



NEWS RELEASE

Office of the New York State Welfare Inspector General
Catherine Leahy Scott – Acting Welfare Inspector General

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RED BULL FOR WELFARE AND SHAM LANDLORD SCHEMES LEAD TO ARRESTS OF NYC SOCIAL SERVICES BOSS AND 11 OTHERS IN \$1.5 MILLION PUBLIC BENEFITS THEFT

NEW YORK CITY – New York State Inspector General Catherine Leahy Scott, United States Attorney for the Southern District of New York Preet Bharara (“SDNY”), New York City Department of Investigations (“DOI”) Commissioner Mark G. Peters, and Assistant Director-In-Charge of the New York Field Office of the Federal Bureau of Investigation Diego Rodriguez (“FBI”) announced today charges against a New York City Human Resources Administration (“HRA”) top supervisor and 11 others as part of an alleged criminal ring that stole more than \$1.5 million in public assistance benefits through complex schemes involving sham landlords and the purchase of mass quantities of Red Bull energy drink.

Cherisse Watson-Jackson, 44, of 109th Road, Jamaica, Queens, a supervisor at the HRA welfare center in Jamaica, Queens, the alleged mastermind of the criminal ring, was charged today in a federal complaint with conspiracy to commit mail fraud and wire fraud as well as aggravated identity theft. She is alleged, through her government position at HRA, to have masterminded a criminal ring from 2012 through 2013 in which she used various schemes to siphon off more than \$1.5 million in public benefits funding for herself and her co-defendants. Her alleged schemes included loading fraudulent emergency single-issuance benefits into the accounts of hundreds of welfare recipients and converting those funds into cash through the purchase and sale of Red Bull, among other activities. Watson-Jackson and several co-conspirators are also alleged to have recruited numerous individuals to fraudulently pose as landlords to whom she then directed rental assistance checks even though they actually owned no properties and had no tenants.

“This defendant was entrusted to provide government assistance to New York’s neediest families but instead abused that trust and her authority, steering \$1.5 million in public funds to herself and her accomplices,” said **Inspector General Leahy Scott**. “Today’s arrests should send a clear message that my law enforcement partners and I will not tolerate the use of public office and public resources for criminal activity. We will investigate and bring to justice those who corrupt the system, and will continue to work together to find solutions to curtail systemic theft and abuse of public funds.”

“As alleged, a current HRA employee abused her position of trust as administrator of public funds to enrich herself. Cherisse Watson-Jackson allegedly diverted public funds designed to assist the most needy in our community for her own personal use. I thank our partners in this investigation for their work in rooting out public corruption.” **U.S. Attorney Preet Bharara** said.

“These defendants are accused of abusing their positions to commit fraud through theft from a program designed to support the most in need. They not only allegedly took from the needy, but they conspired to defraud the tax-payers. Their actions jeopardized the foundation of the programs set up to help the community. This fraudulent scheme not only profited the defendants, but it also lined the pockets of their co-conspirators. The FBI continues to work alongside our partners in the New York City Department of Investigation and New York State Office of Welfare Inspector General to ensure confidence in the government and its programs,” said **Diego Rodriguez, Assistant Director-In-Charge of the New York Field Office of the Federal Bureau of Investigation.**

“During a season when we are reminded about hunger's prevalence, these defendants are charged with shamelessly stealing the funds that assist in feeding that basic need. Vulnerabilities like those exposed in our Report breed corruption and must be dealt with swiftly to prevent further fraud of this magnitude from occurring. I thank HRA for its partnership in these investigations and its diligence in addressing the issues uncovered,” said **DOI Commissioner Mark G. Peters.**

An investigation by Inspector General Leahy Scott working with DOI, SDNY and the FBI uncovered several schemes Watson-Jackson used to direct public assistance benefits to herself and her accomplices.

In one such scheme, according to the investigation, Watson-Jackson used her position to deposit fraudulent single-issuance “emergency grants” into the Electronic Benefits Transfer (“EBT”) cards of hundreds of welfare recipients recruited by her accomplices. Such EBT cards may be used by welfare recipients to withdraw benefits as cash or to buy specific food products through the food stamps program, and such emergency single issuances are meant to go only to those who have a documented urgent need. Many of those EBT cards were then used by Watson-Jackson’s accomplices to purchase \$120,000 worth of Red Bull energy drink from wholesale club stores. The Red Bull, in turn, was sold to various bodegas for cash.

In a separate scheme uncovered by the investigation, Watson-Jackson’s accomplices recruited individuals to fraudulently pose as landlords with properties housing tenants on public assistance. Watson-Jackson used her position to authorize “rental arrears” payments to those sham landlords to cover phony back rent owed by the phantom tenants. Such rental arrears payments were also known as “One Shot Deals”. The sham landlords would cash the checks and split the proceeds with Watson-Jackson and her other accomplices, one of whom worked at a check cashing store in Brooklyn allegedly facilitating many of the transactions.

Watson-Jackson, as an Associate Job Opportunity Specialist II at HRA, managed the supervisors of HRA employees who review and determine eligibility for public assistance funding. She allegedly used her position to approve the fraudulent EBT single issuances and rental arrears funds without any required supporting documentation.

All codefendants of the ring were charged in a federal complaint with conspiracy to commit mail fraud and wire fraud. Watson-Jackson, Derrick Williams, Stokes and Kevin Williams, as well as 2 additional codefendants that remain at large, were also charged with aggravated identity theft. They are each accused as follows:

- Cherisse Watson-Jackson (also known as “Reesie”), 44, of Jamaica, Queens, was accused of using her position as a supervisor at HRA to fraudulently direct more than \$1.5 million in public benefits funding for both the EBT and sham landlords rental arrears payment schemes.
- Maurice Cromwell (also known as “Reece”), 39, of Staten Island, was 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, 39, of Brooklyn and New York City, was accused of receiving approximately \$9,444 in fraudulent issuances on his EBT card and with helping recruit others to be a part of the EBT scheme.

- Derrick Williams (also known as “Blood”), 34, who is currently incarcerated on unrelated charges, was accused of receiving more than \$12,500 in fraudulent single issuance deposits on his EBT card as well as 82 fraudulent rental arrears checks worth nearly \$62,000.
- Corey Brock (also known as “Cee”), 35, of Laurelton, was accused of receiving more than \$8,500 in fraudulent single issuance deposits on his EBT card.
- Gerard Stokes, 32, of Jamaica, Queens, was accused of receiving nearly \$5,000 in fraudulent single issuance deposits on his EBT card and of using his wholesale club shopping account to repeatedly make purchases using EBT cards that were not issued in his name. In total, he allegedly made purchases of nearly \$120,000 worth of the Red Bull energy drink at the wholesale clubs.
- Jaron Annunziata, 35, of Brooklyn, was accused of taking part in the sham 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, 37, of Springfield Gardens, was accused of taking part in the sham landlord scheme by cashing 96 rental arrears checks worth nearly \$84,000. Of the checks he cashed, 57 were made out in his name and 39 were made out to others, none of whom were actual landlords.
- Vernecka Petersen, 43, of Brooklyn, was accused of taking part in the sham landlord scheme by cashing or depositing 43 rental arrears checks worth more than \$31,000. She was also accused of receiving other check through the mail which she turned over to another individual.
- Yesenia Depena, 24, of Brooklyn, was accused of using her position as an employee at a Brooklyn check cashing store to process and cash at least 221 checks worth nearly \$187,500 and that were all fraudulently issued as part of the sham landlord scheme.
- Beverly Lord, 53, of Jamaica, Queens, was accused of taking part in the sham landlord scheme by cashing 38 rental arrears checks worth more than \$27,500.
- Beverly Franklin, 37, of Brooklyn, was accused of taking part in the sham landlord scheme by cashing 15 rental arrears checks worth nearly \$13,000. She was also accused of receiving other check through the mail which she turned over to another individual.

Inspector General Leahy Scott thanked the NYC Department of Investigation, the FBI and the United States Attorney’s Office for the Southern District of New York for all of their work during the course of this investigation. She also thanked the New York State Office of Temporary Disability and Assistance and the NYC HRA for their assistance.

The defendants are all presumed innocent until and unless proven guilty in a court of law.

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The New York State Office of the Welfare Inspector General investigates fraud, abuse or illegal acts committed against public assistance programs designed to help those in need. Our office also investigates complaints about the agencies and local social services districts who administer social services programs. Complaints and referrals are kept confidential. We can be reached by calling toll free: 1-800-367-4448, utilizing our online complaint form: <http://www.ig.ny.gov> or sending an email to: inspector.general@ig.ny.gov. You also can write to our office at: Office of the Welfare Inspector General, Empire State Plaza, Agency Building 2, 16th Floor Albany, New York 12223