



NEWS RELEASE

Office of the New York State Welfare Inspector General
Catherine Leahy Scott – Acting Welfare Inspector General

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ROCHESTER BUSINESS OWNER FACES FEDERAL FRAUD CHARGES FOR TRADING NAIL SPA SERVICES FOR FOOD STAMPS

BUFFALO – New York State Acting Welfare Inspector General Catherine Leahy Scott announced today the arrest of a Rochester businesswoman on federal charges of a scheme to defraud welfare by trading food stamp benefits for spa services in the nail salon she owns.

Hang T. Lam, 46, of Rochester, owner of Young’s Nail and Spa on Goodman Street North in Rochester, was arrested and charged with unauthorized use, transfer, acquisition, and possession of USDA food stamp benefits. The charge carries a maximum penalty of 20 years in prison and a \$250,000 fine.

The charge accuses Lam of defrauding the welfare system by routinely taking public assistance recipients’ food stamp benefits as payment for nail salon services as well as trading cash for use of recipients’ benefits, often at pennies on the dollar.

“Corrupting a critical welfare program in any fashion is inexcusable at best, but trading nail spa services for food stamps is a brazenly callous criminal scheme,” said **Acting Welfare Inspector General Leahy Scott**. “Taxpayer-funded welfare benefits are meant to provide necessary assistance and nutrition only to those with the most critical need, and my office will pursue anyone who betrays that purpose. I am also gratified with the state and federal law enforcement partnership that led to this arrest.”

An investigation by Welfare Inspector General Leahy Scott and the USDA-OIG and Monroe County Department of Human Services found that on multiple occasions in 2018 Lam and her employees would exchange salon services for funds from customers’ Supplemental Nutrition Assistance Program (SNAP or food stamps) accounts, obtainable through Electronic Benefits Cards (EBT) used by program recipients. Lam and her employees would then use those EBT cards provided by customers to make purchases at retail outlets authorized to accept them for products that can be obtained through the food stamp programs. Nail salon services are otherwise not covered by SNAP benefits. Separately, Lam and her employees also exchanged cash for use of customers’ EBT cards at pennies on the dollar. Through both alleged schemes, the investigation found Lam stole at least \$5,000 in welfare food stamp benefits to which she was not entitled.

Lam was arraigned in United States Court of the Western District of New York in Rochester and released on her own recognizance pending further court action.

The charge against the defendant is merely an accusation and she is presumed innocent until and unless proven guilty in a court of law.

Acting Welfare Inspector General Leahy Scott thanked Monroe County Department of Human Services Special Investigations Unit for their assistance with the investigation, the USDA-OIG for their partnership in this case, and U.S. Attorney Kennedy and his office for prosecuting this case.

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The New York State Office of the Welfare Inspector General investigates fraud, abuse or illegal acts committed against public assistance programs designed to help those in need. Our office also investigates complaints about the agencies and local social services districts who administer social services programs. Complaints and referrals are kept confidential. We can be reached by calling toll free: 1-800-367-4448, utilizing our online complaint form: <http://www.ig.ny.gov> or sending an email to: inspector.general@ig.ny.gov. You also can write to our office at: Office of the Welfare Inspector General, Empire State Plaza, Agency Building 2, 16th Floor Albany, New York 12223