



NEW YORK STATE SENATOR

David Carlucci

Senator David Carlucci Passes Payroll Legislation to Protect Hard Working New Yorkers

SENATOR DAVID CARLUCCI January 28, 2020

| ISSUE: **PAYROLL ACCOUNTABILITY**

(Albany, NY) Today, Senator David Carlucci passed legislation (S.6725A) through the New York State Senate to make misappropriating payroll a crime. The payroll service protection comes in the wake of last year's MyParyRollHR collapse, which left thousands of workers without their paychecks, including residents in the Hudson Valley.

Carlucci's bill creates, for the first time in New York State's law, a charge for misappropriating payroll, which is a felony. Someone can be charged with misappropriating payroll when he or she knows the funds are designated for use as employee payroll funds or as payment of payroll taxes and intentionally prevents the funds from being used for their designated purpose.

"MyPayrollHR scammed numerous New Yorkers by reversing people's paycheck's and stealing their hard earned money," **said Senator David Carlucci.** "Families were left unable to pay their bills. In one case, a mother in New City was unable to make her's son's college tuition payment. This is despicable theft at the highest level, which is why I introduced legislation to ensure bad actors are held criminally responsible to the fullest extent of the law."

MyPayRollHR out of Clifton Park, New York was run by CEO Michael Mann. Mann in September of 2019 was arrested by the FBI and charged with committing \$70 million in bank fraud. According to the feds, Mann fraudulently obtained at least \$70 million in loans from banks and other financial institutions, and then created shell companies to carry out fraud. The FBI said he used these companies to misrepresent to banks and financing businesses certain receivables that they did not have so he could obtain loans and lines of credit. Mann is accused of running the scheme for the past decade.

On September 5th of 2019, Mann's banks froze his accounts, suspecting him of fraud. This led to MyPayRollHR suddenly shutting down. The freeze affected MyPayrollHR's clients because, as part of the fraudulent scheme, Mann diverted clients' payroll payments to a bank account he controlled.

Mann has not yet entered a plea. Mann's attorneys and federal prosecutors have asked a judge for more time to study the case.

Now the FBI is looking for more victims impacted or anyone with information in the case. If you believe you suffered a financial loss due to MyPayRollHR's shutdown, then you can click here: <https://www.fbi.gov/resources/victim-services/seeking-victim-information/seeking-victim-information-in-mypayrollhr-investigation>.

RELATED LEGISLATION

2019-S6725A

- Introduced

- ◦ In Committee Assembly
 - In Committee Senate

- ◦ On Floor Calendar Assembly
 - On Floor Calendar Senate

- ◦ Passed Assembly
 - Passed Senate

- Delivered to Governor

- Signed By Governor

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Establishes the crime of misappropriation of payroll funds

September 18, 2019

In Assembly Committee

Sponsored by **David Carlucci**

Do you support this bill?