



YMCA of Greater New York Pays \$534,000 to Settle AmeriCorps Fraud Case

WASHINGTON (June 14, 2007) – Inspector General Gerald Walpin announced today that the YMCA of Greater New York has agreed to repay the Federal Government \$534,000 in misapplied funds and damages stemming from abuses by officials of its former AmeriCorps School Success Program.

An investigation and audit by the Office of Inspector General of the Corporation for National and Community Service, the Federal agency that funds AmeriCorps, uncovered widespread fraud and grant violations in the YMCA program, which was designed to provide tutoring help to at-risk students in New York City's elementary schools.

Michael J. Garcia, United States Attorney for the Southern District of New York, said that YMCA officials, in agreeing to settle the civil charges, did not admit to any wrongdoing or liability.

The OIG found that, from 2000-2005, YMCA officials falsified timesheets and inflated the number of service hours performed by AmeriCorps members, allowing the school tutors to obtain Federally funded Education Awards to which they were not entitled. In some cases, YMCA officials directed their AmeriCorps members to sign blank timesheets and then filled in the forms with inflated hours, in many cases doubling the actual number of hours served.

AmeriCorps members can earn an award of \$4,725, to be paid to their college or the lender of their higher education loan, for completing 1,700 hours of service in a year.

The fraud also allowed unqualified members, including several who had left the program before completing their service terms, to earn Federally funded AmeriCorps living allowances to which they were not entitled. Officials further allowed members to serve in activities, including a summer school program, not covered by their grant.

“This result, recovering more than half a million dollars of Federal funds, demonstrates the value of having an Inspector General and of conducting audits and investigations,” said Walpin. “And this case proves that even a nonprofit agency with a good reputation can fail in its duty to supervise its officials and prevent misuse of Federal funds.”

The \$534,000 penalty represents a doubling of the actual loss to the Government. The YMCA was charged with violations of the False Claims Act. Such violations are punishable by at least a doubling of the amount proven to have been misapplied.

The YMCA official who supervised the AmeriCorps program resigned early in the investigation and the New York State Commission for National and Community Service, the state agency that sub-grants Corporation funds to local nonprofit groups, froze additional funding for the School Success Program in 2005.

The case was investigated by OIG Senior Special Agent Jeffrey Morales and Special Agent Wendy Wingers. OIG Audit Manager Stuart Axenfeld supervised the audit.