



NEWS

From the Office of the New York State Inspector General
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Tenant sentenced in \$37,000 Scam at NYS Division of Housing and Community Renewal

State Inspector General Kristine Hamann and the United States Attorney for the Southern District of New York, Michael J. Garcia, announced the February 15 sentencing of Darlean Marcucilli to 13 months imprisonment for defrauding the New York State Division of Housing and Community Renewal (DHCR) of more than \$37,000 in Section 8 housing assistance.

Marcucilli, 47, was convicted after a jury trial in September, 2007 before U.S. District Judge Lewis A. Kaplan in Manhattan. Her sentencing is the latest to result from an in-depth corruption probe at DHCR by the Inspector General and the U.S. Attorney's office. The probe revealed widespread deficiencies in monitoring of the Mitchell-Lama affordable housing program from January 2003 to October 2006. (See link to report above.)

Marcucilli, a former administrative aide with the New York City Police Department, submitted fraudulent certifications for a Section 8 residence at Fordham Towers in the Bronx, representing her basic income as child support and disability payments. She failed to disclose the fact that her husband – at the time a DHCR employee -- also lived in the subsidized residence, bringing tens of thousands of dollars of income into the home, paying household bills and helping pay for many of her purchases from the Home Shopping Network and QVC, which topped \$20,000.

“Fair assignment of subsidized apartments is a central component of Section 8 housing and the Mitchell-Lama program,” Inspector General Kristine Hamann said. By uncovering systemic failures, Hamann said, the Inspector General's office was able to prompt significant reforms at DHCR.

The IG launched its inquiry after numerous complaints from residents about affordable housing programs primarily in the New York City area. The investigation uncovered a host of improprieties, from unfair apartment allocation and illegitimate tenants to shoddy financial reviews.

At Cathedral Parkway in Manhattan, for example, only one percent of new tenants from January 2004 to August 2006 went through the proper approval process. Many of them were not on waiting lists and did not file applications for the regulated housing. Meanwhile, New York City has a waiting

list of more than 150,000 families for Section 8 housing who routinely wait years for such residences. At Towers of Bayridge in Brooklyn, 263 eligible applicants were improperly dropped from waiting lists.

The Mitchell-Lama program has provided affordable rental and cooperative apartments for hundreds of thousands of middle-income New Yorkers since 1955. The apartments are owned by private companies that receive tax exemptions and government- financed low-interest loans. In exchange, they charge rental and purchase prices well below market rates. DHCR is responsible for enforcing rules and regulations to ensure the efficient and fair operation of the program. Eligible residents must complete forms certifying family composition, gross income and assets.

The Inspector General is continuing its investigation into a number of issues relating to Mitchell-Lama housing companies and DHCR's oversight. Meanwhile, other results of the investigation include:

- ❖ Four guilty pleas -- two by former DHCR employees -- in U.S. District Court to felony charges of conspiracy, mail fraud and theft of government funds. One employee, Mark Marcucilli (Darlean Marcucilli's brother-in-law), was sentenced to a federal prison term of one year and a day for crimes which include wrongly obtaining an apartment at Southbridge Towers in Manhattan while he was assistant director of DHCR's Housing Management Bureau. He and his father, Fred Marcucilli, who was sentenced to probation, also falsely obtained a \$7,000 federally-funded Lower Manhattan Development Corp. grant designed to assist area residents with the financial impact of the September 11, 2001 terrorist attack.
- ❖ Jody Wolfson, a former DHCR assistant housing representative, awaits sentencing for crimes which include scheming to illegally transfer her Southbridge Towers apartment to an ineligible tenant. Wolfson plotted with Carmine Carpinone to falsely represent Carpinone as her roommate so he would be eligible to buy her apartment. Carpinone was sentenced to probation.
- ❖ Iris Baez, a former president of the Board of Directors of Co-Op City in the Bronx, pleaded guilty in a bribery scheme for accepting nearly \$100,000 in bribes from a painting contractor who was awarded \$3.5 million in work without a contract. A former painter in the restoration department at Co-Op City, Nickhoulas Vitale, also pleaded guilty in the scheme in Manhattan federal court. Co-Op City is New York State Mitchell-Lama housing cooperative. Both are scheduled for sentencing in March, 2008.

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