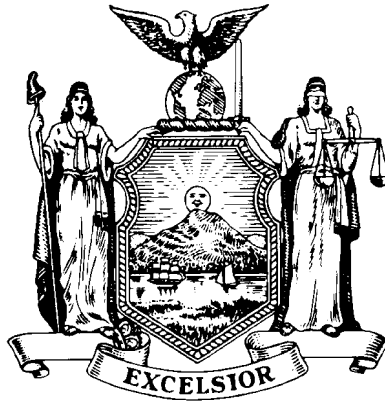


State of New York
Office of the Welfare Inspector General



2017 Annual Report

Andrew M. Cuomo
Governor

Catherine Leahy Scott
Inspector General

EXECUTIVE SUMMARY

The mission of the New York State Office of the Welfare Inspector General (OWIG) is to investigate fraud, abuse, and illegal acts perpetrated within the department of social services¹ or local social services districts, or by contractors or recipients of public assistance services, which involve service programs administered and funded by New York State, the federal government, and each local social services district. The 2017 OWIG Annual Report shows the successful execution of OWIG's mission and highlights its training and outreach efforts throughout New York State.

In 2017, OWIG saw a nearly 16 percent increase in the number of complaints received. OWIG investigations uncovered more than \$1.3 million in fraud and/or improper social service benefits payments, which led to the arrest and criminal prosecution of 20 individuals. OWIG also conducted proactive initiatives aimed at early fraud detection and prevention. OWIG partnered with federal, state, and local law enforcement, and with local social services districts, to target fraudulent schemes affecting certain recipient populations and that occur in areas of the state where public assistance fraud is prevalent. For example, OWIG initiated multiple investigations into alleged thefts of Supplemental Nutrition Assistance Program (SNAP) benefits from people with disabilities. OWIG also continued its SNAP benefits trafficking initiative to further safeguard food and nutrition assistance for low-income New Yorkers. OWIG's early detection efforts helped curtail the payment of unearned benefits and yielded savings to New York State.

In 2017, as in prior years, OWIG continued reviewing local social services districts to ensure their efficient and effective operation. After each review, OWIG shares its findings and recommendations with the relevant local social service districts. In 2017, OWIG completed eight reviews in response to issues identified through its investigations. One review found that a local department of social services had improperly remitted more than \$6,000 to a foreclosed landlord despite numerous notifications to withhold these payments. OWIG recommended, and the local department of social services promulgated, new internal controls policies on

¹ The New York State Welfare Reform Act of 1997 renamed the New York State Department of Social Services to the New York State Department of Family Assistance, which contains two autonomous offices: the New York State Office of Children and Family Services and the New York State Office of Temporary and Disability Assistance.

disbursement of rental assistance, staff notifications on changes in property ownership, and the transfer of employees' duties and responsibilities during periods of extended leave.

Finally, OWIG continues to raise awareness about public assistance fraud, educate stakeholders, and promote increased detection and reporting of fraud. In 2017, OWIG increased its statewide visibility through its participation in the New York Prosecutors Training Institute (NYPTI). OWIG authored an article that was published in NYPTI's newsletter, the *Empire State Prosecutor*, which was disseminated to NYPTI's membership throughout the state, and delivered a presentation at NYPTI's annual Summer College. OWIG also participated in several public assistance fraud task forces, whose members include social services and law enforcement personnel, as well as corporate entities. At several multi-day conferences, OWIG personnel gave presentations on advanced investigative techniques and reviewed successful OWIG public assistance fraud investigations.

In 2018, OWIG will continue to partner with social service and law enforcement organizations to target public assistance fraud through investigations and proactive initiatives.

PURPOSE AND SCOPE OF ANNUAL REPORT

New York State Executive Law section 74(6) mandates that the Office of the Welfare Inspector General (OWIG) submit an annual report to the governor, state comptroller, attorney general, and legislature summarizing the activities of the office for each calendar year. Consistent with OWIG's mandate, this report provides an overview and summary of OWIG's activities and accomplishments for 2017, including benefits fraud exposed by OWIG, significant prosecutions resulting from OWIG referrals, OWIG outreach and training, and investigations and reviews commenced by OWIG.

INTRODUCTION AND BACKGROUND

In 1992, Executive Law section 74 established OWIG and empowered it to investigate and prosecute fraud, abuse, and illegal acts involving social services programs and funds administered and funded by New York State, the federal government, and each local social services district. These programs comprise several state and federal public assistance programs, including Temporary Assistance (comprised of Family Assistance and Safety Net Assistance),

the Home Energy Assistance Program (HEAP), the Supplemental Nutrition Assistance Program (SNAP), Supplemental Security Income (SSI), and Medicaid.

Each public assistance program is designed to address specific needs of the indigent: Temporary Assistance provides allowances for basic grants, home energy, supplemental home energy, shelter, and fuel;² HEAP assists with the cost of home heating;³ SNAP, which is administered by the United States Department of Agriculture (USDA) Food and Nutrition Service, provides nutrition assistance;⁴ SSI provides monthly payments to low-income individuals who are age 65 or older, blind or disabled;⁵ and Medicaid provides medical coverage to individuals who are unable to afford medical care.⁶ Recipients eligible for SNAP and cash benefits receive them by Electronic Benefit Transfer (EBT) and access them using an EBT card, also known as a Common Benefit Identification Card (CBIC).

In New York State, each local social services district provides or administers publicly funded social service and cash assistance programs. New York State is divided into 58 local social services districts, including the five boroughs of New York City that comprise one district. Outside of New York City, each social services district corresponds to one of the remaining 57 counties in New York State. OWIG's jurisdiction includes government employees and agencies that administer social services programs, recipients of public assistance benefits, and contractors that receive public funding for privately administered social services programs.

OVERVIEW AND SUMMARY

Investigations in Response to Complaints

In 2017, OWIG enjoyed continued success and reinforced its statewide presence, receiving complaints from nearly every county in New York State. OWIG also saw an increase in the number of complaints that it received. From January 1 through December 31, 2017,

² New York State Office of Temporary and Disability Assistance, Temporary Assistance Source Book, Chapter 2, Section B, Family Assistance, and Section D, Safety Net Assistance (June 30, 2011), <http://otda.ny.gov/programs/temporary-assistance/TASB.pdf>.

³ Office of Temporary and Disability Assistance Home, Programs, Home Energy Assistance Program (HEAP), <https://otda.ny.gov/programs/heap/>.

⁴ <https://www.fns.usda.gov/snap/supplemental-nutrition-assistance-program-snap>.

⁵ Social Security Administration Supplemental Security Income Booklet, August 2012, <http://www.ssa.gov/pubs/EN-05-11000.pdf>.

⁶ https://www.health.ny.gov/health_care/medicaid/#definition.

OWIG processed 650 allegations of public assistance fraud, as compared to 562 complaints processed in 2016, a nearly 16 percent increase in complaints.

Each complaint is evaluated by OWIG's Case Management Unit, as well as OWIG executive staff and senior management. OWIG conducted a preliminary analysis of these 650 complaints to compare the reported information against records included in the Welfare Management System, a computerized database operated and maintained by the New York State Office of Temporary and Disability Assistance (OTDA) that contains a complete benefits history for each applicant or recipient. Following this preliminary analysis, OWIG closed 137 of these matters because the allegations were either outside the Inspector General's jurisdiction or the complaint lacked sufficient information to warrant an investigation. As for the remaining 513 matters, OWIG opened cases for 161 of these complaints and assigned a multi-disciplinary team to conduct each of these investigations. OWIG assigned the remaining 352 cases to the appropriate local social services district or agency for further action. For these referred matters, OWIG remained involved with the investigation by reviewing progress reports from the local district or agency and providing resources such as staff and investigatory equipment.

When OWIG discovers evidence of criminality, OWIG partners with the appropriate prosecutorial agency to pursue prosecution. OWIG remains involved with the investigation by offering additional resources and support for all aspects of the prosecution, including hearings, trials, and appeals. OWIG also encourages its prosecutorial partners to seek full restitution for the fraud uncovered by OWIG.

In addition to criminal penalties, an individual engaged in Temporary Assistance or SNAP fraud may be subject to civil sanctions issued by a court of appropriate jurisdiction or following an Administrative Disqualification Hearing.⁷ After referral, and with the assistance of OWIG, OTDA conducts an Administrative Disqualification Hearing to determine whether a program recipient has committed an Intentional Program Violation (IPV) by making false or misleading statements, misrepresentations, or otherwise concealing or withholding facts relevant to eligibility. Individuals may waive a hearing and enter into a Disqualification Consent

⁷ New York State Office of Temporary and Disability Assistance, Temporary Assistance Source Book, Chapter 6, Section D, Continuing Eligibility, Disqualification for Intentional Program Violations, (Mar. 27, 2008) <http://otda.ny.gov/programs/temporary-assistance/TASB.pdf>.

Agreement, whereby the accused admits to committing an IPV and consents to the imposition of sanctions. IPV offenders must pay restitution of any improperly received benefits and may be disqualified from receiving the relevant public assistance benefit for a specified period. In egregious and/or repeated cases involving Temporary Assistance violations, the individual can be barred for a period of five years, and in egregious and/or repeated cases involving SNAP benefits, the individual can be barred for life. These administrative sanctions provide the state the opportunity to collect the amount that the beneficiary unlawfully received. In 2017, OWIG identified \$130,700⁸ in overpayments, which resulted in nine IPV agreements.

Once OWIG establishes evidence of fraud and improper benefit payments, it conducts an analysis to determine the amount overpaid by the social services program, which is then confirmed by the local social services district. Funds may be recovered through criminal prosecutions and civil recoupment by the local social services districts. As discussed further below, in addition to identifying \$130,700 in overpayments in 2017, OWIG concluded investigations in 2017 that identified and confirmed public assistance fraud of \$1,211,200, for a total of \$1,341,900. Notably, this amount does not include matters that OWIG has referred to local prosecutors who have not yet filed charges.

In 2017, fourteen OWIG investigations resulted in the arrest and criminal prosecution of 20 individuals. These investigations uncovered \$1.2 million in public assistance fraud.

Completed Cases

1. Queens Man Impersonating Deceased Twin Brother Pled Guilty and was Sentenced for Stealing More than \$580,000 in Welfare Benefits

On January 24, 2017, Thomas Murphy, a New York City sanitation worker from Queens, pled guilty to defrauding city, state and federal agencies of more than \$580,000 in welfare benefits from 1994 to 2013 by impersonating his deceased twin brother. Murphy pled guilty to Grand Larceny in the Second Degree and Falsifying Business Records in the First Degree, both felonies. With Murphy's guilty plea, court judgments were entered against him for the full amount of the fraud. Murphy had been arrested on September 9, 2014.

⁸ One of the cases within this total was referred to the Suffolk County Department of Social Services, which pursued a criminal case.

OWIG's investigation found that Murphy committed this theft by using the Social Security number of his deceased twin brother, Robert, who passed away in 1962 shortly after his birth. Murphy began using his brother's Social Security number in October 1994, when he applied for social service benefits in his brother's name. Murphy continued to impersonate his brother for more than 18 years and collected public benefits through November 2013.

The investigation confirmed that Murphy was ineligible for the public benefits he received. As an employee of the New York City Department of Sanitation since 2006, Murphy earned an annual salary of approximately \$72,000 and therefore would have been unqualified to receive the benefits. Evidence obtained during this investigation uncovered an intricate plot by Murphy to ensure the continued flow of fraudulently obtained public benefits.

In an effort to conceal his dual identities, Murphy—a lifelong resident of Queens—maintained separate addresses and bank accounts in both his and his deceased brother's names. Murphy also had a New York State commercial driver license and obtained a separate driver license in his deceased brother's name. As a result of Murphy's long-term fraud, he obtained a total of \$581,805.80 in public assistance benefits, which included \$216,481.80 in Medicaid benefits, \$15,024 in SNAP benefits, \$209,902 in state rental subsidies, and \$140,398 from the Social Security Administration.

On June 6, 2017, Murphy was sentenced to a three-year conditional discharge. The Queens County District Attorney's Office prosecuted the matter.

2. Long Island Certified Public Accountant Pled Guilty and was Sentenced in Welfare, Unemployment Insurance and Social Security Fraud Scheme

On September 24, 2016, Abraham Grossman (also known as Alan Grossman), of Yaphank, pled guilty to the federal charge of Possession of a Forged Security (18 USC §513(a)). On November 14, 2017, Grossman was sentenced in the United States District Court for the Eastern District of New York in Central Islip to two years in prison, one year of home confinement, three years of probation and restitution totaling \$615,000 to all injured parties.

Grossman, a Long Island certified public accountant (CPA) with a Florida vacation home, created a false identity and a fictitious employment record as part of a \$124,275 welfare fraud, Social Security, and unemployment insurance fraud scheme. He also stole a \$440,000

check from one of his clients. Grossman was arrested and charged with theft of public funds on April 21, 2016.

An investigation conducted by OWIG, the United States Department of Labor (DOL) and the New York State DOL found that Grossman, while working as a CPA and collecting Social Security retirement benefits, created a false identity by obtaining a second Social Security number and New York State driver license under an assumed name. He used those documents, as well as his fictitious former employment at four different businesses, to fraudulently obtain additional Social Security retirement, unemployment insurance and public assistance benefits to which he was not entitled. Subsequent to that investigation, Grossman was also found to have stolen a \$440,000 check from an accounting client and deposited it into his own bank account.

From February 2012 through February 2015, Grossman applied for and received unemployment insurance in both New York and New Jersey under his real and false identities. Under both identities, Grossman's eligibility for benefits was premised upon his loss of employment from businesses that no longer existed and that had never declared wages for Grossman. He also failed to report the income he received as a CPA and altogether fraudulently obtained approximately \$48,775 of federally-funded unemployment insurance benefits.

Through his schemes, Grossman also improperly obtained welfare benefits, including SNAP and HEAP benefits worth \$12,500. Grossman received these welfare benefits fraudulently by failing to report income he obtained in the form of unemployment insurance benefits received from fabricated jobs in New York and New Jersey, income he received as a CPA, and Social Security retirement benefits he received under a false identity during the same time period. The investigation further found that Grossman also received about \$63,000 in Social Security retirement benefits to which he was not entitled.

The United States DOL's Office of Inspector General, the New Jersey Department of Labor and Workforce Development, and the United States Social Security Administration's Office of the Inspector General also assisted in the investigation. The United States Attorney's Office for the Eastern District of New York prosecuted the matter.

3. Queens Not-For-Profit Executive Sentenced to Three Months in Jail and Restitution for Embezzling Public Monies to Fund Her Extravagant Lifestyle

On February 22, 2017, Yolanda Vitulli was sentenced in Brooklyn federal court to three months of jail time for embezzling public funds. The court also required Vitulli to pay \$88,659 in restitution and serve up to as much as 300 hours of community service over three years of supervised release. Vitulli had been indicted by a federal grand jury and arrested on June 22, 2016.

Between January 2001 and May 2016, Vitulli served as the executive director of Tender Care Human Services Inc. (Tender Care), a not-for-profit social service provider based in Queens, that provided services to individuals with autism and other developmental disabilities throughout the metropolitan New York City area. Tender Care received approximately \$3 million in federal and New York State Medicaid funding each year.

An investigation conducted by OWIG and the FBI found that between 2009 and May 2014, Vitulli used the charity's funds to pay housekeepers who were employed at her personal residence and who cleaned, laundered and provided child care services for Vitulli. Additionally, between January 2012 and November 2013, Vitulli used stolen Tender Care funds to hire a contractor to purchase and install a hot tub. She also used the taxpayer-subsidized funds to pay for the installation of a new dishwasher, security camera system, and fencing at her residence, and to purchase bedroom furniture from Ethan Allen.

The case was prosecuted by the United States Attorney's Office for the Eastern District of New York.

4. Niagara County Woman Sentenced and Paid Restitution for Fraud

On April 3, 2017, Christine Willett, of North Tonawanda, was sentenced on charges that she fraudulently received SNAP benefits. Willett, who had been arrested on September 26, 2016, was sentenced to more than \$2,200 in restitution, 50 hours of community service and a one-year conditional discharge in Lockport City Court stemming from her December 2016 guilty plea to Offering a False Instrument for Filing in the Second Degree.

OWIG's investigation determined that from November 1, 2015, to April 30, 2016, Willett fraudulently received \$2,244 in SNAP benefits as a result of her failure to accurately report her

income. In her November 2015 “Periodic Report” to Niagara County Department of Social Services, Willett failed to report income from her job as a home health aide.

The case was prosecuted by the Niagara County District Attorney’s Office.

5. Bronx Man Pled Guilty to Stealing More than \$25,000 in Welfare and Unemployment Benefits

On October 6, 2016, Daryel Moore was arrested on charges that he juggled two identities over a span of four years to steal more than \$25,000 in welfare and unemployment benefits to which he was not entitled. An investigation by OWIG and the New York State DOL found that since at least 2007, Moore had been in possession of two distinct Social Security numbers issued to him. Between 2012 and the spring of 2016, he used both Social Security numbers with six separate employers as part of a scheme in which he collected approximately \$14,300 in Medicaid and SNAP benefits to which he was not entitled, and \$11,244 in unemployment benefits he should not have received. For example, when he lost a job he held under one of the Social Security numbers, he found new employment using his other Social Security number. At the same time, he claimed benefits as if unemployed under the first number. From 2012 to the spring of 2016, apart from a three-week period in early 2015, Moore was never actually unemployed or without employment income. During this same period, Moore filed numerous applications for welfare benefits, including Medicaid and SNAP benefits, which were falsified and lacking his true income.

On November 30, 2017, Moore pled guilty to the charge of Welfare Fraud in the Fifth Degree, a misdemeanor. On January 30, 2018, Moore was sentenced to three years of probation and ordered to pay \$10,260 in restitution. The Bronx District Attorney’s office prosecuted the matter.

6. Schenectady Woman Pled Guilty and was Sentenced to Pay Full Restitution for Stealing More than \$50,000 in Welfare Benefits by Concealing Her Husband’s Income

On August 15, 2017, Victoria Bell (also known as Victoria Pacheco), pled guilty in Schenectady County Court to Welfare Fraud in the Third Degree, a felony, for defrauding the welfare system of \$51,709 by applying for benefits and concealing household income. OWIG’s investigation found that Bell repeatedly filed public benefit applications and re-certifications in which she failed to report the fact that she lived with and was married to the father of her three

children, a long-tenured full-time employee making more than \$45,000 per year. Bell, separately, had also been earning more than \$10,000 each year working part-time in retail sales. On December 19, 2016, Bell was arrested on these charges.

On October 19, 2017, Bell was sentenced to five years' probation and 75 hours of community service. As part of the plea agreement, Bell was ordered to pay full restitution of \$51,709 for the SNAP and Medicaid benefits she improperly received. The Schenectady County District Attorney's Office prosecuted the matter.

7. Capital Region Group Home Supervisor Stole SNAP Benefits from Disabled Residents under Her Care

On February 16, 2017, Heather Seahorn, a former Capital Region group home supervisor, was arrested and charged with stealing SNAP benefits from developmentally disabled residents under her care. In addition, Seahorn also improperly used her employer's credit account to stock her own home with food. An investigation conducted by OWIG found that from January through August 2015, Seahorn used SNAP accounts belonging to two developmentally disabled group home residents to make approximately \$1,800 in food purchases for herself and her family. During the same period, she used the credit account of her employer to buy about \$800 in groceries for herself. The account's intended purpose is to allow group home employees to purchase grocery items for the group home where Seahorn worked. The group home is certified by OPWDD to provide residential services for the developmentally disabled.

Seahorn resigned her position in August 2015. On August 3, 2017, Seahorn pled guilty in the Town of Colonie Court to Endangering the Welfare of an Incompetent or Physically Disabled Person in the Second Degree and Falsifying Business Records in the Second Degree. On October 25, 2017, she was sentenced to payment of \$2,603.02 in restitution and three years of probation. The Albany County District Attorney's office prosecuted the matter.

8. Staten Island Business Owner Charged with More than \$100,000 in Welfare Fraud

On May 12, 2017, Staten Island resident Igor Urovish was arrested on charges that he and another individual stole more than \$100,000 in Medicaid and SNAP benefits by hiding hundreds of thousands of dollars in income and assets that made them ineligible for welfare benefits. An investigation conducted by OWIG found that from 2009 through early 2014, Urovish and another individual (known to investigators but who has not been charged) perpetrated an

elaborate fraud that included the concealment or underreporting of income from various corporations Urovish owned, trust funds he managed, and child support payments.

During the years in question, the investigation found that Urovish's bank records and other evidence showed a minimum annual household income of between \$67,000 and \$93,000. The investigation determined that at various points during the fraud, the Urovish family held ownership interests in corporations from which they derived income, including First Advanced Care, Inc. and IVU Management, ambulance companies that transported patients receiving Medicaid. Additionally, Urovish and his family received other income from two trusts and from relatives, which at times was not reported to the New York City Human Resources Administration (HRA). These assets and income were either not reported or underreported to the New York City HRA in welfare benefits applications for Urovish and his family during the years in question. Indeed, from 2009 to early 2014, Urovish and his family reported to the New York City HRA monthly income from zero to approximately \$1,500.

On July 17, 2017, Urovish pled guilty in Richmond County Criminal Court to Falsifying Business Records in the Second Degree. Concurrent with his plea, Urovish paid the New York City HRA \$25,000 in restitution, and was sentenced to a one-year conditional discharge. In addition, Urovish voluntarily signed an agreement to be disqualified from accepting SNAP benefits for a period of one year. The Richmond County District Attorney's Office prosecuted the matter.

9. Prior Convicted Felon Pled to Grand Larceny and Welfare Fraud

On May 19, 2017, Adolphus Dukeshire, who had previously been convicted in 2015 as a New York City welfare thief, was arrested on new charges that he stole thousands of dollars in welfare benefits to which he was not entitled. In 2015, following an investigation conducted by OWIG, Dukeshire pled guilty and admitted in court to stealing more than \$80,000 in Temporary Assistance, SNAP, and Medicaid benefits between 2003 and 2013 by assuming the identity of an Albany man he met in New York City more than 20 years ago. The man was unaware Dukeshire was using his identity to obtain welfare benefits. After that plea, Dukeshire was allowed to forego criminal sentencing by entering a judicial diversion program.

The more recent investigation by OWIG found that by late 2016, just over a year after his previous guilty plea, Dukeshire was again assuming the same false identity he previously used in order to steal more than \$3,700 in welfare benefits in addition to the benefits he was already entitled and receiving under his own name. The fraudulent identity he was using belonged to a man serving a life sentence for a 2014 murder conviction and who is serving a prison term with parole eligibility in 2038.

On July 20, 2017, due to this most recent arrest, Dukeshire was re-sentenced on his 2015 conviction to a term of three-and-a-half to seven years in prison due to his failure to abide by the terms of the original judicial diversion agreement. On August 3, 2017, Dukeshire pled guilty in connection with the new investigation to the charges of Grand Larceny in the Third Degree and Welfare Fraud in the Third Degree. He was sentenced to a term of two-to-four years in prison to run concurrently with his prison sentence on the original case. The Manhattan District Attorney's Office prosecuted the matter.

10. Sullivan County Man Arrested and Pled Guilty to \$8,800 Welfare Fraud

On June 30, 2017, Gary Ivory was arrested and charged in connection with an investigation conducted jointly by OWIG and the Sullivan County Department of Social Services. The investigation revealed that between 2013 and 2015, Ivory intentionally failed to report his marriage, workers' compensation payments, unemployment income, and his wife's income on welfare applications and recertification documents he filed with the Sullivan County Department of Social Services. Ivory's failure to report this required information allowed him to collect \$8,831 in welfare benefits to which he was not entitled.

On August 8, 2017, Ivory pled guilty to Welfare Fraud in the Third Degree. He was sentenced on October 26, 2017 to one-to-three years in prison and ordered to pay \$8,000 in restitution. This sentence will also run concurrently with a five-year prison term Ivory received pursuant to an unrelated weapons charge. The Sullivan County District Attorney's Office prosecuted the matter.

11. New York State Employee and Spouse Pled Guilty and Paid Restitution of Approximately \$42,000 in Welfare Funds They Stole

On December 11, 2017, Dennise James, an employee of the New York State Office for People with Developmental Disabilities (OPWDD) since 2012, and her spouse, John James,

were arrested and pled guilty to defrauding the welfare system of more than \$42,000 over three years by intentionally concealing Dennise James's job and salary from welfare officials in applications for SNAP and Medicaid benefits.

OWIG's investigation found that Dennise James, an OPWDD direct support assistant caring for developmentally disabled adults at a residential facility in Brooklyn, and her husband John James falsified numerous welfare applications, re-certification documents, renewals, and periodic reports they submitted to the New York City HRA between October 2012 and March 2016, intentionally omitting Dennise James's employment with OPWDD. For the calendar years 2013, 2014 and 2015, Dennise James earned more than \$185,000 in wages from OPWDD that were not reported to the New York City HRA. These falsifications enabled the James family to fraudulently collect \$39,785 in Medicaid and \$2,972 in SNAP benefits during this period. Both Dennise and John James pled guilty to misdemeanor Welfare Fraud in the Fifth Degree in Brooklyn Criminal Court and paid \$42,757 in full restitution to the New York City HRA. The Kings County District Attorney's Office prosecuted the matter.

Pending Cases

As discussed below, OWIG continued to assist in the investigation and prosecution of matters that resulted in earlier arrests and remain ongoing or are awaiting sentencing. All defendants are deemed innocent unless and until proven guilty in a court of law.

1. Former Executive Director and Co-Defendants Charged with Embezzling and Laundering Approximately \$1.6 Million from a Publicly-Funded Not-For-Profit Organization

In June 2016, an investigation conducted jointly by OWIG, the New York State Attorney General's Office, the FBI, and the United States Attorney's Office for the Eastern District of New York, resulted in the arrests of Wafa Abboud, the former executive director of a not-for-profit charity that provides services to individuals with developmental disabilities, as well as Marcelle P. Bailey and Rami Misbah Taha. The defendants were charged with embezzling and laundering over \$1.6 million in charitable funds for Abboud's personal use. A federal grand jury subsequently indicted Abboud, Bailey, and Taha.

From approximately January 2011 until her termination in May 2016, Abboud served as the executive director of Human First, Inc. (Human First), a not-for-profit social services organization based in Nassau County. Human First provided services to children and young

adults with autism and other developmental disabilities throughout the metropolitan New York City area. During this period, OPWDD provided Human First with funding, which was largely Medicaid funds.

The investigation revealed that during the relevant period, Abboud directed Human First to pay approximately \$900,000 in purported consulting fees to a company controlled by her co-defendant, Bailey. Abboud, in turn, used hundreds of thousands of dollars of these funds to pay her personal expenses, including more than \$114,000 in personal credit card debt, which included charges for cosmetic surgery, family vacations, jewelry, meals, and spa treatments. She also used the funds to pay property taxes on her residence in Merrick, New York.

In December 2014, Abboud purchased the Merrick residence for \$1.3 million, making a down payment of \$340,000. In the months prior to that purchase, she authorized hundreds of thousands of dollars in payments from Human First to companies controlled by her co-defendant Taha. These payments were purportedly for renovations to properties owned by Human First. Instead, that money was rerouted to Abboud and used to fund the down payment on her residence. Similarly, between April and December 2015, Abboud directed Human First to pay more than \$400,000 to Taha-controlled entities, which then transferred the vast majority of those funds to a construction company as payment for renovations on Abboud's residence. Abboud, Bailey, and Taha were also charged with conspiracy to commit bank fraud in connection with false statements they made to secure the \$1 million mortgage on Abboud's residence.

The United States Attorney's Office for the Eastern District of New York is prosecuting the case against all defendants. On December 15, 2017, Marcelle P. Bailey pled guilty to Embezzlement, Conspiracy to Commit Embezzlement, Bank Fraud and Conspiracy to Commit Bank Fraud in the United States District Court for the Eastern District of New York. Bailey is expected to be sentenced in September 2018. The case is currently pending for the remaining defendants.⁹

2. Albany County Man Charged in \$28,000 Welfare Benefits Theft

On September 7, 2016, Charles Utsey was arrested on charges that he improperly received \$28,774 in Temporary Assistance and SNAP benefits. The arrest was the result of a

⁹ All defendants are innocent unless and until proven guilty in a court of law.

joint investigation conducted by OWIG and the Albany County Department of Social Services. The investigation determined that from January 2015 through March 2016, Utsey submitted public benefits applications and re-certifications in which he intentionally failed to disclose that his spouse resided with him, was employed, and earned income. As a result of these false filings, Utsey received \$17,790 in Temporary Assistance and \$10,954 in SNAP benefits to which he was not entitled.

The Albany County District Attorney's Office, which is prosecuting the case, charged Utsey with Welfare Fraud in the Third Degree, Grand Larceny in the Third Degree, and Offering a False Instrument for Filing in the First Degree, all felonies. His case is currently pending.¹⁰

3. Pittsford Man Pled Guilty to Million Dollar SNAP Trafficking Fraud Scheme

On December 16, 2016, Irving Feldman was arrested and pled guilty to SNAP trafficking fraud in United States District Court for the Western District of New York. The charge carries a maximum penalty of five years in prison and a \$250,000 fine. Feldman, the owner of Upstate Fish, Inc., located in Rochester, was authorized to accept and redeem SNAP benefits. Between January 2010 and October 2015, Feldman illegally purchased approximately \$1,227,063 in SNAP benefits from eligible beneficiaries for less than half their full cash value. In addition, Feldman directed SNAP beneficiaries to purchase approximately \$202,620 worth of fish at stores using their EBT cards and then sell the fish to Feldman at lower prices.

The plea is the result of an investigation by OWIG, the USDA Office of the Inspector General, the Rochester Police Department's Economic Crimes Division, the Monroe County Department of Social Services, and ICE Homeland Security Investigations.

Feldman's sentencing is scheduled for February 7, 2018. The matter is being prosecuted by the United States Attorney's Office for the Western District of New York.

4. Montgomery County Roofing Contractor Arrested and Pled Guilty to Welfare and Workers' Compensation Fraud Charges

On January 13, 2017, Joseph Kellogg, Sr., of Amsterdam, was arrested and charged with three counts of Offering a False Instrument for Filing in connection with an investigation conducted by OWIG and the Montgomery County Department of Social Services. OWIG's

¹⁰ All defendants are innocent unless and until proven guilty in a court of law.

investigation revealed that between September 8, 2015 and August 11, 2016, Kellogg filed three false applications for SNAP benefits with the Montgomery County Department of Social Services, failing to report that he was self-employed as a contractor under the name “Joe’s Roofing.”

Kellogg’s January 2017 arrest on welfare fraud charges follows his December 8, 2016 arrest on workers’ compensation fraud charges. In that investigation, which was conducted by OWIG and the New York State Workers’ Compensation Fraud Inspector General, it was found that Kellogg, a residential roofing contractor in Amsterdam, filed four separate building permit applications in 2015 that included fraudulent certifications stating that he had no employees and as such was exempt from obtaining workers’ compensation insurance. Of note, in 2013, Kellogg pled guilty to Offering a False Instrument for Filing in the Second Degree for filing a similar fraudulent certification.

That latest investigation found that Kellogg employed several workers on his roofing contracts related to the 2015 permit applications, and at one point employed 11 individuals on two simultaneous projects. Under New York State law, employers are required to maintain workers’ compensation coverage for their employees.

On April 25, 2017, Kellogg pled guilty in Montgomery County Court to the charge of Offering a False Instrument for Filing in the First Degree, and the workers’ compensation crime of Failure to Secure Compensation, both felonies. Kellogg’s sentence is currently pending. This case is being prosecuted by the Montgomery County District Attorney’s Office.

5. Two Montgomery County Women Charged with Welfare Fraud Offenses

On March 1, 2017, Amsterdam residents Pamela Ambroz and Kori Glover were arrested in connection with an investigation conducted by OWIG and the Montgomery County Department of Social Services. The investigation revealed that Ambroz filed a false application for SNAP benefits with the Montgomery County Department of Social Services, failing to report that she was employed. Due to her failure to report her household income, Ambroz received \$2,856 in SNAP benefits to which she was not entitled. On May 23, 2017, Ambroz pled guilty to the charge of Welfare Fraud in the Fifth Degree. On August 15, 2017, she was sentenced to a

one-year conditional discharge and ordered to pay a \$500 fine. In addition, Ambroz paid \$2,856 in restitution to the Montgomery County Department of Social Services.

Glover was charged with one count of Offering a False Instrument for Filing. The investigation revealed that Glover filed a false application for SNAP benefits with the Montgomery County Department of Social Services, failing to report that the father of her child was residing with her. The criminal case against Glover is currently pending.¹¹ The Montgomery County District Attorney's Office is prosecuting the matter.

6. Erie County Home Care Aides Charged with More than \$107,000 in Welfare Fraud

On June 13, 2017, an investigation conducted by OWIG with the assistance of the Erie County Department of Social Services Special Investigations Unit resulted in the arrests of three Erie County women, all acquaintances since childhood, on charges that they collectively fraudulently received more than \$107,000 in SNAP and Medicaid benefits between 2011 and 2016, while earning income as home care aides. The investigation revealed that Suzanne Smith, Michelle Dudek, and Kelly Foss were all privately employed as aides tasked with providing care for an elderly West Seneca woman between 2011 and the woman's death in May 2016. Their work income, which they failed to properly report to the Erie County Department of Social Services, made them ineligible for the welfare benefits.

Suzanne Smith, who received \$142,674 in income while employed from 2011 to 2016, also collected both SNAP and Medicaid benefits during this time. Her failure to report this income resulted in her fraudulently receiving \$10,953 in SNAP and \$40,509 in Medicaid benefits. On November 2, 2017, Smith pled guilty in Erie County Court to the charge of Welfare Fraud in the Third Degree, a felony. Smith is scheduled to be sentenced on February 8, 2018.

Michelle Dudek also collected both SNAP and Medicaid benefits while employed. Her failure to report \$82,314 in income she received during this period resulted in her fraudulently receiving \$15,865 in SNAP benefits as well as \$5,751 in Medicaid benefits. On December 19, 2017, Dudek pled guilty in Erie County Court to the charge of Welfare Fraud in the Third Degree, a felony. Dudek is scheduled to be sentenced on February 22, 2018.

¹¹ All defendants are innocent unless and until proven guilty in a court of law.

Kelly Foss, who was employed from 2011 to 2016 and received \$307,478 in income, also collected SNAP benefits during this period. Her failure to report this employment income resulted in her fraudulently receiving \$34,155 in SNAP benefits to which she was not entitled. On November 20, 2017, Foss pled guilty in Erie County Court to the charge of Welfare Fraud in the Third Degree, a felony. Foss is scheduled to be sentenced on February 7, 2018. The Erie County District Attorney's Office is prosecuting the cases.

7. Central New York Woman Charged with Welfare and Workers' Compensation Fraud

On June 20, 2017, Lisa Whyte, a City of Auburn resident, was arrested on charges she defrauded the workers' compensation system and separately obtained SNAP benefits to which she was not entitled by misrepresenting her employment and wages earned. Whyte was charged with four counts of Offering a False Instrument for Filing in the First Degree and one count of the workers' compensation crime of Fraudulent Practices, all felonies, as well as the misdemeanor charges of Welfare Fraud in the Fifth Degree, Misuse of Food Stamps and Petit Larceny.

OWIG's investigation found that Whyte injured her shoulder in the summer of 2013 while pulling a cart in a grocery store stock room where she was working at the time. Following the injury, she was absent from work utilizing workers' compensation leave and began receiving weekly wage replacement benefits. From the time of her injury through the spring of 2015, Whyte repeatedly indicated on insurance claim forms and at medical examinations that she was not employed in any capacity while receiving the benefits. The investigation, however, found that Whyte was employed by her own cleaning business from the time of her injury through at least the summer of 2014.

Separately, at certain times in 2013 and 2014, Whyte received more than \$200 worth of SNAP benefits to which she was not entitled by not properly disclosing her cleaning business income to the Cayuga County Department of Social Services.

The case is currently pending.¹² The Cayuga County District Attorney's Office is prosecuting the matter.

¹² All defendants are innocent unless and until proven guilty in a court of law.

8. Six Defendants Charged in a Debt Collection Scheme, One of whom also Charged with \$38,000 Healthcare Fraud

On June 26, 2017, an investigation conducted by United States Immigration and Customs Enforcement (ICE) Homeland Security Investigations, the Internal Revenue Service Criminal Investigation Division, the United States Postal Inspection Service, and OWIG resulted in the arrests of six individuals for their involvement in an illegal debt collection scheme. All six defendants were charged by criminal complaint with conspiracy to commit wire fraud. One of these individuals, Joseph Ciffa, was also charged with Health Care Fraud.

Between March 2015 and August 30, 2016, Ciffa fraudulently obtained Medicaid benefits meant for low-income individuals. In applications to the Erie County Department of Social Services, Ciffa claimed that he and his wife earned a combined \$610 in weekly income. As a result, the defendant, his wife and their two children received Medicaid benefits to which they were not entitled. According to the criminal complaint, Ciffa's total income for 2015 was \$1,284,951.04.

On February 9, 2018, Joseph Ciffa pled guilty in the United States District Court for the Western District of New York. On May 24, 2018, Ciffa is scheduled to be sentenced and ordered to pay restitution in the amount of \$13,011 to the Erie County Department of Social Services. The United States Attorney's Office for the Western District of New York is prosecuting this matter.

9. Manhattan Man Charged in a \$600,000 Theft of Welfare and Unemployment Insurance Benefits Through a Fraud Scheme Using More than a Dozen Friends and Relatives

On July 27, 2017, Manhattan resident Ballal Hossain was arrested and pled guilty to two counts of Grand Larceny in the Second Degree and one count of Grand Larceny in the Third Degree, all felonies, in connection with years-long schemes in which he used more than a dozen family members and friends to steal more than \$600,000 in welfare and unemployment insurance benefits from the New York City HRA. An investigation conducted by OWIG and the New York State DOL Office of Special Investigations Major Case Unit found that from early 2011 through early 2017, Hossain arranged for twelve friends and family members, as well as he and his wife, to work as salaried personal assistants through the Medicaid-funded Consumer Directed Personal Assistance Program (CDPAP), purportedly caring for his mother and three other

patients. However, neither Hossain, his wife or any of these other friends or family members actually provided the personal assistant services for which they were paid by Medicaid. Hossain also wrongfully obtained Unemployment Insurance (UI) benefits for the discharge of the purported caregivers and significantly understated his household income to improperly obtain welfare benefits, among other things.

In one scheme, between October 2014 and March 2017, Hossain arranged for a number of family members and friends to purportedly work as personal assistants for a patient he knew was residing in Bangladesh and not receiving home care services. Hossain had one of his brothers pose as that patient when nurses from the CDPAP program conducted routine home visits. Hossain reported false hours and dates of supposed care by these personal assistants to the CDPAP program. When paychecks were generated from Medicaid funds, they were deposited into bank accounts that Hossain controlled and from which he made cash withdrawals. Hossain also used this patient's identity to fraudulently obtain EBT Cards and collect SNAP and Medicaid benefits in the patient's name. In addition, at various times between October 2011 and March 2017, Hossain arranged for friends and family members to purportedly provide personal assistant home care services to three other patients, including his mother. These services too were not provided. As a result of these schemes, Hossain stole \$277,542 in welfare benefits from the New York City HRA.

In a second scheme, Hossain fraudulently inflated the amount of UI benefits that the purported home attendants would receive when they were "discharged" from service, enabling the theft of hundreds of thousands of dollars in welfare and UI benefits. Between April 2011 and January 2016, Hossain controlled the hiring and discharging of the supposed personal assistants and filed with the New York State DOL for UI benefits on their behalf. When Hossain discharged a personal assistant, he would falsely state to the New York State DOL that the reason for the separation from employment was "a lack of work." However, the patient's purported need for these services had not changed, and often other family members merely replaced the fired personal assistant. In many instances, Hossain submitted altered paystubs to the New York State DOL, falsely inflating the personal assistant's compensation in order to qualify them for a higher weekly UI benefit rate. The personal assistants' UI benefits were deposited into more than twenty-four bank accounts established in family members' names and controlled by Hossain, from which he made cash withdrawals. After the UI benefits were issued

and ultimately expired, the discharged personal assistant was then rehired to care for the same patient. In addition, Hossain made more than fifty telephone calls to the New York State DOL posing as both male and female UI recipients and visited the New York State DOL offices in the Bronx and Manhattan impersonating various UI claimants. As a result of this scheme, Hossain stole UI benefits from the New York State DOL totaling \$255,915.

In a third scheme, between December 2012 and December 2016, Hossain, a welfare client himself, submitted to the New York City HRA falsified annual re-certification documents for SNAP and Medicaid benefits, which significantly understated his household income. Consequently, Hossain was able to fraudulently double the amount of food benefits and medical assistance received by his household, stealing an additional \$69,542 in welfare benefits from the New York City HRA.

On July 27, 2017, Hossain pled guilty in New York County Supreme Court to two counts of Grand Larceny in the Second Degree and one count of Grand Larceny in the Third Degree, all felonies. Hossain is scheduled to be sentenced on February 16, 2018. The United States Department of Homeland Security (USDHS) and the New York City Housing Authority also assisted in the investigation. The New York County District Attorney's Office is prosecuting the matter. During the investigation, law enforcement officials seized \$603,000 in cash discovered in Hossain's apartment, which was forfeited as part of the sentencing. Those funds will be used to reimburse the stolen amounts, including \$347,084 to the New York City HRA, and \$255,915 to the New York State DOL.

10. Bronx Couple Charged with More than \$65,000 in Welfare and Unemployment Insurance Fraud by Hiding Household Income and Falsifying Bank and Employment Records

On September 28, 2017, a Bronx husband and wife were arrested for defrauding the welfare and unemployment insurance system by more than \$65,000 by hiding their household income and falsifying bank and employment records. Lawrence Lettera and Antoinette Lettera were each charged with Grand Larceny in the Third Degree, Criminal Possession of Stolen Property in the Third Degree, and Welfare Fraud in the Third Degree, all felonies. Lawrence Lettera was additionally charged with Offering a False Instrument for Filing in the First Degree, a felony.

An investigation conducted by OWIG and the New York State DOL's Office of Special Investigations found that the husband and wife defrauded both the welfare and unemployment insurance systems through a variety of schemes. By underreporting or failing to disclose the income they received from construction supervision and retail jobs at large sporting goods and clothing stores, as well as the unemployment insurance payments they were paid, they were able to obtain \$6,525 in SNAP benefits and \$10,392.91 in Medicaid benefits between 2010 and 2013, to which they were not entitled. Separately, through fictitious bank and employment records, the couple received \$48,521 in unemployment insurance benefits between 2012 and 2014, to which they were not entitled. The case is currently pending.¹³ The Bronx District Attorney's Office is prosecuting the matter.

11. Rochester Woman Pled Guilty to Stealing More than \$9,500 in Welfare Benefits

On November 18, 2017, Michelle Newsome was arrested on charges she fraudulently received more than \$9,500 in welfare benefits by failing to report income she received through child support payments.

OWIG's investigation, conducted with assistance from the Monroe County Department of Human Services Special Investigations Unit, found that Newsome received child support payments from January 2014 through December 2015 while collecting Temporary Assistance benefits through the Monroe County Department of Human Services. However, Newsome did not report the income she received from the child support payments to the Monroe County Department of Human Services, as required. Newsome's failure to report this income resulted in her receiving approximately \$9,500 in Temporary Assistance benefits to which she was not entitled.

On February 1, 2018, Newsome pled guilty to Welfare Fraud in the Fifth Degree, a misdemeanor. She is expected to be sentenced on March 29, 2018, to 3 years of probation and ordered to pay \$9,500 in restitution. The Monroe County District Attorney's Office is prosecuting the matter.

¹³ All defendants are innocent unless and until proven guilty in a court of law.

12. New York City Social Services Employee and Spouse Arrested on Federal Charges for Engaging in Multiple Schemes to Steal More than \$225,000 in Government Welfare Funds

On November 28, 2017, New York City HRA employee Omar Jaata and his spouse Nyima Jaata were arrested on federal criminal charges alleging they engaged in a variety of schemes over a five-year period that enabled them to steal more than \$225,000 in government welfare benefits. As a result of an investigation conducted by OWIG and the Federal Bureau of Investigation (FBI), Omar Jaata was charged with Conspiracy to Commit Mail and Wire Fraud, Theft of Government Funds and Aggravated Identity Theft. His spouse, Nyima Jaata, was charged with two counts of Theft of Government Funds.

The criminal charges allege that Omar Jaata, a New York City HRA Eligibility Specialist, used a variety of tactics and his access to New York City's welfare benefits computer systems to create multiple fictitious applicant accounts. Omar Jaata also used his intimate knowledge of the New York City HRA welfare benefits system to carry out his scheme, including overriding the computerized benefits system's safeguards. Since 2014, Omar Jaata issued nearly \$143,000 in emergency SNAP benefits using these accounts, sending the benefits on EBT Cards to addresses that he controlled, including both his home address and a post office box that he opened. Omar Jaata then used these welfare benefits to make personal purchases at large wholesale clubs and bodegas in the Bronx and Manhattan.

The charges against Nyima Jaata allege that since 2012, she applied for and received SNAP and Medicaid benefits without disclosing Omar Jaata's employment income and significantly underreporting her own employment income. For example, the couple earned more than \$66,000 in employment wages in 2016 that was not reported to the New York City HRA. Her household income, had it been disclosed, disqualified her from receiving \$43,000 in SNAP and \$39,000 in Medicaid benefits. In total, Nyima Jaata stole more than \$82,000 in benefits.

Omar and Nyima Jaata were both arraigned in the United States Court for the Southern District of New York in Manhattan. Omar Jaata was released on \$100,000 bond and Nyima Jaata was released on her own recognizance pending further court action. The United States

Attorney's Office for the Southern District of New York is prosecuting the matter. The case is currently pending.¹⁴

Initiatives

In May 2017, President Donald J. Trump released his fiscal year 2018 budget proposal which projected significant cuts to SNAP.¹⁵ For those New Yorkers who qualify, SNAP benefits are critical to combatting hunger. Moreover, SNAP serves as a particularly vital support to children and adults with disabilities, and seniors with or without disabilities. The potentially shrinking pool of resources to fill this critical need emphasizes the importance of ensuring the integrity of the program. To that end, OWIG initiated multiple investigations into alleged thefts of SNAP benefits from people with disabilities. OWIG also continued its SNAP trafficking initiative to further safeguard this all-important resource.

In 2017, OWIG focused on allegations of victimized vulnerable populations, including the theft of developmentally disabled recipients' SNAP benefits. People with disabilities, particularly those with developmental disabilities, are vulnerable to manipulation and abuse. Such individuals may have difficulty managing their finances and may be placed in group home settings where they receive help and guidance with their finances and the use of their public assistance benefits. SNAP has several special rules for applicants with disabilities including the eligibility of "disabled people who live in small nonprofit group homes . . . [who] may be eligible for SNAP benefits even if the group home prepares their meals for them."¹⁶ Depending on a resident's level of independence, staff may have access to the resident's benefit card and, in some instances, may also gain access to the resident's personal identification number, a number which should only be known to the resident and not shared. However, appropriate safeguards must be in place to protect residents' personal identification numbers and benefits. While many of OWIG's vulnerable population investigations are ongoing and are therefore inappropriate to mention at this time, the Seahorn investigation, discussed earlier in this report, is an example of OWIG's success in this area.

¹⁴ All defendants are innocent unless and until proven guilty in a court of law.

¹⁵ Food Research & Action Center's Review of President's Proposed FY 2018 Budget, FRAC.org (May 25, 2017).

¹⁶ SNAP Matters for People with Disabilities, July 2015, FRAC.org. SNAP Program Supports for People with Disabilities, page 7.

SNAP trafficking fraud continues to be a priority for OWIG. SNAP trafficking can result in the criminal prosecution of both retailers and benefit recipients. State and federal governments can also pursue civil penalties. For example, the USDA Food and Nutrition Service can permanently bar a retailer found guilty of SNAP trafficking from participation in the SNAP program. State agencies must also investigate any recipient who is “alleged [to have committed an] intentional Program violation . . . and [must] ensur[e] that appropriate cases are acted upon either through administrative disqualification hearings or to a court of appropriate jurisdiction.”¹⁷ Thus, SNAP trafficking investigations not only identify fraud, but prevent future fraudulent acts by those implicated in an investigation. OWIG and OTDA operate their SNAP initiative under a State Law Enforcement Bureau agreement, which authorizes OWIG to conduct SNAP trafficking investigations independent of other law enforcement agencies.

In 2017, OWIG embarked on several new SNAP trafficking investigations and continued several existing SNAP trafficking investigations initiated in 2016. OWIG chooses its investigative locations either through tips that SNAP trafficking is occurring at an EBT provider location or an EBT provider location’s transaction history displays patterns consistent with SNAP trafficking. OWIG opened six additional target locations in the Southern and Western regions of New York State. OWIG partnered with local and federal law enforcement, including the USDA Office of the Inspector General, the USDHS, ICE, the FBI, and the United States Attorneys’ Offices for the Southern and Western Districts of New York, to conduct SNAP trafficking investigations.

In 2017, OWIG also embarked on a new area of SNAP trafficking involving the “delivery route” store classification. In neighborhoods where SNAP benefit recipients have limited access to large food retailers, USDA Food and Nutrition Service permits mobile stores classified as “delivery routes.” Delivery routes can be essential to SNAP benefit recipients living in an area defined as a “food desert” wherein “residents do not live near supermarkets or other food retailers that carry affordable and nutritious food” and “lack transportation” to access supermarket options other than small neighborhood and/or convenience stores where food options tend to be less healthy and more expensive.¹⁸ In theory, delivery routes eliminate

¹⁷ 7 C.F.R. §273.16(a)(1).

¹⁸ Access to Affordable, Nutritious Food [I]s Limited in “Food Deserts”, Michele Ver Ploeg (March 1, 2010). <https://www.ers.usda.gov/amber-waves/2010/march/access-to-affordable-nutritious-food-is-limited-in-food-deserts/>.

recipients' need to travel, bringing the supermarket to the recipient along with healthy food options. Like SNAP brick-and-mortar retail locations, delivery routes are also susceptible to fraud schemes, including SNAP trafficking. OWIG has partnered with the USDA Office of the Inspector General, local law enforcement, and county departments of social services to combat fraud on a resource intended to fill a food void. OWIG will not comment with specificity on its delivery route investigations because they are ongoing. However, OWIG expects to report on the outcome of several delivery route investigations in the 2018 Annual Report.

In 2018, OWIG will continue its investigations into vulnerable populations and SNAP trafficking schemes.

OWIG Compliance Review Program

New York State Executive Law section 74 mandates that the Welfare Inspector General “conduct and supervise investigations related to the programs of the department of social services,” and investigate “fraud, abuse or illegal acts perpetrated within the department of social services or local social services districts.” OWIG has continued to review programs provided by local social services districts to ensure their efficient and effective operation. After each review, OWIG shares its findings and recommendations with the relevant local social services districts. In 2017, OWIG completed eight reviews in response to issues identified through its investigations.

For example, OWIG examined the management of the disbursement of rental assistance by the Columbia County Department of Social Services. OWIG found that the Columbia County Department of Social Services did not have appropriate internal procedures to assure adequate control and accountability over its disbursement of rental assistance. This resulted in the improper payment of rental assistance to a foreclosed landlord on behalf of a client receiving public benefits. Specifically, Columbia County brought foreclosure proceedings, which became effective on August 10, 2015. Despite notification to Columbia County Department of Social Services by its County Attorney on three occasions of the foreclosure, it continued to improperly remit payment to the foreclosed landlord until May 2016, totaling more than \$6,000. OWIG determined that while the notifications appear to have been made, they were made to supervisory staff during periods of absence, which resulted in inaction. As a result, OWIG recommended that Columbia County Department of Social Services, in conjunction with the Columbia County

Attorney, promulgate policy on internal procedures to assure appropriate control and accountability over its disbursement of rental assistance, provide guidance to staff to determine appropriate notifications when there is a change in property ownership, and transfer employees' duties and responsibilities during periods of extended leave. Columbia County Department of Social Services immediately accepted OWIG's recommendations and promulgated appropriate protocols to avoid such errors in the future.

In 2017, OWIG will continue to evaluate local social service districts for programs in need of review and to further promote integrity in the administration of public benefit programs throughout New York State.

Outreach and Training

In 2017, the Inspector General continued to identify opportunities to provide training, promote awareness, and develop partnerships to combat public assistance fraud. The Inspector General increased its statewide visibility through its participation in the New York Prosecutors Training Institute (NYPTI). NYPTI "provides comprehensive continuing legal education, training, advice, and assistance to New York State prosecutors."¹⁹ NYPTI also provides OWIG a unique opportunity to connect with the 62 county district attorney offices that comprise New York's state prosecutorial community.

An article that was published in NYPTI's newsletter, the *Empire State Prosecutor*, which was disseminated to NYPTI's membership throughout the state, was authored by Deputy Inspector General for Welfare Fraud Jessica Silver. The article, entitled, "The Disqualification Consent Agreement: The Lasting Sting of Committing a Public Assistance Fraud Offense," discussed the myriad collateral consequences—other than criminal penalties—that recipients who commit intentional program violations may face. An intentional program violation is the commission by a public assistance recipient of a fraudulent welfare act in order to obtain public benefits. Recipients who commit these acts may be required to make full re-payment of the fraudulently obtained benefits and disqualified from certain public benefit programs for a prescribed period. This article discusses the various mechanisms by which a social services agency may achieve these penalties including an Administrative Disqualification Hearing and

¹⁹ <http://www.nypti.org/>.

Disqualification Consent Agreement. Moreover, it highlights these mechanisms as effective tools to combat and deter welfare fraud.

OWIG also presented at NYPTI's 19th Annual Summer College. This thorough training program aimed to inform local prosecutors on how to develop qualifying Crimes Against Revenue and Property (CARP)²⁰ prosecutions and discussed the necessary elements for successful welfare prosecutions, including different case categories, evidentiary findings and available collateral consequences. The training was attended by 72 prosecutors and other law enforcement personnel representing 26 county prosecutor's offices including Albany, Bronx, Cayuga, Chautauqua, Chemung, Erie, Jefferson, Kings, Madison, Monroe, Montgomery, New York, Niagara, Oneida, Onondaga, Ontario, Orange, Queens, Rensselaer, Rockland, Saratoga, Schenectady, Schuyler, Steuben, Washington and Westchester.

Since Governor Andrew M. Cuomo appointed Inspector General Catherine Leahy Scott as Acting Welfare Inspector General in October 2012, OWIG has been a prominent member of the New York Welfare Fraud Investigators Association (NYWFIA) and has participated in all NYWFIA training events. NYWFIA provides support and training to its membership, consisting of investigators, administrators, prosecutors, eligibility workers, and claims and recovery specialists from local and state agencies that fight fraud, waste, and abuse in social services programs. NYWFIA conducts annual and regional trainings regarding New York State Social Services Law and policies, as well as skills training. NYWFIA continues to be a valuable opportunity to reach the statewide investigative welfare fraud community in one venue.

In 2017, OWIG provided the opening remarks at NYWFIA's Annual Training Conference, a three-day event attended by 254 members. OWIG also presented a welfare fraud investigation course, "Advanced Welfare Fraud Investigative Techniques." The comprehensive course explored advanced techniques to be employed in the most common public assistance fraud schemes including strategic decision making and investigative and technological tools that can further investigations; enabling attendees to work smarter, not harder.

²⁰ The CARP grant program was created in 2004 and was "designed to hold accountable those who deliberately fail to pay tax obligations, as well as those who commit Medicaid, welfare, unemployment and workers' compensation fraud." <http://www.criminaljustice.ny.gov/crimnet/ojsa/initiatives/carp.htm>.

OWIG also participated in NYWFIA's Regional Training Meetings, which are one-day conferences held five times a year throughout New York State. In 2017, OWIG presented at regional conferences attended by 428 members, and OWIG conducted a training titled, "How to Build a Welfare Case: The Anatomy of an Investigation." OWIG discussed actual OWIG investigations, providing step-by-step analysis of decisions made and actions taken that ultimately led to successful prosecutions.

As part of its efforts, OWIG cultivated existing relationships with its state and federal prosecutorial partners through its participation in interagency task forces. OWIG continued its membership in several organizations that address public assistance fraud, including the Western, Central and Metropolitan Regional Health Care Fraud Task Forces. In 2017, OWIG also joined the Electronic Crimes Task Force sponsored by the United States Secret Service, Buffalo Field Office and attended M&T Bank's Law Enforcement Notable SAR (LENS) meeting in Buffalo. These task forces include law enforcement and private sector professionals, who combine intelligence and resources to combat public assistance and other types of fraud. OWIG also worked closely with its State partners, including OTDA, DOL, and the Department of Motor Vehicles, and successfully identified fraudulent activity.

Inspector General Catherine Leahy Scott conducted additional outreach efforts at events held by the New York State Association of Special Investigations Units in February 2017, the New York Alliance Against Insurance Fraud in March 2017, and the National Insurance Crime Bureau in April 2017.

In 2018, OWIG will continue to partner with outside organizations to provide training and conduct proactive initiatives to raise awareness and target public benefits fraud throughout New York State.

CONCLUSION

The OWIG 2017 Annual Report illustrates the successful execution of OWIG's mission to investigate fraud, abuse, and illegal acts perpetrated within the department of social services or local social services districts, or by contractors or recipients of public assistance services, which involve social services programs administered and funded by New York State, the federal government, and each local social services district. In 2018, OWIG will continue to promote

government efficiency and integrity through its education and outreach efforts and pursue proactive initiatives to curtail fraudulent activities and yield significant savings to New York State.