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NYS Welfare Inspector General and Kings County District Attorney Announce Indictment of Child Day Care Provider Who Fraudulently Billed New York City for “No-Show” Children Fictitiously Enrolled in Her Centers

- Liliana Godzhinsky, co-owner of two Brooklyn day care centers, caught on video conspiring to steal from New York City
- \$25,000 illegally collected by Godzhinsky for three “no-show” children
- Broader investigation announced

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New York State Welfare Inspector General Sean Courtney and the Hon. Charles J. Hynes, District Attorney of Kings County, announced the arrest of Liliana Godzhinsky, age sixty-three and a resident of Brooklyn, for crimes that included Grand Larceny in the Third Degree (Penal Law §155.35) and Offering a False Instrument for Filing (Penal Law §175.35). The charges are punishable by a maximum sentence of seven years in prison.

Godzhinsky was arraigned in Kings County Supreme Court on April 11, 2011, on Indictment 2366 of 2011. She entered a plea of “not guilty,” after which she was remanded in lieu of \$10,000 bail. Her next scheduled court appearance is in Kings County Supreme Court, Part 10, on May 17th.

The criminal case originated from an investigation, conducted by the Office of the Welfare Inspector General, into two Brooklyn child day care centers, known as Luna Park and Small Wonder, which are licensed by the New York State Office of Children and Family Services. Godzhinsky is the co-owner and educational director of the centers. Investigators found that from December 2008 through March 2010 Godzhinsky fraudulently billed New York City’s Administration for Children’s Services (“ACS”) for

approximately \$25,000 in child care fees for three children who did not attend her centers. (ACS is one of two municipal agencies that administer child day care funds in New York City. The New York City Human Resources Administration manages child care services for public assistance recipients.) All of Godzhinsky's bills were completed by hand, with her name and signature.

Godzhinsky enlisted the three children's mother in her criminal scheme, unaware that the mother was actively cooperating in the inspector general's investigation. With the mother's participation, investigators made numerous recordings of her meetings with Godzhinsky. Over the course of many months, the recordings vividly captured the details of Godzhinsky's scheme, from its planning to its operation, through the kick-backs that Godzhinsky paid, in cash and on camera, to the undercover mother. Godzhinsky sought the mother's consent to the scheme by promising to share each month a portion of the criminal proceeds. Godzhinsky further promised the mother that the scheme could continue for years, until the children grew too old for day care.

The investigation into Godzhinsky is continuing, following the execution of search warrants at her two centers, and the seizure of the centers' records.

District Attorney Charles J. Hynes said:

"Stealing from children is among the lowest of crimes, and that is exactly what this defendant did, by depleting state education funds to line her own pockets. I would like to thank Inspector General Courtney and his agency for their help and hard work in this investigation."

Inspector General Courtney said:

"Publicly subsidized day care is critically important for New York's poor and low-income parents in finding and keeping employment. As the demand for day care continues to exceed supply, day care providers must do their job in safe-guarding the public's investment in our children. Corrupt providers, who fraudulently fill scarce and expensive child care openings with phantom enrollees, hurt parents who desperately need care for their children. And, in billing for services not rendered, they cheat government's funding agencies and the public at large. I commend ACS for their assistance and cooperation throughout our investigation. I thank District Attorney Hynes for his prosecution of this case and for his vigorous commitment to protecting the integrity of our state and local social services programs."

At the press conference announcing the indictment, District Attorney Hynes called for a broader investigation into billing and attendance fraud being committed by child care providers in New York City. Inspector General Courtney has issued recommendations for measures that would better protect day care programs against this type of fraud.

The investigation was conducted by Senior Special Investigator Joseph R. Bucci, under

the supervision of Chief Investigator Anthony Jacaruso. ACS staff provided essential support during the investigation. Investigative assistance was provided by Senior Fraud Investigator Antonina Rubanova of the New York City Bureau of Fraud Investigation (“BFI”). BFI, which is an agency within the New York City Human Resources Administration, is supervised by Assistant Deputy Commissioner Alida Mattos and Executive Director Zivko Pulisic; it is under the general supervision of Executive Deputy Commissioner Peter Jenik. The prosecution is being conducted by the Office of the Kings County District Attorney, and, in particular, by Senior Assistant District Attorney Chin-Ho Cheng of the District Attorney’s Public Assistance Fraud Unit, under the supervision of Executive Assistant District Attorney Lauren Mack.

More information about the announcement of the criminal case may be found on the District Attorney’s website, www.brooklynda.org.

The Defendant is presumed innocent unless and until proven otherwise in court.

The Office of the Welfare Inspector General is a New York State agency that investigates and prosecutes fraud in social services programs of state and local government. Please visit www.owig.state.ny.us, for more information about this agency or to make a report about social services fraud or abuse.