



New York City Comptroller
John C. Liu

NEWS RELEASE

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**COMPTROLLER LIU UNCOVERS PENSION FRAUD –
SUSPECTS CASH IN ON DEAD PENSIONERS**

DOI to Investigate 14 Cases of Suspected Fraud Totaling \$459,970

NEW YORK, NY - NYC Comptroller John C. Liu joined by NYC Department of Investigation (DOI) Commissioner Rose Gill Hearn announced today that the Comptroller’s Office has uncovered nearly a half-million dollars in suspected pension fraud.

“Fraud and waste anywhere in city government cannot and should not be tolerated,” Comptroller Liu said. “This suspected pension fraud wastes the public’s money and undermines security for the city’s workers and retirees. Moreover, it fuels cynicism and distrust about public pensions, unfairly stigmatizing hardworking employees and retirees who have dedicated years of service doing the right thing for the city. We will work with the DOI to aggressively investigate the suspected abuse of the public’s money.”

Commissioner Rose Gill Hearn said, “Eliminating pension abuses and protecting assets to pay our retirees is an issue of great importance to the Mayor, and DOI is doing its part to uncover and crack down on fraud in the system. This summer, DOI made an arrest for just this kind of fraud – theft of pension funds by someone who had continued access to a decedent’s pension payments – and as a result we cast a wider net both to find other frauds and identify vulnerabilities in the system. We will fully investigate the allegations that the Comptroller has now referred to us - specifically, 14 instances where pension payments were made after the deaths of the retirees and where no surviving beneficiary can be identified - and we will take appropriate action, which may include arrests, based on the evidence.”

As part of Comptroller Liu’s efforts to root out waste and fraud, the Comptroller’s Office applied cutting-edge use of data analysis earlier this year to match pension payments against death records from 2007 to 2009. Upon examination, the Comptroller’s Office found 14 specific cases where either a person or persons continued to cash the dead pensioner’s checks, or pension checks continued to be deposited into the dead pensioners’ bank accounts. Comptroller Liu’s Office will work with DOI to further investigate the 14 cases of potential pension fraud.

Along with the 14 cases, the Comptroller’s Office uncovered 171 additional cases totaling nearly two million dollars where pension payments were issued to deceased pensioners from 2007 to 2009. The Comptroller’s Office will continue its examination to determine why the checks were still issued to the deceased pensioners.

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Comptroller Liu credited Deputy Comptroller for Audit H. Tina Kim and her team in the Bureau of Audit for presenting the findings of their investigation. Comptroller Liu also expressed appreciation to the Social Security Administration Office of the Inspector General for their assistance in identifying potential criminal cases.

Chief among the findings:

- One person or persons cashed 38 pension checks totaling \$139,818 after the pensioner died in 2007, using the dead pensioner's NYS driver's license. When the license expired in 2010, it was renewed and the person or persons continued to cash the dead pensioner's checks.
- Another person or persons cashed or deposited 25 pension checks totaling \$9,696 after the pensioner died in 2008.
- The remaining 12 cases involved pension payments to dead pensioners totaling \$310,456.

Background:

The Comptroller's Office began matching pension payments against social security death records in February shortly after Comptroller Liu took office. Total pension payments between 2007– 2009 totaled \$29 billion. The Comptroller administers pension payments as the custodian of the New York City Employee Retirement System (NYCERS). Comptroller Liu will conduct regular reviews of pension payments to prevent further waste and fraud in city pensions.

Upcoming Joint Fraud-Prevention Conference:

On Tuesday, September 28, 2010, the Comptroller's Office and the Department of Investigation will hold the first joint fraud-prevention conference for approximately 350 auditors and investigators from 42 City agencies. In the government setting, auditors are the source of detection in over a quarter of the fraud cases. The conference will discuss data analysis methods and tools that auditors and investigators can use to detect fraud, and how City agencies can implement internal controls that will enable them to prevent fraud.

“Rooting out fraud in city government has been and will continue to be a top priority,” Comptroller Liu continued. “Tomorrow’s conference will aggregate ideas and best practices to empower hundreds of colleagues to further protect the public’s money.”

“We at DOI look forward to tomorrow's conference with the New York City Comptroller's Office,” Commissioner Gill Hearn said. “It's a terrific opportunity to share with several hundred colleagues in City government, who do work related to audits and internal controls, what DOI has learned through criminal investigations about the need for effective controls and vigilance in safeguarding public funds. We will also be hearing from outside auditing experts about their techniques in analyzing data, so the conference will offer a wealth of ideas and information for all who attend.”

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