



NEWS RELEASE

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

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FORMER NYC SOCIAL SERVICES SUPERVISOR BEHIND \$1.8 MILLION RED BULL FOR WELFARE AND SHAM LANDLORD SCHEMES SENTENCED TO 23 MONTHS IN PRISON AND ORDERED TO PAY \$3.6 MILLION RESTITUTION AND FORFEITURE

NEW YORK CITY – New York State Inspector General Catherine Leahy Scott announced today the sentencing of a former New York City Human Resources Administration (“HRA”) top supervisor and pleas of 10 codefendants for their parts in stealing \$1.8 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, 45, of Jamaica, Queens, a former supervisor at the HRA job center in Jamaica, Queens, the mastermind behind the scheme’s criminal ring, was sentenced today in Manhattan federal court to 23 months in prison to be followed by three years of supervised release. She was also ordered to pay more than \$1.8 million in restitution to the HRA and to forfeit more than \$1.8 million to the government. She pleaded guilty this past May to Conspiracy to Commit Mail Fraud and Conspiracy to Commit Wire Fraud for using her position at HRA to have masterminded two criminal schemes from 2012 through 2013 to siphon off more than \$1.8 million in public benefits for herself and her co-conspirators. The schemes involved 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 the Red Bull energy drink, among other activities. Watson-Jackson and several co-conspirators also recruited numerous individuals to fraudulently pose as landlords to whom she then directed rental assistance checks even though they actually owned no properties and/or had no tenants who would be entitled to such checks.

“This defendant used her management position and intimate insider knowledge of the welfare system to steal more than \$1.8 million in taxpayer funds meant to assist New Yorkers most in need of financial assistances,” said **Inspector General Leahy Scott**. “Through the illicit trade of Red Bull and a criminal ring of sham landlords and welfare recipients, she shamelessly abused her position and violated the public trust.

This case sends the clear message that my law enforcement partners and I will not tolerate the theft of public funds and the abuse of public office, and we will pursue and catch those who engage in such criminal activity.”

An investigation by Inspector General Leahy Scott working with the New York City Department of Investigations (“DOI”), the United States Attorney for the Southern District of New York and the Federal Bureau of Investigation (“FBI”) uncovered two 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 payments to those sham landlords to cover phony rent owed by the phantom tenants. Such rental 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 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 used her position to approve the fraudulent EBT single issuances and rental funds without any required supporting documentation.

All codefendants of the ring were originally charged in a federal complaint with conspiracy to commit mail fraud and wire fraud. Watson-Jackson, Derrick Williams, Stokes and Kevin Williams were also charged with aggravated identity theft. Most have since pleaded guilty. Their roles in the scheme and court dispositions are as follows:

- Maurice Cromwell (also known as “Reece”), 40, 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. He pleaded guilty to Conspiracy to Commit Mail and Wire Fraud and was sentenced to 27 months in prison to be followed by three years’ probation. Cromwell was ordered to pay restitution to the HRA in the amount of \$145,237.33 and forfeit \$217,856.00 to the government.
- Isaac Allen, 40, of Brooklyn, who was incarcerated on unrelated charges at the time he was federally charged, received approximately \$9,444 in fraudulent issuances on his EBT card and helped recruit others to be a part of the EBT scheme. He pleaded guilty to Conspiracy to Commit Mail and Wire Fraud and was sentenced to 18 months in prison to be followed by three years’ supervised release. Allen was ordered to pay restitution to the HRA in the amount of \$13,333.00 and forfeit \$40,000.00 to the government.
- Derrick Williams (also known as “Blood”), 35, of Queens, who was incarcerated on unrelated state charges at the time he was federally charged, received 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. He pleaded guilty to Conspiracy to Commit Mail and Wire Fraud and was sentenced to 37 months in prison to be followed by three years’ supervised release. Williams was ordered to pay restitution to the HRA in the amount of \$291,550.00 and forfeit \$437,325.00 to the government.
- Corey Brock (also known as “Cee”), 36, of Queens, received more than \$8,500 in fraudulent single issuance deposits on his EBT card. He pleaded guilty to Conspiracy to Commit Wire Fraud and was sentenced to five years’ of probation with special conditions of nine months of home confinement and 200 hours community service. He was also ordered to pay \$50,000 restitution to the HRA and forfeit \$120,000 to the government.
- Gerard Stokes, 32, of 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. The charges against him remain pending, and he is presumed innocent.

- Jaron Annunziata, 36, of Brooklyn, took part in the sham landlord scheme by cashing 16 rental arrears checks worth nearly \$11,500. He also received nearly \$5,000 in fraudulent single issuances on his EBT card. He pleaded guilty to Conspiracy to Commit Mail and Wire Fraud and was sentenced to three years' probation with a special condition of to 8 months' home confinement. Annunziata was ordered to pay restitution to the HRA in the amount of \$10,345.00, and to forfeit \$31,035.00 to the government.
- Kevin Williams, 38, of Queens, 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. He pleaded guilty to Conspiracy to Commit Mail Fraud, and is scheduled to be sentenced on October 21, 2016.
- Vernecka Petersen-Fowler, 44, of Brooklyn, took part in the sham landlord scheme by cashing or depositing 43 rental arrears checks worth more than \$31,000. She also received other checks through the mail which she turned over to another individual. She pleaded guilty to Conspiracy to Commit Mail Fraud and was sentenced to three years' probation. Peterson was ordered to pay restitution to the HRA in the amount of \$13,333, and to forfeit \$40,000 to the government.
- Yesenia Depena, 25, 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. The case against her remains pending, and she is presumed innocent.
- Beverly Franklin, 38, of Brooklyn, took part in the sham landlord scheme by cashing 15 rental arrears checks worth nearly \$13,000. She also received other checks through the mail which she turned over to another individual. She pleaded guilty to Conspiracy to Commit Mail Fraud and was sentenced to three years' probation. Franklin was ordered to pay restitution to the HRA in the amount of \$30,747.33, and to forfeit \$92,242.00 to the government.

Inspector General Leahy Scott thanked DOI Commissioner Mark G. Peters and his office, United States Attorney for the Southern District of New York Preet Bharara and his office, and Assistant Director-In-Charge of the New York Field Office of the FBI William F. Sweeney, Jr. and his office for all of their work during the course of this investigation and prosecution. She also thanked the New York State Office of Temporary and Disability Assistance and the NYC HRA for their assistance.

The defendants who have not pleaded guilty are 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