

State of New York  
Office of the Welfare Inspector General



2021 Annual Report

Kathy Hochul  
Governor

Lucy Lang  
Acting Welfare Inspector General

## EXECUTIVE SUMMARY

The Office of the New York State Welfare Inspector General's (OWIG) mission is to investigate fraud, abuse, and illegal acts perpetrated within New York State's public assistance system, which includes programs administered and funded by New York State, the federal government, and local social services districts, or by contractors or recipients of public assistance services.

The Offices of the New York State Inspector General are comprised of the Office of the New York State Inspector General, OWIG, the Office of the New York State Workers' Compensation Fraud Inspector General, and the Office of the Gaming Inspector General.<sup>1</sup> On November 29, 2021, Governor Kathy Hochul appointed Lucy Lang to serve as the New York State Inspector General and the acting New York State Welfare Inspector General.<sup>2</sup> On December 3, 2021, Ms. Lang was also appointed by Governor Hochul to serve as the New York State Workers' Compensation Fraud Inspector General. The four offices are well integrated, with many staff cross-trained in the successful pursuit of public assistance fraud statewide.

In 2021, OWIG continued to face unprecedented challenges resulting from the ongoing COVID-19 pandemic. As in the previous year, OWIG adapted quickly, adopting procedures to ensure the ongoing safety of the public and staff while simultaneously continuing to investigate public assistance fraud and fulfill OWIG's mission. Throughout 2021, New York State courts continued to have a limited in-person presence due to continued COVID-19 restrictions on the congregation of people in public and private places. In addition, many government offices and local Departments of Social Services (DSSs) continued remote work environments. However, OWIG used its 2020 experience to adapt to this environment. In 2021, OWIG continued to investigate significant cases resulting in criminal prosecutions throughout New York State and provide substantial regional and statewide support to stakeholders to identify, investigate, and prosecute public assistance fraud. The 2021 OWIG Annual Report demonstrates the successful execution of OWIG's mission.

OWIG reinforced its statewide presence in 2021, receiving complaints from every county. In 2021, OWIG reviewed 356 allegations of public assistance fraud, fostered the arrest

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<sup>1</sup> See New York State Racing, Pari-mutuel Wagering and Breeding Law § 130. Effective June 18, 2021, the duties and responsibilities of the Office of the Gaming Inspector General were transferred to and encompassed by the Offices of the New York State Inspector General.

<sup>2</sup> Press Release, Governor Hochul Announces Administration Appointments, Nominations and Recommendations (October 21, 2021), <https://www.governor.ny.gov/news/governor-hochul-announces-administration-appointments-nominations-and-recommendations>.

of five people, worked with local DSSs to collect improper payments, and collaborated with the United States Attorney's Office for the Western District of New York in a false claims action stemming from OWIG's investigation. These investigations uncovered fraud and improper social service benefits payments and resulted in a civil settlement, with total recoveries in excess of a half-million dollars.

Additionally, OWIG continued to partner with federal, State, and local law enforcement, and with local social services districts to investigate fraudulent schemes. For example, in 2021, OWIG completed an investigation with the Social Security Administration's Office of the Inspector General, the New York City Housing Authority (NYCHA) Inspector General's Office, and the Manhattan District Attorney's Office, which resulted in the arrest of an Alabama woman who collected \$69,904 in public assistance benefits in New York State by misreporting her residency, employment, and marriage status to the New York City Human Resources Administration (HRA), using two different social security numbers, and misrepresenting her residence to obtain NYCHA rental benefits in excess of \$52,646.

Moreover, OWIG expanded initiatives based on certain trends, patterns, and vulnerabilities identified through ongoing comprehensive analyses of complaints received and public assistance data. Specifically, OWIG expanded its public assistance fraud and identity theft initiative, continued its focus on the theft of Supplemental Nutrition Assistance Program (SNAP) benefits intended for recipients in vulnerable populations and SNAP trafficking, and launched several new preventative fraud programs to combat fraud and misuse of COVID stabilization and recovery funds.

OWIG also continued to assist local social services districts in fighting public assistance fraud, each of which maintains a unit responsible for investigating fraud and abuse. OWIG supports these units by providing training, equipment, counsel, and staff to enhance their efforts. In more complex investigations, OWIG and local social services districts conduct joint investigations. In other circumstances, OWIG's investigative findings are referred to local social services districts with the recommendation that they complete public assistance benefit eligibility analyses and calculate the amount of overpayments received by targets of investigations.

## PURPOSE AND SCOPE OF ANNUAL REPORT

New York State Executive Law section 74(6) mandates that OWIG submit an annual report to the Governor, State Comptroller, Attorney General, and Legislative leaders summarizing the activities of the office for each calendar year. Consistent with OWIG's mandate, this report provides an overview and summary of OWIG's activities and accomplishments for 2021, including benefits fraud exposed by OWIG, significant prosecutions resulting from OWIG referrals, outreach and training, and investigations and initiatives commenced by OWIG.

## INTRODUCTION AND BACKGROUND

In 1992, Executive Law section 74 established OWIG and empowered it to investigate and prosecute fraud, abuse, and illegal acts involving social services programs and funds administered and funded by New York State, the federal government, and local social services districts. These programs comprise several state and federal public assistance programs, including Temporary Assistance (which is comprised of Family Assistance and Safety Net Assistance), Home Energy Assistance Program (HEAP), SNAP, Supplemental Security Income (SSI), and Medicaid.

Each public assistance program is designed to address the specific needs of indigent people: Temporary Assistance provides allowances for basic grants, home energy, shelter, and fuel;<sup>3</sup> HEAP assists with the cost of home heating;<sup>4</sup> SNAP, which is administered by the United States Department of Agriculture (USDA) Food and Nutrition Service, provides nutrition assistance;<sup>5</sup> SSI provides monthly payments to low-income people who are age 65 or older, blind or disabled;<sup>6</sup> and Medicaid provides medical coverage to people who are unable to afford medical care.<sup>7</sup> Eligible recipients receive SNAP and cash benefits by Electronic Benefit Transfer (EBT) and access the benefits by using an EBT card, also known as a Common Benefit Identification Card (CBIC).

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<sup>3</sup> New York State Office of Temporary and Disability Assistance, Temporary Assistance Source Book, Chapter 2, Section B, Family Assistance, and Section D, Safety Net Assistance (June 27, 2016),

<http://otda.ny.gov/programs/temporary-assistance/TASB.pdf>

<sup>4</sup> Office of Temporary and Disability Assistance Home, Programs, Home Energy Assistance Program (HEAP), <https://otda.ny.gov/programs/heap/>.

<sup>5</sup> <https://www.fns.usda.gov/snap/supplemental-nutrition-assistance-program-snap>.

<sup>6</sup> Social Security Administration Supplemental Security Income Booklet, August 2017, <http://www.ssa.gov/pubs/EN-05-11000.pdf>.

<sup>7</sup> [https://www.health.ny.gov/health\\_care/medicaid/#definition](https://www.health.ny.gov/health_care/medicaid/#definition).

In New York State, local social services districts provide or administer publicly funded social service and cash assistance programs. The New York State Office of Temporary and Disability Assistance (OTDA) is the oversight agency, which works with each social services district, and is a close partner with OWIG. New York State is divided into 58 local social services districts, including the five boroughs of New York City that comprise one district. Outside of New York City, each social services district corresponds to one of the other 57 counties in the state. OWIG's jurisdiction includes government employees and agencies that administer social services programs, recipients of public assistance benefits, and contractors that receive public funding for privately administered social services programs.

### INVESTIGATIONS

In 2021, OWIG received complaints from every county in the State. From January 1 to December 31, 2021, OWIG reviewed and processed 356 allegations of public assistance fraud. Although the total number of complaints received in 2021 was less than pre-pandemic years, this number was consistent with OWIG's reporting in 2020, which in large part reflected the continued COVID-19 pandemic challenges faced by each local DSS, OWIG's law enforcement partners, and the general public. Many offices continued remote work environments developed in 2020 and had limited presence in offices and access to office resources. Still, OWIG's investigations resulted in the arrest of five people, the sentencing of one additional person, and a civil settlement from a False Claims Act suit. These investigations uncovered \$239,345 in fraud, improper social service benefits payments, and resulted in a \$250,000 civil settlement. Additionally, \$13,141 in improper benefit payments were identified by local social services districts as a result of referrals made by OWIG. In total, OWIG's investigations resulted in the recovery of \$502,486.

OWIG receives complaints from various sources including telephone, online submission, email, mail, and personal delivery. Each complaint is evaluated by OWIG's Case Management Unit, executive staff, and senior management. OWIG conducts a preliminary analysis of complaints to compare the reported information against records of the Welfare Management System, a computerized database operated and maintained by OTDA that contains a complete benefits history for each applicant or recipient. Following this analysis, OWIG may open an investigation of the allegations, close those matters lacking jurisdiction or enough information to warrant an investigation, or determine that the matter is appropriate for referral to a local social services district or agency for further action. For these referred matters, OWIG remains involved

with the investigation by reviewing progress reports from the local district or agency and providing resources such as staff and investigatory equipment.

When an investigation is opened from a complaint, OWIG assigns a multi-disciplinary team including an attorney, investigator, and auditor to conduct each investigation. If OWIG establishes evidence of fraud and improper benefit payments, it conducts an analysis to determine the amount overpaid by the social services program, which is then confirmed by the local social services district. Funds may then be recovered through criminal prosecution or civil recoupment by the local social services district.

When evidence of criminality is discovered, OWIG partners with the appropriate prosecutorial agency to pursue prosecution. Thereafter, OWIG remains involved with the investigation by offering additional resources and support to all aspects of the prosecution, including hearings, trials, and appeals. OWIG also encourages its prosecutorial partners to seek full restitution for the fraud uncovered by OWIG.

In addition to criminal penalties, a person engaged in Temporary Assistance or SNAP fraud may be subject to civil sanctions following an Administrative Disqualification Hearing. After referral and with the assistance of OWIG, OTDA conducts an Administrative Disqualification Hearing to determine whether a program recipient has committed an Intentional Program Violation by making false or misleading statements, misrepresentations, or otherwise concealing or withholding facts relevant to eligibility. A person may waive a hearing and enter into a Disqualification Consent Agreement, whereby the accused admits to committing an Intentional Program Violation and consents to the imposition of sanctions. Intentional Program Violation offenders must pay restitution of any improperly received benefits and may be disqualified from receiving the relevant public assistance benefit for a specified period. In egregious and/or repeated cases involving Temporary Assistance, the person may be barred for a period of five years, and in egregious and/or repeated cases involving SNAP, the person may be barred for life. These administrative sanctions provide the State with a cost-avoidance savings equivalent to the amount that the beneficiary would have received.<sup>8</sup>

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<sup>8</sup> 18 N.Y.C.R.R. § 358.

## CASES RESULTING IN PROSECUTION, CONVICTION AND/OR SENTENCING

### **New Jersey Couple Charged and Convicted for Using New York Address and Lying about Income to Fraudulently Obtain \$39,378 in Public Assistance Benefits**

On January 14, 2021, a man and a woman from Teaneck, New Jersey were arrested and charged with Welfare Fraud in the Third Degree and Grand Larceny in the Third Degree, both D Felonies. An investigation conducted by OWIG found that they resided in New Jersey but failed to disclose their out-of-state residency and significant employment income to HRA when applying for public assistance benefits.

OWIG's investigation found that the two were married in 2004 and listed a Bronx address as their place of residence on their marriage certificate. They later had children together. Although the couple divorced in 2008, their relationship continued in various forms and the woman moved to the man's home in Teaneck in 2018. A review of utility payments, a real estate purchase, SNAP purchase locations, vehicle lease addresses, and material on the woman's Facebook page found that the two resided in Teaneck on a full-time basis by August 2018.

Despite this evidence, between August 2018 and November 2020, the woman submitted claims for SNAP and Medicaid benefits in New York State, falsely listing an apartment on 175<sup>th</sup> Street in Manhattan as her place of residence. Additionally, the woman failed to list the couple's actual income in applications and recertifications for benefits. OWIG's investigation found that the man and woman's combined income in 2019 was more than \$132,000. In total, the two received \$39,378 in public assistance benefits to which they were not entitled.

The woman pled guilty to Welfare Fraud in the Fifth Degree, while the man pled guilty to Disorderly Conduct. As a condition of the pleas, the two paid full restitution of \$39,378.

The matter was prosecuted by the Manhattan District Attorney's Office.

### **Bronx Woman Charged and Convicted in \$10,166 Public Assistance Fraud**

On March 1, 2021, a Bronx woman was arrested and charged with several offenses, including Grand Larceny in the Third Degree, Welfare Fraud in the Third Degree, Offering a False Instrument for Filing in the First Degree, Criminal Possession of Stolen Property in the Third Degree, and Healthcare Fraud in the Fourth Degree.

OWIG's investigation found that the woman received \$10,166 in cash, SNAP, and Medicaid benefits that she was not entitled to because she had falsified the household composition in applications and recertifications submitted to HRA. Specifically, the woman

falsely reported to HRA that from July 2016 to December 2017, she resided with her three children when in fact she had not resided with her children since 2013. Based upon these false representations, HRA provided public assistance benefits to the woman during this period for a household of four, instead of one.

In July 2021, the woman pled guilty to Offering a False Instrument for Filing in the Second Degree and was sentenced to twenty days of community service, disqualified from receiving SNAP benefits for a six-month period, and received a conditional discharge.

The matter was prosecuted by the Bronx County District Attorney's Office.

**Alabama Woman Who Claimed to Live in New York City for Nine Years Charged and Convicted for Stealing More Than \$122,000 in Public Assistance and Housing Benefits**

On May 19, 2021, an Alabama woman was arrested and charged with two counts of Grand Larceny in the Second Degree, one count of Welfare Fraud in the Second Degree, and two counts of Offering a False Instrument for Filing in the First Degree. The woman's arrest was the result of an OWIG investigation, which determined that she had collected \$69,904 in public assistance benefits in New York State by misreporting her residency, employment, and marriage status to HRA, and by using two different social security numbers. The woman also misrepresented her residence to obtain NYCHA rental benefits in excess of \$52,646.

OWIG's investigation included reviewing real estate and employment records, bank records, the woman's use of SNAP benefits, and various social media accounts and postings. OWIG found that from November 2012 to May 2021, the woman claimed to reside in New York City while, in fact, she resided in either Birmingham or Calera, Alabama. OWIG also determined that the woman failed to report her employment income, marriage, and the income of her spouse during this period, all of which were required to be reported to HRA. These falsifications resulted in the woman collecting \$21,664 in SNAP benefits, and \$48,240 in Medicaid benefits, totaling \$69,904. The investigation also found that the woman used two different social security numbers and falsely claimed to reside in New York City to obtain \$52,646 in rental benefits through a NYCHA program.

The woman pled guilty to Welfare Fraud in the Second Degree and Welfare Fraud in the Fifth Degree. She was sentenced to a Conditional Discharge on both the felony and misdemeanor charges and was ordered to pay \$50,000 in restitution. In addition, the woman



surrendered a NYCHA residence and one of the social security numbers that she used as part of the scheme.

OWIG received investigative assistance from the Social Security Administration Office of the Inspector General, as well as the NYCHA Inspector General's Office. The matter was prosecuted by the Manhattan District Attorney's Office.

**Niagara Falls Woman Charged, Convicted, and Sentenced in the Theft of \$12,363 in Public Assistance Benefits**

On May 20, 2021, a Niagara Falls woman was arrested and charged with Grand Larceny in the Third Degree, Welfare Fraud in the Third Degree, and multiple counts of Offering a False Instrument for Filing in the First Degree in connection with the theft of \$12,363 in public assistance benefits.

OWIG's investigation found that between November 2015 and May 2019, the woman falsely claimed in benefit applications that her two minor children resided in her household in order to receive money from public assistance programs, including the SNAP program. In fact, the woman did not have custody of the children, as they were residing with their father, who did have full custody throughout this period. In addition, the woman underreported the household income in one of the applications. As a result of the woman's misrepresentations, she received \$12,363 in SNAP and cash benefits to which she was not entitled.

The woman pled guilty in January 2022 to the charge of Offering a False Instrument for Filing in the Second Degree. On April 18, 2022, the woman was sentenced to three years of probation, 75 hours of community service, and was ordered to pay full restitution of \$12,363 and additional court fines.

The Niagara County Department of Social Services assisted in OWIG's investigation. The matter was prosecuted by the Niagara County District Attorney's Office.

**Rochester Food Truck Delivery Business Paid \$250,000 Fine as a Settlement to Resolve Allegations of Submitting False and Fraudulent Claims for Payment to the SNAP Program**

On June 9, 2021, Groceries to Your Door, a Rochester-based food truck delivery business, its owner, and one of its operators agreed to pay \$250,000 to resolve allegations that they violated the False Claims Act by submitting false and fraudulent claims for payment to the SNAP Program.

A joint investigation conducted by OWIG, the USDA Office of Inspector General, Homeland Security Investigations, and the Monroe County Department of Social Services found that Groceries to Your Door operated in violation of SNAP Program regulations by selling food to SNAP recipients on credit and by obtaining payments for food purchases using manual food vouchers instead of an EBT machine. As a result, the business obtained protected recipient account information, which it then used to debit the recipients' SNAP accounts for food purchases that had occurred the previous month, or not at all. The SNAP Program reimbursed Groceries to Your Door based on its representations that the manual food voucher purchases had occurred and that the purchases had been processed according to SNAP rules and regulations. Groceries to Your Door stopped operating in February 2020, when its bank account was seized pursuant to this investigation.

The United States Attorney's Office for the Western District of New York handled the civil matter. The claims resolved by the settlement are only allegations and there have been no determinations of liability.

### **Schenectady Man Charged and Convicted in Theft of \$50,000 in Unemployment Insurance Benefits to Pay for an Apartment, Clothes, Appliances, and a BMW**

On July 27, 2021, a Schenectady man was sentenced in Schenectady County Court to three-and-a-half to seven years in prison for stealing the identities of at least four people to obtain more than \$50,000 in unemployment insurance benefits, which the man then spent on a new apartment, expensive clothes, appliances, and a BMW.

An investigation conducted by OWIG found that between July and October 2020, the man fraudulently filed online claims for unemployment benefits, including Federal benefits related to New York State Pandemic Unemployment Assistance and Federal Pandemic Unemployment Compensation, by using the names and personal identifying information (including social security numbers) of four separate people—two of whom were public assistance recipients. This resulted in a total of \$52,552.50 being deposited to EBT cards, which the man used for personal expenses.

The man pled guilty to Grand Larceny in the Third Degree and was sentenced to three-and-a-half to seven years in prison. The man was also ordered to pay restitution in the amount of \$52,552.50, including the forfeiture of \$18,660.

The Schenectady County District Attorney’s Office prosecuted the matter. OWIG received additional investigative assistance from the New York State Police, the New York State Department of Labor, the New York State Department of Corrections and Community Supervision, and the Schenectady County Department of Social Services.

## INITIATIVES

OWIG often bases its investigations on trends, patterns, and vulnerabilities identified through ongoing comprehensive analyses of complaints received and available public assistance data. In 2021, these analyses resulted in the continuance of several OWIG initiatives, including the theft of SNAP benefits intended for recipients in vulnerable populations and SNAP trafficking, and an expansion of OWIG’s public assistance fraud and identity theft initiative. Additionally, OWIG launched several preventative fraud programs in 2021 to combat fraud and misuse of COVID stabilization and recovery funds.

### **SNAP Trafficking and Benefits Theft**

The investigation and prosecution of those found to be engaged in SNAP trafficking and the theft of SNAP benefits continued to be a priority for OWIG in 2021.

Federal and state governments can pursue civil penalties for SNAP trafficking. The USDA’s Food and Nutrition Service can permanently bar a retailer found guilty of SNAP trafficking from continued participation in the SNAP program. State agencies must also investigate any recipient alleged to have committed an intentional SNAP violation and ensure that appropriate cases are acted upon through administrative disqualification hearings or by a court of appropriate jurisdiction.<sup>9</sup> Thus, SNAP trafficking investigations not only identify fraud but also result in the prevention of future fraudulent acts by those implicated in an investigation.

In 2021, OWIG continued to partner with local and federal law enforcement organizations, including the USDA Office of Inspector General, United States Department of Homeland Security, Federal Bureau of Investigation, various United States Attorney’s offices, local prosecutors, and local Departments of Social Services to conduct SNAP trafficking and theft investigations.

In addition, OWIG is continuing its efforts to investigate SNAP trafficking that involves the “delivery route” store classification. In neighborhoods where SNAP benefit recipients have

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<sup>9</sup> 7 C.F.R. section 273.16(a)(1).

limited access to large food retailers, the USDA’s Food and Nutrition Service permits mobile stores classified as “delivery routes.” Delivery routes can be essential to SNAP benefit recipients living in areas where residents do not live near or have access to supermarkets or other food retailers that carry affordable and nutritious food. Delivery routes, in theory, eliminate recipients’ need to travel, bringing the supermarket to the recipient along with healthy food options. As the delivery route store classification is vulnerable to SNAP fraud, in 2021, OWIG continued several important investigations related to delivery routes in collaboration with our federal partners.

In 2022, OWIG will build upon efforts of prior years in partnership with the USDA Office of Inspector General, federal and local law enforcement, and county DSSs to identify, investigate and prosecute delivery route fraud schemes.

### **COVID-19 Relief and Recovery Funds**

In 2020 and 2021, the federal government passed a series of unprecedented COVID-19 relief and recovery funds amounting to nearly \$5.7 trillion.<sup>10</sup> These funds were distributed in connection with several acts passed to address the economic crisis brought on by COVID-19 restrictions. Specifically, the Coronavirus Preparedness and Recovery Supplemental Appropriations Act; the Families First Coronavirus Response Act; the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the Paycheck Protection Program and Health Care Enhancement Act; the Consolidated Appropriations Act (CAA); and the American Rescue Plan Act of 2021 (ARPA). The CARES Act, CAA, and ARPA provided \$594 billion to extend unemployment benefits, \$63.6 billion in rental assistance, and \$55 billion to support Childcare.<sup>11</sup> Each act earmarked portions for each state based on population, which was administered by a local or state agency. In New York State, the extension of unemployment insurance benefits was administered by the New York State Department of Labor (DOL), rental assistance was administered by OTDA, and Childcare subsidies were administered by the Office of Children and Family Services (OCFS). OWIG partnered with each of these agencies to assist with the investigation of fraud allegations and in some instances developed proactive programs to deter fraud, which resulted in a total of 55 additional referrals and 38 opened investigations.

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<sup>10</sup> See “Guide to COVID-19 Personal Finance Assistance: How it has impacted American’s bottom line and what’s still available?” by Jim Probasco, updated February 6, 2022. <https://www.investopedia.com/how-the-coronavirus-stimulus-bills-affect-you-4800404>.

<sup>11</sup> Id. It should be noted that these totals do not account for people and businesses with overlapping program opportunities.

## **OWIG Unemployment Insurance Benefits Initiative**

In 2021, OWIG identified a fraud pattern that victimizes public assistance benefit recipients. Specifically, people receiving or applying for benefits are denied or have their benefits reduced or revoked when their identities are compromised, and their personal information is used to apply for unemployment insurance benefits. OWIG believes the scheme developed because the CARES Act, CAA, and ARPA extended the amount and duration of available unemployment insurance benefits, making the fraud more lucrative.

OWIG was particularly concerned with this scheme because of the impact on public assistance benefit recipients. For example, an upstate public assistance recipient was denied DSS benefits in January 2021 after the recipient's identity was compromised. At that time, the recipient and the recipient's one-year-old child were reportedly homeless. Despite their program eligibility, the recipient was required to file a report with police, a fraud report with DOL, and copies of both reports with the DSS before the recipient would be eligible to collect benefits—a process that is both time consuming and stressful. Moreover, it was found that the individual(s) who perpetrated this fraud using the public assistance recipient's identity also filed other fraudulent claims using the identities of other people. OWIG worked together with DOL and OWIG's law enforcement partners to develop criminal cases, which were then referred to the appropriate state, local, or federal prosecutor's office. One such example, cited earlier in this report, involved a Schenectady man who was sentenced to three-and-a-half to seven years in prison for stealing the identities of at least four people to obtain more than \$50,000 in unemployment insurance benefits.

To date, OWIG has reviewed 44 complaints involving identity theft of public assistance recipients and opened 33 investigations. In 2022, OWIG will continue to focus on public assistance fraud crimes involving identity theft and develop these cases with our investigative partners.

## **Emergency Rental Assistance Program**

CAA and ARPA, two 2021 federal relief acts, provided a nationwide combined total of \$46.55 billion in funding to assist households that were unable to pay rent or utilities due to the COVID-19 pandemic.<sup>12</sup> New York State received \$2.4 billion in federal funding from these

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<sup>12</sup> Emergency Rental Assistance Program. <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program>.

acts.<sup>13</sup> This funding was combined with an additional \$250 million in State funding for the Emergency Rental Assistance Program (ERAP).<sup>14</sup>

To deter instances of fraud, OWIG partnered with OTDA, the State agency responsible for administering the ERAP program. OWIG, in consultation with OTDA, developed a fraud prevention program designed to both deter and identify fraud. The fraud prevention program includes the implementation of an online fraud reporting system. Additionally, OTDA initiated a fraud review process with a vendor that includes the pre-screening of assistance applications. Those applications that contain certain proscribed fraud indicators are forwarded to OWIG for review and investigation. To date, OWIG has reviewed five complaints under this fraud prevention program.

### **OCFS Child Care Stabilization and Essential Worker Scholarship Grants**

To support working families and the childcare industry during and in recovery from the COVID-19 pandemic, the federal government passed the Coronavirus Response and Relief Supplemental Appropriations Act and ARPA.<sup>15</sup> These acts funded several programs including Child Care Stabilization Grants and Essential Worker Scholarship Grants.

The Child Care Stabilization Grants were intended to offset the added costs pandemic-related regulations required of childcare businesses such as enhanced cleaning protocols and provision of personal protective equipment to childcare staff and attendees. New York State awarded Child Care Stabilization Grants totaling \$900 million to 15,000 eligible childcare providers.<sup>16</sup> OWIG collaborated with OCFS to set forth criteria to use in evaluating bills submitted for reimbursement in connection with reimbursable expenses. To date, OCFS has not issued money to providers unless the criteria outlined to identify fraud has been met.

The Essential Worker Scholarship Grants program, a \$25 million fund, was offered as “the first in a series of investments to support the childcare industry and working families” as provided for by the CARES Act and ARPA.<sup>17</sup> Scholarships were provided to 36,000 children,

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<sup>13</sup> See New York State Comptroller, COVID-19 Relief Program Tracker, <https://osc.state.ny.us/reports/covid-relief-program-tracker#notes>.

<sup>14</sup> While federal funding of the ERAP program has been exhausted in most jurisdictions, OTDA is still reviewing applications in Saratoga County and certain towns in Nassau and Suffolk counties. It should be noted, the State has requested additional federal funding and will grant applications if funds become available. <https://otda.ny.gov/programs/emergency-rental-assistance/>.

<sup>15</sup> <https://ocfs.ny.gov/main/news/article.php?idx=2256>.

<sup>16</sup> <https://ocfs.ny.gov/main/contracts/funding/COVID-relief/childcare-stabilization/>.

<sup>17</sup> <https://ocfs.ny.gov/main/contracts/funding/COVID-relief/essential-workers.php>.

which exhausted all available funds. People who were designated as Essential Workers by Executive Order 202.6, who worked outside the home and whose income does not exceed the Federal Poverty Level, were eligible to apply for a scholarship of up to 12 weeks of childcare payments at market rate.<sup>18</sup> As long as a provider was licensed, registered, and permitted in good standing, they could participate in the program; payments were made directly to the provider.

OWIG worked with OCFS to identify fraud indicators and certain thresholds in this program to warrant investigation. Specifically, OWIG developed fraud criteria for workers as well as providers seeking to defraud the Essential Worker Scholarship Grants program. OWIG met with OCFS on a biweekly basis and reviewed complaints received through OCFS' fraud hotline or flagged by OCFS workers as a potential fraudulent claim. OWIG determined whether its intervention was warranted based on information gleaned from the application process as well as other OWIG-accessible data. From this review, OWIG received 16 complaints of which four investigations were opened.

#### LEGISLATIVE UPDATE

On October 4, 2021, Governor Hochul signed legislation<sup>19</sup> creating the Statewide Restaurant Meals Program (S.64/A.1524), as part of the SNAP Program.<sup>20</sup> The legislation requires OTDA to apply for a USDA waiver and receive federal approval to authorize a statewide Restaurant Meals Program, which would allow homeless, elderly, and disabled SNAP recipients to use their benefits for prepared or hot food from participating restaurants, delis, and groceries at reduced prices. OTDA will be responsible for enacting regulations to implement the program in New York. Once OTDA receives federal approval from the USDA, it is anticipated that the program would go into effect in early 2022. Currently, several states, including California, Arizona, and Rhode Island are already participating in the Restaurant Meals Program. Other states including Illinois, Maryland, and Texas are moving forward with implementing the program.

OWIG will continue discussions with OTDA to review aspects of the new program including how the population of participants will be identified, how restaurants can apply to participate, the scope of program guidelines, timetable for full implementation, and the

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<sup>18</sup> Executive Order No. 202.6, Dated March 18, 2020, Governor Andrew M. Cuomo.

<sup>19</sup> See, Laws of New York, Chapter 430 of the Laws of 2021.

<sup>20</sup> Press Release, Governor Hochul Signs Legislation Helping Homeless, Disabled and Elderly SNAP Recipients to Purchase Prepared Meals (October 4, 2021), <https://www.governor.ny.gov/news/governor-hochul-signs-legislation-helping-homeless-disabled-and-elderly-snap-recipients>.

regulations needed to administer and safeguard the program. OWIG investigates all aspects of SNAP fraud—government workers who issue benefits and determine eligibility, providers who accept SNAP benefits for providing food to recipients, and those recipients receiving food—which would now include the addition of the statewide Restaurant Meals Program. OWIG will continue to evaluate the effects of this legislation on pending SNAP benefits fraud cases like those involving mobile food trucks and the use of SNAP benefits cards to receive meals in group homes or residential facilities. OWIG will also continue its partnership with OTDA to ensure that this vital benefits program is free from fraud, waste, and abuse.

### OUTREACH AND TRAINING

In 2021, although training opportunities continued to be limited due to the ongoing COVID-19 pandemic, OWIG identified opportunities to provide training, promote awareness, and develop partnerships to enhance efforts at detecting and prosecuting public assistance fraud in New York State. OWIG has been a prominent member of the New York Welfare Fraud Investigator’s Association (NYWFIA) and has both participated in and served as a leader at NYWFIA training events. NYWFIA provides support and training to its membership, consisting of investigators, administrators, prosecutors, eligibility workers, and claims and recovery specialists from local and State agencies that fight fraud, waste, and abuse in social services programs. Each year, NYWFIA conducts both annual and regional trainings regarding New York State Social Services Law and policies, as well as skills training. OWIG also continues to present industry-specific, one-on-one investigative training to the local social services districts around the State.

In 2021, OWIG continued its relationships with its State and federal investigative and prosecutorial partners through its participation in various interagency task forces. OWIG also continued its membership in several organizations that address public assistance fraud, including the Western, Central, and Metropolitan Regional Health Care Fraud Task Forces. In addition, OWIG is a member of the Document and Benefit Fraud Task Force led by the United States Department of Homeland Security, and the Electronic Crimes Task Force sponsored by the United States Secret Service’s Buffalo Field Office. OWIG also participates in a multi-agency Suspicious Activity Report Task Force, examining detailed financial reports for indicators of potential welfare fraud. These task forces include law enforcement and private sector professionals who combine intelligence and resources to combat public assistance and other



types of fraud. OWIG also worked closely with its State partners, including OTDA, DOL, and the New York State Department of Motor Vehicles to successfully identify fraudulent activity.

In addition, OWIG continued its membership in other welfare fraud fighting organizations such as the New York Public Welfare Association and the national organization, the United Council on Welfare Fraud. OWIG also maintains its statewide visibility through its continued participation in the New York Prosecutors Training Institute, which “provides comprehensive continuing legal education, training, advice, and assistance to New York State prosecutors.”<sup>21</sup> OWIG and local department of social services districts continued to discuss collaboration, successful investigative techniques, and the efficient and thorough oversight of New York State’s welfare programs throughout 2021. Additionally, OWIG met with local and federal prosecutors in furtherance of the office’s efforts to improve fraud detection and successfully prosecuted welfare fraud crimes.

In 2022, OWIG will continue to partner with outside organizations to provide virtual trainings and conduct proactive initiatives to raise awareness and target public benefits fraud throughout New York State. To further these efforts, Acting Welfare Inspector General Lucy Lang created the position of “Attorney-In-Charge of OWIG Matters” within the Offices of the Inspector General. This lawyer is an experienced investigative attorney and subject matter expert on public assistance fraud issues, and joined the office on April 25, 2022. She will serve as the primary attorney on all OWIG matters, making her uniquely qualified to identify recurring issues and trends so that they can be promptly addressed. To support this lawyer’s work to leverage the office’s resources across the State in furtherance of addressing welfare fraud, Acting Welfare Inspector General Lang created the position of Managing Investigator for Welfare, and appointed an experienced investigator with a long history of working with federal, state, and county prosecutors on welfare fraud investigations to serve in this role.

## CONCLUSION

The OWIG 2021 Annual Report documents the successful execution of OWIG’s mission to investigate fraud, abuse, and illegal acts perpetrated within the department of social services or local social services districts, or by contractors or recipients of public assistance services, which involve social services programs administered and funded by New York State, the federal government, and each local social services district. In 2022, OWIG will continue to promote

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<sup>21</sup> <http://www.nypti.org>.

government efficiency and integrity through its education and outreach efforts and pursue proactive initiatives to curtail fraudulent activities and yield significant savings to New York State.