

State of New York
Office of the Welfare Inspector General



2015 Annual Report

Andrew M. Cuomo
Governor

Catherine Leahy Scott
Acting Welfare Inspector General

I. 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 services or local social services districts, or by contractors or recipients of public assistance services, which involve services programs administered and funded by New York State, the federal government and each local social services district. The 2015 OWIG Annual Report shows the successful execution of its mission.

In 2015, OWIG investigations uncovered evidence of more than \$2.36 million dollars in fraud and/or improper social service benefits payments. The overwhelming majority of improper benefit payments discovered by OWIG led to criminal prosecutions that resulted in 24 arrests.

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 that occur in areas of the state where public assistance fraud is prevalent. OWIG's early detection efforts helped curtail the payment of unearned benefits and yielded significant savings to New York State.

In 2015, OWIG revised its methodology for selecting local social services districts for its review program to better respond to findings from its public assistance and employee fraud investigations. These changes allowed OWIG to better identify issues appropriate for review and address issues as they arise. After completing each review, OWIG shared its findings and recommendations with the relevant local social service districts.

Finally, OWIG continues to raise awareness of public assistance fraud, educate stakeholders, and generate increased detection and reporting of fraud. In 2015, OWIG 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 investigative techniques and ethical considerations in public assistance fraud investigations.

In 2016, OWIG will continue to partner with social service and law enforcement organizations to provide training on targeting public assistance fraud through investigations and proactive initiatives.

II. PURPOSE AND SCOPE OF THIS ANNUAL REPORT

New York State Executive Law §74(6) mandates that OWIG submit an annual report to the Governor, the state comptroller, the attorney general, and the 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 2015, including benefits fraud exposed by OWIG, significant prosecutions resulting from OWIG referrals, OWIG outreach and training, and investigations and reviews commenced by OWIG.

III. INTRODUCTION AND BACKGROUND

In 1992, Executive Law §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 in each local social

services district. These programs include several state and federal public assistance programs, including Family Assistance, 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: Safety Net Assistance and Family Assistance provide basic grant allowances, home energy allowances, supplemental home energy allowances, shelter allowances, and fuel allowances;¹ SSI provides monthly payments to “people who have low income and few resources and are Age 65 or older, blind or disabled;”² HEAP assists low-income New Yorkers with the cost of heating their homes;³ the United States Department of Agriculture (USDA) Food and Nutrition Service administers the SNAP program, which provides nutrition assistance to low-income individuals and families; and Medicaid provides medical coverage to individuals who cannot afford medical care. Recipients eligible for SNAP and cash benefits receive benefits by Electronic Benefit Transfer and access benefits using a Common Benefit Identification Card (“EBT Card”).

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

¹ New York State Office of Temporary and Disability Assistance, Temporary Assistance Source Book, Chapter 2, Section A, Overview of Temporary Assistance Programs, Introduction (June 30, 2011), <http://otda.ny.gov/programs/temporary-assistance/TASB.pdf>.

² Social Security Administration Supplemental Security Income Booklet, August 2012, <http://www.ssa.gov/pubs/EN-05-11000.pdf>.

³ Office of Temporary Disability Assistance Home, Programs, Home Energy Assistance Program (HEAP), <https://otda.ny.gov/programs/heap/> (last visited Jan. 15, 2016).

that administer social services programs, recipients of public assistance benefits, and contractors that receive public funding for privately administered social services programs.

IV. OVERVIEW AND SUMMARY

A. Investigations in Response to Complaints

In 2015, OWIG enjoyed continued success and broadened its statewide presence. From January 1 through December 31, 2015, OWIG processed 437 complaints alleging welfare fraud, representing complaints from nearly every county in New York State. 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 437 complaints to compare the complaint information against records included in the Office of Temporary and Disability Assistance (OTDA) Welfare Management System, a computerized database that contains a complete benefits history for each applicant or recipient. Following this preliminary analysis, OWIG closed 145 of the matters because the allegations were either unsubstantiated or OWIG lacked jurisdiction to investigate. As for the remaining 292 matters, OWIG opened cases for 89 of these complaints, and assigned a multi-disciplinary team to conduct each of these investigations. OWIG assigned the remaining 203 cases to the appropriate local social services district or agency for further action. For these referred matters, OWIG remains 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 to 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 following an Administrative Disqualification Hearing.⁴ 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 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 Agreement, whereby the accused admits to committing an Intentional Program Violation and consents to the imposition of sanctions. Intentional Program Violation 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, the individual can be barred for a period of five years, and in egregious and/or repeated cases involving SNAP, the individual can be barred for life. These administrative sanctions provide the state with a cost-avoidance savings equivalent to the amount that the beneficiary would have received.

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

⁴ New York State Office of Temporary and Disability Assistance, Temporary Assistance Source Book, Chapter 6, Section, D, Continuing Eligibility, Disqualification for Intentional Program Violations, (Oct. 20, 2011), <http://otda.ny.gov/programs/temporary-assistance/TASB.pdf>.

confirmed by the local social services district. In cases where benefits are discontinued, OWIG in conjunction with the local social services district calculates the cost-avoidance to project the amount of money saved as a result. Funds may be recovered through criminal prosecutions and civil recoupment by the local social services districts. For cases opened between January 1 and December 31, 2015, OWIG investigators identified and confirmed public assistance fraud and overpayments totaling \$2.36 million. Notably, this amount does not include matters that OWIG referred to local prosecutors who have not yet filed charges.

B. Successfully Identified Prosecutions

In 2015, 10 OWIG investigations resulted in criminal prosecutions and the arrest of 24 individuals. As summarized below, these 10 OWIG investigations uncovered more than \$2.1 million dollars in public assistance fraud. All defendants are deemed innocent unless and until proven guilty in a court of law.

Schemes Lead to Arrests of New York City Social Services Supervisor and 11 others in \$1.5 Million Public Benefits Theft

In December 2015, Cherisse Watson-Jackson, a top supervisor at the New York City Human Resources Administration (HRA), and 12 others were arrested as part of an alleged criminal ring that stole more than \$1.5 million in public assistance benefits. The investigation revealed that Watson and her associates defrauded HRA through a series of complex schemes that involved public assistance payments to fraudulent landlords and the purchase of mass quantities of Red Bull energy drink using single-issuance emergency grant funds.

The arrest followed a joint investigation by OWIG, the New York City Department of Investigation, the United States Attorney's Office for the Southern District of New York, and the

Federal Bureau of Investigation. Watson-Jackson, an Associate Job Opportunity Specialist II, managed the supervisors of HRA employees that review and determine eligibility for public assistance funding. Watson-Jackson allegedly used her position at HRA to improperly approve payments to individuals who were otherwise ineligible for benefits.

The investigation revealed that Watson-Jackson used her supervisory position to deposit fraudulent single-issuance “emergency grants” — that are intended only for persons with a documented urgent need — onto the EBT cards of hundreds of welfare recipients recruited by her accomplices. Watson-Jackson’s accomplices then used several of the EBT cards containing the emergency grants at wholesale club stores to purchase approximately \$120,000 worth of Red Bull energy drink that they sold to various bodegas for cash.

The investigation further revealed that Watson-Jackson’s accomplices recruited individuals to fraudulently pose as landlords who owned rental properties that housed public assistance tenants. Watson-Jackson allegedly used her supervisory position at HRA to authorize “rental arrears” payments — known as “One Shot Deals” — to these false landlords to cover back rent owed by phantom tenants. The fraudulent landlords cashed the rental assistance checks and shared in the proceeds with Watson-Jackson and her other accomplices, one of whom worked at a check cashing store in Brooklyn and allegedly facilitated many of the transactions.

The United States Attorney’s Office for the Southern District of New York charged all of the co-defendants with conspiracy to commit mail fraud and wire fraud. Watson-Jackson, Maurice Cromwell, Derrick Williams, Corey Brock, Gerard Stokes, Yessenia Depena, and Kevin Williams were also charged with aggravated identity theft. The allegations against each defendant are summarized below:

- **Cherisse Watson-Jackson** is accused of using her position as an HRA supervisor to fraudulently direct more than \$1.5 million in public benefits funding to both the EBT and fraudulent landlords rental arrears payment schemes.
- **Maurice Cromwell** is accused of receiving and cashing at least 83 rental arrears “One Shot Deal” checks – worth more than \$72,500 – at a Brooklyn check cashing store. More than 100 other checks worth an additional \$75,000 were sent to his home address but were then cashed by others.
- **Isaac Allen** is accused of receiving approximately \$9,444 in fraudulent single-issuance deposits on his EBT card and with recruiting others to participate in the EBT scheme.
- **Derrick Williams** is accused of receiving more than \$12,500 in fraudulent single-issuance deposits on his EBT card, as well as receiving 82 fraudulent rental arrears checks worth nearly \$62,000.
- **Corey Brock** is accused of receiving more than \$8,500 in fraudulent single-issuance deposits on his EBT card.
- **Gerard Stokes** is accused of receiving nearly \$5,000 in fraudulent single-issuance deposits on his EBT card. Stokes is also accused of using his wholesale club shopping account to make purchases using EBT cards that were not issued in his name. In total, he allegedly purchased nearly \$120,000 worth of Red Bull energy drink at wholesale clubs.
- **Jaron Annunziata** is accused of participating in the fraudulent landlord scheme by cashing 16 rental arrears checks worth nearly \$11,500 as well as receiving nearly \$5,000 in fraudulent single issuances on his EBT card.
- **Kevin Williams** is accused of participating in the fraudulent landlord scheme by cashing 96 rental arrears checks worth nearly \$84,000. Of the checks he cashed, 57 were issued in his name and 39 were issued to others, none of whom were actual landlords.
- **Vernecka Petersen** is accused of participating in the fraudulent landlord scheme by cashing or depositing 43 rental arrears checks worth more than \$31,000. She also allegedly received other checks through the mail that she turned over to another individual.
- **Yesenia Depena** is accused of participating in the fraudulent landlord scheme by using her position as an employee at a Brooklyn check cashing store to process and cash at least 221 checks worth nearly \$187,500.
- **Beverly Lord** is accused of participating in the fraudulent landlord scheme by cashing 38 rental arrears checks worth more than \$27,500.
- **Beverly Franklin** is accused of participating in the fraudulent landlord scheme by cashing 15 rental arrears checks worth nearly \$13,000. She is accused of receiving additional checks through the mail that she turned over to another individual.

This matter is pending and is being prosecuted by the United States Attorney’s Office for the Southern District of New York.⁵

⁵ All defendants are innocent unless and until proven guilty in a court of law.

Queens Woman Charged in Theft of Nearly \$80,000 in Welfare Benefits While Supported by Court Officer's Six-Figure Income

In November 2015, Yessenia Gonzalez of Queens was arrested on charges that she improperly received nearly \$80,000 in Medicaid and SNAP benefits over a period of almost nine years. In documents submitted to HRA, Gonzalez allegedly failed to disclose that the father of her two children resided in her household and provided financial support to the family with his six-figure income. Gonzalez was arrested on felony charges of Welfare Fraud in the Second and Third Degrees, Grand Larceny in the Second and Third Degrees, Falsifying Business Records in the First Degree, and Offering a False Instrument for Filing in the First Degree.

At various intervals during the alleged fraud, Gonzalez completed and submitted welfare recertification documents to HRA in which she failed to disclose that the father of her children resided with her and provided financial support to the family. In addition to his \$70,000 salary as a New York State Court Officer, he owned several income-producing properties in Queens and Brooklyn. In 2013 and 2014, he received approximately \$105,000 in rental income from these properties, in addition to his state salary.

As a result of the false filings submitted to HRA, Gonzalez improperly received \$78,431 in public benefits, including \$49,654 in SNAP benefits, and \$28,777 in Medicaid benefits. The Queens County District Attorney's Office is prosecuting the matter, which is currently pending.⁶

⁶ All defendants are innocent unless and until proven guilty in a court of law.

Capital Region Landlord Charged with Welfare Fraud in the Bronx

In October 2015, Alina Griffen-Dowe, a Bronx resident who owns rental properties in Rensselaer County, was arrested on charges that she improperly received nearly \$8,000 worth of SNAP benefits to which she was not entitled.

OWIG's investigation determined that between January 2012 and January 2015, Griffen-Dowe fraudulently collected \$7,927 in SNAP benefits from HRA by intentionally concealing income from two multi-unit rental properties that she owned in Troy. During the three-year period of the alleged fraud, these properties generated approximately \$83,000 in rental income for Griffen-Dowe, who failed to report this rental income to HRA as required under SNAP eligibility rules. The investigation also found that Griffen-Dowe did not disclose to HRA that she earned at least \$12,880 through part-time employment at a law firm.

Griffen-Dowe was arrested on felony charges of Welfare Fraud in the Third Degree, Grand Larceny in the Third Degree, Grand Larceny in the Fourth Degree, Welfare Fraud in the Fourth Degree, Offering a False Instrument for Filing in the First Degree and misdemeanor charges of Petit Larceny, Offering a False Instrument for Filing in the Second Degree, and Welfare Fraud in the Fifth Degree. The Bronx County District Attorney's Office is prosecuting the matter, which is currently pending.⁷

⁷ All defendants are innocent unless and until proven guilty in a court of law.

Rensselaer County Supervising Fraud Investigator Charged with Filing False Report to Help Troy Housing Official Evade Arrest

In November 2015, Emanuel (Manny) Ned, a Supervising Welfare Investigator for the Rensselaer County Department of Social Services, was arrested on charges that he allegedly filed false records with the county in order to conceal wrongdoing by a former Troy housing official. A joint investigation by OWIG and the Rensselaer County District Attorney's Office revealed that in early 2015, Ned learned about allegations that a member of the Troy Housing Authority Board of Commissioners, Paul Moses, had engaged in welfare fraud by failing to disclose employment income. Ned filed investigative records with the Rensselaer County Department of Social Services that included fabricated witness interviews in an attempt to show that the allegations against Moses were meritless and the case should be closed.

Ned was arrested and charged with Offering a False Instrument for Filing in the First Degree, a class E felony. The Rensselaer County District Attorney's Office is prosecuting this matter, which is currently pending.⁸

Troy Housing Authority Official Charged With Theft of Nearly \$50,000 in Food Stamps and Housing Subsidies

In June 2015, Paul Moses, a member of the Troy Housing Authority Board of Commissioners, was arrested on charges he fraudulently collected nearly \$50,000 in public assistance and housing subsidies to which he was not entitled. OWIG's investigation found that Moses, a resident of Troy Housing Authority property, improperly received \$8,730 in SNAP benefits between 2009 and 2015. He also received \$40,842 in rental subsidies from the Troy Housing Authority from 2006 through 2015. In his applications for SNAP benefits and rental

⁸ All defendants are innocent unless and until proven guilty in a court of law.

subsidies, Moses said that he had no employment income. OWIG's investigation determined that over the past nine years, Moses worked as a bartender at a tavern in Troy. Moses also served as an elected tenant representative to the Troy Housing Authority's Board of Commissioners since 2009. Tenants in Troy Housing Authority apartments may receive rental subsidies based on their income. Because of his fraudulent statements, Moses received nine years of rental subsidies to which he was not entitled.

Moses was arrested on felony charges of Grand Larceny in the Third Degree, Welfare Fraud in the Third Degree, and Offering a False Instrument for Filing in the First Degree. The Rensselaer County District Attorney's Office is prosecuting the matter, which is currently pending.⁹

Three Rochester Business Owners Charged with over \$25,000 in Food Stamp Fraud

In October 2015, the Rochester Police Department arrested Aimal Sultan, owner of the S and M Mini Mart, on charges that between January 2013 and May 2015, he illegally engaged in nearly \$5,000 in fraudulent transactions by improperly exchanging SNAP benefits for cash. The Monroe County District Attorney's Office charged Sultan with the Misuse of Food Stamps, a Class E Felony.

Sultan's arrest stemmed from a year-long joint investigation conducted by OWIG, the United States Department of Agriculture (USDA), the Rochester Police Department, the Monroe County Department of Human Services, and OTDA. That investigation resulted in the July 2015 arrests of two other Rochester business owners who were accused of illegally trafficking more than \$20,000 worth of food stamps.

⁹ The defendant is innocent unless and until proven guilty.

In July 2015, Nabil Saeed, the owner of Discount Food Market, and Kamalaldain Ahmed, the owner and operator of Hudson Best Mini Mart, were arrested on charges that they illegally exchanged SNAP benefits for cash. Saeed was accused of executing \$16,596.80 in fraudulent transactions; Ahmed was accused of executing \$3,465.53 in fraudulent transactions. The store owners engaged in a food stamp trafficking scheme, whereby they provided discounted cash payments of approximately 50 to 70 percent in exchange for the full value of a customer's SNAP benefits. The store then submitted the entire amount of the SNAP benefit to the USDA for reimbursement.

The Monroe County District Attorney's Office is prosecuting this matter, which is currently pending.¹⁰

Manhattan Messenger used False Social Security Numbers to Steal more than \$280,000 in Public Assistance and Unemployment Benefits

In September 2015, Jeffrey Green, a Manhattan messenger, was arrested on charges that he improperly received more than \$245,000 in welfare benefits, including Safety Net Assistance, SNAP, and Medicaid benefits, and approximately \$37,000 in unemployment insurance benefits. Green was arrested on felony charges of Welfare Fraud in the Second Degree, Grand Larceny in the Second Degree, Grand Larceny in the Third Degree, and Offering a False Instrument for Filing in the First Degree.

The investigation commenced when the New York State Department of Labor advised OWIG that Green was fraudulently collecting unemployment insurance benefits while employed. The investigation determined that between January 2009 and May 2013, Green engaged in a

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

scheme in which he intentionally concealed his unemployment insurance benefits and employment income totaling over \$116,000 in order to collect more \$245,000 in fraudulent benefits from public assistance programs.

To conduct his scheme, Green used his own social security number, and created two fraudulent social security numbers. Green used his own social security number to collect welfare benefits, and the two false social security numbers for employment purposes and to collect unemployment insurance benefits. Green's use of false social security numbers allowed him to conceal his income from both welfare and Department of Labor officials. At various intervals during the alleged fraud, Green completed and submitted welfare recertification documents to HRA in which he failed to disclose that he was both employed and collecting unemployment insurance benefits.

Based upon these false filings, Green improperly obtained \$245,127 in public assistance benefits, including \$17,275 in Safety Net Assistance, \$10,528 in SNAP benefits, and \$217,324 from Medicaid. In addition, Green collected \$37,031 in unemployment insurance benefits by failing to report that he was employed as a messenger. The New York County District Attorney is prosecuting this matter, which is currently pending.¹¹

Employee of the Office for Persons with Developmental Disabilities Arrested in \$89,000 “Double-Dipping” Welfare Theft

In July 2015, OWIG assisted HRA and the Kings County District Attorney's Office in the investigation of Angela Bethune, an employee of the New York State Office for Persons with

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

Developmental Disabilities. Bethune was charged with Grand Larceny in the Second Degree and Welfare Fraud in the Second Degree.

The investigation found that from October 2007 to August 2010, Bethune concealed her state employment from HRA to fraudulently collect welfare benefits. Bethune improperly collected approximately \$89,000 in benefits, including \$16,000 in SNAP benefits, \$55,000 in Medicaid benefits, and \$18,000 in public assistance cash benefits. The Kings County District Attorney's Office is prosecuting this case, which is currently pending.¹²

Arrest and Guilty Plea by New York City Man in \$80,000 Welfare Fraud Perpetrated by Decade-Long Identity Theft

In June 2015, as a result of an investigation by OWIG, Aldolphis Dukeshire was arrested and charged by the Manhattan District Attorney's Office improperly received more than \$80,000 in public benefits by stealing the identity of an Albany man with whom he was acquainted. Dukeshire pleaded guilty to one count of Grand Larceny in the Third Degree, a class D felony. He admitted to stealing a total of \$80,140.52 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 public assistance benefits. His sentence is currently pending.

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

Syracuse Business Owner and Associate Arrested for Trafficking in Welfare Benefit Cards

In April 2015, Syracuse business owner Julia Shaquir and her associate were arrested on charges that between 2012 and 2014, they illegally used SNAP EBT cards to make more than \$11,000 in fraudulent purchases.

OWIG's investigation found that for nearly two years, Shaquir engaged in various SNAP trafficking schemes. Shaquir owned Sabatino's Pizzeria and Deli, an authorized SNAP retailer. She acquired EBT cards from store customers in exchange for items not authorized under SNAP guidelines, such as cash, beer, cigarettes, and prepared food, and charged customers double the value of these items. Shaquir and her associate, Haider Alwaeli, together and separately, are accused of repeatedly using these EBT cards at area retailers to purchase goods resold at Sabatino's Pizzeria and Deli.

The Onondaga County District Attorney's Office charged Shaquir with four counts of Criminal Possession of Stolen Property in the Fourth Degree, a class E felony, and one count of Misuse of Food Stamps, a class D Felony. The District Attorney's Office charged Alwaeli with two counts of Criminal Possession of Stolen Property in the Fourth Degree, a class E Felony, and one count of Misuse of Food Stamps, a class D Felony.

These arrests followed a 2014 OWIG investigation into the fraudulent use of EBT cards belonging to residents of local mental health facilities, including Hutchings Psychiatric Center, in Syracuse and Dewitt. The Onondaga County District Attorney's Office charged 13 individuals, including two New York State Office of Mental Health employees, in connection with the theft and misuse of the residents' EBT cards. All 13 defendants pleaded guilty and were sentenced for their involvement in the EBT card scheme, and the two state employees resigned their

employment. Several of the EBT cards fraudulently used at Sabatino's Pizzeria and Deli belonged to residents of Hutchings Psychiatric Center.

The matter is currently pending and being prosecuted by the Onondaga County District Attorney's Office.¹³

C. Cases Pending in 2015

OWIG continued to monitor two investigations that resulted in arrests in 2014: (1) the investigation of a Queens man alleged to have stolen more than \$500,000 in welfare benefits by appropriating his deceased twin brother's identity; and (2) the investigation of a Bronx woman alleged to have stolen more than \$115,000 in welfare benefits by concealing her spouses income. These cases are pending in Queens and Bronx Criminal Courts.¹⁴

Queens Man who Appropriated Identity of Deceased Twin Brother Charged with Stealing More Than \$500,000 in Welfare Benefits

On September 9, 2014, the Queens County District Attorney's Office charged a Queens man with defrauding federal, state, and city government agencies of more than \$581,000 in welfare benefits from 1994 to 2013. The defendant allegedly committed the fraud by appropriating the identity of his twin brother, who died in 1962 shortly after birth. OWIG's investigation uncovered an elaborate scheme wherein the defendant used his deceased twin brother's social security number to apply for social services benefits that he collected for more than 18 years.

¹³ The defendant is innocent unless and until proven guilty.

¹⁴ The cases identified in this section were not included in OWIG's 2015 fraud and/or improper social service benefits payments total because they were previously included in OWIG's 2014 Annual Report.

The investigation revealed an intricate plot by the defendant to conceal his dual identity by maintaining separate addresses, bank accounts, and driver licenses in both his and his deceased brother's names. Moreover, the investigation found that the defendant had been employed by the New York City Department of Sanitation since 2006, and was therefore unqualified to receive benefits. As a result of the defendant's false filings, he is alleged to have improperly obtained \$581,805 in public assistance benefits, including \$216,481 from Medicaid, \$15,024 in SNAP benefits, \$209,902 in state rental subsidies, and \$140,398 from the Social Security Administration.

The Queens County District Attorney's Office issued two complaints that charged the defendant with 10 felonies and two misdemeanors. One complaint charged the defendant with two counts of Second Degree Grand Larceny, one count of Second Degree Welfare Fraud, one count of First Degree Identity Theft, two counts of First Degree Falsifying Business Records, and two counts of First Degree Offering a False Instrument for Filing. The second complaint charged the defendant with one count each of First and Second Degree Falsifying Business Records, First Degree Offering a False Instrument for Filing, and one count of Making a Punishable False Written Statement. The case is currently pending.¹⁵

Bronx Woman Charged with Theft of More Than \$115,000 from Public Assistance Programs

A Bronx woman who submitted fraudulent benefits applications to HRA was charged with multiple felony and misdemeanor crimes, including one count of Grand Larceny in the Second Degree, one count of Welfare Fraud in the First Degree, and three counts of Offering a

¹⁵ The defendant is innocent unless and until proven guilty.

False Instrument for Filing in the First Degree. OWIG's investigation determined that from January 2006 to April 2012, the defendant failed to disclose that she lived with her spouse, who earned an income. As a result of these fraudulent filings submitted to HRA, the defendant improperly received a total of \$115,438 in public assistance benefits, including \$57,563 from Medicaid, \$33,057 in Temporary Assistance cash benefits, and \$24,818 in SNAP benefits.

The Bronx County District Attorney is prosecuting the matter, which is currently pending.¹⁶

D. Defendant Sentenced in 2015

In 2015, an OWIG investigation resulted in the guilty plea and sentencing of a defendant who stole more than \$25,000 in welfare benefits from two counties.¹⁷

Sullivan County Woman Sentenced for Stealing more than \$25,000 in Welfare Benefits from two Counties

In August 2015, Andrea Lee of Pond Eddy, in Sullivan County, was sentenced on charges she stole more than \$25,000 in child care assistance benefits, SNAP benefits, and Temporary Assistance cash benefits from Orange and Sullivan Counties.

OWIG's investigation found that between November 2011 and January 2013, Lee fraudulently collected \$11,169 in Child Care Assistance benefits and \$882 in SNAP benefits from the Orange County Department of Social Services. In her application documents, Lee falsely claimed that she lived in Port Jervis, in Orange County, when she actually resided in Sullivan County. Lee also under-reported her household income to both county departments of

¹⁶ The defendant is innocent unless and until proven guilty.

¹⁷ The case identified in this section was not included in OWIG's 2015 fraud and/or improper social service benefits payments total because it was previously included in OWIG's 2014 Annual Report.

social services by failing to disclose that she lived with the father of one of her children and that his annual salary was more than \$70,000.

Lee pleaded guilty in Sullivan County to misdemeanor charges of Petit Larceny and Making a Punishable False Written Statement for stealing more than \$13,000 in Child Care Assistance, SNAP and Temporary Assistance cash benefits. In May 2015, Lee was sentenced to three years of probation and ordered her to pay restitution totaling \$13,136. Lee pleaded guilty in Orange County to a charge of Welfare Fraud in the 5th Degree. In August 2015, Lee was sentenced to three years of probation and ordered to pay restitution totaling \$12,051.

E. Initiatives

In 2015, OWIG continued to pursue SNAP trafficking fraud in all 58 social services districts throughout New York State. SNAP trafficking fraud can result in the criminal prosecution of both retailers and benefit recipients. State and federal governments can also pursue civil penalties. For example, USDA Food and Nutrition Services 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 [it must] ensur[e] that appropriate cases are acted upon either through administrative disqualification hearings or to a court of appropriate jurisdiction.”¹⁸ Thus, SNAP trafficking investigations not only identify fraud, but prevent future fraudulent acts by those implicated in the investigation. OWIG and OTDA recently renewed their State Law Enforcement Bureau agreement, which authorizes OWIG to conduct SNAP trafficking investigations independent of other law enforcement agencies.

¹⁸ 7 C.F.R. §273.16(a)(1).

In 2015, OWIG partnered with local law enforcement and the USDA Office of the Inspector General to conduct SNAP trafficking investigations in Monroe, Onondaga, Kings, New York, and Queens counties. Collectively, these SNAP trafficking investigations resulted in 17 arrests and identified more than \$155,000 in trafficked benefits. In conjunction with Monroe and Onondaga Counties, OWIG obtained 86 Intentional Program Violation admissions that will yield \$145,800 in savings from the cost avoidance of unpaid benefits. In a separate investigation conducted with Monroe County and the USDA Office of Inspector General, OWIG obtained 34 Intentional Program Violation admissions that will yield more than \$94,700 in cost avoidance and civil recoupment. In 2016, OWIG will continue its investigations into SNAP trafficking schemes.

F. OWIG Compliance Review Program

New York State Executive Law §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.” In accord with this mandate, in 2013, OWIG implemented a review program for local social services districts to ensure their efficient and effective operation. In 2015, OWIG revised its methodology for selecting local social services districts for its review program to better respond to findings from its public assistance and employee fraud investigations. These changes allowed OWIG to better identify issues appropriate for review and address issues as they arise. After completing each review, OWIG shared its findings and recommendations with the relevant local social service districts.

In 2015, OWIG completed a review of one county's protocols governing the security of case records of recipients who have a familial relationship with a department or agency employee. OWIG initiated the review after it received allegations that a department of social services employee may have assisted the daughter of a former employee in applying for benefits by submitting altered documents. Although OWIG determined that no altered documents had been submitted, the investigation revealed that the department's security procedures to track and limit familial file access were inadequate. The Inspector General made recommendations, which included a sign-in/sign-out log to track files removed for review and a prohibition on the retention of unsecured files overnight. The Inspector General transmitted her findings to the social services department and successfully monitored the implementation of her recommendations.

Currently, OWIG is conducting two multi-county reviews of two programs administered by local departments of social services: (1) the processing time for emergency requests for HEAP Assistance and Temporary Housing Assistance; and (2) the compliance of local social services agencies with state regulations and directives governing the use of hotels and motels as temporary housing. Both reviews are ongoing.

G. Outreach and Training

In 2015, the Inspector General and her staff proactively identified opportunities to provide training, promote awareness, and develop partnerships to combat public assistance fraud. OWIG also strengthened its partnerships with federal and local law enforcement and county departments of social services to target fraudulent schemes in areas of the state where public assistance fraud is prevalent.

As part of its efforts, OWIG met with county officials and specialized personnel in Broome, Monroe, Nassau, Onondaga, Orange, Rockland, Rensselaer, and Suffolk Counties to discuss potential fraud investigations. In addition, OWIG joined several organizations that address public assistance fraud, including the Capital, Western and Metropolitan Regional Health Care Fraud Task Force, and the Central New York Organized Retail Crime Task Force. These task forces include law enforcement and private sector professionals, who combine intelligence and resources to combat public assistance fraud. OWIG also worked closely with its state partners, including OTDA, the Department of Motor Vehicles, and the Department of Labor, and successfully identified fraudulent activity. Finally, as discussed further below, OWIG participated in several major training events for local social services districts, law enforcement investigators and prosecutors.

Since Governor Cuomo appointed Inspector General Catherine Leahy Scott as Acting Welfare Inspector General in October 2012, OWIG has been a member of the New York State Welfare Fraud Investigators Association (NYWFIA), and has participated in NYWFIA training events. NYWFIA provides support and training to its membership, which consists 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 that cover updates to the New York State Social Services Law and policies, as well as skills training. NYWFIA is a valuable opportunity to reach the statewide investigative welfare fraud community in one venue.

In 2015, Inspector General Scott provided the opening remarks at the NYWFIA Annual Summer Conference in Binghamton, New York, a three-day event attended by 240 members. In addition, OWIG personnel, along with the Onondaga County District Attorney's Office and the

New York City HRA, provided training that identified key legal principles and ethical considerations. OWIG’s training focused on cases that result in criminal prosecutions and discussed ethical principles in welfare fraud investigations, including obtaining voluntary statements from targets and witnesses. Importantly, OWIG provided an overview of two important prosecutorial obligations: (1) the obligation to produce written or recorded statements of witnesses intended to be called to testify at trial, commonly referred to as “Rosario material;” and (2) the obligation to immediately produce any evidence that tends to exculpate the defendant or impeach a prosecution witness, commonly referred to as “Brady material.”

OWIG also participated in NYWFIA’s Regional Training Meetings — one-day conferences held five times in four different regional locations to maximize attendance. In 2015, OWIG conducted a training session at the NYWFIA Regional Conference series. The training, “Interviewing and Client Rights,” provided instruction on interview techniques for welfare fraud investigations to more than 450 participants from 55 counties who attended the conference, with a focus on how to ethically obtain voluntary statements from targets and witnesses.

Inspector General Scott conducted additional outreach efforts relative to her office at events held by the New York State Association of Counties in August 2015, the New York State Association of Self-Insured Counties in September 2015, the New York Women in Law Enforcement in October 2015, and the New York Claim Association in November 2015.

In 2016, OWIG will continue to partner with outside organizations to provide training and conduct proactive initiatives to raise awareness and target public benefit fraud throughout New York State.

V. Conclusion

The OWIG 2015 Annual Report shows the successful execution of its 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 2016, 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.