

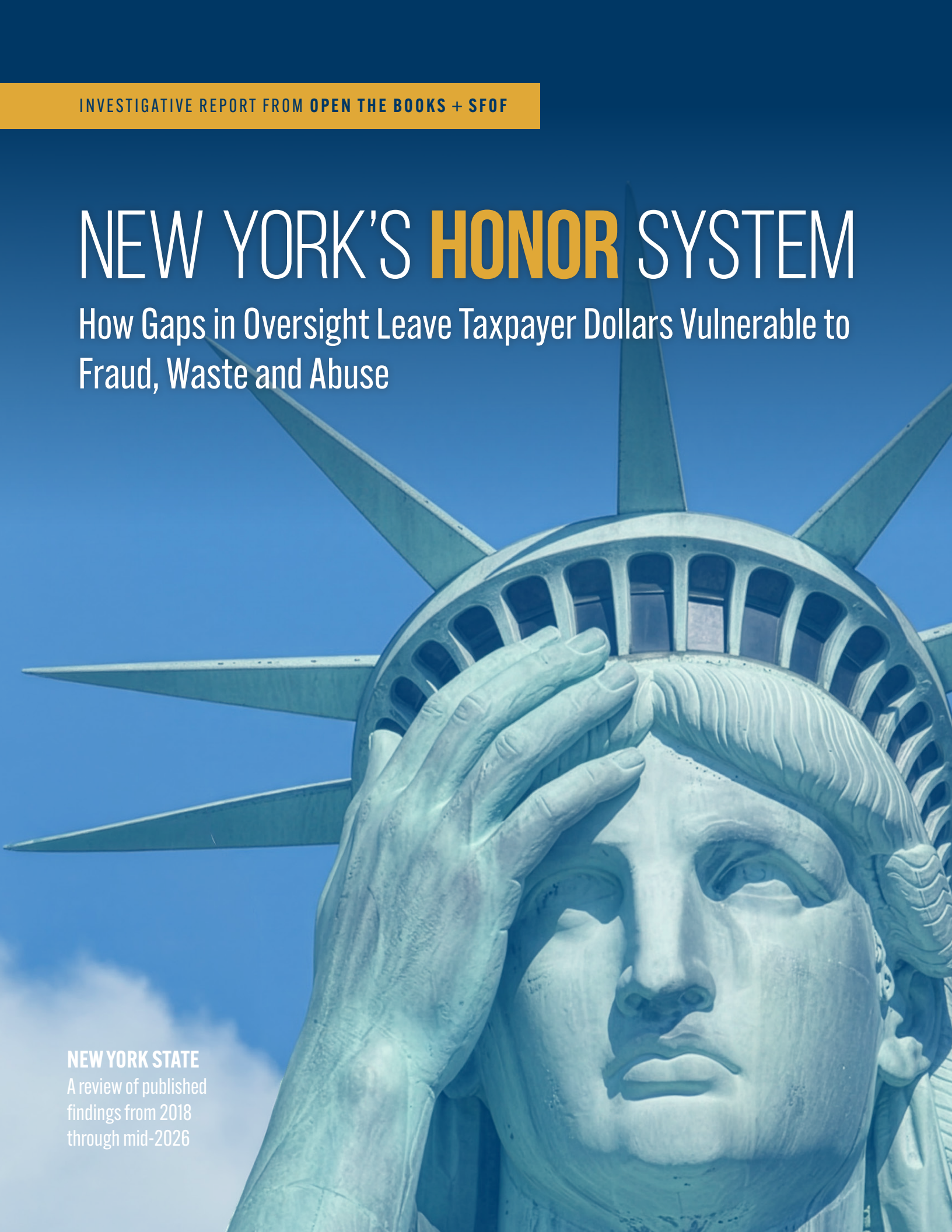
INVESTIGATIVE REPORT FROM **OPEN THE BOOKS + SFOP**

NEW YORK'S **HONOR** SYSTEM

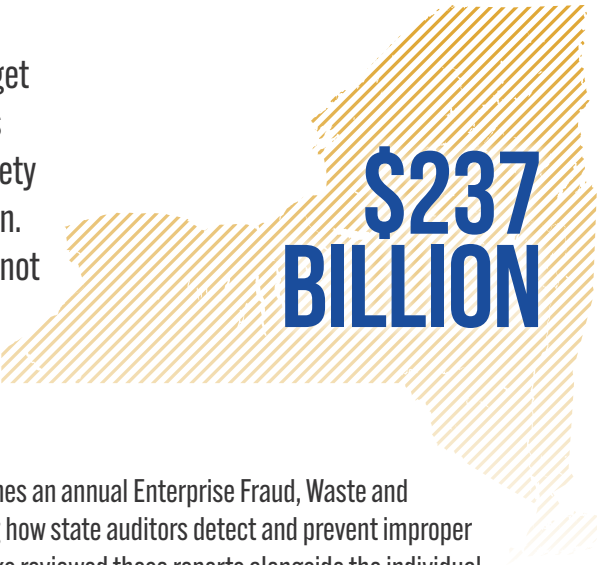
How Gaps in Oversight Leave Taxpayer Dollars Vulnerable to Fraud, Waste and Abuse

NEW YORK STATE

A review of published findings from 2018 through mid-2026



New York State's \$237 billion annual budget is one of the largest in the nation. It funds hospitals, housing, highways, and the safety net that millions of New Yorkers depend on. Unfortunately, that taxpayer money does not always end up in the right places.



**\$237
BILLION**

New York's Honor System

The Office of the New York State Comptroller publishes an annual Enterprise Fraud, Waste and Abuse Prevention and Detection report, cataloguing how state auditors detect and prevent improper spending across dozens of programs. Open the Books reviewed those reports alongside the individual program audits they reference, covering findings published from 2018 through mid-2026. Taken together, they document dozens of confirmed findings and case studies.

What emerges is not a series of isolated events. It is a pattern of the same oversight gaps, the same unread reports, the same single employee left alone with the checkbook, which was repeated across agencies, programs, and years. In case after case, the state built a verification system and then declined to switch it on.

Not every dollar in this report was confirmed stolen. Some was identified, meaning flagged by auditors for review or recovery. Some was unverified, meaning paid out without the documentation the state itself requires. Some was estimated from a statistical rate rather than counted. And some was prevented before it ever left the door. Those are five very different claims, and collapsing them into a single headline number would misrepresent all of them. This report keeps them separate.

How to Read the Numbers in This Report

Every dollar figure on the following pages carries one of five labels. The label tells you what is actually known about the money.

LABEL	WHAT IT MEANS	STANDARD OF PROOF
CONFIRMED	Admitted, pleaded to, or adjudicated. A person was held responsible.	Conviction, guilty plea, or admission
IDENTIFIED	Auditors traced specific improper payments and sought recovery.	Audit finding on named transactions
UNVERIFIED	Paid without the required documentation. Not always improper.	Absence of a required record
ESTIMATED	Derived by applying a statistical rate to a payment total.	Modeled figure, not a measured one
PREVENTED	Stopped before payment, or recovered afterward.	Agency or Comptroller records

THE SCOREBOARD

What the Audits Found

Every major finding in this report, sorted by what is actually known about the money.

EVIDENCE LABEL	AMOUNT	WHAT IT COVERS
CONFIRMED Admitted or adjudicated	\$2.6 million	Local misappropriation (\$975K) + insider unemployment fraud (\$1.66M)
IDENTIFIED Traced by auditors, recovery sought	\$1.25 billion	Medicaid premiums for likely non-residents (\$1.2B) · impossible home-care claims (\$21.3M) · unsupported procurement-card spending (\$7.4M) · forgone Mitchell-Lama rent (\$9.1M)
UNVERIFIED Paid without required proof	\$14.5 billion	Medicaid personal care payments with no matching Electronic Visit Verification record
ESTIMATED Modeled from a statistical rate	\$11 billion	Improper pandemic unemployment payments, FY 2020-21, per the federal fraud rate

THE COST OF TIME

In every case reviewed, the loss was a function of how long nobody looked. Years between the start of a failure and the finding that exposed it:

FAILURE	YEARS UNDETECTED OR UNADDRESSED
Unemployment system flagged as obsolete	12 years
Hannibal Fire Company treasurer	8.5 years
Town of Marion court clerk	5 years
Stony Brook University card misuse	4 years
Morley Volunteer Fire Company treasurer	3 years
Mitchell-Lama vacancies after 2021 audit	3 years
Medicaid home care paid without verification	2.2 years
Federal residency data left unreviewed	2 years

The Arithmetic of Delay – Detection Was Almost Never Systemic

The Hannibal treasurer averaged roughly \$100,000 a year for 8.5 years. The Marion clerk averaged about \$11,900 a year for five. Neither scheme was sophisticated. Both were simply allowed to continue, and the total loss in each case is close to the annual rate multiplied by the number of years no one reconciled a bank statement.

Hannibal surfaced because a newly elected treasurer found a credit card nobody knew about. Marion surfaced because an audit was announced. Stony Brook surfaced during a review of a different unit. In none of these cases did a routine internal control catch the loss while it was happening.

BILLIONS PAID, NO PROOF REQUIRED

Federal law requires that every Medicaid-funded home visit be recorded electronically. New York built the system, launched it in 2021, and then left the switch that would have enforced it turned off.

Part I – Lack of Verification

When a Medicaid-funded caregiver arrives at a patient's home in New York to help with bathing, meals, or medication, federal law requires that the visit be recorded electronically. The system is called Electronic Visit Verification, or EVV. Providers log in through a phone app, a landline call, or a fixed device in the home. The timestamp and location create a digital record that the visit happened, ensuring that taxpayers' money is appropriately spent.

New York launched its EVV program for personal care services in January 2021. What followed should have been a new era of accountability for one of the state's most expensive and fraud-prone programs. Instead, a November 2024 audit by Comptroller Thomas DiNapoli found that of more than \$31.5 billion Medicaid paid for personal care services between January 2021 and March 2023, \$14.5 billion lacked matching EVV records validating whether home care services were provided on time or for the correct amount of time.

Medicaid Personal Care Payments, January 2021 - March 2023

CATEGORY	AMOUNT	SHARE
Matched to an EVV record	\$17.0 billion	54%
No matching EVV record ("paid on the honor system")	\$14.5 billion	46%

TOTAL PAID: \$31.5 BILLION.

Within the unverified 46%, two categories were impossible on their face:

- \$9.7 million for home visits while the patient was hospitalized
 - \$11.6 million for visits under eight minutes, legally too short to bill
- These two categories total \$21.3 million.

The gap was not a glitch. The state Department of Health's Medicaid claims processing system had a feature that could prevent payment on certain claims when there was no matching electronic verification record. That feature was not turned on.

What “Unverified” Does and Does Not Mean

The \$14.5 billion is not \$14.5 billion of purely stolen money. The finding is that New York cannot demonstrate with certainty that 46% of the largest home care program in the country, across more than two years, was properly delivered. The loss is the assurance, and the assurance is what the federal requirement exists to produce.

Share of Services With a Matching Electronic Verification Record

SERVICE TYPE	MATCH RATE
Federal standard	100%
Personal care services	56%
Home health care services	11%

Nearly nine out of ten home health visits generated no verification record at all.

Source: Office of the New York State Comptroller, November 2024. Percentages reflect services matched to an EVV record during the audit period.

\$14.5 billion works out to \$725 unverified per resident across New York’s 20 million residents, and \$1,878 unverified per household across New York’s 7,722,646 households.

The audit also uncovered payments that were not merely unverified. They were, on their face, impossible. Some \$11.6 million was paid for visits lasting under eight minutes, too short to be billable under Medicaid rules. Another \$9.7 million was paid for home services delivered while the patient was in a hospital, a period during which home visits should have been suspended entirely.



“ This audit found a disturbing lack of oversight and failure to comply with the required service verifications. The state Department of Health needs to do a better job of protecting the integrity of these services and safeguard Medicaid funds.”

— THOMAS P. DINAPOLI, NEW YORK STATE COMPTROLLER

Part II – Paying People Who Left

Premiums for People Who Moved Away

The home care audit was not the only Medicaid oversight failure to emerge in this period. A September 2025 audit found that New York had been paying Medicaid managed care premiums for people who no longer lived in the state.

Auditors identified close to \$1.2 billion in managed care premiums paid on behalf of members who may have resided outside New York. The Department of Health (DOH) did not properly confirm that Medicaid members were New York residents, and waited too long to recoup improper payments once they were flagged.

How the \$1.2 Billion Breaks Down

CATEGORY	AMOUNT
Flagged by outside data (e.g., USPS change-of-address records for 155,000+ members)	\$509 million
Never reviewed by DOH (federal matching system results)	\$375 million
Other findings	\$316 million

“Other findings” is the residual between the itemized amounts and the roughly \$1.2 billion total.

Source: Office of the New York State Comptroller, audit of Medicaid managed care premiums, September 2025.

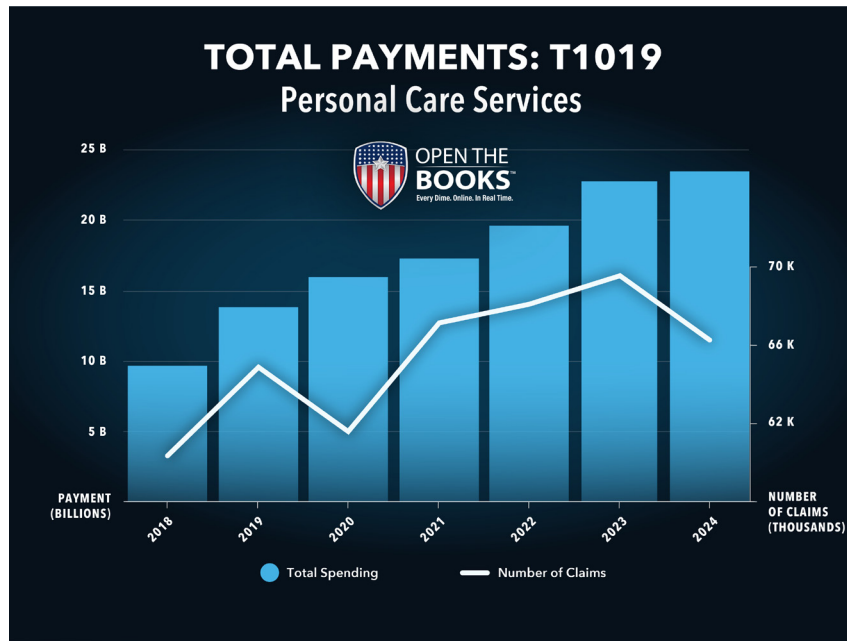
\$509 million across 155,000 flagged members works out to \$3,284 per member, per missed check.

The roots of the problem stretched back years. Auditors noted that the Department of Health did not begin reviewing federal matching data until 2019, two years after it started submitting member information, and identified \$1.5 billion in payments made during the unreviewed period. Even when improper payments were identified, state officials sometimes missed the window to recoup them.

Part III -- Constituent Service

A huge proportion of Medicaid spending is under billing code T1019, which covers home and community-based care services like these. The scheme is especially popular in New York State, which has seen \$72.7 billion in such spending from 2018-2024. That's the most of any state, and accounts for roughly half of all New York Medicaid spending.

Billing under T1019 exploded from 2018 to 2024, going from \$9.6 billion in 2018 to almost \$23.5 billion in 2024. That's an increase of about 144%.



Spending under billing code T1019 from 2018 to 2024.

Aside from younger generations living through lockdowns and looking for a side hustle, there's another constituency the governor may consider. Within that timeframe, eleven organizations were paid out over \$1 billion under T1019. *Nine of them are headquartered New York.* The other two are located in Massachusetts.

Organizations receiving over \$1 billion in T1019 funds from 2018 to 2024

BUSINESS NAME	LOCATION	TOTAL PAID
Tempus Unlimited, Inc.	Stoughton, MA	\$6.03 billion
Freedom Care LLC	New Hyde Park, NY	\$3 billion
Public Partnerships LLC	Latham, NY	\$2.7 billion
American Business Institute Corp.	Flushing, NY	\$1.6 billion
Premier Home Health Care Services Inc.	White Plains, NY	\$1.3 billion
Assistcarehome Healthcare Services	Brooklyn, NY	\$1.3 billion
S & A Unified Home Care, Inc.	Brooklyn, NY	\$1.2 billion
Heart To Heart Home Care, Inc.	Brooklyn, NY	\$1.2 billion
Stavros Ctr. For Independent Living, Inc.	Amherst, MA	\$1.1 billion
Marks Homecare Agency Inc.	Corona, NY	\$1.1 billion
NAE Edison LLC	Brooklyn, NY	\$1.1 billion

ONE PERSON, TOTAL CONTROL, NO OVERSIGHT

Three small public entities lost roughly \$975,000 to people they trusted completely. In each case the mechanism was identical, and in each case the loss represented a far larger share of the budget than any headline figure from Albany.

Case Study: The Hannibal Fire Company, Oswego County

A man had volunteered at the Hannibal Fire Company in Oswego County for 60 years. He had served as the department's treasurer for 40 of them, managing a budget that grew to more than \$400,000, which included taxpayer dollars. A plaque honoring his service hung on the station wall.

When a new treasurer was elected in March 2022, the long-time volunteer stayed on and kept control of the accounts. Within weeks, department officials discovered a company credit card they did not know existed. After a confrontation, he admitted using the card for personal expenses and was immediately suspended.

The state Comptroller's subsequent audit found the thefts went back years. Over an 8.5-year period, he had misappropriated more than \$850,000 in company funds.

How \$850,000 Left a Volunteer Fire Company

- \$451,000 — unauthorized checks to himself
- \$334,900 — 794 cash advances
- \$62,300 — personal card purchases

Why Nobody Noticed

The board did not review bills paid by the treasurer, did not receive written financial reports, and did not review bank statements, investment statements, or canceled check images. The treasurer controlled every phase of the process.

Source: Office of the New York State Comptroller audit and referral. Figures as stated in the audit; components total slightly less than the \$850,000 headline.

The man died just weeks after his suspension. The fire company was left to pursue recovery through its insurance provider, which carried coverage limits of \$500,000 against a fraud loss of more than \$850,000. Even a complete insurance payout would leave roughly \$350,000 permanently gone.

The Hannibal Fire Company's annual budget was roughly \$400,000. The theft was equivalent to more than two full years of operating funds. The recoverable share, capped by an insurance policy, covers less than 60% of it.

Case Study: The Town of Marion Court Clerk, Wayne County

In the Town of Marion in Wayne County, the part-time court clerk handled fines, fees, and surcharges collected from traffic violations, small claims, and local infractions. She also stole them.

From 2016 to 2021, the clerk stole \$59,293 in court fines and fees. When she learned an audit was coming, she altered and deleted court records and created phony receipts, then abruptly retired. The misappropriated amount represented 38% of all fines, fees, and surcharges the court collected during the reviewed period.

She was charged with grand larceny, corrupting the government, tampering with public records, and official misconduct. In August 2023, she pleaded guilty. In October 2023, she was sentenced to six months in jail and ordered to pay more than \$59,000 in restitution.

\$59,293 stolen represented 38% of everything the court collected in five years — of all court revenue, gone.

Case Study: The Morley Volunteer Fire Company, St. Lawrence County

The pattern repeated itself in Morley, in St. Lawrence County. An audit found the former treasurer of the Morley Volunteer Fire Company had misappropriated \$64,972 between 2016 and 2019. The former treasurer made 178 personal purchases totaling \$19,572 using a company debit card and obtained \$45,400 through ATM withdrawals, unauthorized checks, and cash taken from funds presented for deposit.

Like Hannibal, the scheme worked because one person controlled all phases of the financial process. No one was checking the checker.

The Same Three Failures, Three Times

- No segregation of duties. One person collected, recorded, deposited, and reconciled.
- No independent review. No board member read a bank statement or a canceled check image.
- No unknown-account discovery. In 2 of 3 cases, the entity did not know every account or card issued in its own name.

Analysis: A Pattern, Not an Exception

Why a \$59,000 theft can matter more than a \$500 million one.

These three cases together cost roughly \$975,000 in confirmed public funds. That number understates the true cost, because the figure that matters to a small entity is not the dollar amount — it is the share of the budget the dollar amount represents.

Loss Measured Against the Victim's Own Annual Resources

ENTITY	LOSS	SHARE OF RESOURCES
Hannibal Fire Company	\$850,000	212% of a \$400,000 budget
Town of Marion Court	\$59,293	38% of 5 years of collections
New York State budget	\$14.5B unverified	3% of ~\$500B spent

Marion's share is measured against fines, fees, and surcharges collected over the five-year audit period rather than a single year, as stated in the Comptroller's finding. The largest figure in this report is the smallest one as a share of the budget it came from — the reverse is also true.

In communities like these, that kind of loss does not just shrink a budget. It can delay equipment purchases, reduce emergency response capacity, and erode the trust that volunteer organizations depend on to recruit anyone at all. And unlike a state agency, a fire company of a few dozen volunteers has no capacity to absorb it.

What Was Actually Recovered

- Hannibal Fire Company: \$350,000 beyond insurance limits was not recovered.
- Town of Marion Court: Full restitution ordered (amount actually collected is not public).
- Medicaid non-resident premiums: \$11.4 million potentially barred from recovery by regulatory time limits.

Restitution ordered is not the same as restitution collected; court-ordered amounts in these cases are frequently paid over years or never paid in full.

OUT OF SIGHT, OUT OF BOUNDS

Thousands of state employees carry a state-issued card for business purchases. The controls are receipt logging and reconciliation — and when those lapse, the card becomes the fastest route from the treasury to a personal purchase.

Where the Recoveries Come From

New York taxpayer money sometimes lies inside small Visa credit cards issued to state and public agency employees for business expenses or purchases, under receipt logging rules and reconciliation, called the Procurement Card, Payment Card, or P-Card. However, that money can be misused by agency employees for personal exploitation.

From analyzing the Office of the State Comptroller (OSC) reports spanning from 2018 through 2025, Open the Books found that the state has prevented and recovered approximately \$109 million dollars in taxpayer money, of which nearly \$96 million, about 88%, was from auditing Payment, Expense, and P-Card transactions.

CATEGORY	AMOUNT	SHARE
Payment, expense, and P-Card audits	\$96 million	88%
All other	\$13 million	12%

Funds prevented or recovered by the Comptroller total roughly \$109 million, 2018-2025.

Source: Open the Books analysis of Office of the State Comptroller Enterprise Fraud, Waste and Abuse Prevention and Detection reports, 2018-2025.

\$109 million is money stopped or clawed back, not money lost. It is the clearest evidence in this report that transaction-level review works, and an argument for applying it where it currently is not applied at all.

The Uncomfortable Comparison

Card-level review recovered \$96 million because somebody examined individual transactions. Over roughly the same period, \$14.5 billion in Medicaid home care payments went out with no verification record at all because a control that already existed was never switched on. The state has demonstrated that it knows how to do this work. The question is which programs get it.

Case Study: Office for People With Developmental Disabilities

In May 2026, the OSC published an audit examining 58,000 transactions totaling over \$80.2 million in OPWDD's Procurement Card expenses. A sampled quarter, April 1, 2023 through June 30, 2023, totaled over \$19 million, about 24% of the whole year's payments. Of that sampled quarter, the OSC found that over \$7.4 million of that spending was not assured of appropriation, or "necessary to support the mission of OPWDD."

CATEGORY	AMOUNT	SHARE OF SAMPLE
Not shown to be appropriate	\$7.4 million	39%
Supported by the record	\$11.6 million	61%

Sampled quarter: \$19.0 million, or 24% of the year's \$80.2 million in card spending.

More than \$7 million of the questioned amount was later reconciled; \$15,000+ remained unreconciled as of January 2026. Most of this was a documentation failure rather than a theft. However, the documentation is the control, and the reconciliation took two and a half years.

Source: Office of the New York State Comptroller, OPWDD procurement card audit, May 2026.

The office also suffered from employees' vehicle violations, as they used the P-cards to pay for fines. The OSC found over 227 payments totaling \$8,483 in fines that were not reimbursed by employees. Previous audits stated that they lacked procedures and guidance to manage those payments in a timely and correct manner, which has led to even higher amounts due from additional penalties and interest, totaling \$14,275 from 2018 through 2020.

Note on Interpretation

OPWDD ultimately reconciled the large majority of the questioned spending, and this report classifies it as identified rather than confirmed loss. The finding is about control latency, not embezzlement. A state agency could not say, for two and a half years, whether \$7.4 million of its own card spending was legitimate.

Case Study: The State University of New York

Universities and colleges were not left out of the P-card abuse. There are many cases involving inappropriate spending throughout the SUNY system, and the institutions also failed to provide strict supervision and manage their funds.

An OSC audit in 2019 found over \$12,340 in inappropriate spending and noncompliance with the provided P-card program guidelines at Maritime College. More than \$3,750 of it covered luxury accommodations for a professor's annual course aboard a Carnival cruise ship, including \$857 for the professor's family. The audit did not establish why the college authorized either charge.

A separate 2022 investigation, published in 2025, looked at transactions at Stony Brook University from April 2017 through March 2021 and found unauthorized purchases using the university P-card. The former employee, whose name was redacted, exploited the P-card for \$18,905, purchasing personal goods such as streaming subscriptions, clothes, electronics, and gift cards. Her supervisor's explanation pointed to "lax" compliance during COVID-19 and in the unit where the employee worked.

Stony Brook University: Personal Purchases on a State Card, 2017-2021

OUTCOME	AMOUNT	SHARE
Recovered	\$13,821	73%
Never returned	\$5,084	27%

The purchases ran for four years before detection on one unreviewed card. The case then triggered further investigations at seven other SUNY campuses.

Source: Office of the New York State Comptroller investigations of SUNY Maritime College (2019) and Stony Brook University (published 2025).

Why One Case Became Eight

Stony Brook recovered most of what was taken. The more significant finding is what the case revealed about the system around it. A single unreviewed card prompted the Comptroller to look at seven additional campuses. That is the signature of a control that was never operating anywhere, rather than one employee who found a gap.

1,286 APARTMENTS, 222 DAYS, ONE IGNORED DEADLINE

In one of the nation's most expensive housing markets, where low- and middle-income New Yorkers wait years for subsidized housing, a state audit found more than a thousand affordable apartments sitting vacant while administrators failed to fill them.

Mitchell-Lama: A Deadline Nobody Enforced

The Mitchell-Lama program provides affordable rental and cooperative housing for low- and middle-income New Yorkers, supervised by the New York City Department of Housing Preservation and Development (HPD). There are 93 HPD-supervised developments containing approximately 47,000 apartments.

HPD's own rules, issued in 2017, require developments to fill a vacancy within 120 days. The state Comptroller's 2021 audit found that standard was rarely met. Some 1,286 apartments took an average of 222 days to fill, 85% longer than the rule allows, including 214 units that stayed vacant for a year or more.

Days a Mitchell-Lama Apartment Stood Empty

MEASURE	DAYS
HPD required maximum	120 days
Actual average, 1,286 units	222 days (+85%)

The average is pulled upward by extreme outliers. A typical delayed unit waited months; a handful waited decades. Both facts matter, and a single average reports neither of them honestly. Lindsay Park's figure is roughly 49 times the average.

Source: Office of the New York State Comptroller, 2021 audit of HPD-supervised Mitchell-Lama developments.

As of December 31, 2019, 78 developments reported 670 vacancies, 371 of which had already exceeded the 120-day limit. Of a sample of 49 vacancies drawn from quarterly reports, 20 remained empty as of February 9, 2021. Among these were four three-bedroom apartments in the Bronx, each renting for less than \$2,000 a month.



The Cost of Delay

The estimated cost of those delays was approximately \$9.1 million in unrealized rental income, which represents revenue the developments needed for maintenance, spread across the units that sat empty waiting for a waiting list to be worked. That works out to \$7,076 in lost rent per apartment across the 1,286 slow-filled apartments.

The Finding That Would Not Close

The Comptroller's office issued six recommendations in 2021. This is where the Mitchell-Lama case becomes the most important story in this report, because it answers a question the other findings cannot: what happens when an agency simply does not act on an audit?

YEAR	AUDIT	FINDINGS
2021	Original audit	1,286 slow-filled units; \$9.1M in lost rent; six recommendations issued to HPD
2023	Follow-up audit	Two years after recommendations, vacancies were still not being filled
2024	Conditions audit	Broken fire safety doors, mold, collapsed ceilings, pests, over \$1M in unreviewed contractor spending; the same problems persisted

Sources: Office of the New York State Comptroller audits of HPD-supervised Mitchell-Lama housing, 2021, 2023, and 2024.

One development was listing available units on commercial rental platforms, bypassing the official waiting list entirely, a list that included people who had applied more than a decade earlier.

Every other failure in this report can be described as a gap someone did not know about. This one was documented, quantified, formally reported to the agency responsible, and then found again — in this case, twice — with new problems on top.

THE PANDEMIC BROKE WHAT WAS ALREADY BROKEN

Auditors flagged New York's unemployment insurance system as obsolete in 2010. A 2015 audit named specific vulnerabilities. When the claims arrived in April 2020, the state was running the system the auditors had warned about twice.

32x the Volume, Half the Verification

Long before COVID-19, New York's unemployment insurance system was overdue for replacement. Auditors flagged it as outdated as far back as 2010, and a 2015 state audit identified specific vulnerabilities. Neither prompted a replacement.

Shortly after the pandemic hit, in April 2020, New York's unemployment rate peaked at 16.2%, among the highest levels recorded since the Great Depression. The state made 218 million unemployment payments from April 1, 2020, through March 31, 2021, totaling \$76.3 billion, an increase of nearly 3,140% over the prior fiscal year, and an average of roughly \$350 per payment.

Unemployment Payments Made by New York State, by Fiscal Year

FISCAL YEAR	AMOUNT PAID
FY 2019-20	\$2.4 billion
FY 2020-21	\$76.3 billion (218 million payments, +3,140%)

How much of FY 2020-21 was improper? The state will not say. Of the \$76.3 billion, \$65.3 billion is presumed proper, and \$11 billion (14.4%) is estimated improper. The Comptroller called \$11 billion a likely underestimate. The \$11 billion is modeled: the federal fraud rate for the period applied to New York's payment total. It is not a counted figure.

Sources: Office of the New York State Comptroller, audit of Department of Labor unemployment insurance administration, November 2022; U.S. Department of Labor improper payment rate for the period. FY 2019-20 total is implied by the stated 3,140% increase.

\$11 billion works out to \$550 estimated improper per resident across New York's 20 million residents.

What the Audit Could Not Measure

Faced with that volume and an antiquated system, the Department of Labor improvised. It deployed emergency workarounds and relaxed verification procedures to speed up payments. Fraud followed on a scale the state had never seen.

A November 2022 audit by Comptroller DiNapoli found that the department's failure to replace its long-troubled system, combined with its ad hoc workarounds, weakened oversight and ultimately contributed to billions of dollars in improper payments. The estimate for the 2020-21 fiscal year alone was approximately \$11 billion, derived from the U.S. Department of Labor's fraud rate for the period. The Comptroller's office noted the figure likely understated the true amount, since temporary pandemic programs carried significantly higher fraud risk than the traditional program.

Two Numbers the Department of Labor Could Not Support

- It would not produce the data. DOL declined to give auditors the records that would have allowed a precise calculation of improper payments. The \$11 billion figure exists because the measured figure was withheld.
- It could not document its own success either. The department asserted it had prevented roughly \$36 billion in fraudulent claims during the pandemic, but produced no supporting documentation for the estimate.

Separately, the Comptroller's annual fraud reports flagged \$175 million in potentially improper unemployment payments in fiscal year 2020-21 and approximately \$157 million the year prior. This involves nearly 300,000 payments, with patterns including duplicate certifications, out-of-country claims, and benefits paid to partially employed workers. These figures predate the larger audit's more expansive estimate and reflect only what standard monitoring caught in real time.

SYSTEMS BUILT ON TRUST RATHER THAN VERIFICATION

While the mechanisms differ, the underlying failure does not.

NEW YORK'S HONOR SYSTEM

Turn On What Is Already Built

The fraud, waste, and abuse catalogued in New York's annual reports is not a series of isolated events. It is a set of patterns: oversight gaps that persist year after year, programs that run for years without meaningful verification, and officials entrusted with public money who exploit that trust because no one is positioned to notice.

The dollar figures range from a volunteer treasurer's \$850,000 taken from a fire company of a few dozen members, to \$14.5 billion in Medicaid home care payments that went out the door without proof the services were delivered. Those two numbers are not comparable in size and not equivalent in proof, but they share a mechanism: in both cases, a verification step existed on paper and no one performed it.

New Yorkers pay some of the highest taxes in the nation. They deserve to know that the programs funded by those taxes are administered with the basic rigor their money demands.

Two Things That Would Have Changed These Outcomes

- Switch on the controls that already exist. The single largest finding in this report — \$14.5 billion — traces to a claims-processing feature that could have withheld payment on unverified claims and was left disabled. This is not a funding problem or a staffing problem. It is a configuration setting.
- Require a second signature on any account. Every local case here involved one person who collected, recorded, deposited, and reconciled. Two of the three entities did not know every account and card issued in their own name. An annual inventory of accounts, signed by someone other than the treasurer, would have caught all three.

The Question This Report Leaves Open

Nothing here required new investigative powers to discover. The Comptroller found all of it, published all of it, and in the Mitchell-Lama case, published it three times. The gap is not detection. It is what happens after.

Every audit finding should be treated not as a closed case, but as a warning about what the next audit will find if nothing changes. On the evidence of the last seven years, the next audit will find the same thing unless officials treat audits as deadlines, not documentation.



How the Findings Were Assembled

Open the Books reviewed the Office of the New York State Comptroller's annual Enterprise Fraud, Waste and Abuse Prevention and Detection reports and the underlying program audits and referrals they cite, covering findings published from 2018 through mid-2026. Case studies were selected to represent distinct failure mechanisms rather than to rank by dollar value.

Per-Resident Calculations

Per-resident figures use New York's July 2025 Census population estimate of approximately 20.0 million. They are presented to make large sums legible, not to suggest that any individual resident was billed that amount.

Why There Is No Grand Total

The figures in this report describe five different kinds of claim, from criminal convictions to modeled estimates. Summing them would produce a number with no defensible meaning. Where a total appears, it is a total within a single evidence label, and the label is stated.

A Note on Names

While several individuals in this report were publicly identified in prosecutions and Comptroller referrals, this report describes them by role rather than name because the pattern under examination is institutional. In each case the control failure preceded the individual and outlasted them. Readers seeking case-level detail can locate it in the linked primary sources.

NEW YORK'S **HONOR** SYSTEM

A COLLABORATIVE REPORT FROM



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