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**DOI INVESTIGATION OF BUILD IT BACK PROGRAM LEADS TO FOUR ARRESTS  
AND SAVES APPROXIMATELY \$40 MILLION, PRIMARILY DUE TO OVERBILLING BY CONTRACTORS**

Mark G. Peters, Commissioner of the New York City Department of Investigation ("DOI"), in partnership with Queens District Attorney Richard A. Brown, announced the arrests today of four individuals charged with fraudulently submitting applications to the City's Build It Back ("BIB") program resulting in the theft of nearly \$300,000 in disaster relief funds and a broader scheme by one of the defendants to steal more than \$1 million in property from a deceased Rockaway, Queens homeowner. In conjunction with the arrests, DOI issued a Report on BIB and the Rapid Repairs Program ("RRP"), documenting the findings of an interim investigation examining contractor invoices and field audits, which has resulted so far in savings of approximately \$40 million in taxpayer funds.

Both BIB and RRP are under DOI's Integrity Monitorship Program, which proactively oversees integrity issues on largescale City projects to ensure tax dollars are protected. Here, in addition to the criminal fraud (described below), DOI's Integrity Monitors ("IMs") found contractors overstating the quantities of items being installed in homes, including electrical wiring, baseboard heating and electrical switches, and additional problems with reimbursements from damage assessments, saving tens of millions of dollars and resulting in the implementation of new processes to prevent similar issues from occurring.

This is DOI's second report on the City's recovery response to Hurricane Sandy. In October 2014, DOI issued a report detailing bottlenecks in the BIB application process, allowing applications to linger for months on end before approval for construction could be obtained. Full copies of these reports can be found at the following link: <http://www1.nyc.gov/site/doi/newsroom/public-reports.page>

DOI Commissioner Mark G. Peters said, "DOI's proactive monitorship of the City's Hurricane Sandy recovery programs put the construction work and its expenditures under a microscope, allowing DOI to take immediate action in saving nearly \$40 million in public funds so far. In addition to today's arrests, DOI's investigations are ongoing and aimed at ensuring aid rightfully goes to families who are still trying to rebuild almost five years after the devastating storm."

Queens District Attorney Richard A. Brown said, "The defendants are accused of using one of the worst natural disasters to ever strike New York in recent history to unjustly enrich themselves by applying for public funds to which they were not entitled. In one egregious example, a defendant allegedly stole the identity of a dead Queens woman – who wound up being buried in an unmarked grave on Hart's Island when no next of kin could be found --to assume control of her properties in Queens and Florida, resulting in her illegally collecting tens of thousands of dollars in rent, raiding and clearing out the woman's bank accounts, falsifying documents and collecting money from the Build It Back program and attempting to sell one of the properties for \$800,000. I thank DOI Commissioner Peters and his staff for exposing the fraud associated with this worthy recovery program meant to assist needy New Yorkers, and the Office of the Queens County Public Administrator Lois M. Rosenblatt and her staff for their cooperation and assistance in the investigation."

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Below are the individuals who were charged today in separate schemes to defraud disaster relief. These investigations were initiated through audits conducted by DOI's IMs and from tips received from the City's Housing Recovery Office:

The following three defendants were each charged with Grand Larceny in the Second Degree, a class C felony; and Offering a False Instrument for Filing in the First Degree, a class E felony. Upon conviction, a class C felony is punishable by up to 15 years in prison and a class E felony is punishable by up to four years in prison:

- GEORGE BONITSIS, 67, of Brooklyn, N.Y., allegedly filed a false application with BIB in an attempt to have his secondary residence in Breezy Point rebuilt by the City. According to the criminal complaint, BONITSIS submitted an application in July 2013 to receive BIB assistance for a property at 190 Bedford Avenue in Breezy Point, Queens, representing the property as his primary residence. Construction on the site was halted after DOI commenced its investigation, however, BONITSIS had already received construction repairs valued at \$125,802 in November 2015. The investigation found the defendant's primary residence was held in Brooklyn, N.Y.
- JOHN HOLL, 73, of East Meadow, N.Y., allegedly filed a false application with BIB to repair a home in Breezy Point that he falsely claimed was his primary residence. According to the criminal complaint, HOLL applied for BIB assistance for a property at 17 Doris Lane in September 2013, representing the property as his primary residence. The application was approved in June 2016, and as a result, HOLL fraudulently obtained \$86,560 for reconstruction of the property, when, in fact, the investigation showed his primary residence was held in East Meadow, Nassau County.
- JOHN PHELAN, 54, of Syosset, N.Y., allegedly filed a false application with BIB to repair his and his mother's secondary residence in Breezy Point. According to the criminal complaint, PHELAN was listed as a co-applicant with his mother the applicant on a BIB application submitted in October 2013 for a property they co-own at 58 Reid Avenue. Only PHELAN'S signature appears on the BIB application, which claimed the property was his and his mother's primary residence. The application was approved in June 2016, and as a result, PHELAN fraudulently obtained \$66,371 for reconstruction of the property. The investigation found the defendant's and his mother's primary residences were held in Syosset, Nassau County, and Maspeth, Queens, respectively.

A fourth defendant, was charged with Grand Larceny in the First Degree, a class B felony; Criminal Possession of a Forged Instrument in the Second Degree, a class D felony, and Offering a False Instrument for Filing in the First Degree, a class E felony.

- DONATA REA, 58, of Rockaway Park, Queens, N.Y., allegedly filed a false application with BIB in connection with a larger scheme to take money from the estate of an elderly woman who died in 2011. As a result of DOI's monitorship of BIB, investigators exposed the defendant's broader scheme to fraudulently assume ownership of homes owned by the deceased. This scheme resulted in Rea fraudulently obtaining benefits from the decedent in excess of \$1 million.

Upon conviction, a class B felony is punishable by up to 25 years in prison, a class D felony is punishable by up to seven years in prison, and a class E felony is punishable by up to four years in prison.

DOI's public Report, documents the agency's investigation into RRP and BIB, demonstrating the importance of utilizing DOI's Integrity Monitorship Program proactively to protect taxpayer funds on large-scale government projects. As a result of its investigation, DOI has been able to save approximately \$40 million in taxpayer funds monitoring these programs. Specifically, DOI's ongoing examination has found:

### Rapid Repair Program

- Construction work noted by contractors was not being reported accurately. Quantities of items noted as being installed in homes were higher than the quantities that Integrity Monitors observed during their field audits. DOI directly observed and noted approximately \$7 million in cost savings. Once extrapolated across the program, RRP was able to find an additional \$22.9 million in cost savings by reducing construction invoices.
- Weaknesses in the oversight of the approval process of installed quantities by the City's quality assurance ("QA") staff, resulting in a systemic overstatement of numerous construction items across RRP, including electrical wiring, light switches, outlets, baseboard heat and debris removal, among others.
- Poor procedures in place by contractors to calculate construction items installed in homes and by the City's QA staff to capture these issues. When DOI observed overages and revisited homes with City QA staff, these contractors lacked expertise in the construction industry and were not regularly double checking quantities submitted by contractors performing the work.

### Build it Back Program

- So far, as part of its ongoing monitorship of the program, DOI has found more than \$10 million in cost savings.
- Integrity Monitors found reimbursements to applications for repairs contained quantities of items installed in homes that didn't match original damage assessments, including full reimbursement for the cost of premium items which should have been recorded as standard grade items, resulting in approximately 2.4 million in savings.
- Audits revealed items installed as part of RRP, like hot water heaters and boilers, were listed again as new items on BIB damage assessments, resulting in approximately \$1.4 million in savings.
- Quantities of items installed in homes where homeowners were reimbursed, at times exceeded the amounts noted in damage assessments prepared earlier on in the program, resulting in approximately \$254,000 in savings.
- The investigation has thus far uncovered another approximately \$6.7 million in savings due to a combination of homeowners submitting applications for benefits they were not eligible to receive and other reimbursements as a result of excessive or unwarranted costs.

DOI also identified numerous other factors that contributed to delays in starting construction, including the submission of construction designs that led to months-long approval processes by the City, unforeseen site-specific conditions that resulted in construction delays, and poor coordination with utility companies to disconnect service.

DOI Commissioner Peters thanked Queens County District Attorney Richard A. Brown, City Housing Recovery Office Director Amy Peterson, Office of the Queens County Public Administrator Lois M. Rosenblatt, DOI's NYPD Detective Squad, the United States Department of Housing and Urban Development Office of Inspector General, the United States Homeland Security Office of Inspector General, and their staffs, for their assistance in this investigation.

The investigation was conducted by DOI's Office of the Inspector General for Build it Back, specifically Special Investigator Rashawn Bailey and Inspector General of the Vendor Integrity Unit Tejah Duckworth, under the supervision of Associate Commissioner Jay Flaherty, Deputy Commissioner/Chief of Investigations Michael Carroll and First Deputy Commissioner Lesley Brovner.

This case is being prosecuted by the Queens County District Attorney's Office, specifically Assistant District Attorney Phyllis Weiss is handling the REA case, and Assistant District Attorney Khadijah Muhammad-Starling is handling the BONITSIS, HOLL and PHELAN cases.

Criminal complaints are accusations. Defendants are presumed innocent until proven guilty.

*DOI is one of the oldest law-enforcement agencies in the country and New York City's corruption watchdog. 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. DOI's strategy attacks corruption comprehensively through systemic investigations that lead to high-impact arrests, preventive internal controls and operational reforms that improve the way the City runs.*

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**New York City Department of Investigation**

**Interim Report on DOI's Continuing Monitorship  
of the City's Rapid Repairs and Build-it-Back Programs**

**MARK G. PETERS  
COMMISSIONER**

**February 2017**

## **EXECUTIVE SUMMARY**

The Department of Investigation, through its Integrity Monitorship Program, has conducted a series of investigations into the City's reconstruction projects in the wake of Hurricane Sandy. As a result of some of these investigations, DOI has already saved approximately \$40 million in public funds and, today, arrested four individuals on charges ranging from false filings to grand larceny.<sup>1</sup> This Report discusses these investigations.

On October 29, 2012, Hurricane Sandy hit New York City with devastating impact. In addition to damage to infrastructure and public facilities, 23,000 private, residential buildings sustained some level of damage, displacing approximately 150,000 New Yorkers. Some homes suffered from flooding, while others, like 80 homes in the Breezy Point region of Queens, were destroyed in a massive fire.

The City established the Rapid Repairs Program ("RRP") in November 2012, a first-of-its-kind pilot program that provided \$500 million in government assistance to homeowners left without heat, hot water, and power. The goal of the program was to repair or replace damaged equipment such as boilers and electrical wiring as quickly as possible to create an in-home temporary shelter. Many homeowners refused to leave their homes making this effort even more crucial in order to ensure the safety of these residents.

The Build-It-Back ("BIB") Program was subsequently announced in May 2013, as Phase II of the City's road to recovery. For BIB, the federal government committed to provide \$1.7 billion in funding to deliver long-term sustainable and resilient housing. BIB extends beyond the temporary RRP repairs to reconstruct homes affected by the storm, including enhanced repairs to interior walls, flooring, appliances, and cabinetry; elevating homes for protection against future storms; and demolishing and rebuilding homes that were substantially destroyed.

In both RRP and BIB programs, the construction efforts were massive and the intention was to complete the work with unprecedented speed. Given the fast pace and significant expenditure of public funds, DOI, as part of its Integrity Monitoring Program, engaged in a close review of RRP and BIB expenditures, to ensure that taxpayer funds were not wasted or stolen by contractors receiving these public funds; and to ensure the billions of dollars in government aid actually reached those New Yorkers in need rather than opportunists looking to steal government funds.

DOI now provides this interim Report on that monitoring. To date, these efforts have resulted in the following:

- Through the close examination of contractor invoices and field audits and investigations, DOI has been able to save approximately \$40 million in taxpayer funds monitoring RRP and BIB. In RRP, DOI field teams repeatedly noted contractors overstating the quantity of new items installed in homes, such as electrical wiring, baseboard heating, electrical switches and numerous other items. These findings resulted in tens of millions of dollars saved and the implementation of new processes to prevent similar reoccurrences.

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<sup>1</sup> The majority of the funds were recovered through civil administrative methods.

- Dozens of investigations have been and continue to be conducted by DOI, which among other things, resulted in today’s arrests of four individuals charged with various crimes, ranging from the false filing of paperwork with the City to grand larceny. Three of these defendants utilized BIB as a way to further their own greed and take away valuable tax dollars intended for families devastated by the storm by fraudulently attempting to obtain BIB benefits in excess of \$1 million.<sup>2</sup>

Finally, we note that although DOI’s Integrity Monitorship Program is not tasked with overseeing the broader policy questions of how RRP and BIB were designed and carried out, during the course of our review, DOI has repeatedly noted operational deficiencies and made recommendations to the City to streamline processes. In 2014, DOI issued a report detailing bottlenecks in the BIB application process that resulted in applications lingering for many months before approval was obtained and construction started. DOI continues to note areas in BIB where processes can be improved and provide appropriate recommendations.

This Report details work done by DOI during RRP and BIB and demonstrates the importance of utilizing DOI’s Integrity Monitorship Program to protect taxpayer funds on large scale government projects.

### **BACKGROUND ON DOI’S INTEGRITY MONITORSHIP PROGRAM**

In 1996, DOI created its Integrity Monitoring Program (“IMP”). IMP was first established as a method to permit the City to enter into or continue contracts with companies that might otherwise be precluded from doing business with the City due to integrity issues. Under the IMP, these companies may be awarded City contracts if they agree to be monitored by DOI and to take other steps to ensure they have the requisite business integrity. As part of the IMP, DOI hires companies with relevant expertise (such as teams of auditors or work sight inspectors) to assist DOI in an effort to ensure the monitored company is operating with integrity.<sup>3</sup>

In addition to monitoring companies with integrity issues, DOI’s IMP has also appointed Integrity Monitors (“IM”) to proactively oversee integrity issues on certain large scale City projects to ensure tax dollars are not being stolen or wasted.<sup>4</sup> In an effort to be proactive the City requested that DOI hire IM’s to monitor construction on RRP and BIB. In order to monitor these two programs DOI hired five IMs<sup>5</sup> for RRP and four IMs<sup>6</sup> on the BIB Program.<sup>7</sup> Prior to the first contractor stepping onto RRP or BIB construction sites, DOI and the IMs were mobilized and a comprehensive investigative and oversight plan was in place.

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<sup>2</sup> Although the four individuals today were charged with receiving almost \$300,000 in fraudulent benefits, they would have received over \$1 million from BIB if their conduct was not detected.

<sup>3</sup> Although DOI hires the IMs to assist DOI with the IMP and closely reviews all IM generated invoices, the company being monitored is required to pay the bill for IMs’ services so that taxpayers are not burdened with this cost and all integrity monitors report to DOI.

<sup>4</sup> An important role of the IMP is to deter future criminal conduct. For instance on the Ground Zero monitorship, DOI was advised by a local prosecutor of an intercepted conversation between two organized crime associates in which they lamented that the on-site presence of the IMs at the World Trade Center site was making it impossible for anyone to overbill the City via the usual scams, because the site was being so closely scrutinized.

<sup>5</sup> DOI hired Kobre & Kim LLP, KPMG LLP, Lankler Carragher & Horwitz LLP, Navigant Consulting, Inc., and Thacher Associates.

<sup>6</sup> DOI hired CohnReznick LLP, Kobre & Kim LLP, KPMG LLP, and Pepper Hamilton LLP.

<sup>7</sup> DOI competitively procures private-consulting firms to work as an IM overseeing the work of vendors and contractors. IMs conduct regular field site visits to monitor ongoing professional and construction-related services, conduct audits of payment requisitions, and investigate any allegations of misconduct.

## **THE RAPID REPAIRS PROGRAM**

### **Significant Findings**

During RRP, contractors were scattered at makeshift field locations throughout Queens, Brooklyn and Staten Island in order to be in close proximity to the work that had to be completed. DOI embedded the IMs and DOI staff at these locations so that DOI was also in the vicinity of the construction sites and could maintain constant communication with contractors and City staff assigned to administer the program.

In early January 2013, just one month into the program, DOI noticed that construction work noted by contractors was not being reported accurately. Specifically, quantities of items noted as being installed in homes were higher than the quantities the IMs observed during unannounced field audits. For example, in one home a contractor claimed to install 1,500 linear feet of electrical wire; however, DOI's audit revealed that only 400 linear feet of wire was installed resulting in an overage of 1,100 linear feet. At \$18 per linear foot, the additional cost to the City in that one home would have been \$19,800.

DOI expanded its audit review of this issue across RRP and found a weakness in the oversight of the approval process of installed quantities by the City's quality assurance ("QA") staff, resulting in a systemic overstatement of numerous construction items across RRP, including:

- Electrical conduit and wiring;
- Light switches;
- Outlets;
- Splice box and trace out;
- Baseboard heat; and
- Debris removal.

DOI directly observed and noted approximately \$7 million in cost overstatements. These investigative findings were then extrapolated across the program and RRP was able to obtain an additional \$22.9 million in cost savings by reducing construction invoices.

Much of the overstated quantities were the result of poor procedures in place by the contractors to calculate construction items installed in homes and by the City's QA staff to capture these issues. For example:

- Contractors were estimating the length of electrical wire installed in homes rather than taking specific measurements.
- When calculating the length of wire, the number of outlets, the number of switches, etc. contractors too often included preexisting wire and switches when calculating the final numbers.
- During the audit stage, when DOI observed overages and revisited these homes with City QA staff, these contractors too often lacked expertise in the construction industry and were not regularly double checking the quantities submitted by contractors.



In early February 2013, in an attempt to close these vulnerabilities, DOI recommended to RRP new policies and procedures to ensure accurate quantities were captured on construction work orders going forward. Specifically, DOI recommended procedures to more accurately record electrical wiring installed in homes, which accounted for the bulk of the overstated quantities. In part, many of these issues were compounded by the fact that RRP was moving at an unprecedented pace to get heat and hot water back up and running for occupants who still remained in their homes. Nonetheless, DOI made recommendations to RRP on ways to improve oversight in the field. Subsequently, RRP trained all the contractors and QA staff on how to properly count and record quantities in homes.

### **THE BUILD IT BACK PROGRAM**

It is anticipated that when BIB is complete approximately 8,000 homeowners will receive construction services to repair or reconstruct their homes and/or receive reimbursement for work homeowners performed on their own, but directly related to Hurricane Sandy damage. DOI and the IMs focused a substantial amount of time auditing and investigating the work performed by contractors and the receipts submitted by homeowners for reimbursements. As a result of these ongoing efforts, DOI has obtained savings over \$10 million and executed the arrest today of four homeowners that submitted false applications to BIB and that in three of the four cases resulted in fraudulent benefits being paid to the defendants.

#### *Significant Findings to Date*<sup>8</sup>

IMs observed during field audits that reimbursements to applicants for Hurricane Sandy repairs contained quantities of items installed in homes that didn't match damage assessments<sup>9</sup> which were prepared in the early stages of BIB as a basis for reimbursing homeowners. Below are some examples of the problems uncovered in the area of reimbursement and the resulting money saved by DOI.

- Damage assessments included reimbursement for premium grade items when they should have been recorded as standard grade items. For example, premium tile floor covering which cost \$15.78 per square foot was noted on invoices when vinyl tile costing \$4.42 should have been reimbursed. This resulted in an average cost savings of \$1,100 per home. These findings were then extrapolated across 2,170 homes resulting a savings of \$2.4 million.
- Audits conducted by the IMs revealed that items installed as a part of the RRP were at times captured as new items on BIB damage assessments. For example, boilers and hot water heaters installed during RRP were captured as new items for BIB for the purpose of reimbursement. This discovery resulted in an average cost savings of \$748.60 per home. These findings were then extrapolated across 1,899 homes resulting in a savings of \$1.4 million.
- The quantities of items installed in homes for which the homeowners were reimbursed, at times exceeded the amounts noted in the damage assessments prepared earlier in the

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<sup>8</sup> A final report will be issued by DOI at the completion of BIB.

<sup>9</sup> Damage Assessments were performed by BIB assessors to provide a base value for both completed work and work left to complete. Rather than review homeowner receipts, BIB relied on these assessments to provide reimbursement payments.

program. For example, homeowners were frequently receiving credit for the installation of baseboard heating at lengths that exceeded quantities observed by the IMs during field visits. This one item resulted in an average cost savings of \$123 per home. These findings were then extrapolated across 2,066 homes totaling a savings of \$254,000.

DOI also noted inaccuracies in the quantities of items submitted on construction documents. Examples include the following:

- The length of construction fences around attached homes was regularly double counted. For example, at one location the general contractor installed 130 Linear Feet (“LF”) around two homes that are attached to one another; however, both of these homes captured the 130 LF on their separate construction plans, thereby resulting in 260 LF, doubling what was actually installed. This audit and investigation resulted in an average cost savings of \$17,902 per home. This finding was then extrapolated across 98 homes totaling a savings of \$1.75 million.
- Labor hours that are already included in unit price line items were captured separately on many invoices. This resulted in an average cost savings of \$2,250 per home. This finding was then extrapolated across 586 homes totaling a savings of \$1.3 million.

Although the initial focus of DOI’s efforts, much like during RRP, was centered on monitoring construction in the field, BIB experienced numerous problems in 2013 that resulted in delays.<sup>10</sup> As a result, DOI expanded its scope to examine the delays and make recommendations for improvement. As noted earlier in this report, DOI began this effort with a report issued to BIB in 2014 identifying bottlenecks in the program that resulted in extensive delays in the application process and providing recommendations to improve the application process.

Since DOI’s initial report on BIB application delays, DOI identified other factors encountered after the application phase that contributed to delays in starting construction. For example:

- The submission of construction designs have been the biggest factor in delayed construction. At one point in the program, it was taking six or seven months for designs to be approved by BIB and then submitted to DOB for approval and the issuance of a permit.
- Unforeseen site-specific conditions such as in Broad Channel where there were many damaged retaining walls/seawalls<sup>11</sup> that needed to be replaced resulted in construction delays as plans needed to be drawn up and approved to address the new condition.
- The coordination with the utilities companies to disconnect service before construction could begin was not taking place in a timely manner.

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<sup>10</sup> To date, over 12,000 applicants withdrew from BIB. Of the 8,000 remaining, 4,925 will receive construction related services for: 1) “rehabilitation” - a damaged home where BIB completes the repairs; 2) “repair with elevation” - a home substantially damaged where BIB completes the remaining repairs and raises the home to comply with flood elevation standards; 3) “rebuild” - a home demolished or damaged beyond repair where BIB builds a newly constructed home that is elevated and includes resiliency improvements; and 4) “reimbursement” - a homeowner made repairs to a home or signed a contract with contractors, BIB reimburses for incurred expenses. 3,066 applicants will receive reimbursement checks for out-of-pocket expenses.

<sup>11</sup> Retaining wall or seawalls (a.k.a. “Bulkheads”) are used to prevent landslides and flooding on properties surrounding the coastline.

- The collaboration of neighbors sharing attached homes was often difficult and resulted in weeks and sometimes months' worth of delays.

BIB staff have worked to address all of these problems and have been able to make progress in many of these areas. As an example, construction designs have improved significantly resulting in the number of days needed to approve designs dropping from almost 200 days in 2014 to currently 85 days.

### Today's Arrest of Four Individuals

In addition to monitoring the invoicing submitted by contractors, DOI also reviewed applications submitted from homeowners for potential fraud. Today, four individuals enrolled in the BIB Program were arrested for falsifying applications in order to receive disaster relief benefits. These arrests stemmed from a joint investigation with the Queens District Attorney's Office into numerous applicants misrepresenting secondary residences as their primary residency, which are ineligible to receive benefits in the Program.<sup>12</sup> Details of the schemes and resulting charges are outlined below<sup>13</sup>:

**GEORGE BONITSIS**, is charged with filing a false application with BIB in an attempt to have his secondary residence in Breezy Point rebuilt by BIB. The value of reconstruction approved by BIB for this home was \$591,441.86. After DOI commenced its investigation construction was halted, but BONITSIS had already received construction repairs valued at \$125,802.26. BONITSIS is charged with Grand Larceny in the Second Degree, a class C felony, and Offering a False Instrument for Filing in the First Degree, a class E felony.

**JOHN HOLL** is charged with filing a false application with BIB and fraudulently obtained \$86,560.32. HOLL claimed primary residency in Breezy Point, Queens when, in fact, his primary residency was in East Meadow, Nassau County. HOLL is charged with Grand Larceny in the Second Degree, a class C felony, and Offering a False Instrument for Filing in the First Degree, a class E felony.

**JOHN PHELAN** is charged with filing a false application with BIB in an attempt to have his secondary residence repaired and elevated by BIB. The value of construction repairs approved by BIB for this home was \$411,964.58. During DOI's investigation, PHELAN had already received \$66,371.33 from BIB to repair his and his mother's secondary residence in Breezy Point when, in fact, the defendant's and his mother's primary residency was in Syosset, Nassau County, and Maspeth, Queens. PHELAN is charged with Grand Larceny in the Second Degree, a class C felony, and Offering a False Instrument for Filing in the First Degree, a class E felony.

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<sup>12</sup> According to BIB guidelines, damages sustained to a primary residence are eligible for disaster-related benefits as a result of Hurricane Sandy; however, damages sustained to secondary residences, such as investment properties, are ineligible for such relief. BIB defines primary residence as the residence where the applicant ordinarily lives "most of the time." <http://www.nyc.gov/html/recovery/downloads/pdf/N01.pdf>  
Per the *New York City Build It Back Applicant Guidebook for 1-4 Unit Homes* dated June 27, 2014, documents accepted by the Program to prove primary residency include proof of 2012 School Tax Relief (STAR) Exemption, 2012 Federal Tax Return, 2012 Tax Return Transcript, Vehicle Registration or Renewal for 2012, Certificate of Title for Vehicle Issued in 2012, and Government issued identification issued before October 29, 2012 and expiring on or after October 29, 2012  
<http://www.nyc.gov/html/recovery/downloads/pdf/BiB%20Applicant%20Guidebook%20v1.1%20Final.pdf>

<sup>13</sup>All criminal complaints are accusations and defendants are presumed innocent until proven guilty.

**DONATA REA** filed fraudulent applications with **BIB** in order to obtain benefits. The investigation revealed that the false filings were part of a larger scheme to obtain over \$1 million in benefits from an elderly individual who passed away prior to Hurricane Sandy. REA is charged with Grand Larceny in the First Degree, a class B Felony, and Offering a False Instrument for Filing in the First Degree, a class E Felony.

### **CONCLUSION**

DOI's IMP relating to **BIB** is continuing. To date, this investigation has resulted in four arrests and the savings of approximately \$40 million in RRP and **BIB**. Further, additional dollars have been saved through early detection and remediation of vulnerabilities that if left unaddressed could, and in some cases would have, resulted in significant tax dollars lost and/or misappropriated.