



# NYC Department of Investigation

Fiscal Year 2013  
Annual Report



---

## Celebrating 140 Years

---

**ROSE GILL HEARN  
COMMISSIONER**

80 Maiden Lane  
New York, NY 10038

**See Something Crooked  
in NYC?**

**Report Corruption at  
(212) 3-NYC-DOI**

[@doinews](http://nyc.gov/html/doi)

## ON THE COVER:

The Ed Koch Queensboro Bridge was opened to traffic in June 1909 and was designated as a national landmark in 1973. In 2011, Mayor Michael R. Bloomberg, New York City's 108th Mayor, signed legislation renaming the bridge in honor of the City's 105th Mayor, Edward I. Koch, who led the City from 1978 to 1989 and strengthened DOI's mandate. Mayor Koch signed a number of Executive Orders that, among other powers, established DOI as the overall Inspector General for the City and ensured that DOI is the one external oversight agency for the City.



*Mayor Ed Koch at the New York City Department of Investigation's 2008 National Watchdog Conference held at Gracie Mansion.*

### **Credits:**

*Cover photo of bridge taken by DOI's Director of Special Operations Michael Healy.*

*Photo of the Tweed Courthouse taken by Deputy Director of Information Technology Michael Del Pino.*

*Photos in the annual report taken by Michael Healy and Michael Del Pino.*

*Statistics and charts provided by DOI's Central Data and Recordkeeping Unit - Director Debra Montefinese and Deputy Director Ana Albino, and by Information Technology's Lead Programmer Vladimir Tcherednikov.*

*Maps produced by Investigators Noah Mohney and Alexis Tabak.*

# Table of Contents

2	Letter from Mayor Michael R. Bloomberg
3	Letter from Commissioner Rose Gill Hearn
4	140th Anniversary: An Overview
5	Fiscal Year 2013 At A Glance
6	Major Accomplishments: Monitoring the Rapid Repairs Program
7	Significant Cases
9	Board of Elections Report and Founding of Investigative Unit
10	Major Initiatives: Bribery Cases 2002 - 2013
11	Major Initiatives: Scaffold Safety-Card Investigation 2012 - 2013
12	Major Initiatives: Focus on Addressing Fire and Building Safety Violations 2007 - 2013
13	Public Outreach
14	Public Corruption Cases
16	Poster Campaign in the Five Boroughs
17	Tweed Courthouse





# Mayor's Message



THE CITY OF NEW YORK  
OFFICE OF THE MAYOR  
NEW YORK, NY 10007

Dear Friends:

Our Administration has zero tolerance for corruption, and thanks in large part to Commissioner Rose Gill Hearn and her team at the New York City Department of Investigation (DOI), City government has never been cleaner. DOI has been a vigilant watchdog, rooting out corruption and – just as importantly – preventing it, through constant outreach to municipal employees and vendors. Together, these efforts ensure that City resources and programs are used as they should be – for the benefit of honest, hard-working New Yorkers.

This year, DOI is celebrating its 140<sup>th</sup> anniversary, and our longstanding commitment to maintaining an independent anti-corruption agency continues to strengthen our city – and protect taxpayers. To cite just one example: DOI's investigative work has led to guilty pleas and the forfeiture of \$31 million in cash and real estate by three defendants who overcharged the City for our new computerized timekeeping system. This outcome is in addition to the repayment of \$500 million that DOI helped secure after it brought the case to federal prosecutors.

As the five boroughs attract even more residents and businesses, DOI will continue to play a critical role in New York City's progress. It will continue to fulfill its mission without fear or favoritism, and will continue to be a national leader in promoting transparency, efficiency, and accountability in government.

Sincerely,

A handwritten signature in black ink that reads "Michael R. Bloomberg". The signature is fluid and cursive, with a prominent "M" and "B".

Michael R. Bloomberg  
Mayor

# Commissioner's Message



The City of New York  
Department of Investigation



Photo Credit: Bryan Smith, NY Daily News

Dear Fellow New Yorkers:

In 2013, the New York City Department of Investigation (DOI) celebrates its 140<sup>th</sup> year protecting New York City and its taxpayers from fraud and corruption. DOI was established in 1873 as a response to the infamous corruption scandal involving Boss Tweed and his political cronies who siphoned millions of dollars from the City's coffers. The public outrage over the thievery led to DOI's creation and New York City's distinctive municipal watchdog was born.

DOI's impact — both past and present — is indelible. During this Administration we set a record high number of corruption arrests — over 6,000 total and an average of approximately 800 over the past five years. In addition, DOI has conducted thousands of corruption-related investigations and arrests; developed data-matching programs to detect unemployment fraud, pension and housing fraud; established specialized units to focus on areas of concern in construction, nonprofit, and lobbying fraud, housing development and economic development, and within the City Board of Elections; conducted thousands of corruption prevention lectures to educate City employees and vendors; and welcomed to DOI headquarters more than 80 national and global integrity agencies interested in learning about DOI's work.

Our anti-corruption efforts have led to the recoupment of hundreds of millions of dollars for the City, and strengthened government operations through more than 2,700 recommendations adopted by City agencies. This summer, DOI launched a five-borough poster campaign in the City's subway and buses and in bus shelters, publicizing DOI's hot line number and calling on New Yorkers who have a tip to report it to DOI.

I am proud to present DOI's Fiscal Year 2013 annual report highlighting the agency's significant accomplishments and its broad impact.

Sincerely,

A handwritten signature in black ink that reads "Rose Gill Hearn".

Rose Gill Hearn  
Commissioner

# 140TH ANNIVERSARY



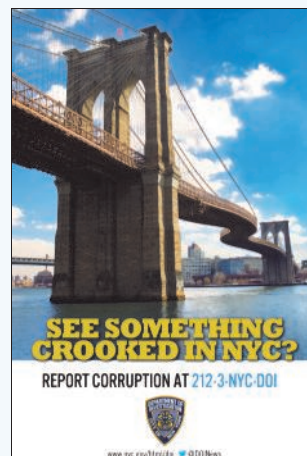
Cover of *Harper's Weekly*, November 25, 1871, "What Are You Laughing At? To the Victor Belong the Spoils," (and featured in DOI's video on its website). Credit: OSUCGA - The Ohio State University Billy Ireland Cartoon Library and Museum



DOI's storied history began in 1873, the year the New York State legislature created the anti-corruption agency, then called the Office of the Commissioners of Accounts. The first two Commissioners of Accounts were appointed on July 18, 1873, and the agency's name was changed in 1938 to the Department of Investigation.

To commemorate DOI's 140th anniversary year in 2013, DOI Inspector General Robert Gigante designed the official anniversary logo (bottom left), which reflects DOI's Citywide reach and core values while highlighting its history.

As part of DOI's 140th year commemoration, the agency also undertook the creation of a new poster campaign to publicize the agency's hot line number and urge New Yorkers who have a tip to call DOI. Frank Ginsberg and his creative team at the advertising firm afg& designed the new pro-bono campaign with a twist on three iconic New York images: the Brooklyn Bridge, a New York hot dog, and Central Park (see below). The five-borough campaign was seen on subways and buses, in bus shelters, and on subway platforms—an unparalleled outreach that asked New Yorkers if they "See Something Crooked" to call DOI. See page 16 for additional photos.



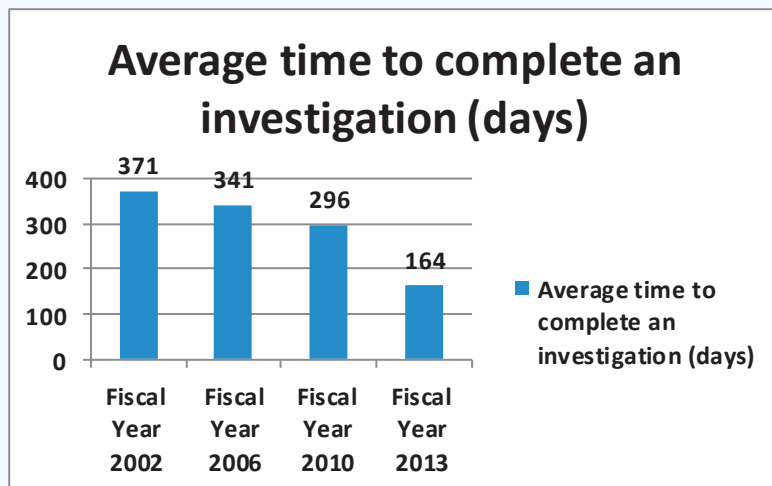
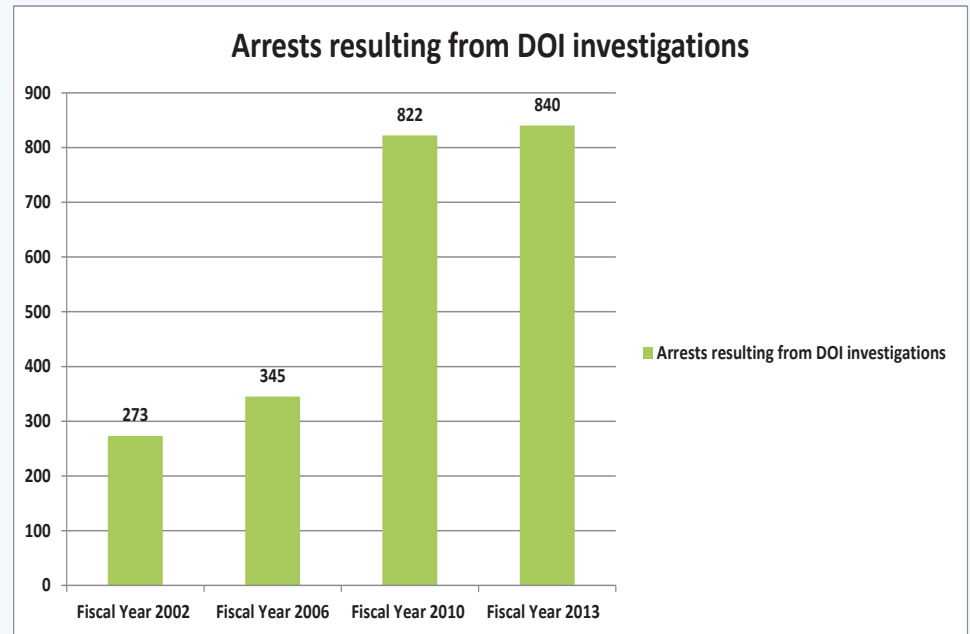


# Fiscal Year 2013 AT A GLANCE

**ARRESTS:** Between July 1, 2012 and June 30, 2013, DOI's investigations led to a fiscal year record of 840 arrests on an array of crimes, including theft from City-funded nonprofits, day care fraud, inmate assaults and cover ups, bribery, and other corruption-related offenses.

**COMPLAINTS:** The agency's outreach to the public and City employees during the past 11 years has increased the number of individuals reporting corruption to DOI by 43%, from approximately 8,800 complaints in Fiscal Year 2002 to more than 12,600 in Fiscal Year 2013. From Fiscal Years 2002 to 2013, more than 150,000 people have reported matters to DOI.

**TURNAROUND TIMES:** Weekly CompStat, where Inspectors General present their cases to the executive staff, including the age of their investigations, is part of DOI's active case management regimen. Cases are pursued expeditiously and closely monitored during bi-weekly case reviews, resulting in a 56% reduction since Fiscal Year 2002 in the agency's average turnaround time to complete investigations.



**CORRUPTION PREVENTION LECTURES:** The robust corruption prevention lecture program presented by DOI educates City employees and vendors about DOI's anti-corruption mission, their obligations to report corruption, and the protections available if they do. In Fiscal Year 2013, DOI presented 611 of these lectures, four times the 135 lectures presented in Fiscal Year 2002.

**POLICY AND PROCEDURE RECOMMENDATIONS:** DOI works on multiple fronts simultaneously — educating City employees and New Yorkers about DOI, conducting investigations, and issuing recommended changes to remedy corruption vulnerabilities DOI uncovers during its investigations. Since 2002, City agencies have adopted more than 2,700 of these recommended changes, improving government operations and safeguarding the City against fraud and corruption.

---

## Celebrating 140 Years

---



### ***Increased Performance from Fiscal Year 2002 to Fiscal Year 2013***

- Made 6,500-plus arrests since Fiscal Year 2002
- Tripled the number of arrests in Fiscal Year 2013 to 840 from the 273 made in Fiscal Year 2002
- Closed 1,298 investigations in Fiscal Year 2013, 53% more than the 848 closed in Fiscal Year 2002
- Conducted more than 5,500 corruption prevention lectures since Fiscal Year 2002

## MAJOR ACCOMPLISHMENTS

### *In Fiscal Year 2013*

Fiscal Year 2013 has been another high-impact year punctuated by Hurricane Sandy in October 2012, which devastated the City. DOI staff pitched in to help its fellow City agencies by volunteering at the 311 call center, providing assistance at parks, beaches, and shelters, and checking on City Housing Authority residents. DOI staff also assisted in getting the agency headquarters in Lower Manhattan operational after the building where DOI is housed was flooded.

#### **Monitoring the City's Rapid Repairs Program**

In the wake of Hurricane Sandy, DOI quickly mobilized its investigative staff to work with the City to monitor the massive undertaking of the Rapid Repairs Program, an expansive program that restored power, heat, and hot water to more than 20,000 damaged homes. DOI conducted checks on the prime vendors and dozens of subcontractors awarded City contracts and selected monitors to audit and oversee the contractors' work. DOI also established a Sandy Hot Line for fraud complaints and allegations involving the City's assistance with providing recovery efforts, which received more than 100 complaints from concerned individuals. The oversight provided by DOI was an important contribution to demonstrating that the City is a responsible recipient of federal disaster relief funds, a key component to securing those dollars.

The following pages highlight DOI's efforts in Fiscal Year 2013 and on major initiatives undertaken during this Administration. While DOI's proactive initiatives are an important part of its investigative strategy, the agency thanks the individuals — City employees and members of the public — who step up and report corruption to DOI each year and help us safeguard taxpayer dollars.





## Significant Cases in Fiscal Year 2013

- **Day Care Fraud:** DOI investigations led to an unlicensed day care operator charged with impersonating a licensee; the uncovering of a \$116,000 child care and benefit fraud involving the biological parents and uncle of eight children; and the 30-month prison sentence of a former Supervising Inspector with the City Fire Department for accepting tens of thousands of dollars in bribes for ignoring or minimizing fire safety violations at day care centers.
- **Contraband Cases at Rikers Island:** DOI uncovered a contraband smuggling ring that involved two City Correction officers bringing in marijuana, scalpels, and tobacco into two maximum security facilities on Rikers Island and stopped the illegal conduct. In another case, a Correction Officer pleaded guilty to bribe receiving and was sentenced to prison in connection with the collection of \$1,200 to bring illegal and purported drugs into a Rikers facility.
- **Construction Fraud:** DOI exposed the illegal use of sign hanger licenses following an investigation that found seven individuals profited from fraudulently using their City licenses to procure the proper permits while allowing unlicensed workers to install approximately 60 signs in five boroughs at prices exceeding \$1,000 per sign. As a result, the seven individuals and four companies they operated or worked with pleaded guilty to various offenses and violations and were ordered to pay nearly \$200,000 in restitution, forfeiture, and fines.
- **Housing Fraud:** A core initiative at DOI is safeguarding public housing dollars so public housing apartments can be freed up for tenants who are eligible. Since 2002, more than 710 housing fraud arrests associated with more than \$15 million in theft of government funds have been realized as a result of these investigations. In Fiscal Year 2013, the largest individual case of housing fraud ever investigated by DOI culminated in jail sentences for a former jail chaplain and his brother for their roles in the \$223,000 housing fraud scheme. The subject of another investigation was sentenced to a federal prison sentence after she concealed her ownership of a \$1.4 million East Hampton home and a \$700,000 Upper West Side condo while she continued her tenancy in a New York City Housing Authority apartment, illegally subletting it, defrauding the Housing Authority of approximately \$77,000.



## Significant Cases in Fiscal Year 2013

- **Not-for-Profit / Vendor Fraud:** The unit that DOI established in 2007 has uncovered fraud in an array of cases that have so far resulted in 45 arrests, most ending in convictions. Investigations in Fiscal Year 2013 resulted in the following: charges against two executives at a Queens nonprofit and a vendor of the nonprofit for stealing more than \$50,000 from the organization that provided services to senior citizens; the guilty plea of the Executive Director at a Bronx nonprofit who embezzled \$143,000; a guilty plea from a former fiscal officer at two nonprofits in connection with a half-million dollar embezzlement scheme; and a guilty plea from an executive director of a Brooklyn nonprofit for falsely filing two IRS documents and a City Council discretionary funding pre-qualification application.
- **Inmate Assault / Cover Up Attempt:** DOI's probe into the assault of an inmate and an attempt to cover up the crime resulted in an indictment against the former Assistant Chief of Security for the City Department of Correction, two Captains, and four City Correction Officers charged with beating an inmate so severely he suffered fractures to both of his eye sockets, a broken nose, and facial injuries. Three other Correction Officers were charged in the attempt to cover up the attack that occurred in the George R. Verno Center on Rikers Island.
- **Unsuccessful Attempt to Corrupt City Official:** Exposed a business owner's unsuccessful attempt to corrupt City officials and enlist a City Council member in his failed effort to evade a Stop Work Order on his commercial property. DOI's investigation included the introduction of two DOI undercover investigators posing as a staffer of the City Council member and a City Department of Buildings inspector. DOI completed its investigation in four weeks, and the business owner, who paid an undercover investigator more than \$1,000, was charged with Bribery in the Third Degree.
- **Employee Misconduct:** A former Acting Deputy Director at the City Human Resources Administration was charged with using a fraudulent public assistance case to steal more than \$190,000 in public benefits, fraud that prevented at least one child from receiving public assistance benefits; two former Child Protective Specialists with the City Administration for Children's Services were charged with falsifying case record entries in the statewide investigative database; and a former Department of Consumer Affairs employee and a co-defendant were charged with stealing thousands of dollars from individuals applying for licenses to operate newsstands.

# DOI's Report on the City Board of Elections and Founding of Investigative Unit

A labor-intensive examination of staffing decisions by the City Board of Elections (BOE) for the November 2011 off-year general election resulted in a report that found the BOE could have saved the City at least \$2.4 million during that election by consolidating about 50% of the election districts, thereby reducing the required number of election inspectors by about half. DOI issued a Report noting these findings and subsequently requested, and received, additional resources for a unit focused on potential conflicts, fraud, waste, or corruption at the BOE. The creation of this new unit is in keeping with DOI's philosophy to identify and focus on areas of concern to make a long-term impact. In fact, in the past 11 years, our investigations have exposed other vulnerable areas that led DOI to establish specialized units in the areas of nonprofit fraud, lobbying law, housing development, economic development, and construction fraud.

## Initiatives to Prevent Fraud

Other targeted efforts include establishing data-matching techniques to catch fraud on the front-end before it results in great losses to the City. DOI has used this technique to great success in identifying and stopping housing fraud, unemployment fraud, and pension fraud. For example, DOI worked with the City employee pension system to uncover fraudulent schemes that targeted the public retirement system's money and, on the prevention side, worked with them to establish a stronger data-matching program that compared pension rolls against national sources on recent deaths, leading to prompt and methodical identification of fraud at the very earliest stages.

**The key is replacing a culture of complacency about corruption with a culture of accountability for preventing it. That's a big part of the mission of New York City's Department of Investigation.**

**—Mayor Michael R. Bloomberg,  
at the NYC Global Partners Public Integrity Summit,  
June 2012**

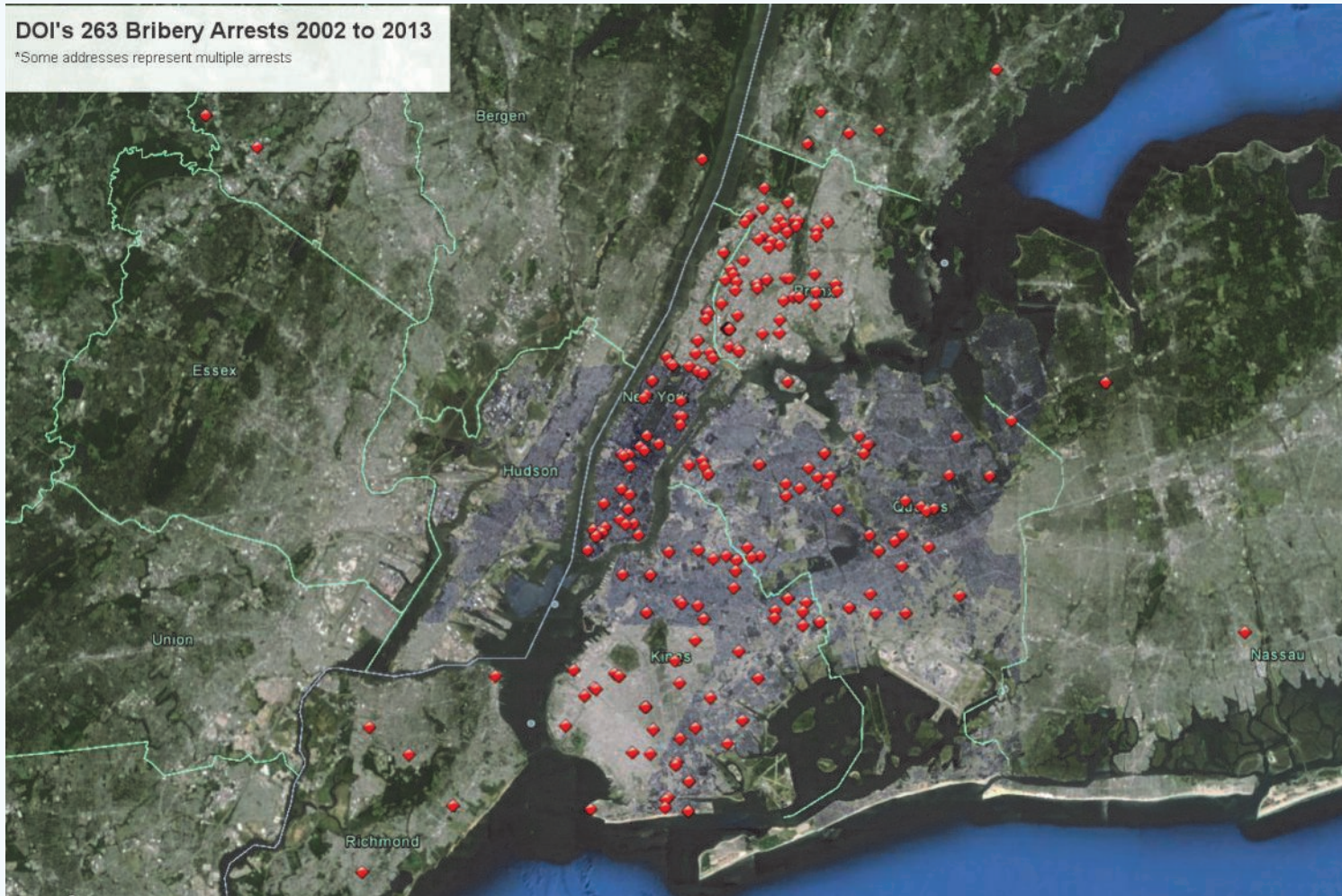


## DOI Major Initiatives: An Overview

### Bribery Cases

2002 - 2013

DOI works tirelessly to investigate allegations of bribery that are reported to us by City employees and members of the public. Bribery erodes public confidence in government and often means that City regulations, put in place to protect New Yorkers, are ignored. During the past 11 years, DOI investigations have led to 263 arrests involving bribery throughout the City (map below), including about one dozen individuals arrested in Fiscal Year 2013.

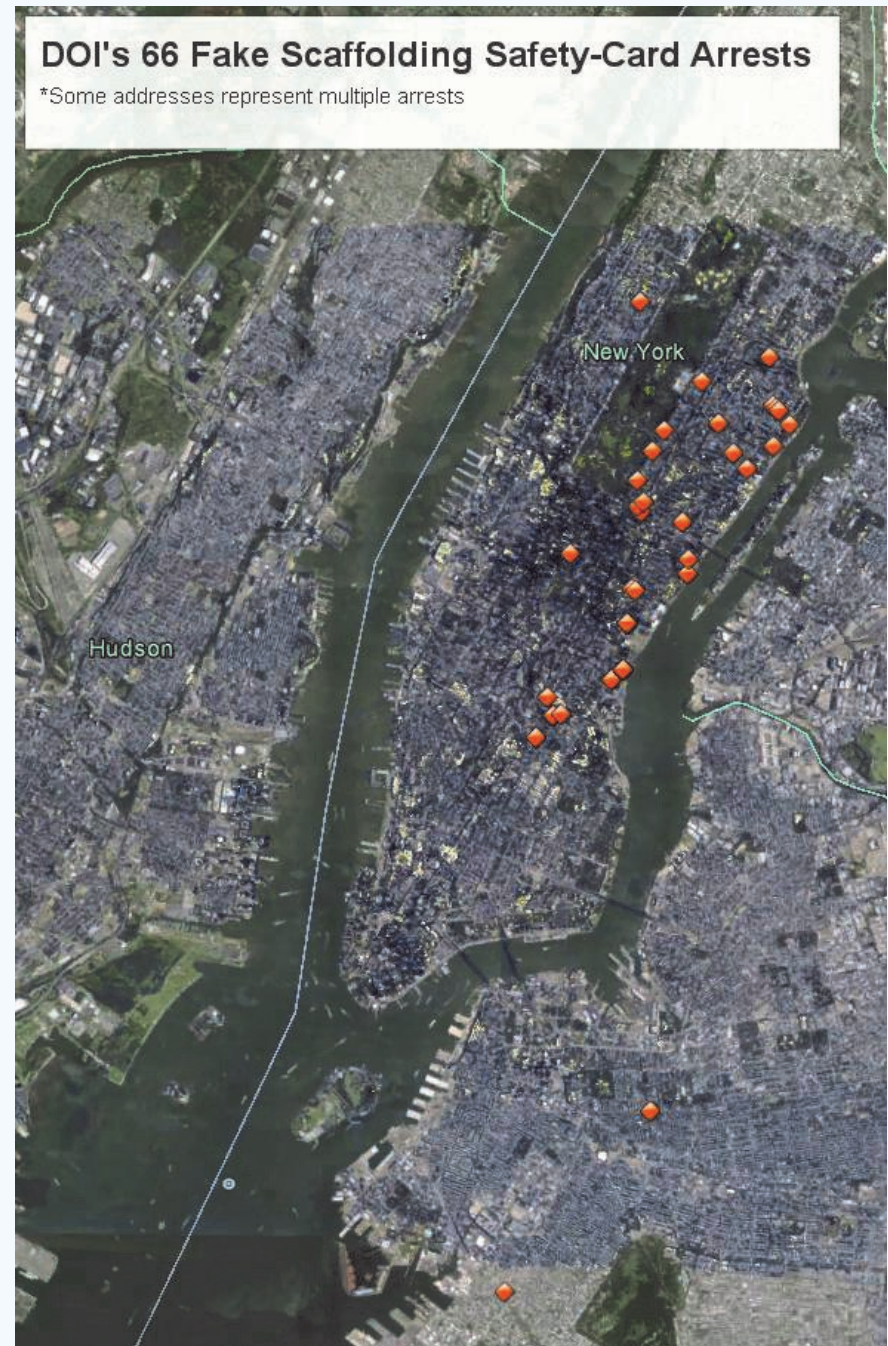




## DOI Major Initiatives: An Overview

### *DOI's Scaffold Safety-Card Investigation 2012 - 2013*

DOI investigators pierced the illicit trade in scaffold and federal safety cards through undercover investigations during 2012 and 2013. This included a sweep conducted with the City Department of Buildings that led to the confiscation of fraudulent safety certification cards that were illegally obtained and where the holder had not received the required training. These fraudulent cards were being used by unqualified individuals to work on scaffolding throughout the City. DOI's efforts to curtail this criminal conduct have to date resulted in 66 arrests and the confiscation of more than 180 fraudulent cards (as plotted in the map on the right).



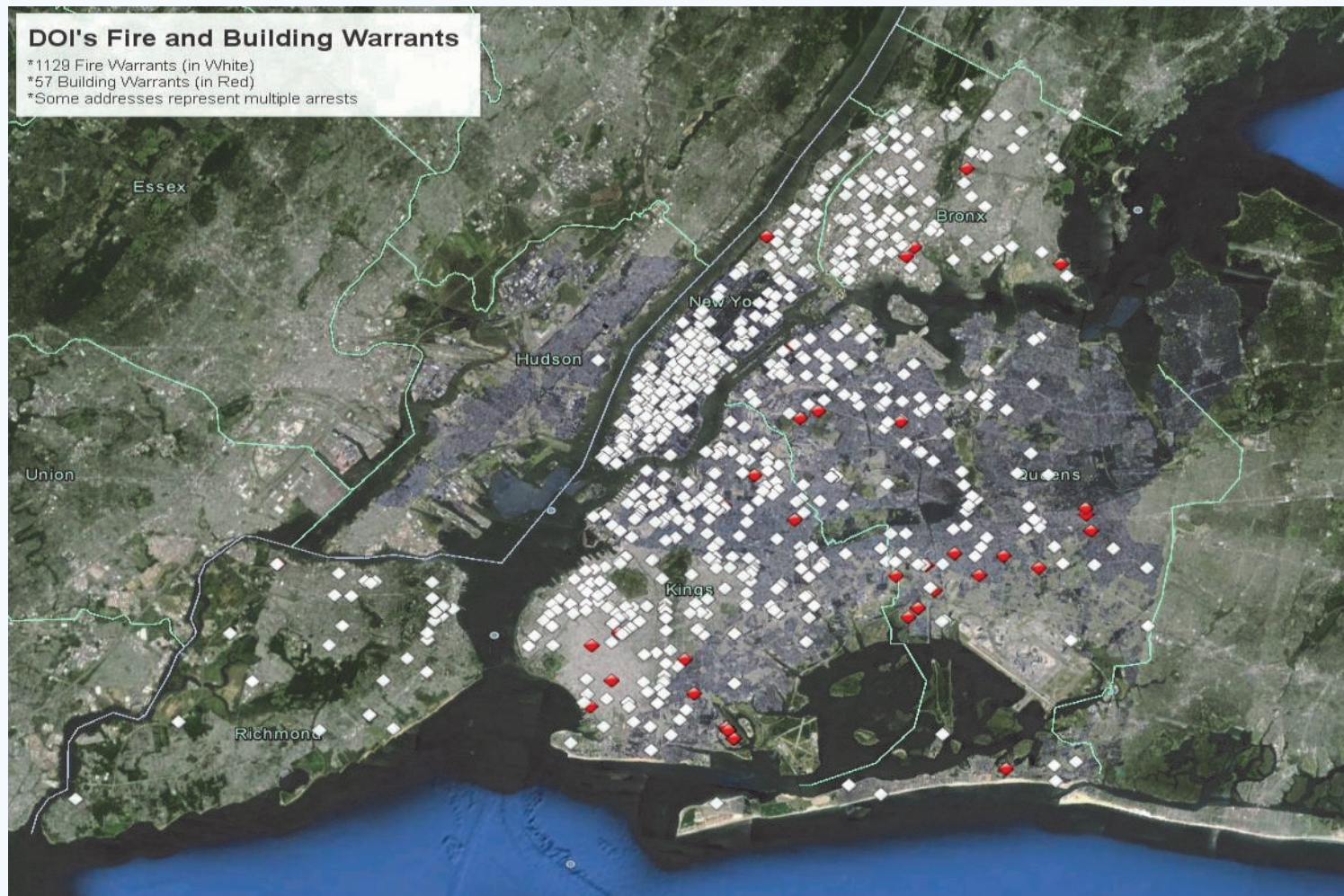


## DOI Major Initiatives: An Overview

### DOI's Focus on Addressing Fire and Building Safety Violations

2007 - 2013

Six years ago, DOI discovered a host of delinquent fire code violations on commercial properties and apartment buildings. With the City Fire Marshals, DOI began an annual initiative to bring these violators who had failed to respond to a criminal summons to court. To date, this initiative has resulted in more than 1,100 arrests, including approximately 80 this Fiscal Year, more than 1,500 warrants cleared, and \$466,775 in fines ordered. In 2011, the effort expanded to include warrants involving building violations. That effort with the Department of Buildings has resulted in 57 arrests to date, 79 warrants vacated, and \$74,225 in paid fines. Below are the locations of these warrant arrests.





# DOI's Public Outreach

DOI works hard to ensure the public is informed about the City's anti-corruption efforts, whether it be educating City employees and vendors through the corruption prevention lecture program, where Inspectors General and their staffs put a face to DOI; issuing public reports — more than two dozen have been issued since 2002; or donating legal materials, as DOI did to a Brooklyn-based nonprofit assisting previously incarcerated individuals in their transition back to the community.

In Fiscal Year 2013, DOI continued its efforts to raise awareness about its mission through its five-borough poster campaign, the establishment of a Hurricane Sandy Fraud Hot Line, and the production of a video, posted on DOI's website (<http://www.nyc.gov/html/doi>), that features the agency's legacy and its impact on City government.



The video DOI produced in 2013 featured the Thomas Nast cartoon of Boss Tweed, whose scandal led to DOI's formation (left). Also in Fiscal Year 2013, DOI donated legal books to The Redemption Center, Inc. (Above) DOI Commissioner Gill Hearn and Mark Graham, Executive Director of The Redemption Center, accepting the donation.

## DOI's Public Corruption Cases

**D**uring the past 11 years, DOI has conducted investigations that have exposed an array of public corruption crimes involving elected officials that include misusing City funds and accepting bribes, leading to the following results:

- **Larry Seabrook:** Former City Councilman sentenced to five-year federal prison term in January 2013 following his conviction on public corruption charges, including steering hundreds of thousands of dollars in City discretionary funds to his friends and family members at nonprofits that were intended to serve the community he represented.
- **Hiram Monserrate:** Former City Councilman sentenced in December 2012 to a two-year federal prison term after pleading guilty to misappropriating \$100,000 in City discretionary funds to a nonprofit he controlled, which benefited his unsuccessful bid for State Senate.
- **Efrain Gonzalez:** Former State Senator sentenced in May 2010 to seven years in federal prison for fraudulently using two publicly funded nonprofit organizations to pay his personal expenses.
- **Miguel Martinez:** Former City Councilman sentenced in December 2009 to a five-year federal prison term for a fraud and money-laundering scheme that included diverting tens of thousands of dollars from City-funded nonprofits for his own benefit.

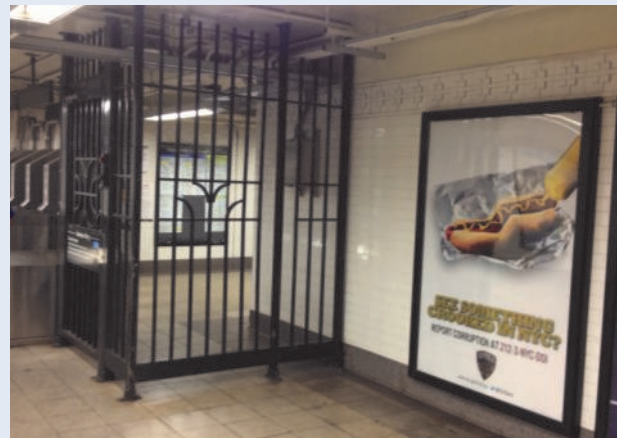
## DOI's Public Corruption Cases

- **Asquith Reid and Joycynth Anderson:** Chief of Staff and staffer to a City Councilman convicted in 2009 on charges relating to embezzling City Council discretionary funds.
- **Brian McLaughlin:** Former State Assemblyman and labor leader sentenced to 10 years in federal prison in May 2009 on a racketeering charge. DOI was an integral participant in this multi-agency investigation and ensured the City's interest was protected when questions arose about some of the City's street light and traffic light vendors.
- **Diane Gordon:** Former State Assemblywoman sentenced in June 2008 to two to six years in state prison and convicted of soliciting a \$500,000 home from a developer in exchange for her influence to help the developer obtain a \$2 million City-owned lot.
- **Angel Rodriguez:** Former City Councilman sentenced in June 2003 to 52 months in federal prison for his role in extorting more than \$1.5 million in property and cash from a developer seeking City approval for a waterfront development in Brooklyn.

**“As the City’s external Inspector General, DOI bores into City operations, exposes the fraud, and ensures the City is made whole again. DOI provides an important, essential function in NYC government.”**

**—DOI Commissioner Rose Gill Hearn**





All photos of various DOI poster campaign locations taken by DOI staff in July 2013. From top (left to right): Subway corridor at 34th Street; Bus Shelter at Church and Chambers streets; Bus tail in Maspeth, Queens; Bus tail near Hylan Blvd., Staten Island; Subway station at Union Square; Bus tail at Tillary Street, Brooklyn; Bus tail in Throgs Neck, Bronx; Subway station corridor at William Street in Lower Manhattan.





The Tweed Courthouse at 52 Chambers Street in Lower Manhattan is named after William “Boss” Tweed, the politician who embezzled millions of dollars from the City. His corruption was exposed in 1871 in the *New York Times*, and a public outcry for better oversight led the New York State Legislature to establish the New York City Office of the Commissioners of Accounts in 1873, the precursor to the agency that is now called the New York City Department of Investigation.

#### **DOI’s Mission**

*DOI is one of the oldest law-enforcement agencies in the country. The agency investigates and refers for prosecution City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct.*

*Investigations may involve any agency, officer, elected official, or employee of the City, as well as those who do business with or receive benefits from the City.*



**The City of New York  
Department of Investigation  
ROSE GILL HEARN  
COMMISSIONER**

80 Maiden Lane  
New York, NY 10038

See Something Crooked in NYC? Report Corruption to DOI at (212) 825-5959.  
Web: [nyc.gov/html/doi](http://nyc.gov/html/doi)    Twitter: @doinews