

13 MAG 2624

Approved:

PAUL KRIEGER/REBECCA RICIGLIANO/MARTIN BELL

Assistant United States Attorneys

Before: THE HONORABLE RONALD L. ELLIS

United States Magistrate Judge
Southern District of New York

COMPLAINT

UNITED STATES OF AMERICA :
- v. - :
Violations of 18 U.S.C. :
§§ 1349, 1341, and 2 :

CHEON PARK, :
COUNTY OF OFFENSE: :
NEW YORK :

Defendant. :

SOUTHERN DISTRICT OF NEW YORK, ss.:

ANTHONY MANGARELLA, being duly sworn, deposes and says
that he is a Special Agent with the United States Department of
Education ("USED"), and charges as follows:

COUNT ONE

1. From at least in or about 2005 up to and including
in or about 2012, in the Southern District of New York and
elsewhere, CHEON PARK, the defendant, and others known and unknown,
willfully and knowingly combined, conspired, confederated and
agreed together and with each other to violate Sections 1341 and
1343 of Title 18, United States Code.

2. It was a part and object of the conspiracy that
CHEON PARK, the defendant, and others known and unknown, having
devised and intending to devise a scheme and artifice to defraud,
and for obtaining money and property by means of false and
fraudulent pretenses, representations and promises, for the purpose
of executing such scheme and artifice and attempting so to do,
would and did place in any post office or authorized depository for
mail matter, any matter or thing whatever to be sent or delivered
by the Postal Service, and would and did deposit and cause to be
deposited a matter and thing to be sent and delivered by a private
and commercial interstate carrier, and would and did take or
receive therefrom, any such matter or thing, and would and did

(Title 18, United States Code, Section 1349.)

Manhattan.

documents to be hand delivered to the Comptroller's office in compensation paid by Billingual SEIT, PARK caused fraudulent "Comptroller" to PARK for documents that supported certain request by the New York State Office of the State Comptroller (the

c. On or about February 16, 2012, in response to a

\$30,000 of that compensation to PARK.

truth and in fact, Individual-2 had kicked back approximately provided by Individual-2 in the 2009-2010 school year, when, in \$120,200 to a particular individual ("Individual-2") for services Education ("NYSEd") that Billingual SEIT had paid approximately certified in a mailing to the New York State Department of

b. On or about January 6, 2011, PARK falsely

PARK.

operated, in exchange for kicking back 50% of any such payments to Preschool, Inc. ("Billingual SEIT"), a company that PARK owned and would be willing to receive payments from Billingual SEIT & defendant, asked an individual ("Individual-1") if Individual-1

a. In or about March 2006, CHEON PARK, the

were committed in the Southern District of New York and elsewhere:

4. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others,

Overt Acts

United States Code, Section 1343.

executing such scheme and artifice, in violation of Title 18, writings, signs, signals, pictures, and sounds for the purpose of and radio communication in interstate and foreign commerce, would and did transmit and cause to be transmitted by means of wire of false and fraudulent pretenses, representations, and promises, artifice to defraud, and for obtaining money and property by means unknown, having devised and intending to devise a scheme and conspiracy that CHEON PARK, the defendant, and others known and

3. It was a further part and an object of the

direction thereon, and at the place at which it was directed to be delivered by the person to whom it was addressed, such matter and thing, in violation of Title 18, United States Code, Section 1341.

knowingly cause to be delivered by such carrier according to the

5. From at least in or about 2005 up to and including in or about 2012, in the Southern District of New York and elsewhere, CHEON PARK, the defendant, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting so to do, did place in any post office or authorized depository for mail matter, any matter or thing whatever to be sent or delivered by the Postal Service, and did deposit and cause to be deposited a matter and thing to be sent and delivered by a private and commercial interstate carrier, and did take or receive therefrom, any such matter or thing, and would and did knowingly cause to be delivered by such carrier according to the direction thereon, and at the place at which it was directed to be delivered by the person to whom it was addressed, such matter and thing, and aided and abetted such conduct, to wit, using the mail, PARK falsely represented to, among other entities, the NYSED and the Comptroller: (1) the amount of compensation certain individuals were purportedly paid by Bilingual SEIT; and (2) the amount and type of work certain individuals purportedly performed for Bilingual SEIT, in order to increase the amount of public funds that Bilingual SEIT and PARK received from, among others, the NYSED and the New York City Department of Education (the "NYCDOE").

(Title 18, United States Code, Sections 1341 and 2.)

The bases for deponent's knowledge and for the foregoing charges are, in part, as follows:

6. I am a Special Agent with the USFD, and have been in that position for approximately eight and a half years. Previously, I was an officer with the Department of Homeland Security, Customs and Border Protection, and prior to that, I was a New York City Police Officer. While with the USFD, I have participated in multiple investigations of fraud, theft of public funds, and kickback schemes. I am familiar with the facts and circumstances set forth below from my participation in the investigation of this case, from my personal knowledge, and from my conversations with other law enforcement officers and others. Because this Affidavit is being submitted for the limited purpose of establishing probable cause, I have not included every fact I have learned during the investigation. Where the actions, statements and conversations of others are recounted herein, they are related in substance and in part, unless otherwise indicated.

10. In order to receive public funds from the City and State for the services Bilingual SEIT provided, CHEON PARK, the defendant, was required to submit an annual certified consolidated fiscal report ("CFR") and audited financial statements to the NYSED and NYCDOE. Bilingual SEIT's CFR and audited financial statements represented the costs that Bilingual SEIT incurred and the justifications for those costs in the preceding school year, including the compensation Bilingual SEIT purported to pay its employees and contractors. For example, in or about January 2013, PARK submitted to the NYSED and the NYCDOE a certified CFR for the year July 1, 2011 through June 30, 2012 (the "2011-2012 CFR") and audited financial statements that Bilingual SEIT's auditor purportedly provided to PARK. The 2011-2012 CFR and the accompanying audited financial statements represented that Bilingual SEIT spent almost \$1 million on independent contractors and over \$11 million on wages and salaries for employees in the

9. From at least in or about 2005 through in or about 2012, Bilingual SEIT claimed reimbursement for and received approximately \$94.5 million in federal, New York State ("State") and City funding to provide the services described in paragraph 8. For example, for the year July 1, 2011 through June 30, 2012, Bilingual SEIT claimed reimbursements for and received approximately \$17 million from the City and State, including nearly \$5.5 million to provide SEIT services and over \$10 million for center-based programs.

8. From at least in or about 2005 through in or about 2012, Bilingual SEIT had a contract with the NYCDOE to provide publicly funded special education services and preschool programs to New York City (the "City") children three to five years of age with physical, emotional, and/or developmental difficulties. More specifically, Bilingual SEIT provided: (1) special education itinerant teacher ("SEIT") services; (2) special education classes in a center-based setting for preschool students with special needs; (3) individual evaluations for preschool students with disabilities; and (4) physical, occupational, and/or speech therapy for preschool students who qualified for such services. As of September 2012, when the NYCDOE canceled Bilingual SEIT's contracts with the City, Bilingual SEIT operated out of five locations, including in Manhattan, Queens, and Brooklyn.

7. From at least in or about 2005 through in or about 2012, CHEON PARK, the defendant, was the owner, chief executive officer, and executive director of Bilingual SEIT.

BACKGROUND

11. The certification pages of the CFRs for the years 2005 through 2012, which PARK signed in his capacity as executive director of Bilingual SEIT, as well as the audited financial statements, were mailed to the NYSSED in Albany, New York.

12. The NYSSED relied on the information provided in Bilingual SEIT's CFRs and audited financial statements in determining the amount of public funds to pay Bilingual SEIT per student for the services it provided to City preschool students. Thus, when CHEON PARK, the defendant, falsely certified that Bilingual SEIT spent more money to operate its programs, including in employee and contractor compensation, in a given year than Bilingual SEIT actually did spend, then the public funds per student that the NYSSED and the NYCDOE provided to Bilingual SEIT to reimburse the company for its operating expenses were improperly inflated.

13. Beginning in or about June 2011, the Comptroller conducted an audit of Bilingual SEIT to determine whether the costs reported by Bilingual SEIT on its CFRs for the years July 2007 through June 2009 were properly calculated, documented, and allowable under guidance issued by the NYSSED. In July 2012, the Comptroller issued a report (the "July 2012 Report") that concluded that nearly \$1.5 million of the costs that CHEON PARK, the defendant, certified for the two-year period beginning in July 2007 should have been disallowed, including approximately \$233,000 in compensation paid to 26 employees whose time and attendance could not be substantiated.

14. Following the issuance of the July 2012 Report, the NYCDOE withheld certain money that it purportedly owed Bilingual SEIT, canceled Bilingual SEIT's classes scheduled to begin in September 2012, and declined to renew Bilingual SEIT's contract with the City.

Overview of the Fraud and Kickback Schemes

15. As described in more detail below, from in or about 2005 through in or about 2012, CHEON PARK, the defendant, and others, engaged in a scheme to defraud the City and State out of at least hundreds of thousands of dollars in public money by falsely representing on CFRs and financial statements submitted to the NYSSED and the NYCDOE the amount of compensation Bilingual SEIT was paying its employees and independent contractors and the amount and type of work certain individuals actually performed for Bilingual

b. From in or about 2005 through in or about 2008, Individual-3 received approximately \$7,000 per month from Billingual SEIT of which Individual-3 kicked back approximately \$3,500 in cash to PARK each month. According to financial records provided to law enforcement by Individual-3, Individual-3 received over \$186,000

a. In or about 2005, PARK asked Individual-3 if Individual-3 would accept payments from Billingual SEIT in exchange for kicking back 50% of any such payments to PARK. Individual-3 agreed to participate in this scheme.

following:

in or about 2008, I have learned, in substance and part, the received payments from Billingual SEIT between in or about 2005 and ("Individual-3") who bank records and other documents reflect to PARK. For example, based on interviews of an individual kickback a portion of the money they received from Billingual SEIT programs. PARK then asked that these individuals regularly City and State for special education services and preschool for Billingual SEIT using funds that the company received from the SEIT to pay multiple individuals who performed little or no work

17. CHEON PARK, the defendant, arranged for Billingual SEIT to pay multiple individuals who performed little or no work for Billingual SEIT using funds that the company received from the City and State for special education services and preschool programs. PARK then asked that these individuals regularly kickback a portion of the money they received from Billingual SEIT to PARK. For example, based on interviews of an individual ("Individual-3") who bank records and other documents reflect received payments from Billingual SEIT between in or about 2005 and in or about 2008, I have learned, in substance and part, the following:

No-show Jobs and Kickback Scheme

16. In addition, in connection with the audit of Billingual SEIT by the Comptroller that began in June 2011, CHEON PARK, the defendant, submitted fraudulent time sheets and other records to the Comptroller to hide his long-running fraud and kickback scheme. More recently, PARK encouraged at least one individual who had received payments from Billingual SEIT for work he did not perform and who kicked back a portion of his fraudulent compensation to PARK to lie to federal law enforcement officers investigating this matter.

Billingual SEIT with City and State funds. 50% of the money that these individuals were improperly paid by excess of what they were entitled to, kickback to PARK as much as for work that they did not perform, or paid by Billingual SEIT in PARK requested that certain individuals who were either being paid real estate business. Furthermore, beginning in or about 2005, worked at PARK's private residence or provided services for PARK's services for fewer hours than PARK claimed, and, in some cases, did not work for Billingual SEIT at all, performed different Billingual SEIT when, in truth and in fact, these individuals either NYCDOE, and the Comptroller that certain individuals worked for SEIT. More specifically, PARK represented to the NYSED, the

Individual-1 was not an employee or independent consultant for
c. From in or about 2006 through in or about 2008,

Individual-1 kicked back to PARK approximately \$81,000 in cash.
Individual-1 estimated that PARK arranged for Individual-1 to
b. From in or about March 2006 through in or about
receive approximately \$180,000 from Bilingual SEIT out of which
2008, Individual-1 kicked back to PARK approximately \$81,000 in cash.

payments.
from Bilingual SEIT and agreed to kickback to PARK 45% of the
payments to PARK. Individual-1 agreed to receive such payments
from Bilingual SEIT in exchange for kicking back 50% of any such
defendant, asked Individual-1 if Individual-1 would accept payments
a. In or about March 2006, CHEON PARK, the

following:
and other documents reflect received payments from Bilingual SEIT
between 2006 and 2008, I have learned, in substance and part, the
18. Based on interviews of Individual-1 who bank records

provided children.
files and invoices related to services Bilingual SEIT purportedly
2008 dates that falsely represented that Individual-3 reviewed.
worked at Bilingual SEIT full-time; and (2) documents with 2007 and
2008-2009 school years that falsely represented that Individual-3
to sign or initial: (1) multiple time sheets for the 2007-2008 and
the 2007 to 2009 time period. For example, PARK asked Individual-3
indicated that Individual-3 actually worked for Bilingual SEIT in
various documents ("Individual-3's Documents") that falsely
being audited by the Comptroller, PARK asked Individual-3 to sign
d. In or around 2011, when Bilingual SEIT was .

back approximately 50% to PARK in cash.
performing no work at all and, out of which, Individual-3 kicked
monthly payments Individual-3 received from Bilingual SEIT for
compensation was separate and distinct from the more significant
Individual-3 actually performed for Bilingual SEIT. This modest
compensation from Bilingual SEIT for the little work that
Bilingual SEIT. PARK arranged for Individual-3 to receive
years, Individual-3 conducted fewer than ten evaluations for
Bilingual SEIT could provide. During these approximately six
evaluating children to determine if they needed services that
Individual-3 worked sporadically for Bilingual SEIT, occasionally
c. From in or about 2001 through in or about 2007,

of which Individual-3 kicked back to PARK approximately \$93,000.
from Bilingual SEIT from in or about 2005 through in or about 2008,

11. A Bilingual SEIT CFR for the 2008-2009

respectively, whose titles were reported to be "office workers." and compensation were paid to Individual-1 and Individual-3, about 2011 and 2012, over \$77,000 and \$36,400 of these total wages documents PARK caused to be submitted to the Controller in or contractors providing services for Bilingual SEIT. According to approximately \$8.6 million in compensation to independent approximately \$1.6 million in wages to Bilingual SEIT employees and (the "2007-2008 CFR"), which represented that Bilingual SEIT paid certified a CFR for Bilingual SEIT for the 2007-2008 school year 1. On or about November 26, 2008, PARK

Bilingual SEIT. For example: for services Individual-1 and Individual-3 purportedly provided to financial statements as legitimate and reimbursable compensation through in or about 2008 in Bilingual SEIT's CFRs and audited SEIT paid Individual-1 and Individual-3 from in or about 2005 a. PARK included the compensation that Bilingual

part, the following: Controller in 2011 and 2012, I have learned, in substance and in supporting documentation that PARK caused to be provided to the statements that PARK caused to be submitted to the NYSED, and defendant, certified as being accurate, the audited financial 19. Based on a review of the CFRs that CHEON PARK, the

PARK. to law enforcement agents that Individual-1 kicked back money to Bilingual SEIT records. PARK also asked Individual-1 not to reveal "biller" at Bilingual SEIT and was responsible for reviewing enforcement agents investigating PARK that Individual-1 worked as a Individual-1 and asked Individual-1 to advise federal law e. In or about August 2013, PARK met with

school year. Individual-1 was working at Bilingual SEIT during the 2007-2008 Individual-1 was asked to sign time sheets that falsely stated that for Bilingual SEIT in the 2007 to 2009 time period. For example, documents that falsely indicated that Individual-1 actually worked the Controller in or around 2011, PARK asked Individual-1 to sign d. At the time Bilingual SEIT was being audited by

to Individual-1's residence. such as agreeing to allow Bilingual SEIT calendars to be delivered Bilingual SEIT or PARK apart from the occasional favor for PARK, Bilingual SEIT or PARK, and Individual-1 performed no work for

b. Shortly after Individual-4 began working for Bilingual SEIT, PARK asked Individual-4 to kickback to PARK approximately \$2,200 a month out of Individual-4's monthly compensation from Bilingual SEIT. Individual-4 agreed to do so and kicked back to PARK approximately \$2,200 a month until Individual-4 stopped working for Bilingual SEIT in about 2011.

a. In or about 2006, PARK hired Individual-4 as an office worker for Bilingual SEIT.

21. In addition to the no-show jobs and kickback scheme described above, CHEON PARK, the defendant, also arranged for Bilingual SEIT, using funds that the company received from the city and state for special education services and preschool programs, to overpay multiple individuals who actually performed some work for Bilingual SEIT. PARK then asked that certain of these individuals regularly kickback a portion of the money that they received from Bilingual SEIT to PARK. For example, based on interviews of an individual ("Individual-4") who bank records and other documents reflect received payments from Bilingual SEIT between in or about 2006 and in or about 2010, I have learned, in substance and part, the following:

Overpayment and Kickback Scheme

20. On or about February 16, 2012, in response to a request by the Comptroller to CHEON PARK, the defendant, for documents that supported the compensation that Bilingual SEIT paid to Individual-3, an individual employed by PARK hand-delivered Individual-3's Documents to the Comptroller's office in Manhattan.

b. Bilingual SEIT's CFRs and audited financial statements did not reflect that Individual-1 and Individual-3 kicked back to PARK approximately half of the money that they received from Bilingual SEIT, nor did PARK disclose these kickbacks to the Comptroller.

Bilingual SEIT paid approximately \$4.2 million in wages to Bilingual SEIT employees and approximately \$7 million in compensation to independent contractors providing services for Bilingual SEIT. According to documents PARK caused to be submitted to the Comptroller in or about 2011 and 2012, approximately \$14,000 of these total wages and compensation were paid to Individual-3 whose title was reported to be "office worker."

school year that PARK certified (the "2008-2009 CFR"), and that was mailed to the NYSED on or about December 22, 2009, represented that

c. During the Controller's audit in 2011 and 2012, PARK asked Individual-4 to provide false information to the Controller, including information about who worked for Bilingual SEIT and where these individuals performed their work.

22. Based on interviews of Individual-2 who bank records and other documents reflect received payments from Bilingual SEIT between in or about 2006 and in or about 2010, I have learned, in substance and part, the following:

a. From in or about 2006 to in or about 2007, Individual-2 was paid approximately \$10,000 per month by Bilingual SEIT even though Individual-2 did not perform any work for Bilingual SEIT during this time. Individual-2 kicked back to CHEON PARK, the defendant, half of these monthly payments, approximately \$5,000 per month, in cash.

b. In or about 2007, Individual-2 began working for Bilingual SEIT as an office worker who performed a variety of tasks at PARK's direction.

c. Shortly after Individual-2 began working for Bilingual SEIT, at PARK's direction, Individual-2 was asked to kickback to PARK approximately \$2,500 a month out of Individual-2's monthly compensation from Bilingual SEIT. Individual-2 agreed to do so and kicked back to PARK approximately \$2,500 a month until Individual-2 stopped working for Bilingual SEIT in or about 2012.

d. Beginning in at least in or about 2009, PARK asked Individual-2 to collect kickbacks for PARK from other individuals who were paid by Bilingual SEIT. These kickbacks were disguised as "overpayments" by Bilingual SEIT to these employees. For example:

1. Individual-2 provided law enforcement with copies of checks made payable to Individual-2, which Individual-2 had collected at PARK's direction from four other individuals who had been paid by Bilingual SEIT. After collecting these checks, Individual-2 deposited these checks and provided their cash equivalent to PARK.

11. Individual-2 also provided law enforcement with a document dated February 2010, which Individual-2 obtained from Bilingual SEIT's offices, that records kickbacks in excess of \$7,500 that were paid to Individual-2 at PARK's direction by three other Bilingual SEIT employees or contractors.

example, I have reviewed a November 7, 2009 email (the "November 7 Individual-2", or others working at the direction of PARK. For checks that he collected from these other employees to PARK, who Individual-5 supervised. Individual-5 provided the cash or overpayments, from at least three other Billingual SEIT employees instructed Individual-5 to collect kickbacks, in the guise of and in or about 2012, PARK or others acting at PARK's direction d. On various occasions between in or about 2007

these checks and provided their cash equivalent to PARK. respectively. According to Individual-2, Individual-2 deposited checks to Individual-2 for over \$4,600, \$523, and \$2,000, 7, 2009, January 7, 2010, and February 8, 2010, Individual-5 wrote of Individual-5's bank records revealed that on or about December who worked for PARK, including Individual-2. For example, a review the entire overpayment in cash or check directly to PARK or others or other individuals who worked for PARK. Individual-5 kicked back instructed Individual-5 to kickback the overpayment amount to PARK or others acting at the direction of PARK, including Individual-2, Individual-5 was paid more than he was owed in compensation, PARK, agreed that Individual-5 would be paid. On the occasions when Individual-5 more money than Individual-5 and PARK had previously and in or about 2012, PARK arranged for Billingual SEIT to pay c. On multiple occasions between in or about 2007

controlled and collecting rent from tenants in those buildings.. superintendent services for residential buildings PARK owned and/or unrelated to Billingual SEIT, including, for example, providing portion of his workday doing tasks for PARK's personal benefit even though, at PARK's direction, Individual-5 spent a significant Individual-5 was paid as a full-time employee by Billingual SEIT b. Between in or about 2007 and in or about 2012,

for Billingual SEIT as a full-time superintendent at a residential apartment building in Queens, New York owned and/or controlled by CHEON PARK, the defendant. a. In or about 2007, Individual-5 began working

I have learned, in substance and part, the following: from Billingual SEIT between in or about 2007 and in or about 2012, 5") who bank records and other documents reflect received payments 23. Based on interviews of an individual ("Individual-

Billingual SEIT and where these individuals performed their jobs. Comptroller, including false information about who worked for 2012, PARK asked Individual-2 to provide false information to the e. During the Comptroller's audit in 2011 and

Email") from an email address, "cheonpark@bilingualeit.com," which Individual-5 stated belonged to PARK, to Individual-5's Hotmail email account, in which PARK informed Individual-5 that Individual-5 and another Bilingual SEIT employee had been overpaid by Bilingual SEIT by over \$4,000 and \$10,800, respectively, in October 2009 and the beginning of November 2009.

24. Based on interviews of another individual ("Individual-6") who bank records and other documents reflect received payments from Bilingual SEIT between in or about 2008 and in or about 2010, I have learned, in substance and part, the following:

a. Beginning in or about 2008, Individual-6 worked as a full-time handyman and electrician for Bilingual SEIT.

b. Beginning in or about 2009, on various occasions, CHEON PARK, the defendant, arranged for Bilingual SEIT to pay Individual-6 more than Individual-6 and PARK had previously agreed that Individual-6 would get paid. On those occasions, PARK instructed Individual-6 to write checks to Individual-2 in the amount of the overpayment. Individual-6 agreed to do so. For example, a review of Individual-2's bank records reflects at least five checks from Individual-2 to Individual-6 from in or about October 2009 through in or about May 2010, totaling approximately \$18,800.

25. Based on a review of the CFRs that CHEON PARK, the defendant, certified as being accurate and caused to be submitted to the NYSED and the NYCDOE, the audited financial statements that Bilingual SEIT caused to be submitted to the NYSED, and the supporting documentation that PARK caused to be provided to the Comptroller in 2011 and 2012, I have learned, in substance and in part, the following:

a. PARK included the compensation Bilingual SEIT paid Individual-2, Individual-4, Individual-5, and Individual-6 from in or about 2005 through in or about 2012 in Bilingual SEIT's CFRs and audited financial statements as legitimate and reimbursable compensation for services these individuals purportedly provided to Bilingual SEIT. For example:

Based on my conversation with a representative of MSN Hotmail, which operates Hotmail, I learned that the November 7 Email sent to Individual-5's Hotmail account traveled through Hotmail servers located outside New York State. Given that Individual-5 and/or PARK were in New York State at or around the time the November 7 Email was transmitted, the November 7 Email traveled interstate.

2 According to the 2008-2009 CFR, PARK paid himself over \$212,600 that year as a "consultant" to Billingual SEIT, even though he was the owner and executive director of the company.

28. Based on a review of public records and interviews with Individual-2 and Individual-4, I have learned that from at least in or about 2006 through at least in or about 2012, CHEON PARK, the defendant, lived together with his ex-wife and their

27. Based on a review of public records, I have learned that, in or about April 2010, CHEON PARK got divorced from his now ex-wife ("PARK's ex-wife").

I. Payments to CHEON PARK's Ex-Wife

26. In addition to the schemes described above, CHEON PARK, the defendant, also arranged for Billingual SEIT, using funds that the company received from the city and state for special education services and preschool programs, to pay: (1) PARK's ex-wife and sister-in-law for work they did not perform; (2) for tutoring for PARK's children; and (3) a Billingual SEIT employee to clean PARK's residence twice a week.

Additional Fraudulent Schemes

b. Billingual SEIT's CFRs and audited financial statements did not reflect that Individual-2, Individual-4, Individual-5, Individual-6, and others kicked back to PARK hundreds of thousands of dollars of the compensation that they received from Billingual SEIT, nor did PARK disclose these kickbacks to the Comptroller.

11. According to the 2008-2009 CFR, Individual-4 was paid \$92,515 in salary making Individual-4 among the highest paid Billingual SEIT employees that year.² According to documents PARK submitted to the Comptroller in or about 2011 and 2012, Individual-5 and Individual-6 were paid approximately \$120,000 and \$79,200, respectively, by Billingual SEIT in 2008-2009.

i. On or about January 6, 2011, PARK certified a CFR for Billingual SEIT for the 2009-2010 school year (the "2009-2010 CFR"), which represented that Billingual SEIT paid approximately \$7.5 million salary to Billingual SEIT employees of which Individual-2 was paid approximately \$120,200. According to the 2009-2010 CFR, Individual-2 was the third highest paid Billingual SEIT employee in 2009-2010.

children at a residence in Manhasset, New York (the "PARK Residence").

29. According to the Bilingual SEIT CFR for the 2006-

2007 school year that was submitted to the NYSED in or about February 2008 (the "2006-2007 CFR"), the 2007-2008 CFR, the 2009 CFR, the 2009-2010 CFR, the Bilingual SEIT CFR for the 2010-2011 school year that CHEON PARK, the defendant, certified on or about January 10, 2012 (the "2010-2011 CFR"), and the 2011-2012 CFR, PARK's ex-wife served as Bilingual SEIT's "Assistant Executive Director," the second most senior executive at Bilingual SEIT after PARK himself. According to the CFRs for the years 2006 through 2012, PARK's ex-wife was one of Bilingual SEIT's most highly compensated employees, receiving a total of over \$950,000 in compensation in this six-year period.

30. Based on interviews of Individual-2, Individual-4,

and Individual-5, as well as the audit performed by the Controller, which included a review of documents provided by CHEON PARK, the defendant, to the Controller that purported to substantiate that PARK's ex-wife worked as an "Assistant Executive Director" at Bilingual SEIT, I have learned that PARK's ex-wife did not function as an "Assistant Executive Director" at Bilingual SEIT from 2006 through 2012. To the extent that PARK's ex-wife performed any functions at all for Bilingual SEIT, she was an office worker. According to Individual-5, PARK's ex-wife was not involved in accounting, reviewing Individual-5's timesheets, or approving Individual-5's pay or expenses.

31. In response to the Controller's preliminary audit

findings concerning the 2007-2008 and 2008-2009 school years, PARK caused counsel to Bilingual SEIT to mail a letter to the Controller in Manhattan (the "August 24th Letter"). The August 24th Letter challenges, among other things, the Controller's preliminary finding that PARK's ex-wife's salary exceeded what was permissible under the relevant guidelines for an Assistant Executive Director. The August 24th Letter failed to disclose that PARK's ex-wife did not fulfill the functions of an Assistant Executive Director. The August 24th Letter also challenged the Controller's preliminary findings concerning, among other things, the lack of time records for certain Bilingual SEIT personnel, and "overstated" work hours on Bilingual SEIT's CFRs, including for Individual-4 and Individual-8, who is discussed below. The August 24th Letter failed to disclose PARK's no-show jobs, overpayment, and kickback schemes.

II. Payments to CHEON PARK's Sister-in-Law

32. Based on a review of documents provided by CHEON PARK, the defendant, as part of the Comptroller's audit in 2011 and 2012, I have learned that PARK arranged for Billingual SEIT to pay PARK's ex-wife's sister ("PARK's Sister-in-Law") approximately \$14,000 in 2009 for clerical work that PARK's Sister-in-Law purportedly performed for Billingual SEIT between March 2009 and June 2009. PARK included the compensation that PARK arranged for Billingual SEIT to pay PARK's Sister-in-Law in 2009 in Billingual SEIT's total employee/consultant compensation, which was reported to the NYSED and the NYCDOE in the 2008-2009 CFR.

33. In or about 2012, CHEON PARK, the defendant, represented in writing to the Comptroller that PARK's Sister-in-Law resided at a home in Manhasset, New York (the "Manhasset Home") during the time period she worked for Billingual SEIT in 2009.

34. Based on interviews with Individual-2 and Individual-4, I have learned, in substance and in part, the following:

a. PARK's Sister-in-Law did not work at Billingual SEIT in 2009.

b. PARK's Sister-in-Law did not reside at the Manhasset Home because that is the residence of Individual-2 and Individual-4, and PARK's Sister-in-Law never resided there.

c. The 2009 time sheets for PARK's Sister-in-Law that CHEON PARK, the defendant, submitted to the Comptroller in or around 2012 were created at PARK's direction in or around 2012.

d. PARK asked Individual-2 and Individual-4 to provide the Comptroller with false information about PARK's Sister-in-Law.

III. Payments for CHEON PARK's Personal Services

35. Based on a review of documents provided by CHEON PARK, the defendant, as part of the Comptroller's audit in 2011 and 2012, I have learned that Billingual SEIT paid an individual ("Individual-7") approximately \$1,200 in 2008 for office work that Individual-7 purportedly performed for Billingual SEIT in or about March 2008. PARK included the compensation Billingual SEIT paid Individual-7 in Billingual SEIT's total employee/consultant compensation that was reported to the NYSED and the NYCDOE in the

36. Based on an interview of Individual-7 and a review of Billingual SEIT bank records, I have learned, in substance and in part, the following:

a. Individual-7 never worked for Billingual SEIT.

b. In or about 2008, CHEON PARK, the defendant, hired Individual-7 to tutor PARK's two children at the PARK Residence.

c. PARK paid Individual-7 approximately \$1,000 for these tutoring services with a Billingual SEIT check.

37. Based on a review of documents CHEON PARK, the defendant, provided as part of the comptroller's audit in 2011 and 2012, I have learned that Billingual SEIT paid an individual ("Individual-8") approximately \$15,782 in the 2008-2009 school year for maintenance work that Individual-8 purportedly performed for Billingual SEIT. PARK included the compensation Billingual SEIT paid Individual-8 in Billingual SEIT's total employee/consultant compensation that was reported to the NYSED and the NYCDOE in the 2008-2009 CFR.

38. Based on an interview of Individual-8, I have learned, in substance and in part, the following:

a. From in or about 2008 through in or about 2012, Individual-8 worked cleaning Billingual SEIT's facilities in New York City.

b. Shortly after Individual-8 began working at Billingual SEIT in 2008, CHEON PARK, the defendant, instructed Individual-8 to do housekeeping and cleaning at the PARK Residence on Monday and Friday instead of working at Billingual SEIT facilities on those two days.

c. Individual-8 was paid approximately \$21,000 per year by Billingual SEIT for her work at Billingual SEIT's facilities and the PARK Residence.

WHEREFORE, deponent respectfully requests that a warrant be issued for the arrest of CHEON PARK, the defendant, and that he be arrested and imprisoned, or bailed, as the case may be.

ANTHONY MANGARELLA

Special Agent

United States Department of Education

Sworn to before me this
6 day of November 2013

HONORABLE RONALD L. ELLIS
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK