



The City of New York
Department of Investigation

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**DOI STATEMENT ON PRISON SENTENCE FOR FORMER CITY HUMAN RESOURCES ADMINISTRATION
EMPLOYEE FOR PUBLIC ASSISTANCE FRAUD TOTALING APPROXIMATELY \$1.8 MILLION**

Mark G. Peters, Commissioner of the New York City Department of Investigation (“DOI”) issued the following statement on a former City Human Resources Administration (“HRA”) employee sentenced today to 23 months in federal prison for her role in multiple schemes totaling approximately \$1.8 million in fraudulent issuances, including a scheme in which DOI investigators found \$120,000 of public assistance funds were used to purchase large quantities of the energy drink “Red Bull,” which were then “fenced” to smaller retail locations for cash. In another instance, public assistance funds were used to pay for fraudulent rental subsidies to individuals who posed as landlords. The defendant, CHERRISE WATSON-JACKSON pleaded guilty in May 2016 to Conspiracy to Commit Mail Fraud and Conspiracy to Commit Wire Fraud. U.S. District Judge John G. Koeltl imposed the sentence in U.S. District Court in Manhattan. This investigation began after HRA notified DOI of suspicious benefit issuances. Over the course of several months, DOI uncovered multiple schemes that exploited vulnerabilities in HRA’s computerized case management system that had allowed the defendant to fraudulently steer Supplemental Nutritional Assistance Program (“SNAP”) benefits, formerly known as food stamps, to co-conspirators using Electronic Benefit Transfer (“EBT”) cards. A copy of DOI’s Report issued last year detailing the various schemes identified during the course of its investigation can be found here: <http://www1.nyc.gov/assets/doi/downloads/pdf/2015/Dec15/pr38HRAFraud12-01-2015.pdf>

DOI partnered with the United States Attorney’s Office for the Southern District of New York (“SDNY”), the Federal Bureau of Investigation (“FBI”), and the New York State Office of the Inspector General (“NYSOIG”) to investigate and prosecute the case. DOI also acknowledges its partnership with HRA during the course of this investigation.

DOI Commissioner Mark G. Peters said, “This HRA supervisor leveraged her access to City information to steer cash to herself and associates, ultimately gaming the system of approximately \$1.8 million. DOI’s working partnership with HRA allowed law enforcement to expose and stop this scheme, and others, and for the vulnerabilities within HRA’s case management to be corrected. DOI thanks its federal, state and City law enforcement partners for taking action on these cases.”

Former HRA employee CHERRISE WATSON-JACKSON and 11 individuals were charged in December 2015 in a large-scale criminal network employing recruiters, a check-cashing teller, and public assistance clients in Brooklyn and Queens. WATSON-JACKSON, a then supervisor at HRA Job Center 54 in Jamaica, Queens, operated two major fraud schemes. DOI’s investigation found that WATSON-JACKSON received kickbacks for helping to defraud public assistance programs. According to the investigation, recruiters working with WATSON-JACKSON would enlist public assistance clients, promising them money for the use of their EBT cards, to which WATSON-JACKSON then issued fraudulent SNAP benefits. Multiple EBT cards with these funds were used to buy bulk quantities of the energy drink “Red

Bull,” from BJ’s Wholesale Club. Through the course of its investigation, DOI believed the products were then re-sold to small neighborhood grocery stores.

In an additional rental subsidies fraud, a scheme defrauding emergency rental subsidies commonly referred to as a “One Shot Deal,” WATSON-JACKSON fraudulently registered individuals as landlords and issued them fraudulent rental subsidy checks. Associates then accompanied the sham landlords to cash-checking businesses, such as Pay-O-Matic, to redeem the fraudulently-issued HRA checks for cash.

These schemes resulted in approximately \$1.8 million in fraud between 2012 and 2013.

WATSON-JACKSON, 45, of Queens, N.Y., began working at HRA in June 1993 and was a supervisor with the title of Associate Job Opportunity Specialist II. She received an annual salary of \$63,241 when she resigned from her position in June 2016 after pleading guilty in this criminal matter. In addition to the 23-month prison sentence, WATSON-JACKSON was sentenced to three years’ supervised release and ordered to pay \$1,809,811 in restitution and another \$1,809,811 in forfeiture.

The following individuals, who were not City employees, were also convicted and sentenced for their roles in WATSON-JACKSON’s schemes:

- MAURICE CROMWELL, 40, of Staten Island, N.Y., pled guilty to Conspiracy to Commit Mail and Wire Fraud in February 2016 and was sentenced in September to 27 months in federal prison with three years’ supervised release and was ordered to pay \$145,237 in restitution and \$217,856 in forfeiture.
- DERRICK WILLIAMS, 35, who is presently incarcerated at Rikers Island on unrelated charges, pled guilty in March 2016 to Conspiracy to Commit Mail and Wire Fraud, and was sentenced in June to 37 months in federal prison with three years’ supervised release and was ordered to pay \$291,550 in restitution and \$437,325 in forfeiture.
- COREY BROCK, 36, of Queens, N.Y., pled guilty in April 2016 to Conspiracy to Commit Wire Fraud and was sentenced in September to five years’ probation, nine months of which is being served in home confinement with electronic monitoring, and 200 hours’ community service. He was also ordered to pay \$50,000 in restitution and \$150,000 in forfeiture.
- JARON ANNUNZIATA, 36, of Brooklyn, N.Y., pled guilty in February 2016 to Conspiracy to Commit Mail and Wire Fraud and was sentenced in July to three years’ probation, eight months of which is being served in home confinement, and ordered to pay \$10,345 in restitution and \$31,035 in forfeiture.
- KEVIN WILLIAMS, 38, of Queens, N.Y., pled guilty in April 2016 to Conspiracy to Commit Mail Fraud. His sentencing is pending.
- VERNECKA PETERSEN-FOWLER, 44, of Brooklyn, N.Y., pled guilty in February 2016 to Conspiracy to Commit Mail Fraud and was sentenced in July to three years’ probation, eight months of which is being served in home confinement, and ordered to pay \$13,333 in restitution and \$40,000 in forfeiture.
- BEVERLY FRANKLIN, 38, of Brooklyn, N.Y., pled guilty in March 2016 to Conspiracy to Commit Mail Fraud and was sentenced in July to three years’ probation and ordered to pay \$30,747 in restitution and \$92,242 in forfeiture.
- ISAAC ALLEN, 40, of Brooklyn, N.Y., pled guilty in February 2016 to Conspiracy to Commit Mail and Wire Fraud, and was sentenced in July to 18 months in federal prison with three years’ supervised release, and was ordered to pay \$13,333 in restitution and \$40,000 in forfeiture.

DOI Commissioner Peters thanked Preet Bharara, United States Attorney for the Southern District of New York, FBI Assistant Director in Charge of the New York Field Office William F. Sweeney, Jr., New York State Inspector General Catherine Leahy Scott, HRA Commissioner Steven Banks, and their staffs, for their dedication, assistance and cooperation in this investigation.

The investigation was conducted by DOI's Office of the Inspector General for HRA, specifically Assistant Inspector General Christos Hilas and Deputy Inspector General John Bellanie, under the supervision of Inspector General Milton Yu; Director of Investigative Audits Laila Yu, Deputy Director of Investigative Audits Maggie Xu and Senior Data Analyst Calvin Lam, under the supervision of Special Associate Commissioner Susan Lambiase, Deputy Commissioner/Chief of Investigations Michael Carroll, and First Deputy Commissioner Lesley Brovner.

Assistant United States Attorneys Daniel C. Richenthal and Andrew D. Beaty, from the office of the U.S. Attorney for the Southern District, prosecuted the case.

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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