



NEW YORK STATE SENATOR

Zellnor Myrie

## Senator Myrie, Attorney General Tish James and AM Nily Rozic: "Beware of COVID Fraud"

ZELLNOR MYRIE March 4, 2022

| ISSUE: CONSUMER FRAUD, CORONAVIRUS PANDEMIC; COVID-19; COVID-19 TESTING



**BROOKLYN**— Standing outside of CareCube, a COVID testing company **repeatedly cited** for deceptive billing practices and now the **subject of a class-action lawsuit**, Senator Zellnor Y. Myrie (D-Central Brooklyn) today joined Attorney General Letitia James and Assembly Member Nily Rozic (D-Fresh Meadows) to discuss the rise of pandemic-related consumer fraud and ask for clearer guidance from the Department of Health on consumers' rights during the pandemic.

Earlier this week, "**The COVID-19 Fraud Accountability Act**," sponsored by Senator Myrie and Assembly Member Rozic, was passed by the Senate Consumer Protection Committee.

"The pandemic has shown us the importance of looking out for one another, but unfortunately it's also brought out those bad actors looking to make a quick buck during this difficult time," **said Senator Myrie**. "New Yorkers shouldn't have to worry about white-collar fraud during normal times, much less now. Consumers should have access to all the information needed to avoid being scammed, and state government must have their backs as well."

"It's shameful that fraudsters have taken advantage of the pandemic to hurt New Yorkers," **said Attorney General James**. "My office has taken significant action to protect New Yorkers from scammers, and we have successfully held companies accountable for deceiving New Yorkers, returning millions to those who have been cheated. The COVID-19 Fraud Accountability Act will bolster my office's efforts to root out fraudsters and protect New Yorkers. I applaud State Senator Myrie and Assembly Member Rozic for championing this bill to protect New Yorkers in times of crisis."

"No New Yorker should have to deal with fraud and deception— especially at their most vulnerable times," **said Assembly Member Rozic**. "This legislation will ensure that penalties against bad actors are a sufficient deterrent and will go a long way to protect consumers."

In January, **Senator Myrie asked the New York State Department of Health** to create clear, plain-language guidance to help consumers navigate the scores of COVID testing providers that emerged during the Omicron wave.

"Our bill will increase the cost of doing business for those seeking to defraud or deceive consumers during this pandemic and future disruptions in the marketplace, and hopefully

make them think twice before scamming New Yorkers," **concluded Senator Myrie**. "In the meantime, I encourage everyone to be on the lookout for pandemic-related fraud, from testing and other healthcare scams, to financial schemes and cyber-crime."

### **Background on the "COVID-19 Fraud Accountability Act"**

The "**COVID-19 Fraud Accountability Act**" (S.4954-B/A.9193-A) would sharply increase civil financial penalties for white-collar crime committed in connection with COVID-19. The legislation defines "fraud in connection with an abnormal disruption of the market" in the General Business Law, and would increase penalties for white-collar crimes arising from the unique circumstances caused by the COVID-19 pandemic, as well as future emergencies and market abnormalities defined by law. Price gouging is already illegal; this legislation would set the minimum penalty for such activity at \$25,000 or three times the amount of any ill-gotten gains.

### **Background on pandemic-related fraud**

Since the early days of the pandemic, **the New York Department of Financial Services has warned** of healthcare enrollment scams, deceptive marketing schemes, phishing and other cyber-crime, product fraud, and foreclosure rescue scams. **According to the Federal Trade Commission**, New Yorkers have already lost over \$56 million dollars to COVID-19-related fraud.

More recently, New York consumers have reported scams and fraud associated with COVID-19 testing. The New York State Attorney General **recently recovered over \$400,000 for consumers** unfairly charged for expedited COVID-19 tests. Her office has **documented one testing company** falsely promising results in 48 hours but taking twice as long to deliver, **and another** guaranteeing 24 hour results that have taken more than five days. The Attorney General has also documented complaints of \$14 or \$25 COVID test kits being **illegally sold for double or triple that amount**.

## 2021-S4954B

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- 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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Relates to fraud in connection with an abnormal disruption of the market

February 19, 2021

Passed Assembly

Sponsored by Zellnor Myrie

Do you support this bill?

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