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DOI ENDS FISCAL YEAR 2009 WITH 728 ARRESTS, AN 8% PERCENT INCREASE OVER LAST FISCAL YEAR
—High number of arrests continues DOI trend of exceeding benchmarks during tough budgetary times—

ROSE GILL HEARN, Commissioner of the New York City Department of Investigation ("DOI"), announced today that the agency made 728 arrests in fiscal year 2009 (July 1, 2008 – June 30, 2009), an 8% percent increase from the previous fiscal year in which DOI arrested 676 individuals. In addition, during fiscal year 2009 ("FY 2009"), the agency received more than 14,500 complaints and issued 445 recommendations to City agencies to improve corruption vulnerabilities that DOI found during its investigations.

DOI's achievements during FY 2009 included investigations that led to the arrest and conviction of public officials and other unscrupulous insiders for siphoning funds from City-funded nonprofits; the indictment and arrest of correction officers and inmates involved in an assault conspiracy at Rikers Island; criminal and administrative findings relating to the fatal fire at 130 Liberty Street and arrests of City employees charged with defrauding the City. In addition, there were numerous successful prosecutions of DOI cases.

DOI Commissioner Rose Gill Hearn said, "These statistics reflect DOI's steadfast efforts to find and stop fraudsters who undermine the City and siphon precious dollars from its publicly-funded programs. This agency attacks corruption on two fronts – not only through its investigative efforts but also by actively reaching out to City employees and the public to deliver DOI's message of deterrence. I thank my fellow City agencies and the members of the public who have passed along information and tips that have assisted us in our continued work to root out corruption."

In fiscal year 2009, DOI:

- Arrested 728 individuals (92 City employees and 636 others), a 168% increase from fiscal year 2002 when there were 272 arrests.
- Conducted 546 corruption prevention lectures throughout New York City agencies, continuing an ongoing campaign to ensure City employees and vendors are aware of the law and understand their obligations to report corruption to DOI. Since fiscal year 2002, DOI has conducted more than 3,000 lectures that have reached more than 96,000 individuals.
- Issued 445 written Policy and Procedure Recommendations, which describe the operational weakness that permitted waste or corruption and recommend necessary changes. Since 2002, DOI has issued 1,791 such recommendations, and 66% have been implemented.
- Received more than 14,500 complaints, a 5% increase over last fiscal year, and a significant jump since fiscal year 2002, when DOI received nearly 8,840 complaints. Likewise, DOI closed out more than 1,430 investigative cases, a 68% increase from fiscal year 2002 when 853 cases were closed.

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As a result of DOI investigations, in FY 2009 more than \$33.7 million was ordered or agreed to in restitution, fines, forfeitures and other financial recoveries on behalf of the City and other victims, which includes:

- Four defendants who were ordered to pay restitution totaling approximately \$6.4 million for their roles in the theft of September 11th funds at the City Office of the Chief Medical Examiner.
- As the result of a lengthy investigation by DOI and federal authorities, former labor leader and New York State Assemblyman Brian McLaughlin was sentenced to 10 years in federal prison on a racketeering charge and ordered to pay nearly \$846,000 in restitution to his victims and forfeit more than \$3 million.
- An on-going project by DOI to monitor outstanding fines owed to the Environmental Control Board by contractors working in the City has resulted in the payment of more than \$2 million to the City this fiscal year.

DOI investigations and findings led to these other significant accomplishments in FY 2009:

- In January 2009, the indictment of William Rapetti, a tower crane rigger, and his company, Rapetti Rigging Services Inc., on manslaughter and related charges in connection with the fatal tower crane collapse on E. 51st Street. The indictment was the result of a painstaking investigation by DOI and its law enforcement partners that included interviews at the scene and a forensic examination of exactly what caused the collapse of the tower crane. DOI also worked with the City Department of Buildings (“DOB”) to improve its Cranes and Derricks Division by formalizing inspection and enforcement protocols, improving tracking systems for inspections and violations, increasing staff training, establishing a chain-of-command and adding supervision for the engineering unit.
- DOI’s wide-ranging investigation into the fatal fire at 130 Liberty Street resulted in criminal indictments and administrative findings.
 - In December 2008, Jeffrey Melofchik, Site Safety Manager for construction manager Bovis Lend Lease LMB, Inc.; The John Galt Corp., Bovis’s subcontractor; Mitchel Alvo, Director of Abatement for Galt; and Salvatore DePaola, a Galt foreman, were indicted on charges of criminal responsibility in the deaths of the two firefighters.
 - In January 2009, Robert Chiarappa, former purchasing agent for The John Galt Corp., was indicted in a million-dollar theft of public money while working at 130 Liberty Street. He was charged with padding the bills for supplies, such as gloves, plastic sheeting and protective gear.
 - In June 2009, DOI issued a report on the inspectional performance of the FDNY and DOB as it related to the fatal fire in August 2007. Investigators reviewed thousands of records, including City rules and regulations for FDNY and DOB, inspectional reports, internal emails and memoranda and interviewed dozens of FDNY and DOB employees. The report identified “missed opportunities” to identify safety hazards in the building and recommended improved supervision.
- In May 2009, former New York State Senator Efrain Gonzalez Jr. pleaded guilty to defrauding publicly-funded not-for-profits and using the money to pay for personal luxuries. DOI’s investigation into this criminal conduct also resulted in the guilty pleas by three other defendants.

This investigation was one of the significant cases that brought about DOI’s focus on individuals who defraud publicly funded non-profit organizations. As a result of this investigation and others, DOI recognized the need for increased scrutiny of nonprofits that receive millions of City taxpayer dollars and several years ago created a special nonprofit-vendor fraud unit to respond to that need. That unit’s work resulted in several high-profile arrests and guilty pleas in FY 2009, including:

- The indictment in February 2009 of O’Dell Holland, the former program director of Tremont Community Council Home Attendant Program, Inc., a Bronx nonprofit that contracted with the City Human Resources Administration to provide services to the elderly and disabled. DOI’s investigation found that hundreds-of-thousands in funds were diverted from the nonprofit and into a personal account in Holland’s name.

- Also, in February 2009, the arrest of Harvey Seifter, the former Executive Director of Flushing Council on Culture and the Arts in Queens and a former consultant with Americans for the Arts, on charges of stealing approximately \$4,230 from the organizations.
 - In April 2009, Hugh Blackburn pleaded guilty in federal court to the embezzlement of more than \$400,000 in public funds from the nonprofits where he had worked. Blackburn was the former deputy director at two nonprofits in the Bronx and Queens, La Peninsula Community Organization, Inc. and St. Albans, Inc., which received contracts from ACS to serve low-income children and families.
 - In June 2009, a DOI investigation led to the arrest of Richard Izquierdo Arroyo and Margarita Villegas, executives of SBCC Management Corp., on a federal complaint that charged they embezzled approximately \$200,000, using SBCC Management Corp.'s credit cards and bank accounts, spending the money on clothing, restaurants, airfare, travel and hotels, political campaign contributions, and other personal expenses. SBCC Management Corp., a not-for-profit corporation, receives federal and City housing assistance funds through two residential buildings in the Bronx for low-income, disabled and elderly tenants.
 - Last week, Asquith Reid and Joycynth Anderson, a former chief of staff and staffer, respectively, for a New York City Council member, pleaded guilty to embezzling City Council discretionary funds allocated to nonprofit organizations. DOI's investigation into nonprofits that receive discretionary funding is active and ongoing.
 - This week, John Bess, the founder and former chief executive officer of the now-defunct The Valley, Inc., was arrested on charges of embezzling tens-of-thousands of dollars from that not-for-profit organization.
- In June 2009, DOI issued its report into the circumstances surrounding the death of Esmine Green in the psychiatric emergency room of Kings County Hospital Center, finding serious gaps in medical care, including repeated failures to carry out medical tests and orders, a lack of monitoring, and falsification of medical records at the hospital.
 - DOI received a tip on its hotline right after inmate Christopher Robinson was killed in October 2008, which led to the discovery of organized beatings of inmates and, in January 2009, to the indictment of three correction officers and 12 inmates on charges of participating in an assault conspiracy. DOI's investigation found that adolescent inmates were beaten for such things as commissary money and use of the telephone.
 - DOI's investigation into fraud allegations at the City-run television station, NYC-TV, uncovered a conspiracy scheme to defraud the City of tens-of-thousands of dollars. The investigation resulted in the arrest of the station's now-former Chief Operating Officer, Trevor Scotland, and Vincent Taylor, the owner of VRT Multimedia, Inc., a private company. They were charged with diverting to VRT more than \$60,000 in payments from advertisers that should have gone to NYC-TV for production work. DOI investigators found that between March 2007 and April 2008, Scotland and Taylor split the diverted funds, with Scotland receiving approximately 80 percent and Taylor receiving approximately 20 percent of such funds, according to the charges.

DOI is also introducing an occasional feature that will give New Yorkers insight into the anti-corruption work of the agency's individual Inspector General Units and the major accomplishments these units have made over the past several years. The spotlights will be posted on DOI's website, which can be found at <http://www.nyc.gov/html/doi>. The first spotlight focuses on the Office of Inspector General for the New York City Fire Department ("FDNY"), describes the unit's arrests and special efforts, and is posted at the following link:

http://www.nyc.gov/html/doi/pdf/pr60fdnyoig_62909_profile.pdf.

Indictments and criminal complaints are accusations. Defendants are presumed innocent until proven guilty.

Get the worms out of the Big Apple. To report someone ripping off the City, call DOI at (212) 825-5959.