting in half a million dollars in combined false benefit claims paid out by the American Family Life Assurance Company (“AFLAC”), the largest provider of supplemental insurance in the United States. The defendants – 10 current and former New York City Fire Department (“FDNY”) Emergency Medical Services (“EMS”) Supervisors, Paramedics and Emergency Medical Technicians (“EMTs”) and three current and former New York City Police Department (“NYPD”) Traffic Enforcement Agents (“TEAs”) – were arrested in Brooklyn and Queens this morning. DOI worked with the Office of New York State Attorney General Eric T. Schneiderman and the New York State Department of Financial Services (“DFS”) on this ongoing investigation.

Arrests of additional City employees are expected.

According to the investigation and indictments:

Investigators uncovered schemes that included these defendants submitting claim forms to AFLAC that in some instances contained fabricated signatures of supervisors and doctors, requesting supplemental insurance assistance due to a disability that prevented them from working and/or receiving their full City salary. No City funds were stolen as a result of the fraud; however, the City’s integrity was compromised through the employees’ charged involvement in the scheme.

This investigation began from a tip to DOI from an individual who claimed to have seen an AFLAC disability claim form – with what appeared to be a fake signature from a supervisor – left by a City EMS employee on top of a photo copy machine. Investigators obtained thousands of relevant documents and claim forms from AFLAC and conducted hundreds of interviews with doctors and City supervisors to uncover the fraud schemes outlined in the charges. According to City payroll records, some of these defendants were working, collecting their City salary, illegally collecting supplemental disability insurance and, on top of that, were putting in and receiving overtime pay during the period of their fraud.

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DOI Commissioner Mark G. Peters said, "Today's arrests result from a lengthy DOI investigation into dozens of City workers, including fire and police department employees. We depend on honesty and integrity from all our public servants and these workers failed us. Our independent investigation will continue to root out this corrupt behavior with more arrests expected to follow."

Attorney General Eric T. Schneiderman said, "Public employees are entrusted to adhere to the highest code of conduct. Yet these defendants undermined the public trust in government and the integrity of our insurance system by perpetrating this alleged scheme. Cracking down on public corruption is a top priority for my office, and we will continue our relentless work with our partners in law enforcement to root out fraud and waste wherever we find it."

Financial Services Superintendent Maria T. Vullo said, "The individuals accused of these crimes had sworn to serve and protect the public, but instead they betrayed the public to serve their own selfish greed. The Department of Financial Services appreciates the opportunity to have worked on this case and commends Attorney General Schneiderman and Commissioner Peters for their efforts in bringing these defendants to justice."

The following defendants were arrested this morning on charges of Grand Larceny in the Second Degree and Insurance Fraud in the Second Degree both class C felonies. Grand Larceny in the Second Degree is charged when the value of the stolen property exceeds \$50,000. Upon conviction, a class C felony is punishable by up to fifteen years in prison:

- MARC MASTROS, 37, of Queens, N.Y., a former FDNY EMT, began working for the agency in September 1999 and resigned from the FDNY in March 2014. At the time of his resignation he was receiving an annual base salary of approximately \$48,153. He is charged with defrauding AFLAC of approximately \$118,630 and was arraigned in Queens County Supreme Court.
- DEVON GRAHAM, 46, of Queens, N.Y., has been employed as an FDNY EMT since May 2005 and receives an annual base salary of approximately \$50,097. He is charged with defrauding AFLAC of approximately \$71,310 and was arraigned in Queens County Supreme Court.
- KENNETH LAMBERT, 35, of Hasbrook Heights, N.J., has been employed as an FDNY EMT since February 2004 and receives an annual base salary of approximately \$50,097. He is charged with defrauding AFLAC of approximately \$91,056 and was arraigned in Queens County Supreme Court.

The following defendants were arrested this morning on charges of Grand Larceny in the Third Degree and Insurance Fraud in the Third Degree both class D felonies. Grand Larceny in the Third Degree is charged when the value of the stolen property exceeds \$3,000. Upon conviction, a class D felony is punishable by up to seven years in prison:

- JUAN MASTROS, 28, of Queens, N.Y., has been employed as an FDNY Paramedic since May 2009 and resigned December 9, 2016. At the time of his resignation he was receiving an annual base salary of approximately \$57,486. He is charged with defrauding AFLAC of approximately \$34,176 and was arraigned in Queens County Supreme Court.
- SUSAN JAMES, 58, of Queens, N.Y., a former FDNY EMS Lieutenant, began working for the agency in March 1996 and retired from the FDNY in October 2013. At the time of her retirement she was receiving an annual base salary of approximately \$64,492. She is charged with defrauding AFLAC of approximately \$9,950 and was arraigned in Queens County Supreme Court.
- CALEB LAUES, 41, of Queens, N.Y., has been employed as an FDNY Paramedic since February 2004 and receives an annual base salary of approximately \$62,067. He is charged with defrauding AFLAC of approximately \$41,590 and was arraigned in Queens County Supreme Court.

- JOSE SOLIS, 34, of Valley Stream, N.Y., has been employed as an FDNY Paramedic since April 2008 and receives an annual base salary of approximately \$61,464. He is charged with defrauding AFLAC of approximately \$27,229 and was arraigned in Queens County Supreme Court.
- MOURAD TOUATI, 48, of Queens, N.Y., a former FDNY EMT and current Department of Correction (“DOC”) Officer, began working for FDNY in January 2008 and when he left in 2014 was receiving an annual base salary of approximately \$47,685. He joined DOC in May 2014 and receives an annual base salary of \$49,415. He is charged with defrauding AFLAC of approximately \$31,146 and was arraigned in Queens County Supreme Court.
- RANDOLPH LOWE, 57, of Brooklyn, N.Y., has been employed as an NYPD Traffic Enforcement Agent since March 2008 and receives an annual base salary of approximately \$40,751. He is charged with defrauding AFLAC of approximately \$4,753 and was arraigned in Kings County Supreme Court.
- ANTHONY MIRANDA, 58, of Brooklyn, N.Y., has been employed as an FDNY EMS Lieutenant since March 1996 and receives an annual base salary of approximately \$67,095. He is charged with defrauding AFLAC of approximately \$22,550 and was arraigned in Kings County Supreme Court.
- MELISSA OVALLE, 35, of Brooklyn, N.Y., has been employed as FDNY EMS Lieutenant since January 2005 and receives an annual base salary of approximately \$67,095. She is charged with defrauding AFLAC approximately \$20,670 and was arraigned in Kings County Supreme Court.
- YOLANDA POWELL, 47, of Brooklyn, N.Y., a former NYPD Traffic Enforcement Agent, began working for NYPD in October 2003 and resigned from the NYPD in December 2015. At the time of her resignation she was receiving an annual base salary of approximately \$36,015. She is charged with defrauding AFLAC of approximately \$9,505 and was arraigned in Kings County Supreme Court.
- VALERIY YEDVABSKIY, 58, of Brooklyn, N.Y., has been employed as an NYPD Traffic Enforcement Agency since May 2009 and receives an annual base salary of approximately \$37,198. She is charged with defrauding AFLAC of approximately \$27,010 and was arraigned in Kings County Supreme Court.

Each defendant was suspended upon their arrest.

As a result of the investigation, DOI requested FDNY and NYPD audit the prior disability claims of the individuals charged in this indictment and notify DOI of any additional suspected fraud.

DOI Commissioner Peters thanked New York State Attorney General Eric T. Schneiderman and New York State Department of Financial Services Superintendent, Maria T. Vullo, and their staffs, for their partnership in this investigation. Commissioner Peters also thanked FDNY Commissioner Daniel Nigro, and his staff, and NYPD Commissioner James O’Neill, and his staff, especially Deputy Commissioner of Internal Affairs Joseph J. Reznick, for their cooperation and assistance in this investigation.

The joint investigation was conducted by:

- The New York City Department of Investigation, specifically Assistant Inspector General Sara Levinson, Data Analyst Nicholas Devine, all under the supervision of Inspector General Frank J. Carine, Assistant Commissioner Michael Healy, Deputy Commissioner/Chief of Investigations Michael Carroll and First Deputy Commissioner Lesley Brovner. The investigation also received assistance from DOI’s Office of the Inspector General for NYPD.
- The New York State Attorney General’s Office, specifically prosecuting the case are Assistant Attorney General Kevin B. Frankel and Special Counsel Brian P. Weinberg of the Attorney General’s Public Integrity Bureau, under the supervision of Bureau Chief Daniel Cort and Deputy Bureau Chief Stacy Aronowitz. The investigation was handled by Investigator Angel Laporte of the Attorney General’s Investigations Bureau, under the supervision of Deputy Chief Investigator John McManus. The Investigations bureau is led by Chief Dominick Zarrella. Forensic Auditor Kristina Kojamian assisted in the investigation under the supervision of Forensic Audit Section

Deputy Chief Auditor Sandy Bizzarro. The Forensic Audit Section is led by Chief Auditor Edward J. Keegan, Jr. Legal Support Analyst Katharine Litka of the Public Integrity Bureau also assisted in the investigation

- The New York State Department of Financial Services, specifically, Cindy Licata, Senior Criminal Investigator.

Indictments are accusations. Defendants are presumed innocent until proven guilty.

DOI is one of the oldest law-enforcement agencies in the country and New York City's corruption watchdog. 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. DOI's strategy attacks corruption comprehensively through systemic investigations that lead to high-impact arrests, preventive internal controls and operational reforms that improve the way the City runs.

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