

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074
MINORITY (202) 225-5051

<https://oversight.house.gov>

January 13, 2023

The Honorable Roberta Reardon
Commissioner
New York State Department of Labor
Building 12
W.A. Harriman Campus
Albany, NY 12226

Dear Commissioner Reardon,

The Committee is investigating the state of New York’s unemployment insurance (UI) system after reports of billions of dollars in improper and fraudulent payments made by the state.¹ A recently released audit² of New York’s UI system by the New York State Comptroller (Comptroller) raises serious concerns about the system’s integrity, and is being described as “damning”³ and a “wake-up call for Governor Hochul and legislators.”⁴ One New York state senator said the audit “exposes the incompetence that characterized the Department of Labor’s response to the pandemic-driven demand for benefits.”⁵ We request documents and communications to assist the Committee in its investigation into the rampant fraud in New York’s UI system.

The Comptroller stated, “[t]he state Department of Labor’s (DOL) failure to replace its long-troubled 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.”⁶ From April 1, 2020 through March 31, 2021, New York made 218.2 million traditional and temporary UI payments totaling over \$76.3 billion and “[u]sing the U.S. DOL’s estimated fraud rate for New York’s traditional UI program for SFY 2020-21, this would equate to approximately \$11 billion lost to fraud in that fiscal year. This likely understates the actual amount, as New York DOL acknowledged that the temporary

¹ Nick Reisman, *Poor Oversight Led to Fraud in New York Unemployment System, Audit Finds*, Spectrum News 1 (November 15, 2022).

² Report 2021-S-3, *Department of Labor: Controls and Management of the Unemployment Insurance System*, Office of the New York State Comptroller (November 2022).

³ *Statement from Upstate United Regarding Comptroller DiNapoli’s Bombshell Report on the Department of Labor’s Unemployment Insurance Failures*, Justin Wilcox, Executive Director, Upstate United (November 15, 2022).

⁴ *Id.*

⁵ New York State Senator George M. Borrello Statement on Comptroller DiNapoli’s Report (November 15, 2022).

⁶ *Problems Caused by Outdated System Left State’s Unemployment Insurance Program Vulnerable to Fraud*, NY State Comptroller Thomas P. DiNapoli, Office of the New York State Comptroller (November 15, 2022).

programs had a significantly higher risk of fraud.”⁷ The Comptroller also stated that your office “could [neither] explain to auditors why the estimated number of frauds for traditional UI claims more than tripled during SFY 2020-21, nor was it willing to provide data to auditors that would enable them to perform their own independent analysis to assess the amount of fraudulent claims.”⁸

Additional reports indicate that two employees in your office allegedly “conducted a massive identity fraud scheme to steal more than \$1.6 million in unemployment benefits during the pandemic” using friends, acquaintances, and people recruited through Craigslist.⁹ The residents of New York deserve to understand how the state failed them through its lack of preparation and incompetence regarding its unemployment insurance system in the face of “what may turn out to be the biggest fraud wave in U.S. history.”¹⁰

To assist our investigation into the rampant fraud and improper payments in New York’s UI system, please provide the following documents and communications, covering the time period March 1, 2020 to the present, no later than January 27, 2023:

1. All processes and procedures related to the disbursement of unemployment insurance benefits during the pandemic, including policies and procedures intended to ensure payments are made to the proper individual and to ensure that the individual is a qualified recipient of unemployment insurance;
2. All documents and communications between employees of the New York Department of Labor and employees of the U.S. Department of Labor regarding the state’s UI benefit program;
3. All documents and communications related to efforts to prevent payment of fraudulent UI claims;
4. All documents and communications related to efforts to recoup UI claims paid improperly; and
5. All documents and communications related to identifying the total number of improperly paid UI benefits and documents sufficient to show whether those funds remain in the United States or were transferred to entities outside the United States.

⁷ *Id.*

⁸ *Id.*

⁹ Brendan J. Lyons, *New York Labor Department Workers Snared in Massive Unemployment Fraud Scheme*, Times Union (April 25, 2022).

¹⁰ Cezary Podkul, *How Unemployment Insurance Fraud Exploded During the Pandemic*, ProPublica (July 26, 2021).

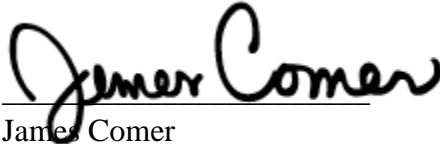
The Honorable Roberta Reardon

January 13, 2023

Page 3 of 3

To schedule the delivery of responsive documents or ask any follow-up or related questions, please contact Committee staff at (202) 225-5074. The Committee on Oversight and Accountability is the principal oversight committee of the U.S. House of Representatives and has broad authority to investigate “any matter” at “any time” under House Rule X. Thank you in advance for your cooperation with this inquiry.

Sincerely,

A handwritten signature in black ink that reads "James Comer". The signature is written in a cursive style with a horizontal line underneath the name.

James Comer

Chairman

Committee on Oversight & Accountability

cc: The Honorable Jamie Raskin, Ranking Member
Committee on Oversight & Accountability