



**Gaming
Commission**



**Department of
Taxation and Finance**

June 8, 2017

NYS Gaming Commission & Department of Tax & Finance announce arrests of Lottery “discounters” and tax scofflaws

The New York State Gaming Commission and the New York State Department of Taxation and Finance today announced arrests relating to Lottery “discounting” schemes, where a “discounter” purchases winning lottery tickets from individuals who owe child support, back taxes or reimbursement of public assistance and then claim the tickets as their own. The scheme enables the original owner of the ticket to avoid having the financial obligations withheld from Lottery winnings. Seven Lottery retailers alleged to be involved in the schemes have been suspended as well.

Per New York State law, Lottery winners of prizes of \$600 or more who owe overdue child support, back taxes or reimbursement of public assistance benefits received in the past 10 years automatically will have withheld from their winnings 100 percent of child support and back taxes due and 50 percent for public assistance received to make up the due payments and past public assistance support. Today’s arrests are the first in an ongoing partnership between the two agencies to identify and prosecute individuals who attempt to use the Lottery to defraud the State.

“The New York Lottery ensures that claimants who owe child support, back taxes or public assistance obligations first pay what is rightfully owed before collecting any winnings,” said Gweneth Dean, Director of the Commission’s Division of the Lottery. “With the help of our partners in Tax and Finance, we are putting a stop to those who try to circumvent financial obligations through discounting schemes.”

“We thank the Gaming Commission for partnering with us to clamp down on these types of schemes, which deprive children and families of the support money they’re owed and New York State taxpayers of revenue needed for vital services,” said Acting Commissioner Nonie Manion. “We will continue to root out criminals who try to evade these obligations.”

An indictment unsealed in Albany County today alleges that Eduardo Moran-Barrera, 63, of the Bronx, claimed a total 686 tickets worth \$1.48 million in Lottery winnings between 2012 and 2016. The tickets, also primarily for Win-4 drawings, were purchased at 209 different retailers across the New York metropolitan region.

2012: 13 retailers – 29 tickets totaling \$120,575
2013: 27 retailers – 58 tickets totaling \$223,455
2014: 37 retailers – 60 tickets totaling \$206,789
2015: 42 retailers – 92 tickets totaling \$368,319
2016: 90 retailers – 165 tickets totaling \$561,948

The indictment also alleges that Neil Ferguson, 50, of Manhattan, attempted to claim a \$5,000 winning New York Lottery ticket on February 1, 2017 with the original owner's signature concealed. The original owner of the ticket allegedly owed more than \$172,600 in obligations to New York State.

The indictment further notes that Ferguson claimed a total of 91 winning New York Lottery tickets worth \$273,139 between 2012 and 2016. The tickets, most of which were for Win-4 drawings, were purchased from 39 different retailers across the New York metropolitan region.

2015: 17 retailers - 23 tickets totaling \$49,547

2016: 22 retailers - 60 tickets totaling \$223,592

Neither Moran-Barrera nor Ferguson paid required taxes to the State in regard to the above winnings.

Moran-Barrera is charged with two counts of Criminal Tax Fraud in the 2nd Degree (C Felony), three counts of Criminal Tax Fraud in the 3rd Degree (D Felony) and one count of Repeated Failure to File Personal Income Tax Returns (E Felony). Ferguson is charged with one count of Criminal Tax Fraud in the 3rd Degree (D Felony) and one count of Criminal Tax Fraud in the 4th Degree (E Felony).

The Commission, using undercover agents as part of the investigation, identified seven licensed Lottery retailers as co-conspirators in the "discounting" operations. The following retailers have had their licenses suspended, pending possible revocation:

La Fuerza Food Corp – 1386 Nelson Avenue, Bronx, NY 10452

La Potencia Deli Grocery Store – 320 East 167th Street, Bronx, NY 10456

La Potra Grocery Corp – 1145 Clay Avenue, Bronx, NY 10456

Los Morocho Grocery Store – 1973 Walton Avenue, Bronx, NY 10453

Miami Deli Grocery, Inc – 320 St. Nicholas Avenue, NY, NY 10027

Raykell Food Corp – 70-80 W 183rd Street, Bronx, NY 10453

Villa Fundacion Deli Grocery – 1948 Amsterdam Avenue, NY, NY 10032

Both investigations are being conducted jointly by Pedro Contreras, Director of the Commission's Lottery Security Division and the New York State Department of Tax and Finance Criminal Investigations Division. The two agencies will continue to partner to investigate instances of illegal discounting operations across New York State and make appropriate referrals to criminal law enforcement authorities.

The charges above are merely accusations, and the defendants are presumed innocent of criminal charges unless and until proven guilty in a court of law.

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