



NEW YORK STATE SENATOR

Joseph A. Griffo

## Griffo and Buttenschon call for investigation into fraudulent unemployment claims

JOSEPH A. GRIFFO February 10, 2023

| ISSUE: **DEPARTMENT OF LABOR; COVID-19; UNEMPLOYMENT**

New York State Sen. Joseph Griffo, R-C-Rome, and Assemblywoman Marianne Buttenschon, D-Marcy, today called on the New York State Attorney General and Inspector General to investigate \$11 billion in COVID-19 unemployment insurance funds that were paid out incorrectly by the state.

The U.S. House Ways & Means Committee recently reported that fraudulent unemployment claims were used to purchase luxury homes, vehicles and goods.

Sen. Griffo and Assemblywoman Buttenschon previously wrote to state Department of Labor Commissioner Roberta Reardon in November following an audit by the state Comptroller's Office that found failures by the department contributed to the disbursement of the fraudulent claims. The two legislators requested that Commissioner Reardon provide an explanation and a plan for how the state will recoup its losses. An explanation and plan has not been received.

“The amount of fraud we have seen related to COVID-19 unemployment insurance is alarming and, frankly, ridiculous,” **Sen. Griffo said.** “There must be accountability, as we have stressed previously. The Attorney General and Inspector General must take action

immediately and must do everything within their power to assist with recouping these fraudulent claims. This is funding that could be used to address other issues affecting the state, including enhance health care, infrastructure and education.”

“As we continue to learn from the COVID Pandemic, we must hold those that abused the system during this time accountable,” **Assemblywoman Buttenschon said.** “We are simply asking for a plan to do this. So many faced financial challenges, the loss of businesses, and the death of loved ones, while others abused the system.”

The full text of the letter to the Attorney General and Inspector General requesting the investigation is below:

Feb. 9, 2023

Dear Inspector General Lang:

We are writing to request that you commence an investigation into the \$11 billion in COVID-19 unemployment insurance funds that were paid out incorrectly by the state.

The U.S. House Ways & Means Committee recently reported that the fraudulent unemployment claims were used to purchase luxury homes, designer goods, vehicles and accessories.

This fraud is unacceptable and must be addressed immediately. Many New Yorkers, through no fault of their own, relied on unemployment payments to help them and their families get through the coronavirus pandemic. Unfortunately, unscrupulous actors have taken advantage of this situation for their own benefit thanks in large part to the failures of the Department of Labor (DOL), which must be held accountable.

We previously wrote to state Department of Labor Commissioner Reardon regarding this issue in November following an audit by the state Comptroller's Office. The audit found that the department's "failure to replace its long-troubled Unemployment Insurance (UI) system and ad hoc workarounds to compensate for the old system weakened oversight and ultimately contributed to an estimated billions of dollars in improper payments during the COVID-19 pandemic." In our previous correspondence, we requested that Commissioner Reardon provide us with a plan as to how the state would get back the money that was paid out incorrectly. Unfortunately, we have not received a plan.

An investigation is needed to determine how and why these failures occurred so that we can ensure they do not happen again in the future.

Thank you for your consideration.

Sincerely,

Joseph A. Griffo

Marianne Buttenschon

New York State Senator New York State Assemblywoman

53<sup>rd</sup> Senate District 119<sup>th</sup> Assembly District