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**DOI STATEMENT ON SENTENCING OF FORMER OWNER OF DAY CARE TO SIX MONTHS IN PRISON
FOR HER ROLE IN LARGE-SCALE DAY CARE FRAUD AND BRIBERY SCHEME**

ROSE GILL HEARN, Commissioner of the New York City Department of Investigation ("DOI"), issued the following statement on today's sentencing of YANA KRUGLY to six months in prison, and three years of supervised release, for defrauding the day care subsidy program, which is administered by New York City and subsidizes day care costs for low-income parents who work. KRUGLY, 32, pleaded guilty in December 2010 to the federal charge of Bribery of a Program Receiving Federal Funds and was sentenced today by U.S. District Judge Paul G. Gardephe in Manhattan federal court. She was also ordered to pay \$10,000 in restitution. The office of Preet Bharara, United States Attorney for the Southern District of New York, prosecuted the case, which was assigned to the office's Public Corruption Unit. Assistant U.S. Attorneys Harris Fischman, Michael Bosworth and Brent Wible are in charge of the prosecution, which has so far resulted in nine guilty pleas and prison sentences for three defendants, including KRUGLY.

DOI Commissioner Rose Gill Hearn said, "The defendants in this extensive fraud case used the day care subsidy program as a personal cache of money diverting valuable funds intended to help low-income parents. But investigators broke open their cabal and shut off the spigot of corruption. The nine guilty pleas and three defendants sentenced to prison terms so far shows that crime not only does not pay but, in this case, came with a high cost. DOI thanks the U.S. Attorney's Office for the Southern District for its strong partnership in exposing and stopping this kind of pernicious public corruption."

KRUGLY was one of four day care owners arrested and charged in December 2010 with defrauding the day care subsidy program by, among other schemes, requesting reimbursement for providing day care services to children who never received services from the program, paying off City Health Department employees to obtain expedited permits for their day cares, and inflating square footage for their day cares so they could enroll a larger number of children. As a result of this fraud, KRUGLY and her co-conspirators illegally siphoned in excess of \$1 million from the City Administration for Children's Services ("ACS") for day care services they did not provide.

Commissioner Gill Hearn thanked Preet Bharara, U.S. Attorney for the Southern District of New York; Special Agent-in-Charge James T. Hayes Jr. of U.S. Immigration and Customs Enforcement Office of Homeland Security Investigations in New York; Dr. Thomas Farley, Commissioner of the City Department of Health and Mental Hygiene ("DOHMH"); Robert Doar, Commissioner of the City Department of Human Resources ("HRA"), and ACS Commissioner John Mattingly, and their staffs, for their assistance on this investigation.

The investigation was conducted by DOI's Office of Inspector General for DOHMH, HRA, and ACS.

An indictment is an accusation. Defendants are presumed innocent until proven guilty.

DOI is one of the oldest law-enforcement agencies in the country. The agency investigates and refers for prosecution City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City.

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