

Approved: Eli Mark
ELI J. MARK
Assistant United States Attorney

Before: HONORABLE JAMES COTT
United States Magistrate Judge
Southern District of New York

- - - - -	x	16 MAG 658
	:	
UNITED STATES OF AMERICA	:	<u>SEALED COMPLAINT</u>
	:	
- v. -	:	Violations of
	:	18 U.S.C. §§ 1349, 1343,
KWAME A. INSAIDOO, and	:	371, 666(a)(1)(A) &
ROXANNA PEARSON,	:	1956(h)
a/k/a "Roxanna Insaideoo,"	:	
	:	COUNTY OF OFFENSE:
Defendants.	:	NEW YORK
- - - - -	x	

SOUTHERN DISTRICT OF NEW YORK, ss.:

LAVALE JACKSON, being duly sworn, deposes and says that he is a Criminal Investigator with the United States Attorney's Office for the Southern District of New York ("USAO"), and charges as follows:

COUNT ONE
(Conspiracy to Commit Wire Fraud)

1. From at least in or about 2008, up to and including in or about January 2016, in the Southern District of New York and elsewhere, KWAME INSAIDOO, and ROXANNA PEARSON, a/k/a "Roxanna Insaideoo," the defendants, willfully and knowingly did combine, conspire, confederate and agree together and with each other to commit wire fraud, in violation of Title 18, United States Code, Section 1343.

2. It was a part and an object of the conspiracy that KWAME INSAIDOO, and ROXANNA PEARSON, a/k/a "Roxanna Insaideoo," the defendants, and others known and unknown, willfully and knowingly, 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, would and did transmit and cause to be transmitted by

means of wire and radio communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

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

COUNT TWO
(Wire Fraud)

3. From at least in or about 2008, up to and including in or about January 2016, in the Southern District of New York and elsewhere, KWAME INSAIDOO, and ROXANNA PEARSON, a/k/a "Roxanna Insaidoo," the defendants, willfully and knowingly 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, would and did transmit and cause to be transmitted by means of wire and radio communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343, to wit, INSAIDOO, while purportedly acting as the executive director of United Block Association, Inc. ("UBA"), a non-profit organization, entered into contracts with New York City and obtained, on behalf of UBA, at least \$11,950,535 in money pursuant to those contracts by, among other things, false and misleading representations, concerning the disbursements of substantial funds for purported legitimate services, which funds were in fact used by INSAIDOO and PEARSON, for unauthorized purposes, and sent via interstate and foreign wires to a co-conspirator.

(Title 18, United States Code, Sections 1343 and 2.)

COUNT THREE
(Conspiracy to Embezzle Government Funds)

4. From at least in or about 2008, up to and including in or about January 2016, in the Southern District of New York and elsewhere, KWAME INSAIDOO and ROXANNA PEARSON a/k/a "Roxanna Insaidoo," the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate and agree together and with each other to commit an offense against the United States, to wit, embezzlement in violation of Title 18, United States Code, Section 666(a)(1)(A).

5. It was a part and an object of the conspiracy that KWAME INSAIDOO and ROXANNA PEARSON, a/k/a "Roxanna Insaidoo," being agents of an organization that received in any one year period benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, and other form of Federal assistance, would and did willfully and knowingly embezzle, steal, obtain by fraud, and otherwise without authority did knowingly convert to the use of a person other than the rightful owner and intentionally misapply property that was valued at \$5,000 and more and was owned by and was under the care, custody, and control of such organization, in violation of Title 18, United States Code, Section 666(a)(1)(A).

Overt Acts

6. In furtherance of said conspiracy and to effect the illegal object thereof, the following overt act, among others, was committed in the Southern District of New York:

a. On or about July 8, 2008, KWAME INSAIDOO and ROXANNA PEARSON a/k/a "Roxanna Insaidoo", the defendants, on behalf of UBA, signed and authorized a \$15,000 check to Allied Home Care Services ("AHC"), a shell company that they owned, which was subsequently deposited into a checking account in the name of AHC.

(Title 18, United States Code, Section 371.)

COUNT FOUR

(Embezzlement of Government Funds)

7. From at least in or about 2008, up to and including in or about January 2016, in the Southern District of New York and elsewhere, KWAME INSAIDOO and ROXANNA PEARSON a/k/a "Roxanna Insaidoo," the defendants, being agents of an organization that received in any one year period benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, and other form of Federal assistance, did willfully and knowingly embezzle, steal, obtain by fraud, and otherwise without authority did knowingly convert to the use of a person other than the rightful owner and intentionally misapply property that was valued at \$5,000 and more and was owned by and was under the care, custody, and control of such organization, to wit, INSAIDOO and PEARSON, while acting as agents for UBA, fraudulently authorized payments to INSAIDOO, PEARSON, and others, aided and abetted the fraudulent authorization of those

payments, and otherwise wrongfully caused loss of over \$953,875.72 that actually belonged to UBA.

(Title 18, United States Code, Section 666(a)(1)(A) and 2.)

COUNT FIVE
(Money Laundering Conspiracy)

8. From at least in or about 2008 up to and including in or about January 2016, in the Southern District of New York and elsewhere, KWAME INSAIDOO, and ROXANNA PEARSON a/k/a "Roxanna Insaيدoo," the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other, to violate United States Code, Sections 1956(a)(1)(B)(i), and 1957(a).

9. It was a part and an object of the conspiracy that KWAME INSAIDOO, and ROXANNA PEARSON a/k/a "Roxanna Insaيدoo," the defendants, and others known and unknown, knowing that the property involved in a financial transaction represented the proceeds of some form of unlawful activity, would and did conduct such a financial transaction which in fact involved the proceeds of specified unlawful activity, to wit, wire fraud in violation of Title 18, United States Code Section 1343, and embezzlement in violation of Title 18, United States Code Section 666, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, the location, the source, the ownership and the control of the proceeds of specified unlawful activity, in violation of Section 1956(a)(1)(B)(i) of Title 18, United States Code.

10. It was further a part and an object of the conspiracy that KWAME INSAIDOO, and ROXANNA PEARSON a/k/a "Roxanna Insaيدoo," the defendants, and others known and unknown, in an offense taking place in the United States, knowingly and willfully would and did engage in a monetary transaction in criminally derived property of a value greater than \$10,000 that was derived from specified unlawful activity, to wit, wire fraud in violation of Title 18, United States Code Section 1343, and embezzlement in violation of Title 18, United States Code Section 666, in violation of Section 1957(a) of Title 18, United States Code.

(Title 18, United States Code, Section 1956(h).)

The bases for my knowledge and for the foregoing charges are, in part, as follows:

11. I am a Criminal Investigator with the United States Attorney's Office for the Southern District of New York, and have been in that position for approximately one and a half years. Previously I was a Special Agent with the U.S. Department of Labor for over nine years. While with the USAO and DOL, I have participated in multiple investigations of fraud and money laundering offenses. 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 Complaint is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions and statements of and conversations with others are reported herein, they are reported in substance and in part. Where figures, calculations, and dates are set forth herein, they are approximate, unless stated otherwise.

12. I have spoken with investigators with the New York City Department of Investigation ("DOI"), which has been conducting an investigation into the activities of KWAME INSAIDOO, and ROXANNA PEARSON a/k/a "Roxanna Insaيدoo," the defendants, among others, in connection with embezzlement and fraud from UBA. During the investigation, DOI has gathered evidence, including but not limited to municipal, corporate, and financial records, witness statements, and electronic evidence, and analyzed and summarized that evidence. The information set forth below, except where specifically indicated, is based on my review of the relevant evidence and analyses obtained or conducted by DOI and my discussions with DOI investigators who gathered and analyzed the evidence.

Background

13. At all times relevant to this Complaint, UBA was a non-profit organization headquartered in New York, New York, that was controlled by KWAME INSAIDOO, the defendant. INSAIDOO began working for UBA in or about 1989 and became its executive director in or about 1993. INSAIDOO, at times, also referred to himself as UBA's board representative.

14. At all times relevant to this Complaint, UBA was almost entirely funded by New York City's Department for the

Aging ("DFTA"). UBA had agreements with DFTA to operate and provide healthy meals and programming for four senior centers in Upper Manhattan. Services under the contract included nutrition education, health wellness education, health management, assistance with eligible benefits, and exercise classes, among other things. Since in or about 1999, UBA had been awarded contracts with New York City, totaling approximately \$23,563,870 to operate each of these senior centers. Many of these contracts had been executed by KWAME INSAIDOO, the defendant, on behalf of UBA. Since in or about July 2008, DFTA had paid UBA more than \$11,682,213 for purported services performed under those agreements.

15. DFTA's operations are funded, in part, by grants from the United States Department of Health and Human Services ("HHS"). Between 2008 and 2015, HHS provided tens of millions of dollars in grants to DFTA each year.

16. In addition, some of the funds awarded to UBA under its contracts with DFTA specifically included money from certain federal grants, including from HHS and other federal agencies. Based on a review of financial records prepared by DFTA, in Fiscal Year 2013, UBA had received federal funds in the total amount of approximately \$454,529; in Fiscal Year 2014, UBA received federal funds in the total amount of approximately \$556,015; and, in Fiscal Year 2015, UBA received federal funds in the total amount of approximately \$548,960.

Summary of the Scheme to Defraud

17. As set forth below, there is probable cause to believe that KWAME INSAIDOO and ROXANNA PEARSON, a/k/a "Roxanna Insaideoo," the defendants, participated in a fraud and embezzlement scheme that involved over \$11,682,213 in government funds that have been paid to UBA under false pretenses, including misrepresentations and omission made by INSAIDOO, who controlled UBA. INSAIDOO abused his authority as UBA's Executive Director and with the assistance of his wife, PEARSON, caused the misappropriation of over \$953,875 to himself, PEARSON, and others. INSAIDOO and PEARSON have purchased a 4-bedroom home in Long Island and a late-model luxury car, among other things, with these fraud proceeds. Some of the proceeds of the scheme were laundered through a shell corporation established by INSAIDOO and PEARSON.

UBA's Contracts with New York City

18. Based upon my review of documents and records

maintained by New York City (the "City") and conversations with DOI investigators, I have learned, among other things, the following:

a. Since in or about 1999, DFTA has had contracts with UBA to operate certain centers in Upper Manhattan to provide services for elderly and predominately low-income residents.

b. UBA currently has contracts with the City to operate four different senior centers. The most recent contracts became effective in or about December 2012, and have been amended periodically since then. KWAME INSAIDOO, the defendant, executed each of these contracts on behalf of UBA.

c. In order to safeguard funds disbursed under UBA's contracts, the City requires certain disclosures to the City and approvals from the City regarding funds disbursed. For example, the contracts require that: (i) all of UBA's books, records and payments related to the contracts are subject to audit by the City and Comptroller; (ii) UBA "shall establish and maintain one or more separate accounts for the funds obtained from or through the City of New York related to this and all other agreements"; (iii) UBA "shall notify [DFTA] of the name, locations, and account numbers of all bank accounts in which funds pursuant to this Agreement are maintained"; (iv) UBA shall not enter into any subcontract for an amount greater than \$5,000 without approval from DFTA; (v) "without the prior written consent of [DFTA], no person may hold a job or position with [UBA] over which a member of his or her immediate family exercise any supervisory, managerial or other authority whatsoever whether such authority is reflected in a job title or otherwise, unless such job or position is wholly voluntary and unpaid." As detailed below, these contractual safeguards were routinely breached by INSAIDOO in order to embezzle money from the City and enrich himself and his family.

d. From in or about July 2008 to in or about December 2015, the City has entered into contracts with UBA for approximately \$11,950,535. UBA has received payments of approximately \$11,682,213 under the City's various contracts with UBA.

Defendants' Roles with UBA

19. Based on my review of documents and records maintained by the City, financial and tax records, conversations with DOI

investigators, among others, and a review of other records, I have learned, among other things, the following:

a. KWAME INSAIDOO, the defendant, has been the executive director of UBA since approximately 1993. INSAIDOO at times alternatively referred to himself as UBA's board representative. INSAIDOO communicated with the City regarding UBA's compliance with the City's fiscal requirements and UBA's performance of services pursuant to the City's contracts. From in or about 2008 through 2015, INSAIDOO was UBA's highest paid employee and, in fact, as described below, INSAIDOO received unauthorized funds far in excess of his official salary.

b. ROXANNA PEARSON, a/k/a "Roxanna Insaideoo," is a registered nurse and was a consultant with UBA until on or about August 9, 2012. PEARSON has also at various times represented herself as the Secretary for the UBA Board of Directors. After DFTA discovered that PEARSON was INSAIDOO's wife, and began an investigation relating to nepotism and a contractual breach in connection with her relationship with UBA, UBA reported to DFTA that PEARSON resigned her position with UBA. PEARSON continued to receive unauthorized funds from UBA after she supposedly resigned. PEARSON received funds far in excess of her purported consulting income while she was supposedly a consultant with UBA. INSAIDOO failed to disclose to the City the secret payments to PEARSON or his familial relationship to PEARSON.

Discovery of the Scheme

20. Based upon my conversations with DOI investigators, and review of documents and records maintained by DFTA, as well as other documents and records I have obtained, I have learned, in substance and in part, the following:

a. DOI conducted a thorough investigation of UBA's bank records and discovered the fraudulent transactions detailed here.

b. In connection with DOI's review of UBA's bank records, DOI auditors discovered, among other things, numerous transfers involving a UBA bank account number ending in 0230 (the "0230 Account"), which had never been disclosed to the City and was involved in transfers of substantial funds that were embezzled by KWAME INSAIDOO and ROXANNA PEARSON, a/k/a "Roxanna Insaideoo," the defendants, as detailed below.

c. As detailed earlier, the City requires that UBA

disclose bank accounts that receive the City's funds under the contract. DFTA also requires that contract recipients provide authorization for the banks to furnish DFTA information regarding those accounts in order to permit DFTA to review adequately the contract recipient's expenditure of City funds. Although INSAIDOO, on behalf of UBA, had disclosed to DFTA several bank accounts that were used for the operation of UBA's contracts with DFTA, and had provided authorization for the banks to furnish information to DFTA, INSAIDOO never disclosed the 0230 Account, or several other UBA bank accounts, to DFTA in violation of the contract requirements.

d. In conducting their review of UBA's records and reports issued by DFTA, DOI's auditors also found evidence of various financial irregularities that potentially impacted UBA's ability to provide services under the City's contracts, including: (i) failures to timely make payments of payroll taxes for UBA's employees, (ii) improperly using contract funds to pay for federal tax penalties assessed against UBA, (iii) senior centers exceeding their budgets, (iv) improper recordkeeping, (v) incurring bank overdraft fees, (vi) inconsistently paying employee salaries, (vii) inadequate internal controls, and (viii) the commingling of expenses and contract funds between fiscal years, among other things.

e. Based on a review and comparison of UBA's bank statements to UBA's invoices to the City, UBA over-reported and over-billed the City for its supposed purchases of food supplies at the same time INSAIDOO was embezzling funds from UBA. At times, UBA appears to have over-reported total expenses of its four senior centers by more than 500%. For instance, in June 2015, UBA reported raw food costs of \$61,868.80, even though UBA's bank statements only show expenditures of \$3,532.08 to food vendors during this time period. Similarly, in March 2015, UBA submitted invoices to the City reflecting total raw food costs of \$37,757.99 for all four senior centers, but a review of bank records indicates that food vendors were paid approximately less than half that during the relevant time period. At the same time, during March 2015, as detailed more fully below, INSAIDOO authorized transfers of approximately \$10,754.98, from UBA's accounts to himself, his wife, a family member, and a shell corporation.

Allied Home Care Fraud

21. Based upon my conversations with DOI investigators, and review of records maintained by DFTA, Bank of America, New

York Department of State, and the New York State Charities Bureau, I have learned, in substance and in part, the following:

a. From on or about July 3, 2008 until on or about April 9, 2015, UBA issued, among others, more than approximately 251 checks to "Allied Home Care" or a variation of that name, totaling approximately \$194,421.06 (the "AHC Checks"). For the reasons set forth below, I believe that the payments made to "Allied Home Care," were deposited into a shell corporation that was used to enrich KWAME INSAIDOO and ROXANNA PEARSON, a/k/a "Roxanna Insaideo, the defendants, and hide these transfers from the City.

b. The vast majority of the AHC Checks were issued from the 0230 Account. Approximately 248 (of the approximately 251) AHC Checks were signed and authorized by INSAIDOO on behalf of UBA. From on or about July 2008 through on or about approximately July 2011, the AHC Checks frequently also were signed and authorized by PEARSON on behalf of UBA.

c. The AHC Checks were deposited into bank accounts (the "AHC Accounts") in the name of Allied Home Care Services Inc. ("AHC"). The AHC Account's opening documents, dated on or about June 19, 2008, are signed by INSAIDOO, as AHC's President, and PEARSON, as AHC's Vice President. The signatures on these documents match INSAIDOO's and PEARSON's signatures on the AHC Checks.

d. A review of the AHC Accounts revealed that these funds were used to pay for personal expenses for INSAIDOO and PEARSON, including: (1) the mortgage for INSAIDOO and PEARSON's home residence in Long Island (the "Insaideo Home"), as well as utilities for the Insaideo Home, (2) the purchase of a late-model luxury sedan, and (3) clothes, utilities, insurance and loan payments. Between in or about 2008 and in or about 2012, eight wire transfers totaling approximately \$76,000 were sent from AHC Accounts to a bank in Ghana, where family members of the INSAIDOO and PEARSON reside.

e. AHC was incorporated as a non-profit corporation in or about October 1, 1996, and the name and address of PEARSON was provided to the Department of State to mail process on behalf of AHC. The address provided for PEARSON is the Insaideo Home, where INSAIDOO and PEARSON both reside.

f. AHC's Certificate of Incorporation, dated October 1, 1996, lists the name and address of three initial directors:

INSAIDOO and the names of two other individuals (believed to be his two minor children) each at the Insaideo Home Address.

g. On or about April 16, 2015, the City sent INSAIDOO a letter informing INSAIDOO that follow-up audit visits to each of UBA's facilities would be conducted and that auditors would need UBA to make available certain documents, including documents relating to the 0230 Account, for review (the "Audit Follow-up Letter").

h. Approximately two months after the City sent the Audit Follow-Up Letter, on or about June 9, 2015, AHC for the first time submitted a Form CHAR410 (the "AHC CHAR 410"), to the New York Attorney General's Charities Bureau (the "Charities Bureau").¹ Despite having been incorporated in 1996 and having received funds from UBA since at least 2008, this was the first and only filing submitted by AHC to the Charities Bureau.

i. The AHC CHAR410 listed PEARSON and her son as Directors, and INSAIDOO as a Board Member. The form stated that AHC began conducting activity in New York State on October 25, 1996 but that "[c]urrently, there are only plans to dissolve this organization." The AHC CHAR 410 was signed by PEARSON as a Director.

j. Since the Audit Follow-Up Letter was sent to UBA, UBA and INSAIDOO have stopped issuing any checks to AHC.

22. I have learned that AHC did not provide any services to UBA. Based upon my conversations with DOI investigators, I have learned, in substance and in part, the following:

a. DOI investigators have reviewed UBA's contracts, UBA's invoices to DFTA, interviewed multiple people regarding the services UBA provided. Based on DOI's interviews with a former UBA employee and City employees responsible for overseeing DFTA and its senior center programs, UBA's contract did not provide for the provision of any home health care services and these employees were not aware of AHC or of UBA providing any home health care services.

¹ A non-profit organization is required to submit a registration statement (known as a "Form CHAR410") with the Charities Bureau after it commences conducting charitable activities or prior to the solicitation of any funds.

b. UBA's contracts with DFTA did not include home health care services, and UBA never requested approval for any subcontracts with AHC or any home health care provider, which would have been required under UBA's contract for any subcontract over \$5,000. Nor did UBA submit in its annual budget, which DFTA had to approve in order for UBA to receive its funding, a request for any funds for AHC or for any home health care services providers.

Overpayments to KWAME INSAIDOO

23. Based upon my conversations with DOI investigators, and review of records maintained by DFTA, Bank of America, and New York Department of Labor, I have learned, in substance and in part, the following:

a. From on or about June 30, 2008 through on or about February 19, 2015, UBA issued approximately 424 checks to KWAME INSAIDOO, the defendant, totaling approximately \$677,301.96 (the "Insaideo Checks"). For the reasons set forth below, I believe that KWAME INSAIDOO, the defendant, improperly authorized, cashed and deposited the Insaideo Checks.

b. Almost all of the Insaideo Checks bear the authorizing signature of INSAIDOO. The majority of the Insaideo Checks, approximately \$530,288 in total, were endorsed by INSAIDOO and negotiated for cash. Another approximately \$115,355 was deposited directly into various accounts, including the AHC Accounts and an account in the name of INSAIDOO's son.

c. Based on a comparison between INSAIDOO's wages as reported to the New York Department of Labor ("DOL") and the amount of funds INSAIDOO actually received from UBA, it appears that INSAIDOO received overpayments of approximately \$213,731 from UBA (the "Insaideo Overpayments"), as follows: (1) in 2008 of \$27,476; (2) in 2009 of \$38,953; (3) in 2010 of \$19,604; (4) in 2011 of \$44,782; (5) in 2012 of \$19,798; (6) in 2013 of \$42,450; and (7) in 2014 of \$20,666.²

² These figures were calculated by comparing the funds actually received by INSAIDOO to the reported wages paid by UBA to INSAIDOO after subtracting estimated taxes paid. Any checks under the amount of \$200 that were written to INSAIDOO were not included.

Overpayments to ROXANNA PEARSON

24. Based upon my conversations with DOI investigators, and review of records maintained by DFTA, Bank of America, and New York Department of Labor, I have learned, in substance and in part, the following:

a. From on or about July 14, 2008 through on or about August 21, 2014, UBA issued approximately 320 checks to ROXANNA PEARSON, a/k/a "Roxanna Insaideoo," the defendant, totaling approximately \$195,645.89 (the "Pearson Checks"). For the reasons set forth below, I believe that KWAME INSAIDOO, the defendant, and PEARSON improperly authorized in whole or in part the Pearson Checks.

b. Many of the Pearson Checks were issued from the 0230 Account. The checks were almost all signed by INSAIDOO, as well as frequently also by a second signatory. The second signatory on many of the checks through August 1, 2011 was PEARSON.

c. On or about July 2012, DFTA received a complaint regarding a nurse named "Roxanne" (referring to PEARSON) at one of UBA's senior centers (the "Pearson Complaint"). On or about July 19, 2012, INSAIDOO replied to UBA regarding this complaint stating, *inter alia*, that "Ms. Roxanne is not an employee of the agency, but has been an independent Nurse consultant for [NGO-1] ... since 1994."

d. As a result of the Pearson Complaint, on or about August 9, 2012, DFTA held a meeting with INSAIDOO, and others, to discuss concerns about nepotism arising out of UBA's employment of PEARSON (the "August 9 Meeting"). During this meeting, INSAIDOO acknowledged that PEARSON was his wife. However, INSAIDOO stated that there was no conflict of interest since PEARSON supposedly directly reported to UBA's Board of Directors, and not to INSAIDOO. However, DFTA representatives at the meeting disagreed, explaining that in reality INSAIDOO oversaw each of the four UBA senior centers and represented the board. On or about March 6, 2014, in a civil deposition in connection with an employment dispute, INSAIDOO stated that he "oversee[s] all the four [UBA] sites on behalf of the board chairman," and supervises, trains and evaluates all UBA staff.

e. Shortly after the August 9 Meeting, on or about August 15, 2012, the chairman of UBA's board wrote to DFTA stating that he had discussed the situation of nepotism with PEARSON and that "[s]he thereupon tendered her resignation."

f. After PEARSON supposedly resigned from UBA, she continued to receive funds from UBA, including 54 checks totaling approximately \$31,482.75 made out to PEARSON. Each of these checks was authorized by INSAIDOO, and all of them were negotiated for cash.

g. In the years for which DOI has obtained UBA's IRS Form 1099s, a form which UBA must file with the IRS for all employees and/or consultants that performed services for UBA and subsequently provide to DFTA, PEARSON in fact was paid substantially more than the consulting payments UBA reported as paid to the PEARSON on its Form 1099. Specifically, in 2011, UBA reported on its Form 1099, paying PEARSON \$2,600; however, in fact, UBA paid PEARSON \$18,790. And, in 2012, UBA reported on its Form 1099, paying PEARSON \$6,550; however, in fact, UBA paid PEARSON \$45,294. Based on a review of UBA's records, UBA did not reflect paying PEARSON any compensation in 2013 or 2014, although PEARSON received substantial funds from UBA during those years.

Additional Overpayments

25. Based upon my conversations with DOI investigators, and review of records maintained by DFTA, Bank of America, the New York Department of Labor, and LinkedIn, I have learned, in substance and in part, the following:

a. From on or about January 2012 through on or about April 16, 2015, UBA issued more than approximately 160 checks to an Insaideoo family member ("CC-1"), totaling approximately \$72,095.95 ("Insaideoo Family Checks"). For the reasons set forth below, I believe that KWAME INSAIDOO and ROXANNA PEARSON a/k/a "Roxanna Insaideoo," the defendants, improperly authorized in whole or in part the Insaideoo Family Checks.

b. From on or about 2006 to 2007, CC-1 was employed by UBA to work at one of its senior centers. However, since 2008, UBA had not requested payments to CC-1, as either an employee or a consultant in its annual budgets. Based on a review of UBA's records, they did not reflect UBA paying CC-1 for any work performed between 2011 through on or about 2014 (the years for which DOI has access to these records).

c. A LinkedIn profile for an account in the name of CC-1, (the "LinkedIn Profile") lists employment with UBA, but only from August 2006 to July 2007, and other employment afterwards.

d. On or about 2007, a DFTA representative visited one of UBA's facilities to discuss CC-1's employment with UBA. During this meeting, the DFTA representative explained to a Director of one of the facilities that under "DFTA guidelines that nepotism ... is in non-compliance of the DFTA Program Management Standards." Specifically, "12.4 Personnel Policies: Prohibition of Nepotism and Conflict of Interest - No staff positions are filled by members of the sponsoring Board of Directors or by relatives of members of the sponsoring Board or of managerial or supervisory staff."

e. On or about February 8, 2008, DFTA sent a letter to UBA concerning "serious fiscal issues" concerning UBA's programs, including regarding a contractual breach regarding the employment of CC-1. Specifically, the letter provided that: "UBA did not comply with Article 6.06 of its contractual agreement, stipulating that 'No person may hold a job or position over which a member of his or her immediate family exercises supervisory authority. UBA records indicated that [CC-1], who is [a family member] of the Executive Director Mr. Kwame Insaيدoo, worked at [one of UBA's facilities] as Assistant Director from July 2006 through September 2007. Based on the annual salary of \$32,919.00, the total paid to [CC-1] for this 15 month period would be \$41,148.00. This breach of contract may result in recoupment of the wages paid to [CC-1] in violation of your contract."

f. Since the Audit Follow-Up Letter, UBA has not authorized any additional funds to CC-1.

g. Almost all of the Insaيدoo Family Checks were issued from the 0230 Account. Except for three of the checks, all of the Insaيدoo Family Checks were authorized by INSAIDOO and two of them were authorized by PEARSON. Approximately 109 (of the approximately 167) Insaيدoo Family Checks appear to have been endorsed by INSAIDOO and deposited directly into a bank account for CC-1, during a time period when CC-1 was in Ghana. And approximately 57 of the Insaيدoo Family Checks appear to have been endorsed and negotiated for cash by CC-1 between in or about February 2012 and in or about January 2013, after CC-1 had returned to the United States from Ghana.

h. Between in or about 2008 and in or about 2015, INSAIDOO and PEARSON transferred approximately \$235,477 via at least 519 Western Union wire transfers to CC-1, another family member and others in Ghana. Of these wire transfers, CC-1 received approximately \$107,388 via at least approximately 155

transfers. The wire transfers were each made in amounts less than \$10,000. The total amount transferred to Ghana by INSAIDOO and PEARSON is approximately equivalent to the amount of cash deposited into the AHC Accounts and CC-1's bank account during this period of time.

26. Based upon my conversations with DOI investigators, and review of records maintained by DFTA and Bank of America, among others, I believe that KWAME INSAIDOO, the defendant, made additional unauthorized transfers from UBA of City funds for which there was no authorized business purpose.

27. I also believe that even after the Audit Follow-Up Letter, KWAME INSAIDOO and ROXANNA PEARSON, a/k/a "Roxanna Insaideoo," the defendants, have continued to make unauthorized transfers from UBA. From my conversations with DOI investigators that have reviewed TD Bank records for an account in the name of PEARSON (the "Pearson TD Bank Account"), I have learned, among other things, that beginning after the Audit Follow-Up Letter, there have been large cash deposits into the Pearson TD Bank Account, as detailed below:

a. On or about July 13, 2015, \$3,800 was deposited into the Pearson TD Bank Account.

b. On or about August 5, 2015, \$3,680 was deposited into the Pearson TD Bank Account.

c. On or about September 2, 2015, \$3,850 was deposited into the Pearson TD Bank Account.

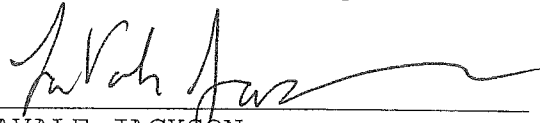
d. On or about October 2, 2015, \$3,300 was deposited into the Pearson TD Bank Account.

e. On or about November 3, 2015, \$3,700 was deposited into the Pearson TD Bank Account.

f. On or about December 3, 2015, \$4,000 was deposited into the Pearson TD Bank Account.

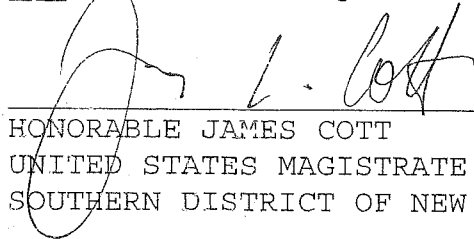
g. Prior to the Audit Follow-Up Letter, only smaller cash deposits were made into the Pearson TD Bank Account, which were generally in amounts between \$200 and \$700.

WHEREFORE, I respectfully request that arrest warrants be issued for the arrests of KWAME INSAIDOO and ROXANNA PEARSON a/k/a "Roxanna Insaideo," the defendants, and that they be arrested and imprisoned or bailed, as the case may be.



LAVALE JACKSON
Criminal Investigator
United States Attorney's Office
for the Southern District of New
York

Sworn to before me this
28th day of January 2016



HONORABLE JAMES COTT
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK