



The City of New York
Department of Investigation

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**DOI INVESTIGATION LEADS TO THREE ARRESTS ON CHARGES OF STEALING NEARLY
\$200,000 IN RENTAL SUBSIDIES FROM NYCHA IN SEPARATE SCHEMES**

Mark G. Peters, Commissioner of the New York City Department of Investigation ("DOI"), announced the arrests of two sisters, MILAGROS GRIJALBA and NEREIDA GRIJALBA, both former NYCHA Section 8 recipients, and NEREIDA GRIJALBA's husband JOSE DIAZ, a Bus Operator with the Metropolitan Transportation Authority's ("MTA") New York City Transit ("NYCT") on charges they defrauded NYCHA out of approximately \$198,000 in unwarranted rental subsidies, as part of two separate schemes, while they lived in homes they purchased in Orange County. DOI's investigation began after receiving complaints that the sisters were not residing in their Section 8 apartments in Manhattan and the Bronx, respectively. The Office of the United States Attorney for the Southern District of New York is prosecuting the case.

DOI Commissioner Mark G. Peters said, "These two sisters were of like mind, cooking up twin schemes to collect rental subsidies from NYCHA while living in their own private homes miles outside of New York City, according to the charges. DOI will continue to investigate Section 8 theft and arrest those who steal scarce dollars from the City's public housing system."

MILAGROS GRIJALBA, 42, of Middletown, N.Y.; NEREIDA GRIJALBA, 40, of Port Jervis, N.Y.; and DIAZ, 53, of Port Jervis, N.Y. each face the federal charge of Theft of Government Funds. NEREIDA and DIAZ also each face the federal charge of Conspiracy to Steal Government Funds. Upon conviction, Theft of Government Funds is punishable by up to ten years in prison and the charge of Conspiracy to Steal Government Funds is punishable by up to five years in prison.

According to the criminal complaints and DOI's investigation, MILAGROS GRIJALBA allowed a man claiming to be her son to reside in her Section 8 apartment in Manhattan, without NYCHA's knowledge or permission, after she moved out of the apartment in 2009 and into a home she and her domestic partner purchased in Middletown, N.Y. for \$270,000. The investigation revealed that MILAGROS GRIJALBA also concealed the presence of her domestic partner in the Section 8 apartment since 2004 and the income he earned. MILAGROS GRIJALBA's conduct resulted in NYCHA overpaying \$84,527 in Section 8 rental subsidies between June 2004 and May 2016.

In a separate investigation, DOI found that NEREIDA GRIJALBA moved out of her Section 8 apartment in the Bronx in 2012 and into a home she and DIAZ purchased in Port Jervis, N.Y for \$280,000. After

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moving out, NEREIDA GRIJALBA sublet her apartment to an unauthorized occupant for approximately \$1,000 a month, according to the charges. DOI also found that NEREIDA GRIJALBA and DIAZ concealed DIAZ's presence in the Section 8 apartment and the income he received, approximately \$102,703 in 2015. NEREIDA GRIJALBA and DIAZ's conduct defrauded NYCHA of \$113,570 between October 2010 and July 2016.

DOI Commissioner Peters thanked the Acting United States Attorney for the Southern District of New York Joon H. Kim and NYCHA Chair and Chief Executive Officer Shola Olatoye, and their staffs, for their assistance and cooperation in these investigations.

These investigations were conducted by DOI's Inspector General for NYCHA, specifically Special Investigator Briglantina Bujaj, Assistant Inspector General Suzanne Vitti, and Deputy Inspector General J. Graham Forbes, under the supervision of Inspector General Ralph M. Iannuzzi, Associate Commissioner James Flaherty, Deputy Commissioner/Chief of Investigations Michael Carroll and First Deputy Commissioner Lesley Brovner.

The cases are being prosecuted by the Office of the United States Attorney for the Southern District of New York, specifically Assistant United States Attorney Aline Flodr, handling the prosecution of MILAGROS GRIJALBA, and Assistant United States Attorney Justin Rodriguez, handling the prosecution of NEREIDA GRIJALBA and JOSE DIAZ.

Criminal complaints 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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