



718.286.6000
WWW.QUEENSDA.ORG

QUEENS COUNTY DISTRICT ATTORNEY
125-01 QUEENS BOULEVARD
KEW GARDENS, NEW YORK 11415-1568



MELINDA KATZ
DISTRICT ATTORNEY

FOR IMMEDIATE RELEASE
WEDNESDAY, MAY 4, 2022

CONTACT: PRESS OFFICE (718) 286-6315
QDACommunications@queensda.org

**FAMILY OF ALLEGED SCAM ARTISTS CHARGED WITH NUMEROUS CRIMES,
INCLUDING GRAND LARCENY, IDENTITY THEFT, TAX FRAUD**

As Alleged, Trio Fraudulently Gained Ownership of Deceased Laurelton Resident's \$700K Home, Defrauded Section 8 Funding, Stole Covid Relief Funds & Filed Fake Unemployment Insurance Claims; One of the Defendants Used Her Position at HRA To Steal Identities of More Than 20 Children

Queens District Attorney Melinda Katz today announced that Stephanie Bailey, 50, her daughter Chianti Baily, 31, and her sister Latonya Bailey Dostaly, 45, have been charged with multiple crimes including grand larceny, forgery, perjury, identify theft, defrauding the government and official misconduct.

District Attorney Katz said, "As alleged, these defendants used virtually every trick in the book to pull off an assortment of illegal scams over more than a decade - including taking control of the \$700,000-plus home of a longtime Laurelton resident who died in 2010. They stole people's identities - including the identities of at least 20 children - to use in a large-scale tax fraud scheme, ripped off Section 8 and Covid relief funds, and filed \$200,000 worth of false unemployment insurance claims. These defendants will now be held to account for their one-family crime spree."

Defendant Stephanie Bailey of 225th Street, Laurelton, and Latonya Bailey Dostaly of West 28th Street, Brooklyn, have been arraigned before Queens Criminal Court Judges Denise Johnson and Anthony Battisti, on felony complaints charging them with multiple counts of grand larceny, offering false instruments for filing, forgery, making sworn false statements, perjury, identity theft, criminal impersonation, defrauding the government and official misconduct. The defendants were ordered to return to Court on June 8, 2022. If convicted, each faces up to 52 years in prison.

Defendant Chianti Bailey, also of 225th Street, Laurelton remains at large, and warrants have been issued for her arrest.

According to the complaint, retired Port Authority accountant Russell Butler died in 2010, leaving personal documents inside his empty home at 137-47 225th Street, Laurelton. As alleged, defendant Stephanie Bailey moved her family into Mr. Butler's home by 2014 and shortly thereafter, her daughter Chianti Bailey filed a fake will in Bronx Surrogates Court claiming she was the heir to Mr. Butler's estate. She was granted ownership of his house in 2020 and promptly took out a \$200,000 mortgage. She also used the fake documents to obtain more than \$100,000 in unclaimed funds owed to the Butler estate.

While her daughter was allegedly stealing Mr. Butler's house, defendant Stephanie Bailey allegedly stole almost \$100k from the Housing Choice Voucher program commonly known as Section 8. According to the complaint, defendant Stephanie Bailey applied for housing assistance with New York State Homes and Community Renewal in September 2014 and included in her application a fake lease - listing a fictitious landlord - for the Laurelton house. The Federal Government sent rent payments of almost \$90k to the fake landlord, which defendants Chianti Bailey and Latonya Bailey Dostaly deposited into their own bank accounts.

Further, DA Katz said the defendants allegedly filed fake tax returns seeking refunds from the New York State Department of Taxation and Finance. More than 30 victims had their identities stolen in the defendants' scheme, and more remain under investigation. In 12 fake tax returns, the defendants attempted to steal more than \$52,000 from the NYS Tax Department and succeeded in stealing almost \$38,000.

Acting New York State Commissioner of Taxation and Finance Amanda Hiller said, "The crimes alleged in this case are brazen and deeply troubling. When people steal identities—including the identities of children—to commit tax fraud, all New Yorkers pay the price. We'll continue to work with our partners at all levels of law enforcement, including Queens County District Attorney Melinda Katz, to ensure those who commit tax fraud and other related crimes are held accountable."

According to the complaint, defendant Latonya Bailey Dostaly used her position as a Job Opportunity Specialist at the NYC Human Resources Administration to access HRA's electronic files. Dostaly allegedly accessed applicant files and stole the identities of more than 20 children for use as dependents in her family's fake tax return scheme. Defendants received tax refunds from the NYS Tax Department which they deposited in their bank accounts. And when Covid relief funds were sent to the addresses used by taxpayers in their tax returns, defendants allegedly deposited those funds into their bank accounts as well.

DOI Commissioner Jocelyn E. Strauber said, "The HRA employee who is charged here allegedly preyed on the very clients she was supposed to assist, using her access to City files to steal the identities of more than 20 children, which her two relatives – also her co-conspirators – used to file fake tax returns to defraud New York State of tens of thousands of dollars in tax refunds. Those who seek help from City-administered programs should not thereby become victims of wrongdoing by City employees and others, and we will work with our law enforcement partners to hold such wrongdoers accountable. DOI thanks the Queens District Attorney, the New York State Department of Taxation and Finance and the New York State Department of Labor for their collaboration on this investigation."

The defendants are also accused of attempting to steal more than \$200,000 in fake unemployment claims filed with the NYS Department of Labor. As alleged, they filed fraudulent unemployment insurance claims in the names of nine different people, received \$123,487 and attempted to steal an additional \$97,962.

"The Unemployment Insurance Program exists to provide needed assistance to qualified individuals who are unemployed due to no fault of their own. Fraud against the Unemployment Insurance Program distracts state workforce agencies from ensuring benefits go to individuals who are eligible to receive them. The Office of Inspector General will continue to work closely with the Queens District Attorney's Office, the New York State Department of Tax and Finance, and our many law enforcement partners, to investigate those who exploit the Unemployment Insurance Program," stated Special Agent-In-Charge Jonathan Mellone, New York Region, US Department of Labor Office of Inspector General.

DA Katz said that the investigation was conducted by her Crimes Against Revenue Unit and the New York State Department of Taxation and Finance's Office of Internal Affairs. Instrumental to the investigation was the assistance of the New York City Department of Investigation, New York State Homes and Community Renewal, the New York City Department of Social Services, and the United States Department of Labor.

The investigation was conducted by Assistant District Attorney Marnie Lobel, Chief of the Crimes Against Revenue Unit, under the supervision of Assistant District Attorney Hana Kim, Deputy Chief of the Frauds Bureau and Assistant District Attorney Joseph T. Conley, III, Chief of the Frauds Bureau and the overall supervision of Executive Assistant District Attorney for Investigations Gerard Brave. Criminal Investigator Jemayel Mall of the Office of Internal Affairs at the NYS Department of Taxation and Finance was the lead investigator, under the supervision of the Director of Internal Affairs Brian M. Hickey and overall supervision of Acting Commissioner Amanda Hiller.

Detective Robert Gonzalez of the Queens DA's Detective Bureau assisted in the investigation under the supervision of Sgt. Edwin Driscoll, Lt. Steven Brown and Deputy Chief Daniel O'Brien. Investigative Accountant Barak Haimoff, under the supervision of Director of the Financial Analyst Unit Joseph Plonski, conducted forensic audits in the case.

Criminal complaints and indictments are accusations. A defendant is presumed innocent until proven guilty.

#

Note to Editors: Archived press releases are available at www.queensda.org.

