



**NEW YORK CITY COUNCIL
COMMITTEE ON OVERSIGHT AND INVESTIGATIONS**

**TESTIMONY OF JOCELYN E. STRAUBER
COMMISSIONER, NEW YORK CITY DEPARTMENT OF INVESTIGATION**

**CONCERNING THE FISCAL YEAR 2025 PRELIMINARY BUDGET
AND THE FISCAL 2024 PRELIMINARY MAYOR'S MANAGEMENT REPORT**

THURSDAY, MARCH 14, 2024

Good morning. My name is Jocelyn Strauber and I have the privilege of serving as the Commissioner of the Department of Investigation (“DOI”). Thank you, Chair Brewer and members of the Committee on Oversight and Investigations for the opportunity to speak with you today about DOI’s Fiscal 2025 Preliminary Budget.

DOI’s Recent Accomplishments

DOI has achieved a great deal over the past year. We have conducted complex and impactful investigations involving a range of City agencies. Many of these investigations are ongoing, many have resulted in criminal prosecutions and convictions – both federal and state – as well as referrals to agencies with recommendations for policy and procedural reforms. These prosecutions targeted public officials and City employees involved in bribery and other misconduct, such as frauds relating to sick leave and overtime, as well as persons outside of City government engaged in construction fraud, wage theft, and various schemes to defraud public programs. A number of our investigations were prompted by City employees and agencies reporting potentially problematic conduct to DOI, reflecting both the importance of the City’s affirmative reporting obligation and the strong relationships that DOI has with the agencies we oversee.

Just last month, as you are aware, DOI investigations led to arrests in two particularly significant multi-defendant cases. In early February, 70 current and former New York City Housing Authority (“NYCHA”) employees responsible for micro-purchases at the housing development level were charged by the United States Attorney’s Office for the Southern District of New York (“SDNY”) with bribery and extortion charges, in the largest single-day bribery takedown in Department of Justice history. Later in February, 25 defendants and one corporation were charged by the Manhattan District Attorney’s Office for providing and procuring safety training cards for City construction workers who did not actually complete the required training. This left approximately 20,000 people working on construction sites without the safety training required by local law and the Department of Buildings (“DOB”). In both of these matters, DOI issued recommendations that have been accepted and are in various stages of implementation by NYCHA and DOB, respectively.

We issued nine public reports in 2023 on topics including the New York City Police Department’s (“NYPD”) criminal gang database; the negative impacts of excessive police overtime; fire safety and prevention at NYCHA; and fraud by certified asbestos investigators. Each report contained detailed recommendations in each of these areas. We issued a report in January 2024 concerning data maintenance and reporting at the Department of Homeless Services’ (“DHS”) Prevention Assistance and Temporary Housing (“PATH”) intake center. And we have additional reports in the pipeline to be issued in the coming months concerning parking placards, the handling of the Jacob Riis water crisis – where a NYCHA development’s water was incorrectly deemed to be contaminated with arsenic – as well as the NYPD’s use of surveillance technology.

We are also supervising 11 integrity monitorships in which DOI selects and supervises an outside firm to provide oversight of either vendors that have historical integrity issues but provide a critical City service, or of large-scale, high-budget City projects. Eight of the 11 monitorships are vendor-focused monitorships that are funded by the vendor. One monitorship relates to post-Hurricane Sandy rebuilding and is funded by the Federal Emergency Management Agency. The last two monitorships of City projects are City-funded, and include the Asylum Seeker Initiative, for which DOI has retained KPMG as the monitor, and the Borough-Based Jails (“BBJ”) construction project, for which DOI has retained K2 Integrity as the monitor. I will discuss the budget implications of these two monitorships a little later on.

In addition, DOI’s investigations recoup funds for the City. In Fiscal Year 2023, our investigations resulted in the return of \$2.1 million to the City; in the first four months of Fiscal Year 2024 that number is

\$1.3 million. And we expect more financial recoveries to be agreed to and ordered this fiscal year. In Fiscal Year 2023, \$10.1 million in recoveries were agreed to and ordered; in the first four months of Fiscal Year 2024 that number is \$3.4 million.

As these examples of our work reflect, many of our major indicators in Calendar Year 2023 and in the first four months of Fiscal Year 2024 are on the rise or have remained steady, including complaints received, recommendations issued, active investigations, and arrests made. For a full view of our work in Calendar Year 2023, our year-end release is attached to the written submission of my testimony.

These accomplishments are significant under any circumstances, but especially so in light of the headcount cuts that DOI has sustained over the past few years, as well as the departure of many highly skilled and experienced employees to higher paying jobs in the private and public sectors. The work of the past year is a testament to the dedication, hard work and talent of the entire DOI staff – who manage our operations and our investigations – many of whom had not received raises for several years, and who were among the last employees in the City to receive a cost of living increase, because over 95 percent of our team are managerial or original jurisdiction employees. Our staff are deeply committed to DOI and its mission and I, and the entire DOI executive team, could not be more grateful to them. We are honored to have the opportunity to work with them each and every day.

DOI's Fiscal Year 2025 Preliminary Budget

DOI's Fiscal Year 2025 Preliminary Budget is \$45.5 million: \$24 million for personal services ("PS") and \$21.55 million for other than personal services ("OTPS"). At the start of Fiscal Year 2025, as it has in previous years, DOI anticipates receiving an additional \$1.6 million dollars in Intra-City funds from other agencies that support a portion of our staffing. The total Fiscal 2025 budget will support 465 employees - 315 funded by DOI's budget, and the remainder through Memoranda of Understanding ("MOU") arrangements with other City agencies and public authorities, including NYCHA and NYC Health + Hospitals.

DOI is a small agency that runs an extremely lean operation. Our core mission to investigate corruption, fraud and other wrongdoing, to make recommendations to improve how City government works, and to ensure public transparency about what we do, requires a team with diverse skills and experience, and is made up of Inspectors General, investigators, attorneys, auditors, data analysts, statisticians, digital forensic experts, information technology experts, and executive and administrative staff. The success of our work depends on all of the people who power our agency.

As a result, DOI is hit particularly hard by mandated budget reductions. DOI does not have programmatic initiatives or discretionary obligations that can be easily cut to satisfy the Programs to Eliminate the Gap ("PEG") and thus reducing vacant positions has been our primary tool to meet reduction targets. To that end, between Fiscal Years' 2021 and 2024 budgets, 50 budgeted positions have been eliminated to satisfy mandated cuts, reducing our budgeted headcount by nearly 14 percent, from 365 in the end of 2021 to 315 as of this week.

DOI has worked hard to fill all of its budgeted positions and to reduce its vacancies. Just prior to the hiring freeze, in August 2023, DOI successfully reduced vacancies to just 19 positions. Since the hiring freeze that number has risen to approximately 30 vacancies. DOI is actively recruiting for every vacancy; however, a miscalculation from a prior PEG created a funding shortfall that is limiting our ability to fund all of our vacancies. We are currently in discussions with OMB on how best to resolve this issue. It is our position that a resolution would require OMB to return nearly \$1.06 million to DOI's PS budget and DOI to reduce approximately 15 unfunded headcount. We expect that this issue will be resolved in the upcoming Executive Budget.

In order to retain staff, we have fought hard for salary adjustments, and created a path to promotion for our investigative staff, as well as improved basic training for them. We know our efforts are working; from February 2023 to February 2024, we have reduced our attrition rate from 16.7 percent to 9.3 percent and our hiring rate has increased from 10.6 percent to 12.1 percent.

The Fiscal Year 2025 Preliminary Budget, taking into account PEGs from Fiscal Years 2023 and 2024, is 20 percent less than our current modified Fiscal Year 2024 budget of \$57.17 million. Over the course of the five years covered by this financial plan, DOI has committed \$19.9 million in baselined PEG savings to the City.

For the November 2023 PEG, DOI made a \$2.04 million reduction in Fiscal Year 2024 in the cost of the BBJ construction monitorship. This reduction was made possible by the delayed start in work on that project, such that the need for monitoring was significantly reduced.

For the January 2024 PEG, OMB set a baselined PEG target of \$1.95 million for each year between Fiscal Years 2024 and 2028. To meet the PEGs, DOI cut an additional \$400,000 from the BBJ monitorship and \$1.5 million from the OTPS budget by re-evaluating some of our infrastructure and maintenance needs, such as telecommunications and vehicle maintenance and repair. Because DOI's OTPS budget largely consists of non-discretionary obligations, such as rent, we have limited flexibility to make cuts. As a result, to avoid a disruption in operations, we offset the cuts in Fiscal Year 2024 by reprogramming \$1.6 million in federal forfeiture funds, in accordance with United States Department of Justice ("DOJ") guidelines. DOI also reprogrammed \$3.4 million in federal forfeiture funds, in accordance with DOJ guidelines, to meet the out-year PEG targets for Fiscal Year 2025 through Fiscal Year 2028. Additional forfeiture funds may need to be reprogrammed to meet the full target if other projected OTPS savings are not realized.

I want to be clear that while DOI is permitted to reprogram forfeiture funds to manage Citywide budget cuts, DOJ Guidelines expressly prohibit the City from making budgetary decisions based on DOI's federal forfeiture funds. The guidelines require that forfeiture funds supplement, not supplant, DOI's budget. Were federal forfeiture funds to be considered in determining DOI's budget, per DOJ guidelines DOI could lose its access to the funding.

I understand that DOI is not the only agency facing significant budgetary difficulties, but the reality is that smaller agencies feel a greater impact from so called "across-the-board" cuts that nominally apply equally to all agencies. I want to reiterate what I said during last year's budget testimony because it continues to be relevant to the current budget discussion: to fully fulfill DOI's mission, and to operationalize certain measures intended to promote efficiency, DOI will need more staff in our investigative squads and in other units across the agency. And while we are only one agency, in a City government that must address numerous critical needs, our mission is to maintain efficiencies and ensure integrity and appropriate use of resources City-wide – a particularly vital function in the current environment.

With respect to DOI's proactive monitorships, the cost of hiring an outside monitoring firm is included in DOI's overall budget. The City has appropriately funded these monitorships in connection with large-scale, resource-intensive City projects where oversight protects against the risk of fraud, waste and misuse. It is important to recognize that DOI's budget for monitorships is used solely to hire outside monitoring firms, which provides a benefit to the agency or agencies supervising the project and to the City overall. The funds do not support any additional DOI headcount or other DOI resources, although DOI devotes significant staff time to supervising the monitor. This work includes developing an oversight strategy, conducting site visits, reviewing and evaluating reports, holding regular meetings with the monitor as part of DOI's supervisory role, sharing information or red flags with the relevant stakeholder City agencies and offices, pursuing investigations as appropriate where misconduct is identified, and making any

necessary policy and procedural recommendations for reform. DOI has just three staff working to manage all of DOI's monitorships. We also utilize Inspector Generals and their staff throughout the agency to participate in investigations that may arise from the monitorships, as appropriate.

Let me describe in a little more detail the scope of the two proactive City-funded monitorships that DOI is currently managing:

- The City has budgeted nearly \$6.9 million over 18 months (July 2023 to December 2024) for the Asylum Seeker Initiative, to be paid to KPMG, the firm selected by DOI to serve as the outside integrity monitor.
- The City has budgeted \$13.1 million over nearly five years (from July 2023 to June 2028) for the Borough-Based Jails construction monitorship, to be paid to K2 Integrity, the firm selected by DOI to serve as the integrity monitor.

Important DOI Initiatives to Strengthen Oversight

As I mentioned earlier, DOI's staff is the foundation for all the work we do and I am grateful for their continued commitment to this agency and to the work of improving integrity, efficiency and transparency in New York City government. I am pleased to update the Council on an initiative that DOI has pressed for consistently over the past year, and which OMB recently approved — salary increases for DOI's Assistant Inspectors General, critical supervisors within our investigative squads who directly oversee our investigators and who report to our Deputy Inspectors General. These increases were a part of our larger self-funded retention effort and followed similar self-funded salary adjustments for our Confidential Investigators, Inspectors General, and Deputy Inspectors General, which we completed last year.

As a result of this plan, we have created a clearer promotional path for our investigative staff and provided raises, promotions, title realignments, and parity adjustments for nearly everyone in the agency over the past 18 months. While retention continues to be a challenge, these raises and promotions have been critical to DOI's efforts to retain experienced staff. I am thankful for the Council's support on these efforts and for OMB's approval.

I want to briefly mention three other initiatives that we began in 2023.

At the end of 2023, DOI restructured its Law Enforcement Technology Unit, which, as its name suggests, provides investigative technology that is critical to our cases, such as opening seized phones and recovering stored or deleted materials. This restructuring, which included new leadership for the Unit, is focused on ensuring that we obtain and use cutting-edge investigative technology. We have begun to cross-train staff across the Enforcement Technology Unit's subunits – such as Digital Forensics, Technology Services, and e-Discovery – to expand employees' skills and knowledge bases, promote career growth, and provide increased assistance to our investigative squads. We have also implemented a technology liaison program to train confidential investigators outside the Law Enforcement Technology Unit in the use of law enforcement technology, to build their skills in this area for use in their investigations, and so that they can educate their colleagues about the use of advanced investigative technology.

In late 2023, DOI embarked on an effort to strengthen the impact of our policy and procedural recommendations – known as PPRs – a critical part of our preventative work to reduce the risk of fraud and corruption by strengthening internal controls and oversight within the City. The public can view our recommendations on our website through a searchable portal. Our PPRs promote transparency in government, accountability by City agencies, and participation by other governing bodies and the public in DOI's anti-corruption work. In order to strengthen the impact of our recommendations, in late 2023, DOI

began a thorough review of its outstanding PPRs to identify those recommendations that have not yet been implemented by the agencies and to determine which recommendations remain viable and warrant further dialogue with the relevant agencies or City Hall.

Finally, we are in the very early stages of an effort to expand DOI's direct access to City agency databases, so that DOI can conduct data analysis to identify potential corruption and fraud. Several years ago, DOI invested in a stand-alone data analytics team and their work has shown what DOI can accomplish with access to City data. For example, we regularly review CityTime data to flag potential instances of employees stealing time and taxpayer dollars. Our data analytics team utilized geo-location data in an investigation that led to federal charges against a man who allegedly stole 16 utility vehicles belonging to NYCHA worth hundreds of thousands of dollars. The data analytics team is also involved in an array of ongoing investigations. Our goal is to assemble larger data sets and to conduct more sophisticated searches for patterns that can provide leads to investigations.

New Needs Requests

DOI will submit new needs for the upcoming Executive Plan, although in light of the recent PEGs, and even with the realignment that we are discussing with OMB, DOI does not have the resources to fully self-fund these new needs. DOI plans to submit a \$1.3 million City tax levy PS funding request and a \$6.5 million capital funding request for consideration. These requests reflect essential operational needs for DOI to continue to effectively and proactively carry out its mission.

We expect that the expense request will include funding to support the hiring of 20 staff in total, 18 investigative staff, including investigators, auditors, data analysts, and forensics experts, as well as two staff members for the Information Technology Unit. Sufficient investigative staffing is central to DOI's mission and work and our squads are currently under-staffed. We continue to respond to an increasing number of complaints and maintain a large investigative docket, but with fewer people, which places a significant burden on our existing staff. It also limits our ability to conduct proactive data analysis and investigations. The capital request would support the purchase of a new financial planning and analytics program along with an upgrade to our firewall and cybersecurity infrastructure.

Conclusion

DOI's mission is critical to protecting and preserving public funds and public confidence in City government. The City's support of a watchdog agency like DOI is a testament to its commitment to integrity, efficiency and good government. I thank you for your continued efforts to ensure that we have the resources necessary to fully fulfill our mission.

I am happy to take any questions you may have.



The City of New York
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Release #14-2024
nyc.gov/doi

**FOR IMMEDIATE RELEASE
TUESDAY, MARCH 12, 2024**

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NYC DEPARTMENT OF INVESTIGATION CLOSSES OUT 2023 WITH INCREASES TO ARRESTS AND COMPLAINTS

Jocelyn E. Strauber, Commissioner of the New York City Department of Investigation ("DOI"), issued the Calendar Year ("CY") 2023 statistics today, which show increases from CY 2022 in several categories, including the number of arrests, complaints, active caseload at the agency, and recommendations issued to various City agencies as a result of DOI investigations.

In 2023, DOI:

- Made 299 arrests, a 22% increase from the 245 arrests DOI made in CY 2022*.
- Received 14,054 complaints, a 12% increase from the previous year.
- Carried an active caseload of approximately 1,594 cases, a 4% increase from the agency's 1,536 active caseload in CY 2022.
- Issued 146 Policy and Procedure Recommendations ("PPRs"), an increase from the 111 issued in CY 2022.*
- Recovered \$2.3 million for the City as a result of DOI investigations.
- Made 390 referrals for criminal prosecution, consistent with the prior year when DOI made 394 referrals.
- Reached 42,145 City employees through our corruption-prevention module, webinars and in-person lectures, about 5,580 fewer employees than in CY 2022.
- Closed approximately 858 investigations, about 4% more than the 827 closed in CY 2022*.
- Further decreased the backlog of background investigations by closing 385 investigations, reducing the backlog to 523, down from the 2019 high of 6,500.

**The CY 2022 number was updated from the previous year's release.*

DOI Commissioner Jocelyn E. Strauber said, "DOI's investigative work uncovered theft, fraud and other corrupt acts against the City in 2023, holding accountable offenders who exploit public programs and dollars, recouping valuable taxpayer funds for the City, and providing improvements to government operations through DOI's recommendations for policy and procedural reform. The fight against corruption and fraud requires collaboration City-wide, and DOI's work relies, in part, on reports of misconduct made by concerned City employees and members of the public. I want to thank the DOI staff for their commitment to finding facts and exposing wrongdoing and for their diligence in conducting the significant investigations discussed in this annual report."

The statistics above are only one facet of DOI's anti-corruption work, which leads to accountability and change, including: criminal charges against fraudsters who steal City funds and compromise City operations; penalties issued by the Conflicts of Interest Board; the recoupment of funds from criminal offenders so the City, or workers victimized by wage theft, can recover losses; monitoring of ongoing projects and contracts to prevent corruption and other wrongdoing, and reforms that seek to protect City resources, strengthen best practices, and improve how government works. In CY 2023, for instance, DOI held public officials and City employees accountable for theft and other wrongdoing and construction companies accountable for safety issues leading to fatalities at their

more

sites. DOI issued nine public reports that provide additional insight into our investigative findings and the basis for our policy and procedural recommendations. DOI also engaged and is actively supervising an independent monitor, KPMG, assigned to monitor the City's multi-billion-dollar asylum seeker initiative. Their work includes the collection and review of hundreds of asylum seeker-related contracts and site visits to the contracted facilities to identify issues and share information with other City stakeholders in real-time, so that problems can be addressed and practices improved in real-time, among other tasks.

DOI works with state and federal prosecutors as well as other law enforcement to hold accountable those who seek to steal from the City of New York and compromise its integrity. Below are highlights of DOI's investigations from CY 2023:

DOI Reports

Public reports provide a critical window into important integrity-related issues in the City as well as DOI's investigations, findings, and recommendations to address those issues. In CY 2023, DOI issued nine reports on matters including [fire safety and prevention at New York City Housing Authority \("NYCHA"\) properties](#), [necessary improvements in oversight of mandatory asbestos inspections](#), [an examination of NYPD's use and operation of the criminal group database](#), and [the City's payment of substantial broker's fees to place clients into private housing without properly vetting potential landlord-broker affiliations](#).

Please click on each of the section headlines to see the related press releases to the cases mentioned.

Wage Theft

When there are indications that construction companies in New York City have failed to pay their workers the prevailing wage as set by New York State Labor Law or have stolen workers' pay through an array of schemes, DOI investigates to expose the misconduct and help recoup funds for victimized workers. In 2023, DOI worked with the Manhattan District Attorney's Office on an investigation that resulted in the conviction and a six-month jail sentence for a project foreman on grand larceny and bribery charges for his role in stealing more than \$1 million in wages from workers and bribing a New York City School Construction Authority investigator. The electrical company where the project foreman worked, and that company's principals, were also convicted as part of the scheme and were required to pay back \$900,000 in stolen wages. A separate investigation, as part of the Manhattan District Attorney's Construction Fraud Task Force, led to an indictment of a licensed Master Rigger and his company for stealing nearly \$170,000 of wages from workers.

Investigations Prompted by City Employees and Agencies Reporting Corruption

City employees have an affirmative obligation to report corruption and misconduct to DOI and DOI maintains robust relationships with the many City agencies and entities it oversees leading to the reporting of corruption-related allegations through those channels. In addition to the reporting of potential misconduct, DOI's investigative work is enhanced by its partnership with City employees and agencies. In CY 2023, there were a number of investigations that were prompted by these reports to DOI, including:

- A man was convicted of preying upon families in need of housing to defraud government rental assistance programs by stealing hundreds of thousands of dollars from HRA and HPD, including more than \$90,000 in federal funds. The case originated with a referral to DOI from the City Department of Social Services ("DSS"). The prosecution concluded earlier this year when the defendant was sentenced to 70 months in prison.
- Three Brooklyn residents were indicted for making and selling fake safety cards to construction workers who never received the required training, an investigation prompted by a NYCHA employee who reported discrepancies regarding a contractor's safety card to DOI.
- A Brooklyn restaurant owner was charged with bribery to avoid a health code violation, based on an investigation prompted by a report from a City Department of Health and Mental Hygiene ("DOHMH") inspector who was offered a bribe, declined it, and reported the attempted bribe offer to DOI. The restaurant owner pled guilty to Attempted Giving Unlawful Gratuities, a class B misdemeanor, was fined \$500, and was given a conditional discharge.
- Three individuals pled guilty in a scheme to receive advance notice of DOHMH inspections, an investigation that began after a DOHMH employee reported an alleged bribe attempt to DOI.
- A former City Department of Buildings ("DOB") Inspector pled guilty to accepting \$500 in cash to overlook construction work completed contrary to approved plans. DOI began its investigation after receiving allegations from a member of the public and DOB that the defendant had solicited cash payments in exchange for approvals of construction work he inspected.

- A pedicab driver was indicted for offering money to an employee of the City Department of Consumer and Worker Protection (“DCWP”) in order to obtain authentic pedicab registration plates outside of the registration plate lottery. A DCWP employee report to DOI about an alleged bribe offer prompted the investigation.
- A Staten Island woman was charged with stealing more than \$10,000 in Section 8 housing subsidies after the City Department of Housing Preservation and Development (“HPD”) reported discrepancies subsequent to an income verification check. The defendant recently pled guilty to Petit Larceny, a class A misdemeanor.

Charged Misconduct by Public Officials and City Employees

DOI investigated an array of conduct that resulted in arrests, convictions and prison sentences of public officials and employees, including:

- The indictment of a former DOB Commissioner for misusing his authority in every public service position he held — as a New York City Councilmember, a Senior Advisor to the New York City Mayor, and finally as a DOB Commissioner — to benefit his friends and associates in exchange for bribes.
- The former chief of Mayor de Blasio’s security detail pled guilty to and was sentenced for obstructing a DOI probe into the former mayor’s use of his security detail by repeatedly impeding investigators and tampering with evidence. As part of his guilty plea, the former NYPD Inspector was terminated from the NYPD, admitted to his misconduct, and issued an apology to DOI.
- Two former supervisors with NYCHA were convicted and sentenced to federal prison for accepting bribes to dole out no-bid contracts.
- Two supervisors at the Horizon Juvenile Center in the Bronx were charged with federal crimes in connection with the beating of a 16-year-old resident at the juvenile center.
- A New York City Fire Department (“FDNY”) firefighter was indicted for stealing credit cards from a deceased patient during an EMS call and, separately, an FDNY Emergency Medical Technician was arrested on charges of theft from a DOI undercover investigator posing as a patient.
- Current and former DOHMH employees were charged with stealing gift cards meant for HIV and AIDs research participants and later pled guilty in connection with the crimes.
- Three ACS employees were charged in separate cases involving timesheet fraud or workers’ compensation fraud during their City employment: A former ACS Youth Development Specialist was charged with workers’ compensation fraud, while two other ACS employees were charged in two separate investigations, one for allegedly stealing thousands of dollars in pay for hours the employee did not work and a second for allegedly falsifying his timesheets and stealing overtime and regular pay repeatedly while traveling internationally and domestically. Another investigation led to the arrest of a NYCHA caretaker on a charge of stealing nearly \$6,000 in City wages.
- A City Department of Environmental Protection employee was charged with making threatening and abusive calls to customers.
- An ACS Child Protective Services worker was charged with exposing himself to a parent he was investigating and a former City Parks and Recreation supervisor was charged with sexually abusing a subordinate at a Bronx park.

Charged Schemes that Defrauded Public Programs and Funds

- A Florida woman was charged with defrauding at least 120 low-income New York City residents out of tens of thousands of dollars of their Supplemental Nutrition Assistance Program benefits. The defendant pled guilty in January 2024.
- A former senior fiscal officer for a nonprofit organization was charged in a multimillion-dollar embezzlement scheme. The defendant pled guilty in January 2024.
- A CEO and his business partner were charged with a massive scheme to defraud the City’s homeless services programs, a scheme perpetrated through a nonprofit that had hundreds of millions of dollars in contracts with the City.
- A Bronx man was charged with stealing hundreds of thousands of dollars worth of construction utility vehicles from NYCHA housing developments.
- Principals of a fire alarm repair company were charged with a decade-long scheme to overbill City agencies.

- Owners of a Brooklyn plumbing company were indicted for evading taxes on millions of dollars of income from the business they conducted in New York City.
- A Queens couple was charged with the theft of more than \$100,000 in state and federal benefits involving three separate public benefit programs.
- Two defendants charged in a \$5.4 million scheme to defraud New York City homeless veterans were each sentenced to prison terms.
- A former executive of two publicly-funded nonprofits who pled guilty in 2022 to grand larceny charges was sentenced in 2023 to probation and ordered to pay \$450,000 in restitution to one of the nonprofits he stole from.
- A social worker was sentenced to 42 months' imprisonment for defrauding the New York State Early Intervention Program, which provides remedial services to developmentally delayed children after a jury found that the defendant billed Medicaid and the State Early Intervention Program for more than 1,700 social work sessions that never occurred.

Construction Fraud Investigations

- The operator of a Sunset Park construction company was sentenced to two to four years in prison in connection with an excavation wall collapse that killed a construction worker, after ignoring workers' safety concerns, industry protocols, and concerns expressed by adjacent property owners.
- An unlicensed labor broker was sentenced to probation and ordered to pay \$500,000 to the New York State Insurance Fund after underreporting the size of his companies and lying to insurance carriers about the work being performed by his employees to evade more than \$1 million in insurance premiums, leaving more than 100 construction workers underinsured.
- Twenty-four individuals and 26 companies were indicted for a wide-ranging construction industry kickback scheme that corrupted the competitive bidding process for dozens of contracts over more than eight years.
- Eight individuals and six companies were indicted on charges relating to their involvement in pervasive fraud and corruption within the construction industry, including schemes that defrauded City and State agencies and affected the development of numerous affordable housing projects in the City and tri-state area. Four defendants – two individuals and two companies – have entered guilty pleas in connection with these charges.
- A mechanic was indicted on a criminally negligent homicide charge for his role in a fatal elevator plunge in a Bronx building.
- Three contractors were indicted in the death of a construction worker who was crushed by 1,000 pounds of debris at a dangerous Bronx building site. The investigation found builders allegedly falsified credentials and permits and flouted safety.

Charged Criminal Conduct Related to the City's Jails

- A Department of Correction ("DOC") Captain was convicted of Criminally Negligent Homicide and sentenced to six months in jail for issuing orders that prevented officers from saving the life of a person in custody at the Manhattan Detention Complex.
- A former DOC Correction Officer was sentenced to 29 months in prison for smuggling contraband into Rikers Island in exchange for nearly \$10,000 in bribe payments.
- Three DOC Correction Officers were indicted for attempting to cover up an assault on an inmate by a correction officer and allegedly filing false and misleading reports.
- Three former DOC Correction Officers pled guilty to sick leave fraud, with each fraudulently obtaining tens of thousands of dollars in salary while on sick leave.
- A DOC Correction Officer was charged with groping a fellow officer while both were on duty on Rikers Island.
- A former DOC Correction Officer, inmate and civilian were indicted for smuggling an iPhone into Rikers Island, with the correction officer allegedly taking a \$2,500 bribe for providing the phone to the inmate.
- A DOC Correction Officer was indicted for falsifying documentation of completion of a suicide prevention program for 74 correction officers.
- A DOC Correction Captain was indicted for stealing \$14,000 in payments for hours he did not work.
- A DOC Correction Officer was charged with salary and overtime fraud, stealing over \$170,000 for hours he did not work, and pled guilty in January 2024.

- A DOC Correction Officer was indicted for allegedly planting a sharp object in an inmate's cell and then reporting it as recovered contraband.

Housing Fraud

- A couple was sentenced to five months in jail for stealing the identity of a U.S. Army veteran, applying for benefits, including Section 8 housing in Brooklyn, and bail jumping. As part of their sentence the couple was ordered to pay restitution in the amount of \$34,399.
- A Brooklyn woman was indicted for stealing approximately \$157,000 in Section 8 subsidies by allegedly using another person's Social Security number to conceal her employment and income from NYCHA while collecting rental assistance vouchers for a two-bedroom apartment in Crown Heights.
- A former prosecutor and her family members were indicted in an affordable housing scheme that secured the defendants hundreds of thousands of dollars in benefits for which they were not eligible.
- A Staten Island woman was charged with stealing more than \$135,000 in Section 8 rental subsidies administered by NYCHA by concealing her true household income and other information.

Complaints and Intakes

In CY 2023, the Complaint Intake Unit received communications from the public through various mechanisms, including: 765 complaints processed through the 311 system; 3,021 complaints rerouted from other City agencies; 305 complaints received via mail; 2,488 complaints received via DOI's online complaint system; and 4,126 calls to the Complaint Intake Unit.

Criminal complaints and 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.

DOI's press releases can also be found at twitter.com/NYC_DOI
Know something rotten in City government? Help DOI Get the Worms Out of the Big Apple.
 Call: 212-3-NYC-DOI or email: Corruption@DOI.nyc.gov



THE COUNCIL THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 3/14/24

(PLEASE PRINT)

Name: Taerki Kamatsy

Address: _____

I represent: _____

Address: _____

◆ Please complete this card and return to the Sergeant-at-Arms ◆