

CITY OF NEW YORK
THE SPECIAL COMMISSIONER OF INVESTIGATION
FOR THE NEW YORK CITY SCHOOL DISTRICT

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August 17, 2012

Hon. Dennis M. Walcott
Chancellor
New York City Public Schools
Department of Education
52 Chambers Street, Room 314
New York, NY 10007

Re: Bilingual Words in Motion
Deaf & Hard of Hearing Interpreting Spanish
Related Services Solutions
Comprehensive Bilingual Services
Perfect Link Interpreting Service
SCI Case # 2012-0709

Dear Chancellor Walcott:

An investigation conducted by this office has substantiated that Nelson Ruiz [REDACTED] defrauded the New York City Department of Education ("DOE") out of more than one million dollars (\$1,000,000.00) during the course of the 2010-2011 and the 2011-2012 school years.¹ Ruiz [REDACTED] were able to accomplish this fraud by utilizing a number of Related Service Provider ("RSP") companies to charge the DOE for sign language instruction and other services that were never provided.

The Origin of the Investigation

This investigation began on February 7, 2012 when the Office of the Special Commissioner of Investigation ("SCI") was contacted by Special Assistant Josh Morgenstern of the DOE Impartial Hearing Order Implementation Unit who reported allegations of fraudulent billing by RSP Bilingual Words in Motion ("BWIM").

¹ According to DOE documents and interviews of DOE personnel, [REDACTED] also used the name [REDACTED] when serving as an advocate in DOE impartial hearings.

Morgenstern related that he was suspicious of the authenticity of a number of documents submitted by BWIM authorizing the agency to provide Spanish sign language services to a 17-year-old female, Student B, a 12th grade student at P 721 in Manhattan.²

SCI investigators interviewed Morgenstern who revealed that he was also suspicious of documents pertaining to Student A, a 12 year-old-female student.³ Morgenstern provided SCI with a number of the documents of concern to him and continued to assist SCI during the course of this investigation.

SCI identified 10 students who were supposed to be the recipients of the services being provided by BWIM and four other provider companies, Deaf & Hard of Hearing Interpreting Spanish (“DHHIS”), Related Services Solutions (“RSS”), Comprehensive Bilingual Services (“CBS”), and Perfect Link Interpreting Services (“PLIS”). The five companies were paid a total of \$1,524,160.00 during the two school years. There was a sixth provider company, Bilingual Sign Talk (“BST”) that also allegedly provided services before the 2010-2011 school year. SCI has determined that DHHIS, RSS, PLIS, and BST were paid an additional \$2,345,220.00 in the years prior to the 2010-2011 school year.

Background Information

SCI has substantiated that DHHIS and CBS were jointly owned by Nelson Ruiz and [REDACTED].⁴ DOE vendor records reflect that [REDACTED] was identified as the contact person for DHHIS. Documents reveal that Ruiz was an owner of the remaining providers, BWIM, RSS, and PLIS. None of these entities appears to have actual offices. The respective addresses on various bank, corporate, and DOE records for BWIM, DHHIS, CBS, and PLIS are residential buildings, and private copy and mailbox businesses in Manhattan.⁵ The address for RSS on a recent RSS bank record is the same address as Ruiz’s residence which is documented on Ruiz’s current Pennsylvania driver’s license. In addition, based upon an examination of bank records from January 2011 to the present for these five companies, none of these entities had a significant source of

² Student B has since turned 18-years-old.

³ Student A has since turned 13-years-old.

⁴ SCI investigators learned through Morgenstern that Nelson Ruiz [REDACTED] were also listed as Managing Members/Managers of a 2011 Limited Liability Company named Sign 2 Talk located in Florida.

⁵ SCI investigators visited the business address listed for BWIM. The location was a storefront that had a copy business and a mail drop business. A clerk at the location stated that BWIM, Ste 107, was a mailbox and that the contact person was Nelson Ruiz. When SCI investigators visited the business address used by CBS, they discovered that the location was a mailbox business which charged \$20.00 a month for use of a mailbox.

income other than the more than \$1.5 million that the DOE paid these companies as a result of this fraud.

Individuals with Disabilities Education Act

The Individuals with Disabilities Education Act ("IDEA") mandates that school districts set forth in an Individual Education Program ("IEP") Special Education needs of a student who may have a disability. In public schools operated by the DOE, these needs frequently are addressed on site at DOE schools and by DOE teachers and staff. Based upon a student's IEP, related support services may be implemented. In the event that neither DOE personnel nor DOE contracted agencies are available to provide the related services mandated by the IEP, a Related Service Authorization Form ("RSA-2 Form") may be issued to the parent. An RSA-2 Form authorizes the parent to obtain services from an eligible non-DOE provider (independent provider) at public expense. The provider, the parents, and the DOE then enter into an agreement that is memorialized on this form.⁶ RSA-2 Forms must be signed by the provider of the service, a parent, and a DOE employee.

In circumstances in which an individual and the DOE are involved in a disagreement about a Special Education issue regarding related services or accommodations on IEPs, an Impartial Hearing is one of the ways that the dispute can be resolved.⁷

██████████ was the advocate at Impartial Hearings for several of the students referenced below: Student A, Student B, Student D, Student H, and Student I.

SCI's Investigation

SCI investigators spoke by telephone with Beth Prevor, Director of the Office of Sign Language Interpreting Services, on two occasions to determine whether any of the sign language interpreters used by BWIM, DHHIS, RSS, CBS, and PLIS had been screened by her office. The following individuals were documented as having provided services to the 10 students: Loraine Pinero, Leidy Diaz, Lissie Carrasquillo, Nicole Dansby, Duanech Acosta, Stella Yakubova, Gerardo Crespo or Sarah Mota, and Masanda Austin Boyd. Prevor reported that she did not know any of these individuals with the exception of Masanda Austin Boyd who passed her screening procedure with a high

⁶ RSAs are specifically for development, corrective, or other support services. Examples include physical therapy, occupational therapy, and speech therapy.

⁷ An Impartial Hearing is an administrative proceeding in which an Impartial Hearing Officer renders a decision on the matter.

score.⁸ With respect to Nelson Ruiz, who also was billed to the DOE as having provided sign language services, Prevor indicated that he had not been screened by her office. Prevor added that Ruiz's name sounded familiar to her because she knew he was associated with [REDACTED].

The 10 Students

Student A

The DOE paid \$56,180.00 for sign language interpretation services and compensatory Special Education Teacher Support Services ("SETSS") for Student A during the period from January 3, 2012 to May 31, 2012. The two persons named as the actual providers of the services were Leidy Diaz and Lissie Carrasquillo. Each of the four provider companies, BWIM, DHHIS, RSS, and CBS billed the DOE for different days. DHHIS, RSS, CBS, and PLIS each billed the DOE \$540.00 a day for sign language interpretation by Diaz. DHHIS billed for \$8,100.00; RSS billed for \$11,880.00; CBS billed for \$19,440.00; and PLIS billed for \$11,880.00. BWIM also billed the DOE \$250.00 a day for compensatory SETSS by Carrasquillo and \$40.00 to \$120.00 a day to Leidy Diaz for "Para/transport." BWIM billed for \$4,880.00.

SCI has substantiated that Student A never received any sign language instruction. The mother of Student A told investigators that Student A was not deaf and that Student A did not receive sign language related services and did not need such services. Student A's mother examined all the RSA forms which allegedly were signed by her and responded that the signatures were not hers and that she had never heard of Carrasquillo, the person listed as having provided tutoring services to Student A in February 2012. Moreover, SCI investigators discovered that the signature of the DOE official who allegedly approved the services also was forged.

Student B

The DOE paid \$167,400.00 for Spanish sign language interpretation services for Student B during the period from September 8, 2010 through May 31, 2012.⁹ The person named as the actual provider of the services was Loraine Pinero who was fingerprinted in May of 2004 in connection with a DOE application. Each of the four provider companies, BWIM, DHHIS, RSS and CBS billed the DOE for different days during that period. Each company billed the DOE \$540.00 a day for nine hours of sign language interpretation at home for Student B beginning at 8:00 a.m. and ending at 5:00 p.m.

⁸ A review of bank records for DHHIS, RSS, CBS, and PLIS reflected that none of these providers were issued any payments for services that they were documented as having provided to the students.

⁹ Only the RSA for Student B listed the services as "Spanish sign language int." All the other RSAs for the students documented that the related service recommended was "sign language interpreter."

BWIM billed for \$37,800.00; DHHIS billed for \$28,080.00; RSS billed for \$34,020.00; CBS billed for \$19,440.00; and PLIS billed for \$48,060.00.

SCI has substantiated that Student B never received any of these services. The signature of the DOE official who allegedly approved the services was forged. The forms used were outdated, contained the wrong address, were handwritten rather than computer generated, and were issued out of the wrong district.

SCI investigators interviewed Principal Antoinette Bello at P 721 in Manhattan, the school that Student B attended during the period when she supposedly was receiving sign language instruction. Bello told investigators that all of the related services mandated on Student B's IEP were provided by DOE employees at P 721. Bello continued that all of Student B's services were provided in English and that her school hours were from 8:00 a.m. until 2:45 p.m. Bello stated that Student B's IEP did not mandate a Spanish sign language interpreter or any other sign language interpreter.¹⁰ Bello added that she did not know Pinero.

Student C

The DOE paid \$187,200.00 for sign language interpretation services for Student C, a 17-year-old female student, during the period from July 5, 2010 through May 31, 2012. The person named as the actual provider of the services was Nicole Dansby. Four of the provider companies, DHHIS, RSS, CBS, and PLIS billed the DOE for different days during that period. Each of these companies billed the DOE \$540.00 a day for sign language interpretation. DHHIS billed for \$28,080.00; RSS billed for \$61,920.00; CBS billed for \$57,240.00; and PLIS billed for \$39,960.00.

SCI has substantiated that Student C never received any of these services. The signature of the DOE official who approved the services was forged. The alleged signer was a DOE clerical worker who died several years ago. The signatures on other RSA forms were forgeries.

SCI investigators interviewed Barbara Zegarelli, the Coordinator of Hearing Education Services in District 75, who stated that Student C has a full-time classroom English sign language interpreter. The interpreter was a DOE contractor from Sign Talk. Zegarelli stated that she has never heard of Dansby, the sign language interpreter listed on RSA forms for Student C.

¹⁰ SCI investigators also interviewed Assistant Principal Dorothy Arroyo of P 721. Arroyo corroborated Bello's statements and noted that although Student B had some hearing loss, she did not require a sign language interpreter. Arroyo further stated that she did not know Pinero.

Student D

The DOE paid \$86,400.00 for sign language interpretation services for Student D, a 10-year-old female student, during the period from September 8, 2011 through May 31, 2012. The individuals recorded as the actual providers of the services were Duanech Acosta and Stella Yakubova from CBS with Stella Yakubova also documented as a provider from DHHIS, RSS, and PLIS. These four provider companies each billed the DOE \$540.00 a day for sign language interpretation on different days during that period. DHHIS billed for \$8,100.00; RSS billed for \$11,880.00; CBS billed for \$54,540.00; and PLIS billed for \$11,880.00.

SCI has substantiated that Student D did not receive any of these services. The signature of the DOE official who approved the services was forged.

SCI investigators interviewed Principal Susan Finn of P 169 in Manhattan, who stated that Student D was not deaf and that she was bilingual. Finn stated that Student D received Speech instruction from a DOE provider. Finn stated that she has never heard of BWIM, CBS, or providers Acosta and Yakubova.

Student E

The DOE paid \$178,200.00 for sign language interpretation services for Student E, a 19-year-old male student, during the period from September 8, 2010 through May 31, 2012. Gerado Crespo was the person named as the actual provider of the services for DHHIS, RSS, CBS, and PLIS. The four provider companies each billed the DOE \$540.00 a day for sign language interpretation on different days during that period. DHHIS billed for \$28,080.00; RSS billed for \$52,920.00; CBS billed for \$57,240.00; and PLIS billed for 39,960.00.

SCI has substantiated that Student E did not receive any of these services. The person who allegedly approved these services was a DOE clerical worker who died several years ago.

SCI investigators interviewed District 75 Coordinator Zegarelli who stated that Student E had a full-time classroom English sign language interpreter and that she had never heard of a provider by the name of Crespo.

Student F

The DOE paid \$167,400.00 for sign language interpretation services for former Student F, a 15-year-old male student, during the period from September 8, 2010 through May 31, 2012. The person named as the actual provider of the services for DHHIS, RSS,

CBS, and PLIS was Masanda Austin Boyd. The four provider companies each billed the DOE \$540.00 a day for sign language interpretation on different days during that period. DHHIS billed for \$28,080.00; RSS billed for \$34,020.00; CBS billed for \$57,240.00; and PLIS billed for \$48,060.00.

SCI has substantiated that former Student F did not receive any of these services. The person who allegedly approved these services was the same deceased clerical worker whose signature was forged on numerous other RSA documents. The principal of the school Student F had attended informed the assigned SCI investigator that Student F's family moved outside of New York City in May 2006 and enrolled Student F in a school in Westchester County.

Student G

The DOE paid \$197,460.00 for sign language interpretation services for former Student G, a 22-year-old male student, during the period from July 5, 2010 through May 31, 2012. The person named as the actual provider of the services for DHHIS, RSS, CBS, and PLIS was Nelson Ruiz, one of the subjects of this investigation. The four provider companies each billed the DOE \$540.00 a day for sign language interpretation on different days. DHHIS billed for \$28,080.00; RSS billed for \$72,180.00; CBS billed for \$57,240.00; and PLIS billed for \$39,960.00.¹¹

SCI has substantiated that former Student G did not receive any of these services. The person who allegedly approved these services was the same deceased clerical worker whose signature was forged on documents submitted for both Student E and Student F. In an interview with SCI investigators, District 75 Coordinator Zegarelli stated that Student G did not need a sign language interpreter and had graduated with an IEP diploma in 2009. Zegarelli also stated that she had never heard of Nelson Ruiz.

Student H

The DOE paid \$131,220.00 for sign language interpretation services for Student H, a 13-year-old female student, during the period from March 1, 2011 to May 31, 2012. The individuals recorded as the actual providers of the services for DHHIS, RSS, and CBS and were Sara Mota in 2011 and Lissie Carrasquillo in 2012. PLIS also documented Carrasquillo as having provided services to Student H for May 2012. The four provider companies each billed the DOE \$540.00 a day for sign language

¹¹ RSA invoices from PLIS for the time period from May 1, 2012 through May 31, 2012 reflect that the DOE was billed \$11,880.00 for sign language interpretation services purportedly provided by Ruiz. However, travel records revealed that Ruiz went to Brazil in April 2012 and returned in August 2012.

interpretation on different days. DHHIS billed for \$28,080.00; RSS billed for \$34,020.00; CBS billed for \$57,240.00; and PLIS billed for \$11,880.00.

SCI has substantiated that Student H did not receive any of these services. The signatures of the DOE officials who allegedly approved these services were forged. In an interview with SCI investigators, Assistant Principal Immaculada Jardi of PS 225 in Manhattan stated that Student H was hearing impaired and was in a class where all the students were hearing impaired. Jardi stated that the classroom teacher provided sign language instruction and there was also a DOE sign language interpreter assigned to the class. Jardi stated that she has never heard of the providers Mota or Carrasquillo.

Student I

The DOE paid \$51,300.00 for sign language interpretation services for Student I, a 10-year-old male student, during the period from January 3, 2012 through May 31, 2012. The person named as the actual provider of the services for DHHIS, RSS, CBS, and PLIS was Duanech Acosta. The four provider companies each billed the DOE \$540.00 a day for sign language interpretation on different days. DHHIS billed for \$8,100.00; RSS billed for \$11,880.00; CBS billed for \$19,440.00; and PLIS billed for \$11,880.00.

SCI has substantiated that Student I did not receive any of these services. The signature of the DOE official who allegedly approved these services was forged. SCI investigators interviewed Principal Karyn Nicholson from PS 46 in Brooklyn who stated that the purported signature on Student I's RSA form dated in 2012, was the name of the principal who left the school three years ago. Student I's teacher, Trevor Green, added that Student I did not need a sign language interpreter. Neither Nicholson nor Green had ever heard of Duanech Acosta.

Student J

The DOE paid \$100,800.00 for sign language interpretation services for former Student J, an 11-year-old male student, during the period from July 5, 2010 to March 31, 2011. The person named as the actual provider of the services for DHHIS and RSS was Duanech Acosta. DHHIS billed the DOE \$540.00 a day from March 1, 2011 through March 31, 2011 for a total of \$12,420.00. RSS billed the DOE \$360.00 a day from July 5, 2010 through August 6, 2010 and \$540.00 a day from September 8, 2010 through June 28, 2011 for a total of \$60,300.00. PLIS billed the DOE \$540.00 a day from December 1, 2010 through February 28, 2011 for a total of \$28,080.00.

SCI has substantiated that Student J did not receive any of these services. Student J was discharged from the DOE on December 14, 2000, some 10 years before the services were allegedly provided. Moreover, the DOE official who purportedly approved the services had retired from the DOE in 2004, so the RSA forms bearing her name with a date of 2010, clearly were fraudulent.

The Forgery of Seven DOE Officials' Signatures

SCI uncovered a total of 38 RSA-2 Forms relating to the 10 students which were submitted to the DOE for sign language interpretation services for the 2010-2011 and 2011-2012 school years. The RSA-2 Forms were dated July 5, 2010, September 9, 2010, July 5, 2011, and September 8, 2011. These forms purported to be signed by seven different DOE employees. SCI has substantiated that all of these DOE "Authorizing Signatures" were fraudulent. Specifically, five of the names appearing on the forms belonged to current DOE employees who insisted that they never signed these documents. Another employee whose signature appeared on RSA documents dated 2010, had retired from the DOE in June 2004. Another DOE employee who purportedly signed approximately half of the 38 RSA-2 Forms was deceased prior to July 5, 2010, the earliest of the dates on the 38 RSA-2 Forms. In addition, several of the 38 RSA-2 Forms submitted to the DOE for the 10 students were not the RSA-2 Forms then in use by the DOE, and many contained outdated DOE mailing address information.

Processing of Payments to Related Services Providers

The office of Non-Public Schools Payables was responsible for generating payments to providers of related services. SCI investigators learned that the RSA-2 Forms and RSA billing invoices from BWIM, DHHIS, RSS, CBS, and PLIS were billed manually.¹² The office did not see a student's IEP. Instead, the RSA-2 Form was examined and then compared with the submitted billing invoices to ensure that whatever mandate was documented on the RSA was the service for which the DOE was being billed.¹³ The RSA-2 Forms from the purported Ruiz [REDACTED] providers listed the recommended service as "sign language interpreter," "full-time," with the services to be provided at the "student's school." The office of Non-Public Schools Payables had no procedure for ensuring that the alleged DOE signature on the RSA-2 Form was valid.

¹² Contracted vendors bill electronically. Independent providers, however, cannot be forced to bill electronically.

¹³ At the bottom of the RSA billing form it states that it is to be signed by the "Parent/Guardian/Principal."

If services were to be completed in school, then the authorizing signature at the bottom of the invoices should have been the principal of the school.¹⁴ All of the RSA-2 Forms submitted by BWIM, RSS, CBS, DHHIS, and PLIS indicated that the services were to be provided at school. Most, if not all, of the RSA billing invoices accompanying the RSA-2 Forms, however, were not signed by principals and supposedly bore the signatures of the students' parents. These documents should have been "flagged," but were not. The volume of RSA billing invoices received on a daily basis made it virtually impossible to validate every signature.¹⁵

U.S. Attorney, Southern District of New York

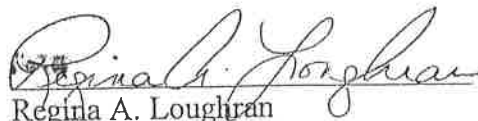
In July 2012, SCI contacted the Office of the U.S. Attorney for the Southern District of New York and advised them of our preliminary findings. The U.S. Attorney's Office joined SCI's investigation which is ongoing.

We are forwarding a copy of this letter to the Office of Legal Services. Should you have any inquiries regarding the above, please contact Special Counsel Valerie A. Batista, the attorney assigned to the case. She can be reached at (212) 510-1417. Please notify Ms. Batista within 30 days of the receipt of this letter as to what, if any, action has been taken or is contemplated regarding this investigation. Thank you for your attention to this matter.

Sincerely,

RICHARD J. CONDON
Special Commissioner
of Investigation for the
New York City School District

By:


Regina A. Loughran
First Deputy Commissioner

RJC:RAL:VAB:gm

c: Courtenaye Jackson-Chase, Esq.
Theresa Europe, Esq.

¹⁴ If the services were to occur at a student's home or the agency's place of business, then a parent's signature would suffice.

¹⁵ For example, there were times when a student's parent had a different last name from his or her child so it was not readily apparent who signed the billing invoice.