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## **PRESS RELEASE**

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### **Former D.C. Deputy Assistant Inspector General Pleads Guilty to Filing False Statements, Fraud - Admits Helping a Friend Fake D.C. Residency to Obtain a Job -**

WASHINGTON - Cheryl L. Ferrara, a former Deputy Assistant Inspector General for Audits for the District of Columbia Office of Inspector General, pled guilty today to charges of filing false statements and second degree fraud, announced U.S. Attorney Ronald C. Machen Jr. and Charles J. Willoughby, Inspector General for the District of Columbia.

Ferrara, 46, of Silver Spring, Md., Maryland, admitted helping a friend fake D.C. residency to help the woman obtain a job. She also admitted improperly using money from the Association of Inspectors General (AIG), an organization for which she was the treasurer.

She entered her guilty plea in U.S. District Court in the District of Columbia before the Honorable Magistrate Judge John M. Facciola. Ferrara faces up to a year in prison for the two misdemeanor offenses when she is sentenced August 5, 2011.

Pursuant to the plea agreement, Ferrara has agreed to resign as treasurer of AIG. She also was required to notify her supervisor at her most recent place of employment, the Special Inspector General for Afghanistan Reconstruction. She resigned from that position this month. Under the plea agreement, Ferrara also is to notify the appropriate agencies that issued her government security clearance and her CPA license of her guilty plea.

According to the government's evidence, with which Ferrara agreed, her friend, Anurak Duangphut, lived in Silver Spring, Md. Ferrara knew Duangphut because Duangphut had babysat Ferrara's young daughter for three years. Subsequently the two kept in touch.

On December 6, 2007, the District of Columbia posted a vacancy announcement for the position of Staff Assistant in the Audit Division of the D.C. Office of Inspector General. This posting noted that a bona fide D.C. resident at the time of application would be entitled to claim a hiring preference over a non-resident applicant. Under District of Columbia Personnel Regulations, when two or more applicants for a position in the D.C. Career Service are equally

qualified, the applicant with residency preference shall be listed and selected ahead of the equally qualified non-preference candidate.

When the job announcement was posted, Ferrara told Duangphut that she should apply. On December 13, 2007, Duangphut signed an employment application in which she falsely stated that she resided on Columbia Road NW, Washington, D.C. An attached Residency Preference Form, signed by Duangphut, was submitted to the D.C. Department of Human Resources. The form states that the making of a false statement is punishable by criminal penalties.

When Duangphut was applying for the job, Ferrara told her that she had to pick a D.C. resident for the position. Ferrara knew that Duangphut did not live in the District.

Duangphut asked Ferrara for assistance in support of her application. Ferrara gave Duangphut a list of documents she needed to falsely show residency, such as a lease and rent payments. Ferrara pulled a sample lease off the Internet and gave it to Duangphut. Pursuant to Ferrara's suggestion, Duangphut used the name of someone with whom Ferrara had done business as the purported landlord and his company as the purported owner of the property.

When Duangphut initially submitted the lease as proof of residency, it was not accepted by the D.C. government. To make it look more authentic, Ferrara placed a false notarization on it.

In order to show that Duangphut had been paying rent, the two women opened a checking account at Wachovia Bank for Duangphut. Ferrara told Duangphut to make out the rent checks to the alleged real estate company from this account and give them to Ferrara. Because Duangphut did not have sufficient funds, Ferrara put money in this account for Duangphut's rent checks and to make it appear that Duangphut had income from a job.

AIG is a national organization that fosters and supports the work and training of Inspectors General and professional staff. Ferrara was treasurer of the D.C. chapter in 2007 until late-2008. In 2009, she became treasurer of the national organization. The AIG had an account with Bank of America. While Ferrara was treasurer, she had access and control of this account, but she was not authorized to write checks to herself from it.

Some of the money that Ferrara placed in the Wachovia Bank checking account for Duangphut came from AIG's bank account.

During the hiring process, Duangphut was in fact given a residency preference. After Duangphut was hired by the D.C. government, she worked under Ferrara.

On April 11, 2008, Duangphut opened a post office box in the District of Columbia. Thereafter, she had her employment-related mail, including her pay stubs, forwarded there. Ferrara had recommended to Duangphut that she open a post office box close to the office.

Later, when Ferrara was interviewed by the investigators in this matter, she said she took

the steps because she wanted to hire Duangphut. Further, she said that, beyond using the AIG Bank of America account to wash through the false rent payments by Duangphut, she often used the account for personal purposes. She admitted making a \$2,000 payment from that account to her husband's credit union, a \$5,000 payment to her own Wachovia Bank account, a \$4,000 payment to Chase Card Services, and a \$2,000 payment to a co-worker.

Ferrara agreed that her treatment of the AIG account involved improper accounting procedures, regardless of whether she intended to repay the money later. She also acknowledged that she improperly advanced herself \$7,000 from this account, although she claimed she ultimately paid back this money.

Duangphut, now 31, earlier pled guilty to a charge of filing false statements. At sentencing, she was ordered to pay \$3,403 in restitution and perform 100 hours of community service.

In announcing today's guilty plea, U.S. Attorney Machen and Inspector General Willoughby praised the hard work of the investigators from the D.C. Office of Inspector General. They also acknowledged the efforts of Paralegal Specialist Mary Treanor, and Legal Assistant Sierra Tate, as well as Assistant U.S. Attorney Daniel Friedman, who handled Duangphut's case and this matter initially. Finally, they commended the work of Assistant U.S. Attorney Daniel Butler, who handled this matter from the plea negotiations and thereafter.

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