



NEWS RELEASE

From New York State Inspector General
Letizia Tagliafiero

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EXECUTIVES OF NON-PROFITS FUNDED BY STATE AND CITY TO SUPPORT SOCIAL SERVICE PROGRAMS FOR DISADVANTAGED NEW YORKERS CHARGED WITH STEALING OVER \$600,000

NEW YORK CITY – New York State Inspector General Letizia Tagliafiero announced the indictments and arrests of Reginald Williams, 67, the CEO of Addicts Rehabilitation Center Fund, Inc. (ARC Fund) and Chairman of the Board of ARC Foundation, Inc. (ARC Foundation); Naomi Barrera, 42, the President and CEO of the ARC Foundation, Inc.; and Bennie Hadnott, 74, president of Tondah Consulting Group.

The ARC Fund is primarily funded by grants from the New York State Office of Alcohol and Substance Abuse Services. It offers homeless and residential drug treatment programs.

The ARC Foundation is primarily funded by New York City agencies, and offers social service programs that provide permanent housing, social, and rehabilitative services for the homeless and/ or persons diagnosed with HIV/ AIDS, through multiple dwelling facilities.

The Inspector General's referral to the Manhattan District Attorney led to a joint investigation by the Inspector General, the District Attorney's Office, and New York City Department of Investigation (DOI).

A six-count grand jury indictment charged the defendants with stealing more than \$631,271 from the ARC Foundation and ARC Fund:

- Through a “kickback” scheme, Williams and Hadnott received funds through payments by the ARC Foundation to Tondah Consulting Group, which in turn made payments to Williams through an entity he controlled, Alternative Strategies, each year between 2010 and 2015. These payments totaled more than \$54,000. Williams and Hadnott were charged with Grand Larceny in the Second Degree.
- Williams improperly sought and received petty cash reimbursements totaling more than \$565,000 from the ARC Foundation for personal expenses unrelated to his work. Williams was charged with Grand Larceny in the Second Degree.
- Barrera filed a false document with the New York City Human Resources Administration to secure a loan from the Fund for the City of New York. She was charged with Offering a False Instrument for Filing in the First Degree.
- On two separate occasions, Williams, acting in concert with Barrera, stole proceeds of the City's loan and the proceeds of the ARC Foundation's sale of an affordable housing property. Williams received \$135,000 and Barrera received \$30,000. Williams and Barrera were each charged with two counts of Grand Larceny in the Second Degree.

- Williams improperly sought and received petty cash reimbursements totaling more than \$65,000 from the ARC Fund for personal expenses unrelated to his work. He was charged with Grand Larceny in the Third Degree.

“The defendants engaged in fraud to steal taxpayer dollars awarded to non-profits assisting vulnerable New Yorkers in need of housing, social services, and drug treatment,” said **Inspector General Tagliaferro**. “I thank District Attorney Vance and his office for their commitment to this case and the New York City Department of Investigation Commissioner Margaret Garnett and her office for their efforts and cooperation in the investigation.”

“As alleged, these defendants shamelessly stole from publicly funded organizations dedicated to helping vulnerable New Yorkers. Even while their organizations struggled financially – failing to meet contractual obligations and even furloughing employees without pay – these defendants continued to drain the coffers for their personal gain,” said **District Attorney Vance**. “I would like to thank the New York State Inspector General’s Office and the New York City Department of Investigation for their valuable partnership.”

“These defendants should have safeguarded the finances of these taxpayer-funded nonprofits. Instead, they diverted public funds from their intended mission to provide housing and social services to individuals overcoming alcohol and substance abuse and those living with HIV/AIDS,” said **DOI Commissioner Margaret Garnett**. “They then used this stolen money for their personal benefit, including paying for personal travel and hotels, according to the charges. DOI thanks the Manhattan District Attorney’s Office and the State Inspector General for their partnership in this joint investigation.”

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