



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
JULY 19, 2010

CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER,
JANICE OH, EDELI RIVERA
PUBLIC INFORMATION OFFICE
(212) 637-2600

FBI
JIM MARGOLIN, RICHARD KOLKO
PUBLIC INFORMATION OFFICE
(212) 384-2720, 2715

DOI
DIANE STRUZZI
PUBLIC INFORMATION OFFICE
(212) 825-5931

**FORMER EXECUTIVE DIRECTOR OF NEW YORK CITY NON-PROFIT
ORGANIZATION PLEADS GUILTY IN MANHATTAN FEDERAL COURT
TO EMBEZZLEMENT AND FRAUD CHARGES**

PREET BHARARA, the United States Attorney for the Southern District of New York, GEORGE VENIZELOS, the Acting Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), and ROSE GILL HEARN, the Commissioner of the New York City Department of Investigation ("DOI"), announced that MARILYN JOHN, an employee of the New York City Department of Health and Mental Hygiene ("DHMH") and the former executive director of the Caribbean Women's Health Association ("CWAHA"), a non-profit entity that received federal, pleaded guilty today in Manhattan federal court to one count of embezzling federal funds and one count of conspiring to commit wire and bank fraud.

According to the criminal Information, to which JOHN pleaded guilty, and statements at her plea before United States District Judge ALVIN K. HELLERSTEIN :

Embezzlement From Caribbean Women's Health Association

The CWAHA provides services to low-income women and immigrants related to HIV/AIDS prevention, maternal and child health, and immigration. CWAHA was funded primarily by grants

from the United States Department of Health and Human Services, New York State, and the City of New York, which were intended to promote public health education and outreach services in underserved communities. Between approximately July 2006 and November 2007, JOHN took a personal leave of absence from her job at DHMH and served as the Executive Director of CWAH.

During her tenure at CWAH, JOHN, embezzled approximately \$58,544 in CWAH funds through several schemes, described below:

- First, within eight months of starting at CWAH, JOHN unilaterally raised her salary from \$78,000 to \$99,000, despite knowing that that increases in her salary required the approval of the CWAH Board of Directors. As a result, JOHN obtained \$22,000 in payments to which she was not entitled as bona fide salary, wages, or compensation.
- Second, JOHN embezzled approximately \$17,500 from a 2006 grant that CWAH received from the New York State Department of Health's NYS AIDS Institute (the "Institute") for the purpose of conducting HIV/AIDS education and outreach among Caribbean immigrants. JOHN obtained these funds by creating a false program report and vouchers describing HIV/AIDS outreach events allegedly conducted by CWAH under the terms of the grant, when in fact these events had been conducted, if at all, by JOHN and a colleague, months before JOHN joined CWAH. JOHN also embezzled \$5,000 from a second Institute grant by submitting an amended grant budget to the Institute that mis-allocated grant funds to her and an additional \$18,000 in funds from a New York City Infant Mortality and Reproductive Health Initiative grant issued to CWAH by DHMH as "consulting fees".
- Finally, JOHN embezzled an additional \$5,000 in funds from a grant awarded to CWAH by the Black Leadership Commission on AIDS and from unauthorized travel reimbursements.

Mortgage Fraud Conspiracy

In approximately February and March 2006, JOHN participated in a conspiracy to defraud banks by submitting several mortgage applications for over \$2.5 million in loans that contained false information. In February 2006, JOHN submitted documents containing false income, employment, and liability

information to an FDIC-insured bank in order to procure home mortgage loans in the amounts of \$352,000 and \$88,000 for the purchase of a property located in Uniondale, New York. In March 2006, JOHN submitted documents containing false income, employment, liability, and intended occupancy information to another FDIC-insured bank in order to procure home mortgage loans in the amounts of \$1 million and \$350,000 for the purchase of a property located in New York, New York. Also in March 2006, JOHN submitted documents containing false income, employment, liability, and intended occupancy information to a third FDIC-insured bank in order to procure home mortgage loans in the amount of \$639,200 and \$159,800 for the purchase of a property located in Hempstead, New York. In total, JOHN and her co-conspirators obtained approximately \$2,589,000 in loans through fraud.

* * *

JOHN, 41, of Brooklyn, New York, pled guilty to one count of embezzlement and one count of conspiracy to commit wire and bank fraud. If convicted, John faces a maximum penalty of 40 years in prison and a maximum fine of \$1,250,000, or twice the gross gain or loss from the offense. JOHN is scheduled to be sentenced by Judge HELLERSTEIN on January 14, 2011.

United States Attorney PREET BHARARA stated: "As director of a non-profit, Marilyn John was entrusted with public funds that were supposed to be used to educate and serve communities in need. John betrayed those she was meant to serve by lining her pockets with misappropriated funds and, to make matters worse, lied to mortgage lenders in order to steal millions of dollars. Today's guilty plea underscores this Office's commitment to working with our law enforcement partners to investigate and prosecute individuals who misuse taxpayer money to enrich themselves."

DOI Commissioner ROSE GILL HEARN said, "This City employee's array of scams touched all bases. She deceived her City agency, looted the taxpayer-funded nonprofit she was paid to manage, and defrauded private mortgage lenders. Her felony plea is a fitting wrap-up for a crime spree that seemingly left no opportunity to steal unexploited. DOI and the U.S. Attorney's Office for the Southern District of New York will continue to root out con artists who abuse City and federal programs and fleece the taxpayers."

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation and the New York City Department of Investigation.

The case is being prosecuted by the Office's Complex Frauds Unit. Assistant United States Attorney JUSTIN ANDERSON is in charge of the prosecution.

10-221

###