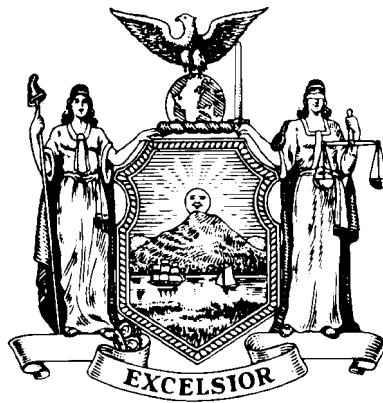


State of New York
Office of the Welfare Inspector General



2019 Annual Report

EXECUTIVE SUMMARY

The Office of the New York State Welfare Inspector General's (OWIG) mission is to investigate fraud, abuse, and illegal acts perpetrated within New York State's public assistance system, which includes programs administered and funded by New York State, the federal government, and local social services districts, or by contractors or recipients of public assistance services. In 2019, OWIG investigated significant cases resulting in criminal prosecutions throughout New York State and provided substantial regional and statewide support to stakeholders in order to identify, investigate, and prosecute public assistance fraud. The 2019 OWIG Annual Report demonstrates the successful execution of OWIG's mission.

In 2019, OWIG reinforced its statewide presence, receiving complaints from nearly every county in the state.¹ During the past year, OWIG reviewed 618 allegations of public assistance fraud, uncovering nearly one million dollars in fraud or improper social service benefits payments. These investigations resulted in the arrest and criminal prosecution of 21 individuals. Additionally, OWIG continued to partner with federal, State, and local law enforcement, and with local social services districts, to target fraudulent schemes affecting vulnerable recipient populations. For example, in 2019, OWIG completed an investigation resulting in the arrest and conviction of the program director of a Troy, New York residential substance abuse facility on charges that he stole Supplemental Nutrition Assistance Program (SNAP) benefits from 46 separate residents under his care and used them to purchase over \$9,000 in groceries for his own personal benefit.²

OWIG also continued to assist local social services districts in fighting public assistance fraud. Each local district maintains a unit responsible for investigating fraud and abuse in public assistance programs. OWIG supports these units by providing training, equipment, counsel, and staff to enhance their efforts. In more complex cases, OWIG and local social services districts conduct joint investigations, allowing both entities to leverage programmatic expertise and resources. In other circumstances, OWIG's investigative findings are referred to local social services districts with the recommendation that they complete public assistance benefit eligibility analyses and calculate the amount of overpayments received by targets of investigations.

¹ In 2019, OWIG received complaints from 58 of the 62 counties in New York State.

² Press Release, Office of the New York State Welfare Inspector General, Troy Addiction Treatment Center's Former Program Director Sentenced for Stealing Food Stamps From Residents for Personal Grocery Purchases Totalling \$9,200 (November 8, 2019), <https://ig.ny.gov/system/files/documents/2019/11/11.08.19.powellsentencing.pdf>.

The Offices of the New York State Inspector General, led by New York State Inspector General Letizia Tagliaferro, is comprised of the Office of the New York State Inspector General, OWIG, and the Office of the New York State Workers' Compensation Fraud Inspector General. These three offices often work collaboratively and complement each other in the successful pursuit of fraud investigations statewide. In 2019, one such example of a successful collaboration was the arrest of a New York State employee for stealing more than \$100,000 in Medicaid and workers' compensation benefits.³

PURPOSE AND SCOPE OF ANNUAL REPORT

New York State Executive Law section 74(6) mandates that 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 2019, including: benefits fraud exposed by OWIG, significant prosecutions resulting from OWIG referrals, 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 local social services districts. These programs comprise several state and federal public assistance programs, including Temporary Assistance (which is comprised of Family Assistance and Safety Net Assistance), Home Energy Assistance Program (HEAP), Supplemental Nutrition Assistance Program (SNAP), Supplemental Security Income (SSI), and Medicaid.

Each public assistance program is designed to address the specific needs of the indigent: Temporary Assistance provides allowances for basic grants, home energy, shelter, and fuel;⁴ HEAP assists with the cost of home heating;⁵ SNAP, which is administered by the United States

³ Press Release, Office of the New York State Welfare Inspector General, State Employee with Side Business and Outside Jobs Charged with Six-Figure Workers' Compensation and Welfare Fraud (January 17, 2019), <https://ig.ny.gov/system/files/documents/2019/01/1-17-19-ziegler-arrest-pr.pdf>. All defendants are innocent unless and until proven guilty in a court of law.

⁴ 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 27, 2016), <http://otda.ny.gov/programs/temporary-assistance/TASB.pdf>

⁵ Office of Temporary and Disability Assistance Home, Programs, Home Energy Assistance Program (HEAP), <https://otda.ny.gov/programs/heap/>.

Department of Agriculture (USDA) Food and Nutrition Service, provides nutrition assistance;⁶ SSI provides monthly payments to low-income individuals who are age 65 or older, blind or disabled;⁷ and Medicaid provides medical coverage to individuals who are unable to afford medical care.⁸ Eligible recipients receive SNAP and cash benefits 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, local social services districts provide or administer 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 other 57 counties in the 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.

INVESTIGATIONS

In 2019, OWIG received complaints from nearly every county in the State. From January 1 to December 31, 2019, OWIG reviewed and processed 618 allegations of public assistance fraud. OWIG's investigations resulted in the arrest and criminal prosecution of 21 individuals and uncovered \$810,839 in public assistance fraud. This amount, combined with \$184,217 in improper benefit payments identified by the local social services districts as a result of referrals made by OWIG, resulted in the identification of nearly one million dollars of improper payments.

During 2019, OWIG received complaints from various sources including via hotline calls, online submissions, email, mail, and personal deliveries. Each complaint is evaluated by OWIG's Case Management Unit and senior management. OWIG conducts a preliminary analysis of complaints to compare the reported information against records of 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 analysis, OWIG may open an investigation of the

⁶ <https://www.fns.usda.gov/snap/supplemental-nutrition-assistance-program-snap>.

⁷ Social Security Administration Supplemental Security Income Booklet, August 2017, <http://www.ssa.gov/pubs/EN-05-11000.pdf>.

⁸ https://www.health.ny.gov/health_care/medicaid/#definition.

allegations, close matters lacking jurisdiction or sufficient information to warrant an investigation or determine that the matter is appropriate for referral to a 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. In 2019, 364 matters were referred to the local social services districts, resulting in the identification of \$184,217 in improper benefit payments.

When an investigation is opened from a complaint, OWIG assigns a multi-disciplinary team including an attorney, investigator, and auditor to conduct each investigation. If 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 then be recovered through criminal prosecutions and civil recoupment by the local social services district.

If evidence of criminality is discovered, OWIG partners with the appropriate prosecutorial agency to pursue prosecution. Thereafter, 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 as part of the case disposition.

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. 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.

CASES RESULTING IN PROSECUTIONS

Theft of SNAP Benefits by Two Western New York Men Operating Food Delivery Trucks

On May 22 and June 19, 2019, respectively, Buffalo area resident David Sobczyk and Scio area resident Paul Carroll were arrested and pled guilty in United States District Court for the Western District of New York to a charge of conspiracy to commit SNAP Fraud.

OWIG's investigation determined that Sobczyk operated Sobczyk Services and Carroll operated Carroll Services, both classified by the USDA as food truck delivery businesses authorized to accept SNAP benefits for the sale of approved items. The investigation further found that both individuals engaged in a variety of schemes, including operating an illegal SNAP-for-credit operation, deducting SNAP benefits from clients' accounts they had not done business with, and selling ineligible items to benefits recipients from their food trucks. In addition, using the 1-800 telephone number provided by the USDA's Customer Help Line, Sobczyk would direct his employees to manipulate the telephone system in order to identify SNAP recipients' card numbers. The card numbers were then used to make false claims of sales to the USDA so that Sobczyk could improperly deduct SNAP benefits from SNAP recipients' accounts. The investigation found that Sobczyk Services used the USDA's 1-800 number to fraudulently identify 227 card numbers and wrongfully obtain \$82,066 in SNAP benefits.

On August 6, 2019, Sobczyk was sentenced to two years' probation and was ordered to pay restitution of \$82,066 and forfeit \$33,991 that was seized from his bank account. On September 24, 2019, Carroll was sentenced to two years' probation and eight months home confinement and was ordered to pay restitution of \$82,066 jointly with Sobczyk. Carroll was also ordered to forfeit \$29,319 that was seized from his bank account.

The investigation was conducted jointly by OWIG, the USDA's Office of the Inspector General, Homeland Security Investigations, and the Social Services Departments of Monroe, Allegany, Cattaraugus, and Steuben Counties. Additional assistance was provided by the Cattaraugus County Sheriff's Office, and the New York State Police. The case was prosecuted by the United States Attorney's Office for the Western District of New York.

Bronx Woman's Public Assistance Fraud

On June 24, 2019, Elena Marrero of the Bronx was arrested and charged with stealing more than \$116,000 in public assistance benefits. Marrero misrepresented herself to the New York City Human Resources Administration (HRA) for years as an impoverished single mother of four living alone when she was, in fact, living with and supported by the father of her children, who was gainfully employed. On December 18, 2019, Marrero pled guilty to Falsifying Business Records in the First Degree, a felony. Marrero was subsequently sentenced to five years' probation, ordered to pay \$30,000 in restitution, and received a \$86,963 judgment order of restitution.

An investigation by OWIG found that since 2014, Marrero consistently filed for public assistance benefits, including cash assistance, SNAP, and Medicaid, claiming to be a single mother of four with little income. Marrero's public assistance application filings with HRA failed to disclose, as required, that she lived with a domestic partner, the father of her four children, who earned a living with careers at both the City of New York Sanitation Department and Fire Department. Her filings also failed to disclose income she made in 2016 and 2017 working at a pizza franchise. In total, Marrero received \$39,590 in cash assistance, \$22,736 in SNAP assistance, and \$54,636 in Medicaid benefits to which she was not entitled.

The Bronx County District Attorney's office prosecuted the matter.

State Employee Charged in Public Assistance and Workers' Compensation Fraud

On January 17, 2019, Raphael Ziegler of Monsey was arrested and charged with Grand Larceny in the Second and Third Degrees, Insurance Fraud in the Third Degree, two counts of Falsifying Business Records in the First Degree, and two counts each of the workers' compensation crimes of Failure to Secure Compensation and Fraudulent Practices, all felonies. It was alleged that Ziegler, a New York State employee who also operated a taxi business and had outside jobs in local municipalities, engaged in several fraudulent activities enabling his theft of more than \$100,000 in Medicaid and workers' compensation payments.

The investigation found that Ziegler, while working as a safety and security officer at the New York State Rockland Psychiatric Center in 2016, suffered a work-related injury on March 20, 2016. As a result of that injury, Ziegler was absent from work on workers' compensation leave and collecting benefits during periods in 2016. However, it was alleged that while on leave, Ziegler worked at his taxi business, Emunah Transportation, a provider of Medicaid

transportation services, and began accepting Medicaid payments for these services. In addition, it was alleged Ziegler failed to obtain workers' compensation insurance covering the employees of his taxi business, as is required under State law and a prerequisite to billing Medicaid for transportation services. Lacking this coverage, the taxi company was not eligible to provide the services for which Ziegler was paid more than \$90,000 from March 2016 to the present.

It was further alleged that while on leave, Ziegler asserted he was not working in any capacity, when in fact he was working, thereby defrauded the workers' compensation system of more than \$24,000 in benefit payments to which he was not entitled.

The criminal charges against Ziegler are currently pending. The matter is being prosecuted by the Rockland County District Attorney's Office. The defendant is presumed innocent unless and until proven guilty in a court of law.

Erie County Public Assistance Fraud Investigations

In February 2019, an OWIG investigation resulted in the arrest of five Erie County residents who together stole more than \$52,000 in public assistance benefits to which they were not entitled by concealing their household income in their public assistance applications. The investigation was completed in October 2019 with the convictions of all five individuals.

- Stephanie Jurek pled guilty to Welfare Fraud in the Fourth Degree, a felony. The investigation revealed that Jurek failed to report that she lived with the employed father of their three children, thereby allowing her to receive \$32,653 in SNAP and Medicaid benefits from July 2013 through October 2017 to which she was not entitled. Jurek was sentenced to three years' probation and to pay \$32,653 in restitution.
- Michael Kirkwood pled guilty to Welfare Fraud in the Fifth Degree, a misdemeanor. OWIG's investigation revealed that Kirkwood concealed the fact that he was earning income from his job as a shift manager for the Environmental Services Department at the Seneca Buffalo Creek Casino. As a result of his concealment, Kirkwood received more than \$8,435 in public assistance cash and SNAP benefits to which he was not entitled. Kirkwood was sentenced to a one-year conditional discharge and agreed to pay restitution in the amount of \$8,435.

- Camille Jackson pled guilty to Welfare Fraud in the Fifth Degree, a misdemeanor. OWIG's investigation found that Jackson concealed income she earned from her job as a personal care aide, and through such misrepresentation received \$4,948 in public assistance cash benefits to which she was not entitled. Jackson was sentenced to a one-year conditional discharge and agreed to pay full restitution of \$4,984.
- Ayreace Hover pled guilty to Welfare Fraud in the Fifth Degree, a misdemeanor. The investigation revealed that Hover concealed the fact that he lived with the mother of his children and that she earned income as a hospital aide, making him ineligible for nearly \$4,700 in SNAP benefits that he received. Hover was sentenced to a one-year conditional discharge and agreed to pay \$4,700 in restitution.
- A fifth individual pled guilty to Disorderly Conduct in full satisfaction of the charges against her. OWIG's investigation found that while collecting benefits, this individual failed to report that she was employed and earning income at a fast food retail company, making her ineligible for \$2,179 in SNAP benefits she received. This individual subsequently fully repaid the amount related to her fraud.

The investigations of these five individuals were conducted with assistance from the Erie County Department of Social Services and the cases were prosecuted by the Erie County District Attorney's Office.

New Jersey Woman Falsely Claimed to be Impoverished New York Resident to Receive Public Assistance Benefits

In May 2019, the New York State Police arrested Nicole Tompkins, a New Jersey resident, on charges that she defrauded New York's public assistance system of more than \$36,000 by falsely claiming she was destitute and living in Schenectady when in fact she was living in New Jersey and had access to income significantly exceeding the poverty level.

OWIG's investigation determined that between January 2017 and May 2019, Tompkins repeatedly certified to the Schenectady County Department of Social Services that she lived in Schenectady without access to income. In fact, the investigation found that Tompkins was living in a New Jersey apartment with the father of her child, who earned a salary of more than \$106,000. Her false representations enabled Tompkins to receive more than \$31,350 in Medicaid premium benefits for her and her child, who was eligible for private health insurance coverage through the father's employment. Additionally, between January 2017 and February

2018, the false representations, which included forged documents from a Schenectady landlord, enabled Tompkins to receive \$5,147 in home heating assistance and SNAP benefits to which she was not entitled.

On October 1, 2019, Tompkins pled guilty to three counts of Welfare Fraud in the Fifth Degree, one count of Petit Larceny, and one count of Offering a False Instrument for Filing in the Second Degree. She was sentenced to pay full restitution and was ordered to perform 120 hours of community service. Significantly, Tompkins was also barred from seeking SNAP benefits for one year.

The investigation was conducted with assistance from the Schenectady County Department of Social Services Special Investigations Unit. The case was prosecuted by the Schenectady County District Attorney's Office.

Rochester Nail Salon SNAP Benefits Fraud

In March 2019, OWIG assisted in the investigation and arrest of a Rochester businesswoman on federal charges involving a scheme to defraud the public assistance system by trading SNAP benefits for spa services in the nail salon she owns. Hang T. Lam, owner of Young's Nail and Spa in Rochester, was arrested and charged with the unauthorized use, transfer, acquisition, and possession of United States Department of Agriculture (USDA) SNAP benefits.

Lam was charged with defrauding the public assistance system by routinely accepting public assistance recipients' SNAP benefits as payment for nail salon services and non-food items, as well as purchasing recipients' benefits for cash. Notably, Young's Nail and Spa does not sell food and is not authorized to accept SNAP benefits. Nonetheless, approximately \$26,000 in fraudulent SNAP transactions were identified as executed by Lam. On September 5, 2019, Lam pled guilty to the above charge, and on December 16, 2019, Lam was sentenced to serve three years' probation and was ordered to pay \$26,631 in restitution.

OWIG conducted this investigation with the USDA's Office of the Inspector General, the United States Department of Homeland Security Investigations, and the Monroe County Department of Social Services. The matter was prosecuted by the United States Attorney's Office for the Western District of New York.

Amherst Woman Fraudulently Collected Social Security and SNAP Benefits

On September 24, 2019, Amherst, New York, resident Ann Cliett (also known as Annie Miles), was arrested and charged with one count of Grand Larceny in the Second Degree in connection with her fraudulent receipt of \$235,565 in Social Security benefits, and \$22,892 in SNAP benefits. Cliett pled guilty to the charge on the same date.

An investigation conducted by the United States Social Security Administration's Office of the Inspector General and the New York State Department of Motor Vehicles, with assistance from OWIG, determined that Cliett collected Social Security benefits under two different identities beginning in 1993. The Social Security Administration's Office of the Inspector General determined that Cliett began receiving Social Security benefits under the name Annie Miles after the death of Cliett's first husband in 1975. The same year, she applied for a second Social Security card under the name Ann Cliett. In December 1992, Cliett applied for widow's benefits under the name Ann Cliett following the death of her second husband.

When the defendant attempted to renew her New York State identification card as Annie Miles with the New York State Department of Motor Vehicles, the Department of Motor Vehicles determined that she also had a New York State driver license under the name Ann Cliett.

The Social Security Administration's Office of the Inspector General found that from 1993 to 2019, Cliett received a total of \$235,565 in Social Security benefits under both identities. It was also determined by OWIG that Cliett repeatedly submitted false applications for SNAP benefits to the Erie County Department of Social Services between March 2006 and November 2018, in which Cliett reported only the income from one of the Social Security benefits she was receiving. Cliett's concealment of the dual Social Security benefits enabled her, from April 1999 to March 2019, to fraudulently receive \$22,892 in SNAP benefits.

On December 6, 2019, Cliett was sentenced to a three-year conditional discharge and signed confessions of judgment to repay the entire amount of the fraud to both the Social Security Administration and Erie County Department of Social Services. The Erie County District Attorney's Office prosecuted the case.

Brooklyn Man Used False Identity to Steal Public Benefits

On August 20, 2019, an individual last known as "Glen Cooper," a/k/a "Glendon Cooper," of Brooklyn, was arrested and charged with using the name, date of birth, and social

security number of another person to obtain more than \$21,000 in benefits from public assistance programs to which he was not entitled.

OWIG conducted an investigation with the United States Department of Labor's Office of Inspector General, the United States Social Security Administration's Office of the Inspector General, and the New York State Department of Labor, which found that from April 2017 to April 2019, Cooper submitted applications for unemployment insurance benefits on five separate occasions, varying the information slightly each time to avoid detection. Based on the false information submitted, Cooper's applications for unemployment insurance benefits were approved and he received three debit cards with balances totaling \$17,035.

In addition to unemployment benefits, Cooper also applied for public assistance benefits using similarly fraudulent information. Through these misrepresentations, in 2017 and 2018, Cooper received a total of \$3,079 in Medicaid benefits, \$960 in SNAP benefits, and \$448 in Safety Net Assistance benefits.

The investigation found that the person whose identity had been assumed was born and had resided in California his entire life. His birthdate and social security matched those the defendant used when applying for unemployment and Medicaid benefits in April and July 2017, respectively.

On November 21, 2019, Cooper pled guilty to the charges of Access Device Fraud and Theft of Government Services. He also signed an order to pay full restitution. He is scheduled to be sentenced on February 25, 2020. The case was prosecuted by the United States Attorney's Office for the Southern District of New York.

Buffalo Woman's Theft of Public Assistance and SNAP Benefits

On July 2, 2019, Peoria Cochran of Buffalo was arrested for the theft of \$9,732 in New York State Temporary Assistance and SNAP benefits. Cochran concealed both her employment income and her receipt of New York State unemployment insurance benefits when she applied for public assistance benefits.

An investigation conducted by OWIG, with assistance from the Erie County Department of Social Services, found that Cochran, who was employed as a personal care aide, failed to report to the Erie County Department of Social Services her income from both her employment and her subsequent unemployment insurance benefits when certifying her need for Temporary

Assistance and SNAP benefits. Cochran would not have qualified for these benefits had she accurately reported her income.

On August 6, 2019, Cochran pled guilty to two counts of Disorderly Conduct and was sentenced to pay restitution in the full amount of \$9,732. The case was prosecuted by the Erie County District Attorney's Office.

Orchard Park Woman Stole Medicaid Benefits through Income Misrepresentations

On June 26, 2019, Leah Cattarin of Orchard Park in Western New York was arrested for the theft of \$9,530 in Medicaid benefits she received by lying about her income in public assistance applications.

An investigation conducted by OWIG, with assistance from the Erie County Department of Social Services, found that Cattarin repeatedly submitted forged employment letters to Erie County Department of Social Services, certifying her need for Medicaid coverage. The submitted records appeared to come from her then employer and claimed a decrease in hours and salary due to seasonal employment. However, Cattarin was actually working full time. Had she accurately reported the income, Cattarin would have been ineligible for this public assistance benefit.

On October 1, 2019, Cattarin pled guilty to the charge of Welfare Fraud in the Fifth Degree, was sentenced to a one-year conditional discharge, and was required to pay full restitution of \$9,530. This case was prosecuted by the Erie County District Attorney's Office.

Troy Addiction Treatment Center's Program Director Stole Residents' SNAP Benefits

On June 20, 2019, the New York State Police arrested Elwood Powell, the former program director for the substance abuse treatment residential program known as 820 River Street, Inc., in Troy, on charges that he stole SNAP benefits from 46 residents under his care and then used the funds to purchase groceries for himself totaling almost \$9,200.

OWIG's investigation found that between March 2017 and December 2018, Powell stole SNAP Electronic Benefit Transfer (EBT) cards belonging to 46 residents of the residential program to buy groceries for himself. The residents' EBT card funds were meant to be used by the facility to subsidize the residents' meal costs. Instead of transferring funds from the EBT cards to the facility's account, Powell used the cards to purchase groceries for himself in 146 separate store transactions.

On August 15, 2019, Powell pled guilty to Grand Larceny in the Third Degree. On November 8, 2019, Powell was sentenced to five years of probation and ordered to immediately pay \$9,194.29 in restitution. This case was prosecuted by the Rensselaer County District Attorney's Office.

Western New York Business Owner and Wife Engaged in Public Assistance Fraud

In March 2019, OWIG completed an investigation that resulted in the conviction and sentencing of a Western New York business owner and his wife who stole taxpayer-subsidized home heating assistance funds and more than \$8,000 in public assistance benefits to which they were not entitled by concealing their six-figure income from their construction and firewood business. Edward and Sheila Kwiatkowski of Cuba, New York, both pled guilty to Welfare Fraud in the Fifth Degree and were ordered to pay \$11,692 in restitution. Both were additionally sentenced to three years of probation.

OWIG's investigation found that between November 1, 2012, and September 30, 2017, the Kwiatkowskis repeatedly submitted public assistance program documents in which they failed to report more than \$350,000 in income from a construction and firewood business owned by Edward Kwiatkowski. Notably, in 2015, while the Kwiatkowskis were fraudulently applying for and recertifying their need for SNAP and HEAP benefits, the business had revenue of more than \$140,000. The investigation also found that Edward Kwiatkowski received funding from the HEAP program to provide firewood to families in need but never actually delivered the wood.

The investigation was conducted with assistance from the Allegany County Department of Social Services and was prosecuted by the Allegany County District Attorney's Office.

Long Island Group Home Employees and Accomplices Stole Residents' SNAP Benefits

In 2019, nine individuals, former employees of a Brentwood residential facility for disabled adults and their accomplices, pled guilty and/or were sentenced for their involvement in the theft of SNAP benefits belonging to residents of the facility. OWIG uncovered the scheme during an investigation that concluded in June 2018, finding that the stolen SNAP benefits were used by the employees and others to purchase groceries for their own personal consumption. The investigation resulted in the arrests of 13 individuals linked to a scheme.

OWIG's investigation found that these individuals stole and/or used the SNAP Electronic Benefits (EBT) cards belonging to residents at a facility on the grounds of the Pilgrim State Hospital in Brentwood. The residential facility is one of several operated by the nonprofit Federation of Organizations, which has numerous locations throughout Long Island and New York City. Some of the residents' stolen EBT cards were shared among those charged and used at local large grocery stores and wholesale clubs to make bulk purchases totaling nearly \$8,000. The purchases included such items as king crab legs, steaks, chicken wings, racks of ribs, baby formula, and a pallet of Red Bull energy drink cases, among other items.

The investigation was completed in 2019 with the convictions of nine individuals:⁹

- Marla Hayes, a former case manager at the residential facility who earlier pled guilty to the charge of Criminal Possession of Stolen Property in the Fourth Degree, was sentenced on March 11, 2019 to five years of probation, 100 hours of community service, and payment of \$1,169 in restitution.
- Sasha Quintanilla, a former case manager at the residential facility, pled guilty to the charge of Criminal Possession of Stolen Property in the Fourth Degree on November 15, 2019. At that time, Quintanilla was placed on interim probation and ordered to perform 140 hours of community service and pay \$330 in restitution. Pending her successful completion of these conditions, Quintanilla's final sentencing is scheduled for November 13, 2020.
- Alejandro Khoury, a former rehabilitative associate at the residential facility, pled guilty on November 15, 2019 to the charge of Criminal Possession of Stolen Property in the Fourth Degree. Khoury was placed on interim probation and ordered to perform 140 hours of community service and pay \$330 in restitution. Pending Khoury's successful completion of these conditions, final sentencing is scheduled for November 13, 2020.
- Vipul Shah pled guilty to the charge of Criminal Possession of Stolen Property in the Fifth Degree on July 23, 2019. On January 7, 2020, Shah was sentenced to three years of probation, 140 hours of community service, and payment of \$239 in restitution.

⁹ Four defendants in this investigation received adjournments in contemplation of dismissal.

- Candice Collins, on August 15, 2019, pled guilty to the charge of Petit Larceny. Collins was sentenced on October 10, 2019, to three years of probation and payment of \$190 in restitution.
- Kareem Clark pled guilty to the charge of Petit Larceny on August 6, 2019. Clark completed 100 hours of community service prior to his plea. On November 7, 2019, Clark was sentenced to a conditional discharge and ordered to pay \$2,547 in restitution.
- Three other individuals each pled guilty to the violation of Disorderly Conduct in December 2019 and were each sentenced to a conditional discharge. In total, the three paid \$934 in restitution, and two of the individuals each completed 140 hours of community service.

The cases were prosecuted by the Suffolk County District Attorney's Office.

Buffalo Hospital Worker Feigned Poverty to Receive SNAP Benefits

In May 2019, Marie Jackson, a Buffalo area resident, was arrested on charges that she defrauded New York's SNAP program of more than \$6,000 by under-reporting her income to Erie County public assistance officials.

An investigation conducted by OWIG, with assistance from the Erie County Department of Social Services, found that Jackson, a medical assistant for an Erie County hospital network, repeatedly submitted to the Erie County Department of Social Services forged payroll records when certifying her need for SNAP benefits. These payroll records falsely indicated that Jackson had an annualized income of less than \$10,000, when she actually had an annual salary in excess of \$30,000. This falsification enabled Jackson to fraudulently receive \$6,246 in SNAP benefits to which she was not entitled as her salary made her ineligible for these public benefits.

On July 11, 2019, Jackson pled guilty to Welfare Fraud in the Fifth Degree, and on October 1, 2019, was sentenced to a one-year conditional discharge and payment of full restitution. The case was prosecuted by the Erie County District Attorney's Office.

Long Island Man's Public Assistance and Unemployment Insurance Fraud

On August 23, 2019, Darshan Shah, who had been arrested on August 16, 2018, pled guilty and was sentenced in connection with charges that he stole unemployment insurance and

public assistance benefits in part by claiming he had been laid off from a defunct company and hiding his true income.

An investigation conducted by OWIG and the New York State Department of Labor's Office of Special Investigations found that from January through August of 2015, Shah collected \$10,920 in unemployment insurance benefits based on records he filed claiming to have been laid off from companies he said provided him income in 2013 and 2014. However, the investigation found that one such company ceased operations in 2011 and another company showed a fictitious address in Shah's filings, both facts making him ineligible for unemployment benefits. In addition, the investigation found that Shah repeatedly filed false public assistance documents with the Suffolk County Department of Social Services when applying and recertifying for Medicaid benefits in 2014 and 2015. In those documents, Shah consistently failed to report his true income. The investigation found Shah applied for and received \$4,568 in Medicaid payments to which he was not entitled.

Shah pled guilty to one count of Offering a False Instrument for Filing in the Second Degree. He was sentenced to a conditional discharge and ordered to pay full restitution of \$15,488. The case was prosecuted by the Suffolk County District Attorney's Office.

Buffalo Woman's Theft of SNAP Benefits

On December 16, 2019, a resident of Buffalo was arrested, pled guilty, and was sentenced for stealing \$4,342 in SNAP benefits.

An investigation conducted by OWIG, with assistance from the Erie County Department of Social Services, determined that this individual failed to report her employment income when applying for welfare benefits. The investigation found that she lied about her income to become eligible for \$4,342 in SNAP benefits. At the time of her false filings, this individual was employed by a home health care agency. She would not have qualified for these benefits had she accurately reported her employment income.

This individual pled guilty to Disorderly Conduct and was sentenced to a one-year conditional discharge with payment of full restitution. The Erie County District Attorney's Office prosecuted the case.

North Collins Woman Stole SNAP Benefits

On December 23, 2019, an individual who resides in North Collins was arrested, pled guilty, and was sentenced for stealing \$4,198 in SNAP benefits.

An investigation conducted by OWIG, with assistance from the Erie County Department of Social Services, determined that this individual failed to report the employment income of her boyfriend, with whom she resided, when applying for welfare benefits. At the time of her false filing, this individual's boyfriend was employed by a painting contractor in Western New York. This individual would not have qualified for these benefits had she accurately reported her boyfriend's employment income.

This individual pled guilty to Disorderly Conduct, a violation. As a part of her plea, she agreed to make full restitution and was sentenced to a one-year conditional discharge. The case was prosecuted by the Erie County District Attorney's Office.

Middletown Woman Used False Identity to Wrongfully Obtain Public Assistance Benefits

On August 9, 2019, Jennifer Calderon of Middletown was arrested on charges that she stole more than \$4,000 from the State by using a false identity to work while also receiving public assistance benefits under her real name. Calderon subsequently pled guilty to Welfare Fraud in the Third Degree, a felony, and was sentenced to probation and ordered to pay full restitution of \$4,135.

The investigation conducted by OWIG, with assistance from the Orange County Department of Social Services, found that Calderon falsely submitted multiple written certifications to receive SNAP benefits while simultaneously working at a local food packing company. Calderon used a false identity, date of birth, and social security number to work, while at the same time submitting written certifications to the Orange County Department of Social Services stating that she was not working or receiving any income. These misrepresentations caused her to fraudulently receive \$4,135 in SNAP benefits to which she was not entitled.

The Orange County District Attorney's office prosecuted the matter.

Buffalo Woman Stole SNAP Benefits

On October 22, 2019, Buffalo resident Angela Tarver was arrested for her theft of \$3,740 in SNAP benefits she obtained by failing to report her income when applying for public assistance benefits.

An investigation conducted by OWIG, with assistance from the Erie County Department of Social Services, determined that Tarver lied on her application for SNAP benefits by claiming she was unemployed. At the time of her false filing, Tarver was employed by an entity providing home care and caregiver services. Tarver would not have qualified for these SNAP benefits had she accurately reported her employment income.

On November 19, 2019, Tarver pled guilty to Disorderly Conduct. As a part of her plea, Tarver agreed to make full restitution. On December 17, 2019, Tarver was sentenced to a one-year conditional discharge and ordered to pay \$3,740 in restitution. The case was prosecuted by the Erie County District Attorney's Office.

INITIATIVES

OWIG often bases its investigations on trends, patterns, and vulnerabilities identified through ongoing comprehensive analyses of complaints received and available public assistance data. In 2019, these analyses resulted in the continuance of OWIG's initiatives to combat the theft of SNAP benefits intended for recipients in vulnerable populations and to eliminate SNAP trafficking. OWIG also introduced a new initiative in 2019: a focus on public assistance fraud involving the use of identity theft.

SNAP Fraud Involving Vulnerable Populations

In 2019, OWIG continued its initiative to combat fraud involving the theft of SNAP benefits from recipients in vulnerable populations. For New Yorkers who qualify, SNAP benefits are essential in combatting hunger and ensuring that those in need receive healthy and nutritious meals. This is especially true with respect to New York's most vulnerable populations, which include children and adults with disabilities, as well as adults residing in substance abuse facilities. In 2019, OWIG again focused its efforts on identifying SNAP fraud in these vulnerable populations, protecting individuals who depend on these vital benefits, and helping to ensure the integrity of the SNAP program.

In addition to several ongoing investigations, as detailed earlier in this report, in 2019 OWIG investigated and arrested Elwood Powell, the former program director of a Troy-based residential substance abuse treatment program known as 820 River Street, Inc. on charges of theft of approximately \$9,200 in SNAP benefits from 46 residents under his care. Powell used the funds to purchase groceries for himself. Powell pled guilty to Grand Larceny in the Third Degree, was sentenced to five years' probation, and was ordered to pay \$9,194 in restitution.

SNAP Trafficking and Benefits Theft

The investigation and prosecution of those found to be engaged in SNAP trafficking and the theft of SNAP benefits continued to be a priority for OWIG in 2019. In 2019, and as earlier reported here, OWIG made numerous arrests which involved SNAP trafficking and the theft of SNAP benefits. As an example, recent separate investigations resulted in the arrests and convictions of two men—David Sobczyk and Paul Carroll—and one woman—Hang T. Lam—for federal crimes involving the theft and misuse of tens of thousands of dollars in SNAP benefits.

The federal and state governments can also pursue civil penalties for SNAP trafficking. The United States Department of Agriculture’s Food and Nutrition Service can permanently bar a retailer found guilty of SNAP trafficking from continued participation in the SNAP program. State agencies must also investigate any recipient alleged to have committed an intentional SNAP violation and ensure that appropriate cases are acted upon through Administrative Disqualification Hearings or by a court of appropriate jurisdiction.¹⁰ Thus, SNAP trafficking investigations not only identify fraud but also serve as a deterrent to future fraudulent acts by those implicated in an investigation.

In 2019, OWIG continued to partner with local and federal law enforcement organizations, including the United States Department of Agriculture’s Office of the Inspector General, the United States Department of Homeland Security, the Federal Bureau of Investigation, various United States Attorney’s offices, local prosecutors, and local Departments of Social Services to conduct SNAP trafficking and theft investigations.

In addition, OWIG is continuing its efforts to investigate SNAP trafficking that involves the “delivery route” store classification. In neighborhoods where SNAP benefit recipients have limited access to large food retailers, the United States Department of Agriculture’s Food and Nutrition Service permits mobile stores classified as “delivery routes.” Delivery routes can be essential to SNAP benefit recipients living in areas where residents do not live near or have access to supermarkets or other food retailers that carry affordable and nutritious food. Delivery routes, in theory, eliminate recipients’ need to travel, bringing the supermarket to the recipient along with healthy food options, therefore providing a valuable service. Given their nature, however, they can also be ripe for fraud. In 2019, OWIG completed an investigation into

¹⁰ 7 C.F.R. section 273.16(a)(1).

delivery route mobile stores that resulted in the arrests and convictions of David Sobczyk and Paul Carroll (described earlier in this report).

In 2020, OWIG will continue to work with the United States Department of Agriculture Office of the Inspector General, federal and local law enforcement, and county Departments of Social Services to identify, investigate and prosecute delivery route fraud schemes.

Welfare Fraud Involving Identity Theft

In 2019, OWIG investigated several welfare fraud cases across the State that involved the subjects' use of fraudulent names, dates of birth, and social security numbers in order to collect public assistance benefits. To combat identity theft in the various public assistance programs, OWIG partnered with agencies including: the United States Social Security Administration's Office of the Inspector General, the United States Department of Labor's Office of Inspector General, the New York State Department of Labor Special Investigations Unit, the New York State Department of Motor Vehicles, various federal and local prosecutor's offices, and the local social services districts. Using a multi-agency approach allows the investigative team to work together and provides access to records and information unique to each agency that can then be shared and used in pursuing cases of welfare fraud and identity theft.

Examples of this successful investigative collaboration in 2019 manifested in welfare fraud/identity theft prosecutions across the State. In New York City, Glendon Cooper assumed the identity of an individual from California to collect over \$21,000 in fraudulent public assistance benefits. In Orange County, Jennifer Calderon allegedly created a new name, date of birth, and social security number to work, allowing her to conceal that income in order to collect public assistance benefits. In Buffalo, Ann Cliett used two different identities to fraudulently collect social security and public assistance payments. Each of these arrests has been described earlier in this report. In 2020, OWIG will continue to focus on public assistance fraud crimes involving identity theft and continue to work with our investigative partners.

OUTREACH AND TRAINING

In 2019, OWIG continued to identify opportunities to provide training, promote awareness, and develop partnerships to enhance efforts at detecting and prosecuting public assistance fraud in New York State. OWIG has been a prominent member of the New York Welfare Fraud Investigator's Association (NYWFIA) and has both participated in and served as a leader at 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. Each year, NYWFIA conducts both annual and regional trainings regarding New York State Social Services Law and policies, as well as skills training.

At NYWFIA's 36th Annual State-Wide Training Seminar and Conference in June 2019, OWIG presented educational sessions during the three-day event. These included a presentation entitled, "Effective and Efficient Criminal Investigations," which detailed the steps for conducting comprehensive criminal public assistance fraud investigations. The course covered reviewing an initial allegation, deciding on a course of action, determining the appropriate investigative steps, using all available resources to assist in gathering evidence, documenting results, and preparing a case for presentation to a prosecutor.

OWIG also continues to present industry-specific, one-on-one investigative training to the local social services districts around the State. In 2019, OWIG partnered with the Erie County District Attorney's Office to provide training to Erie County Department of Social Services welfare fraud investigators. The training focused on instructing the investigative staff on how to properly build and then present a criminal case to a prosecutor. This training partnership between OWIG and the Erie County District Attorney's Office also enabled Erie County Department of Social Services welfare fraud investigators to speak to and receive feedback from the welfare fraud prosecutor in Erie County.

In 2019, OWIG continued its relationships with its State and federal investigative and prosecutorial partners through its participation in various 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. OWIG is also a member of the Document and Benefit Fraud Task Force led by the United States Department of Homeland Security, and the Electronic Crimes Task Force sponsored by the United States Secret Service's Buffalo Field Office. OWIG also participates in a multi-agency Suspicious Activity Report Task Force, examining detailed financial reports for indicators of potential welfare fraud. 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 the New York State Office of Temporary and

Disability Assistance, New York State Department of Labor, and New York State Department of Motor Vehicles, to successfully identify fraudulent activity.

In addition to NYWFIA, OWIG continued its membership in welfare fraud fighting organizations such as the New York Public Welfare Association and the national organization, the United Council on Welfare Fraud. OWIG also maintains its statewide visibility through its continued participation in the New York Prosecutors Training Institute (NYPTI). NYPTI “provides comprehensive continuing legal education, training, advice, and assistance to New York State prosecutors.”¹¹ NYPTI also provides OWIG a unique opportunity to interact with the 62 county district attorney offices that comprise New York’s state prosecutorial community.

In 2019, OWIG also continued its collaboration with large retail establishments doing business in New York State, making a presentation to a retailer’s executive management, asset protection, and loss prevention staff on OWIG’s analysis and findings of SNAP fraud and the role of large retailers in identifying and combatting SNAP program abuse. These presentations, begun by OWIG in 2018, were prompted by numerous investigations of small retail establishments that found SNAP trafficking facilitated by bulk purchases from large retail stores. In these schemes, small store owners pay cash for SNAP benefit cards, then utilize the cards to purchase items in bulk from large retail stores; and SNAP benefit recipients utilize their own cards to buy items in bulk at large retailers, then sell those items to small retailers. Through these presentations, the Inspector General raises awareness of SNAP trafficking and retail-based welfare fraud schemes with the goal of enhancing direct identification and reporting of these criminal frauds.

OWIG continued to meet with local Departments of Social Services in 2019 to discuss continued collaboration, successful investigation techniques, the efficient and thorough oversight of New York State’s welfare programs, and to provide overall support to districts’ efforts. In addition, OWIG continued to meet with local and federal prosecutors in furtherance of the office’s efforts to improve fraud detection and successfully prosecuted welfare fraud crimes.

Moving forward, 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.

¹¹ <http://www.nypti.org>.

CONCLUSION

The OWIG 2019 Annual Report documents the successful execution of OWIG's mission to investigate fraud, abuse, and illegal acts perpetrated within State social services programs and 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 2020, 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.