



U.S. Department of Justice

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FOR IMMEDIATE RELEASE

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PRESS RELEASE

**NYC HUMAN RESOURCES ADMINISTRATION EMPLOYEE CHARGED WITH
INSIDE SCHEME TO STEAL PUBLIC BENEFITS**

**City Employee and Co-Conspirator Stole Approximately \$59,000 in Supplemental Nutrition
Assistance Program Benefits Earmarked for Needy New Yorkers**

A complaint was unsealed today in United States District Court for the Eastern District of New York charging Mahalia Abraham, an employee of New York City Human Resources Administration's Office of Research and Program Monitoring, and William Hopkins, with stealing approximately \$59,000 in benefits earmarked for the Supplemental Nutrition Assistance Program ("SNAP") and Temporary Aid to Needy Families Program ("TANF"), which are funded by federal tax dollars. The defendants will be arraigned this afternoon at the federal courthouse in Brooklyn this afternoon before United States Magistrate Judge Vera M. Scanlon.

The charges were announced by Bridget M. Rohde, Acting United States Attorney for the Eastern District of New York, and Mark G. Peters, Commissioner of the New York City Department of Investigation ("DOI").

As set forth in the complaint and other publicly filed documents, the charges against the defendants stem from an investigation that began when one SNAP recipient noticed \$56 worth of benefits had been withdrawn from her SNAP electronic benefits transfer card ("EBT") without her permission. The investigation revealed that Abraham had accessed more than 100 SNAP and TANF recipients' files to check their account balances and access their EBT account numbers as well as the names, dates of birth, and social security numbers of the intended recipients. Abraham passed this information on to her boyfriend, Hopkins, who used this information to change the PIN numbers on their victims' cards. Hopkins then keyed in the victims' EBT card numbers and new PIN numbers at Rite Aid stores throughout Brooklyn in order to withdraw cash and purchase baby formula, which he sold to bodegas for cash. In total, the defendants Abraham and Hopkins stole approximately \$53,000 in SNAP benefits and \$6,000 in TANF benefits.

“As alleged, the defendants used Mahalia Abraham’s position as an HRA employee to access the personal information of public assistance recipients, and to steal tens of thousands of dollars earmarked for needy New Yorkers,” stated Acting United States Attorney Rohde. “This type of behavior directly contradicts what it means to be a public servant and will not be tolerated.” Ms. Rohde expressed her appreciation to DOI’s Office of the Inspector General for its assistance during the course of this year-long investigation.

“This case began with a complaint from a recipient who noticed \$56 in SNAP benefits missing from her account and ultimately led DOI to uncover tens of thousands of dollars in fraud, according to the charges. Though this defendant and her associate stole government funds, their victims were vulnerable New Yorkers – like one recipient left to stand on soup kitchen lines while his benefits were diverted to feed their greed. DOI’s report released today details how this fraud was committed, and the steps that HRA should take to ensure these funds are safeguarded for the people who need them. DOI thanks the United States Attorney’s Office for the Eastern District of New York for its partnership on this investigation and HRA for its continued cooperation to enact meaningful reforms to tackle fraud,” stated DOI Commissioner Peters.

In conjunction with today’s arrests, DOI issued a report detailing the investigation’s findings and providing recommendations to HRA and other government entities aimed at safeguarding public assistance recipients’ personal data. A copy of the Report can be found at the following link: <http://www1.nyc.gov/site/doi/newsroom/public-reports.page>

The charges in the complaint are allegations, and the defendants are presumed innocent unless and until proven guilty. If convicted of the offense, the defendants face a maximum sentence of 10 years’ imprisonment.

The government’s case is being handled by the Office’s General Crimes Section. Assistant United States Attorney Kaitlin T. Farrell is in charge of the prosecution.

The Defendants:

MAHALIA ABRAHAM
Age: 38
Brooklyn, New York

WILLIAM HOPKINS
Age: 41
Brooklyn, New York

E.D.N.Y. Docket No. 17-MJ-282



New York City Department of Investigation

**A Report on Corruption in the
Supplemental Nutritional Assistance Program (SNAP)
at the New York City Human Resources Administration**

**MARK G. PETERS
COMMISSIONER**

March 2017

EXECUTIVE SUMMARY

The New York City Department of Investigation (DOI), in partnership with the United States Attorney's Office for the Eastern District of New York, recently completed a criminal investigation of public corruption by an HRA employee involving the Supplemental Nutritional Assistance Program (SNAP), a food assistance program administered by the New York City Human Resources Administration (HRA). HRA is a unit of the Department of Social Services and helps over three million New Yorkers through the administration of more than 12 major public assistance programs, including cash assistance and food assistance through SNAP (formerly referred to as the food stamp program).¹ This report discusses DOI's investigation and its policy and procedure recommendations to mitigate fraud and corruption vulnerabilities found at HRA. HRA has fully cooperated in this investigation and has agreed to implement all of DOI's recommendations.

DOI's investigation resulted in the arrest of Mahalia Abraham, an HRA employee from HRA's Office of Research and Program Monitoring and her co-conspirator, William Hopkins, for Embezzlement and Theft of Public Money.² DOI's investigation uncovered the theft of over 130 electronic benefits transfer (EBT) card account numbers of individuals and families on public assistance. Through this theft, Abraham and Hopkins stole approximately \$60,000 earmarked for needy New Yorkers and left their victims without food assistance for some time.

INVESTIGATION

In April 2016, a New York City resident receiving public assistance through HRA (Client A) filed a complaint with DOI alleging that \$56 in SNAP benefits in her account was used without her permission. Client A further informed DOI that she had physical possession of her EBT card at all times and she did not share her EBT card personal identification number (PIN) with anyone. After DOI conducted a thorough analysis of Client A's EBT card usage history, DOI found recent transactions occurring in Brooklyn although Client A resided in the Bronx at the time of her complaint and stated that she did not use her EBT card in Brooklyn during the relevant time period.

DOI found that many of the suspicious transactions occurred at Rite Aid pharmacies in Brooklyn. DOI visited the Rite Aid pharmacy located on Flatbush Avenue, Brooklyn, reviewed surveillance video corresponding to the approximate date and time of a suspicious transaction involving Client A's EBT card, and observed an unknown male individual purchasing infant formula using Client A's EBT card.

DOI subsequently identified the man who appeared in the Rite Aid pharmacy surveillance footage as William Hopkins, age 41, of Brooklyn. DOI learned Hopkins has two children with Mahalia Abraham, age 38, of Brooklyn, a Community Coordinator in HRA's Office of Research and Program Monitoring.

¹ HRA has over 14,000 employees and an annual operating budget of approximately \$9.7 billion.

² Title 18, United States Code, Sections 2 and 641.

DOI analyzed Rite Aid pharmacy retail transactional records from the Flatbush Avenue, Brooklyn store, and elsewhere, and linked Hopkins to hundreds of transactions involving the EBT accounts of 136 HRA public assistance clients since 2014. Records also showed that Hopkins gained improper access to each client's EBT account at HRA and made purchases through the accounts without physically possessing the EBT cards because the retailers Hopkins visited did not enforce a critical EBT retailer rule that requires the EBT card account holders to present the card at the time of purchase.

According to Michael Burns, EBT Bureau Chief, New York State Office of Temporary and Disability Assistance³ (OTDA), accessing SNAP benefits through EBT cards is governed by rules known as the Quest Operating Rules.⁴ The Quest Operating Rules state that in the event a retailer's EBT terminal is unable to read the magnetic strip of a client's EBT card, the client has the option of using the retailer's EBT terminal's keypad to enter the EBT card's primary account number and its PIN to complete a transaction. However, the rules require the client's physical EBT card be presented to the retailer before a transaction is completed. Furthermore, the retailer is required to flag those transactions completed via the EBT terminal's keypad as "key-entered."⁵

From an analysis of the stolen EBT card accounts' transaction records, DOI found that each fraudulent transaction was flagged as "key-entered" by the retailer, meaning no EBT card was swiped through the retailer's EBT card reader. While Quest Operating Rules require the EBT account holder to show the physical EBT card to the retailer for the retailer to complete the transaction, DOI determined, through its examination of the records and information obtained through interviews, that the retailers did not demand production of any physical EBT card from Hopkins and instead allowed Hopkins to merely enter the stolen EBT card account numbers and corresponding PINs, thus completing the fraud.

Through interviews and records analysis, DOI determined that Abraham used her position at HRA to gain access to personal information of public assistance clients, including their EBT cards' primary account numbers, in order to change the PINs of the stolen EBT card accounts. Abraham worked in a monitoring and analysis unit of HRA that evaluates, assesses and analyzes HRA Job Center⁶ and SNAP Center⁷ activities to identify process deficiencies and promote best practices. As a Community Coordinator, Abraham had access to the personal information of public assistance clients. DOI found that Abraham used her access privileges to obtain personal information of HRA clients and pass the stolen information to Hopkins. Records reviewed by DOI, including telephone records and records of the interactive voice response (IVR) system used by OTDA to manage EBT accounts in New York State, showed that Abraham and Hopkins both

³ The Office of Temporary and Disability Assistance is the New York State agency with oversight responsibilities of New York State's social services districts, including HRA.

⁴ Quest is a vendor of EBT services in New York State.

⁵ Quest Operating Rules, Chapter Three – Acquirer and Terminal Operator Requirements: Sections 3.15, 3.16 (September 2014).

⁶ Job Centers are HRA field offices that handle predominately cash assistance applications and disbursements.

⁷ SNAP Centers are HRA field offices that handle SNAP applications and disbursements.

accessed the IVR system and entered the personal information stolen by Abraham. Records then showed Hopkins changed each EBT card account's PIN to a new PIN of his choice. Having accomplished the PIN changes, Abraham and Hopkins now possessed the two critical pieces of information which allowed them access to each stolen account's funds: the primary account number and the PIN.

That neither Abraham nor Hopkins possessed the physical EBT cards was irrelevant for their scheme, so long as the retailers they visited did not enforce the Quest Operating Rules discussed above.

Abraham subsequently admitted to DOI that she stole the personal information of numerous public assistance clients and passed them along to Hopkins. Abraham further informed DOI that Hopkins used the EBT card account information she provided to make purchases, including infant formula, and then resold those items to local businesses for cash, which he shared with Abraham.

During the course of this investigation, DOI interviewed several public assistance clients whose EBT card account information was stolen by Abraham and Hopkins. All of these public assistance clients contacted their local SNAP centers and/or the EBT Customer Service Helpline⁸ about their complaints, and all were re-issued new EBT cards. One public assistance client (Client B) told DOI that he reported suspected misuse of his SNAP funds to HRA. Client B stated that for some time thereafter, he had no means to purchase food and had to rely on the services of a local soup kitchen until his newly re-issued EBT card arrived by mail. DOI found that of the 11 public assistance clients interviewed, only two of their cases were referred to HRA's Bureau of Fraud Investigation (BFI), which investigates fraud complaints concerning Cash Assistance, SNAP, and Medicaid.

CONCLUSION

DOI found that Abraham and Hopkins stole the EBT card accounts of approximately 136 public assistance clients, which enabled them to steal approximately \$60,000 in public assistance benefits from needy individuals. On March 30, 2017, Abraham and Hopkins were arrested by DOI and charged with Embezzlement and Theft of Public Money. Both defendants were arraigned in Federal District Court in the Eastern District of New York.

DOI has referred the responsible retailers, including 16 Rite Aid Pharmacy stores and 15 other local businesses, to OTDA for sanctions for violating Section 3.15 of the Quest Operating Rules, which requires the physical presence of an EBT card before a transaction may be allowed by keying.

⁸ The EBT Customer Service Helpline is operated by the IVR system vendor through a contract with the New York State Office of Temporary and Disability Assistance.

RECOMMENDATIONS

Based upon these findings, DOI makes the following policy and procedure recommendations to HRA. HRA, which fully cooperated with investigation, has agreed to all of these recommendations and has begun to take steps toward their implementation.

1. HRA should limit HRA employees' ability to access and view EBT card numbers and enhance HRA's ability to detect HRA employees' unauthorized access to client data. To that end, HRA should implement the following:
 - a. Periodic training for all HRA employees about the importance of safeguarding all client information, including social security numbers and EBT card information.
 - b. A directive to all program staff prohibiting the scanning of EBT card images into the HRA One Viewer database.
 - c. The creation of exception reports showing HRA employees who access cases in the One Viewer that are not assigned to them. Results of the exception reports should be forwarded to DOI for further investigation.
2. HRA and DOI should collectively recommend to OTDA that OTDA implement additional security challenges to its present IVR system handling EBT card account PIN modifications.
3. HRA should work with OTDA to implement a notification system to EBT card account holders as follows:
 - a. Whenever a PIN modification occurs, a letter, text message, and/or e-mail (if applicable) should be generated to the primary account holder detailing the date of the modification. This notification should instruct the primary account holder to contact BFI and DOI if the stated modification was not authorized.
 - b. Whenever an EBT card transaction is completed by "keying in" rather than by card swiping at an EBT terminal, a letter, text message, and/or e-mail (if applicable) should be generated to the primary account holder detailing the date of the transaction, the retailer, and the amount of the transaction. This notification should instruct the primary account holder to contact BFI if the stated transactions were not authorized.
4. HRA's Office of Program Accountability (OPA) and BFI should partner with DOI to develop enhanced training for HRA investigators to evaluate SNAP payment complaints for possible internal fraud. This plan should incorporate identifying and reviewing the following:
 - a. Any recent PIN changes in the subject account.

- b. Patterns of purchases outside the usual geographical area.
5. HRA's OPA, in an ongoing partnership with DOI's Data Analytics Unit, should devise a set of SNAP fraud indicators and investigatory steps that incorporate the following:
 - a. An analysis of PIN change frequency for all EBT card account holders.
 - b. An analysis of EBT card reissuances.
 - c. Referral of cases that are deemed suspicious to DOI for further investigation.
 6. When public assistance clients told HRA of concerns about possible SNAP fraud on their EBT accounts, HRA did not direct those claims to their internal fraud investigations unit for evaluation. As a result, HRA should establish and disseminate policies for Job and SNAP Center caseworkers to evaluate whether certain SNAP complaints merit referral to BFI and should train all its Job and SNAP Center staff to make such referrals when appropriate.
 7. Some retailers in the EBT network do not enforce the rule that requires the EBT card account holder to present his or her EBT card to the retailer during all transactions, thereby allowing fraudulent actors to conduct transactions against any EBT account without having physical possession of the EBT card. HRA and DOI should collectively recommend to OTDA the following rules for retailers using the EBT system:
 - a. Retailers should enforce the rule of having customers display their physical EBT card prior to keying in a transaction, as required under the Quest Operating Rules.
 - b. In instances where the customer wishes to conduct a transaction by "keying-in," the retailer should require that the customer swipe his or her card first.
 - c. OTDA should track suspicious EBT card transactions and make this information available to law enforcement entities, including DOI.



The City of New York
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nyc.gov/html/doi

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To hear more about this investigation, watch the
New York City Department of Investigation's "**DOI Dispatch**"
at the following link: <http://bit.ly/2q0ehBx>

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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