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**HEALTH OFFICIAL FOUND GUILTY IN SCHEME TO STEAL
HUNDREDS OF THOUSANDS OF DOLLARS FROM FEDERAL
PROGRAM DESIGNED TO ASSIST LOW-INCOME
MOTHERS AND CHILDREN**

MICHAEL J. GARCIA, United States Attorney for the Southern District of New York, today announced that CAROL PEIRCE, former Director of the federal Women, Infants, and Children ("WIC") Program at the New York and Presbyterian Hospital ("New York-Presbyterian"), was found guilty late Friday on charges arising out of a scheme to defraud the WIC Program out of hundreds of thousands of dollars. A Manhattan federal jury found PEIRCE guilty on all five charges against her after a two-week trial before United States District Judge RICHARD J. SULLIVAN. According to the Indictment, evidence at trial, and documents filed in the case:

The WIC Program is designed to provide nutritious foods and nutritional counseling to low-income mothers, expectant mothers, infants, and young children. Among other things, the WIC Program provides participants with food vouchers for certain specified nutritious foods, such as milk, infant formula, and baby cereal. Mothers and expectant mothers also can participate in periodic nutrition education programs such as the New York-Presbyterian WIC's "food demonstrations" where they learn such things as how to prepare nutritious meals.

The day-to-day operations of the WIC Program typically are administered locally through various entities, such as local hospitals and clinics. Approximately half of all babies born in the United States receive assistance from WIC, and, as of November 2005, the New York-Presbyterian Hospital WIC Program served approximately 13,000 women and children in upper Manhattan.

PEIRCE served as the Director of the WIC Program at the New York-Presbyterian Hospital in New York City from 1990 through August 2005. Beginning in August 2005, PEIRCE was the Nutrition

Program Director for the Palm Beach County, Florida, Health Department.

In one part of the fraudulent scheme, PEIRCE used her WIC Program American Express card to purchase tens of thousands of dollars' worth of items and services for her personal benefit. PEIRCE purchased many of the items in the vicinity of her new second home in Port St. Lucie, Florida. Among these purchases were airfare from New York to Florida; car rentals; home improvement and building supplies; home decorations including a stained glass ceiling lamp, a bordeaux bench, and a wall sculpture; kitchenware including an ice cream maker, silver plates, a hostess set, and a Fortunoff tea kettle; and various electronics including a Sony Camcorder. After incurring these personal expenses, PEIRCE induced the WIC Program to pay her American Express bills by submitting false expense reports representing that the expenses were legitimate WIC Program related expenses.

In another facet of the scheme, PEIRCE entered into a secret kickback agreement with ProGlow, a cleaning company she hired to clean the New York-Presbyterian WIC Program's various offices. PEIRCE did not disclose that ProGlow was owned and operated by her secretary, MIRIAM COLGAN. In exchange for causing the Program to hire ProGlow, COLGAN agreed that the company would provide an employee to clean PEIRCE's home in Teaneck, New Jersey, approximately two times per week. The woman hired to clean PEIRCE's Teaneck home did so for over three years, and was paid approximately \$85 per day in WIC program money for her services. ProGlow inflated the costs of its cleaning services, by tens of thousands of dollars each year, to pay for this kickback. In total, ProGlow billed the New York-Presbyterian WIC Program over \$311,000 in connection with this part of the scheme.

PEIRCE and COLGAN also stole approximately \$15,275 by having the WIC Program pay a number of fraudulent invoices submitted on behalf of a Queens bodega known as "Mejia Grocery" and "Joance Mini Market" (referred to herein as "Meija Grocery"). PEIRCE directed COLGAN to falsely bill the New York-Presbyterian WIC Program for food and services that Mejia Grocery purportedly had provided for "food demonstrations" for WIC Program participants. In fact, Mejia Grocery had not provided any of the food or services listed on the invoices. Instead, after the New York-Presbyterian WIC Program had paid thousands of dollars to Mejia Grocery based on the phony invoices, COLGAN arranged with the owner of Mejia Grocery to have the fraudulently-obtained money paid back to her.

PEIRCE also defrauded the WIC Program by submitting

time sheets that falsely stated that she was working at the New York-Presbyterian WIC Program during a two-month period in August and September 2005, when she in fact already had left that job and moved to Florida, where she was working as the Nutrition Program Director for the Palm Beach County, Florida, Health Department.

PEIRCE was found guilty of one count of conspiracy; two counts of mail fraud; and two counts of theft from a federally-funded program. The mail fraud counts stem from the scheme involving the payment of personal credit card charges, and the kickback scheme involving ProGlow. The theft charges stem from, respectively, the Mejia grocery and time sheet schemes, discussed above.

PEIRCE, 52, resides in Port St. Lucie, Florida. PEIRCE faces a maximum sentence of 65 years' imprisonment and is scheduled to be sentenced on June 12, 2008, at 3:30 p.m.

COLGAN previously pleaded guilty before United States District Judge LORETTA A. PRESKA to one count of conspiracy; one count of theft from a program receiving federal funds (pertaining to the Mejia Grocery scheme) and one count of mail fraud (pertaining to the ProGlow scheme). COLGAN resides in Newark, New Jersey, and faces a maximum sentence of 35 years' imprisonment.

Mr. GARCIA thanked the Federal Bureau of Investigation, the United States Postal Inspection Service, and the State of New York Department of Health, Investigative Services Unit, for their assistance in this investigation. Mr. GARCIA also thanked New York-Presbyterian Hospital for its cooperation in the investigation.

This prosecution is being handled by the Major Crimes Unit of the United States Attorney's Office. Assistant United States Attorneys MARCUS A. ASNER and MARIA E. DOUVAS are in charge of the prosecution.

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