



LUCY LANG
Inspector General

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May 20, 2024

Barbara C. Guinn
Commissioner
New York State Office of Temporary
and Disability Assistance
40 North Pearl Street
Albany, New York 12243

Re: OWIG 0171-322-2022

Dear Commissioner Guinn:

On January 11, 2022, the New York State Office of Temporary and Disability Assistance (OTDA) referred a complaint to the New York State Office of the Welfare Inspector General (OWIG) alleging potential fraud in the New York State Emergency Rental Assistance Program (ERAP). Specifically, the complaint alleged that a former property manager for rental properties in Oneida and Herkimer Counties was submitting ERAP applications and receiving funds although he was ineligible to do so. OTDA advised that its preliminary review of several of these ERAP applications found inconsistencies, incomplete applications, and suspicious sources of submission. Around the time of this referral to OWIG, the Herkimer County District Attorney (Herkimer DA) referred the same complaint to the Office of the New York State Comptroller (OSC). The following is a summary of the findings and recommendations of the Inspector General's investigation of this allegation.

Background

ERAP is a federally funded economic relief program to help low and moderate-income households at risk of experiencing homelessness or housing instability due to the COVID-19 pandemic.¹ To obtain ERAP benefits, eligible tenants were required to submit applications and supporting documentation to OTDA for payment of rental arrears, utility arrears, and other rental assistance. Property owners were then required to access the application and complete a section, which included providing their bank account and routing numbers to receive payment. ERAP payments were made directly to property owners and utility companies. Property owners were ineligible to apply for or receive ERAP funds without the participation of their tenants.² In May 2021, OTDA contracted with a vendor, Guidehouse Inc. (Guidehouse), to process ERAP applications and issue payments.

In December 2021, prior to OTDA's referral of the matter to the Inspector General, Guidehouse conducted a review of ERAP applications associated with the aforementioned rental

¹ New York State ERAP applications stopped being accepted after January 20, 2023.

² Landlords may initiate applications in certain circumstances under another program, the Landlord Rental Assistance Program (LRAP).

properties. This review found that 52 ERAP applications had been filed, which sought payment to two individuals, [REDACTED] and [REDACTED] totaling \$440,652. Of this total, payment had already been made on 20 applications totaling approximately \$182,600. Guidehouse, which reported that the applications lacked sufficient documentation and/or contained possible misrepresentations, denied the remaining 32 applications, and referred its findings back to OTDA. In February and March 2022, OTDA issued 18 recoupment letters to both [REDACTED] and [REDACTED] in an attempt to recover \$168,250 that OTDA was able to establish had been improperly paid out.³

Investigative Findings

OWIG's investigation of the allegation included interviews of involved tenants and property owners and a review of the suspect ERAP applications, associated lease agreements, and payment, bank account, tax, and property records. The investigation found that the rental properties in question are co-owned by [REDACTED] and [REDACTED] and formerly managed by [REDACTED] the then property manager. The investigation also found that the ERAP applications at issue were submitted online by the actual tenants of the rental properties, mostly at the direction of [REDACTED] who then completed and submitted the owner/landlord portion of the application.

A review conducted by OSC of ERAP payments made to one account held by [REDACTED] through his company [REDACTED] Property Management identified 11 ERAP payments received during August through November 2021, totaling \$108,650. This total included one payment for \$12,750, which had not been identified by OTDA or provided in its complaint to OWIG. OSC's review found that for five of the 11 payments received by [REDACTED] which totaled \$47,700, [REDACTED] then issued checks to either [REDACTED] or [REDACTED] covering approximately 92 percent of those five payments (\$43,884). The review *did not* identify any corresponding payments made by [REDACTED] to [REDACTED] or [REDACTED] for the other six ERAP payments he received, suggesting [REDACTED] retained \$64,766 in ERAP payments.

According to both [REDACTED] and [REDACTED] [REDACTED] was authorized to collect rental security and monthly rent from tenants on behalf of the co-owners and to receive a percentage of monies collected as compensation. However, their agreement did not specify how [REDACTED] would receive his percentage of monies collected. Both [REDACTED] and [REDACTED] stated that eight percent of the ERAP payments received by [REDACTED] in these instances were to compensate him under the above agreement. Neither [REDACTED] nor [REDACTED] provided sufficient records to OWIG by which to determine whether or not they had received their agreed upon share of the ERAP monies paid to [REDACTED].⁴ Regardless of their personal agreement, no ERAP payments should have been directly received by [REDACTED] and any applications filed seeking payments to [REDACTED] or other non-property owners' bank accounts would necessarily be the result of fraudulent misrepresentations on the applications.

³ OTDA was unable to identify sufficient defects in two applications, on which [REDACTED] had been paid \$14,350, to seek recoupment.

⁴ Of the \$64,766 in ERAP payments retained by [REDACTED] he presumably would have been entitled to eight percent under their private agreement.

Witnesses interviewed as part of this investigation advised the Inspector General that [REDACTED] at times represented himself to tenants as the property owner. However, in the ERAP applications, [REDACTED] is listed as the property manager and [REDACTED] as the property owner.

In February 2023, the investigative findings were referred to the Herkimer DA for review and consideration. Subsequently, the Herkimer DA advised it was declining prosecution.

Recommendations

Given these findings, I recommend that OTDA review all ERAP applications involving [REDACTED] and/or [REDACTED] and make redeterminations when appropriate. I also recommend that OTDA consider reviewing negative determinations (eviction, etc.) that may have been made against affected tenants of the three men and evaluate instances that would contradict federal mandates.

Please advise me of any action taken by your office in response to this recommendation within 45 days of the date of this letter. If you require further information, please contact Deputy Inspector General James R. Davis at [REDACTED].

Sincerely,

A handwritten signature in cursive script that reads "Lucy Lang".

Lucy Lang
Inspector General

cc: Tiffinay M. Rutnik, Esq.
General Counsel