



Home » Media Center » Press Releases » January 27th 2011

A.G. Schneiderman Launches New Initiative To Bolster Recovery Of Taxpayer Dollars & Fight Government Fraud

A.G. Will Establish a New "Taxpayer Protection Bureau" to Target Pension Rip-Offs, Corrupt Government Contractors, & Large Scale Tax Cheats

New Initiative Also Includes Bolstering Medicaid-Fraud Control Unit to Increase Recoveries; Plan Will Pay For Itself

[Photo & Video Gallery]

NEW YORK -- With the state facing a budget crisis and a loss of confidence in its government, Attorney General Eric T. Schneiderman today announced an aggressive plan to root out fraud and return money illegally stolen from New York taxpayers and their government. Schneiderman's initiative consists of a one-two punch, establishing a new "Taxpayer Protection Bureau" (TPU) to target corrupt contractors, pension con-artists, and large-scale tax cheats who rip-off New York State government and its taxpayers -- and bolstering his office's award-winning Medicaid Fraud Control Unit with dozens of additional prosecutors, investigators, and auditors, using federal funds and increased recoveries, an initiative that will pay for itself and cost state taxpayers no additional money.

"Those of us who believe in government as a force for good must be the very harshest critics when it comes to waste, fraud, and corruption in the public sector," **Attorney General Schneiderman** said today. "Today's announcement is a signal to anyone thinking of ripping off New York taxpayers: We will go after you with every tool we have, and you will pay the price for these crimes. The taxpayers of this state deserve nothing less."

"Recouping taxpayer dollars illegally siphoned from state coffers is critically important," **Governor Andrew M. Cuomo** said. "In the Attorney General's Office we aggressively pursued these recoveries and I commend Attorney General Schneiderman for bringing fresh ideas and new approaches to build on this record of success."

The launch of Schneiderman's new initiative comes as New York State must close a looming \$10 billion gap in next year's \$136 billion budget, and projected deficits of \$14 billion and \$17 billion in the following years.

Specifically, Schneiderman's plan entails:

(1) Establishing a new "Taxpayer Protection Bureau" (TPU) to crack-down on targets including: firms that rip-off government pension funds, contractors that over-bill taxpayers, and large-scale tax cheats; and encourage and work with whistle-blowers to expose corruption.

Attorney General Schneiderman announced today he will devote a new unit in the Office of Attorney General (OAG) to conduct civil investigations and prosecutions against contractors and public officials who make or use false or fraudulent claims, records, or statements to obtain government money. The new unit will not require any additional hires, and will instead assign several existing prosecutors to this new unit.

In 2007, New York passed the False Claims Act -- a powerful law that empowers the Attorney General, local governments and whistle-blowers to bring actions against anyone that defrauds the government. Critically, defendants must pay the government triple damages and civil penalties --

SEARCH

Featured Video: Operation Background Bust



SHARE THIS: [Social media icons]

Press Releases

- > 2012
 - > January
 - > February
 - > March
- > 2011
 - > January
 - > February
 - > March
 - > April
 - > May
 - > June
 - > July
 - > August
 - > September
 - > October
 - > November
 - > December

Archived

- > 2010
- > 2009
- > 2008
- > 2007
- > 2006
- > 2005
- > 2004
- > 2003

the highest civil penalties of any New York statute. This law resulted in the recovery of hundreds of millions of dollars in stolen funds for taxpayers; the vast majority of those recovered monies have been stolen Medicaid funds, with relatively few recoveries involving non-Medicaid fraud cases.

- > 2002
- > 2001
- > 2000
- > 1999
- > 1998

However, a very recent enhancement of the False Claims Act, called the Fraud Enforcement and Recovery Act (FERA), was authored by Attorney General Schneiderman and makes New York the first state in the nation to expand its False Claims law in many ways, including by adding the power to crack down on large-scale, multi-state corporate tax fraud schemes, expanding whistle-blower protections, and closing loopholes that made it hard to prosecute corrupt subcontractors.

Working with whistleblowers, Attorney General Schneiderman will assign attorneys to use this revenue-generating statute to recover much-needed revenue for the state and its taxpayers. This new unit will increase the potential for the state to recover frauds committed by state contractors, who collectively receive \$13 billion in funding from New York taxpayers, and billions more in contracts with local governments.

Schneiderman will also enhance the office's focus on corruption and fraud against local governments, by having the Taxpayer Protection Bureau train local governments in fraud detection and fraud prosecution efforts.

(2) Bolstering the Attorney General's Medicaid Fraud Control Unit (MFCU), by assigning more prosecutors to the unit devoted to recovering taxpayers' money -- without using additional state taxpayer funds.

A revenue-generating agency that recovers taxpayer money through successful fraud prosecutions, the Attorney General's Medicaid Fraud Control Unit has civil and criminal jurisdiction to investigate and prosecute Medicaid fraud. The unit targets, among other things, large-scale frauds involving overbilling, kickbacks, substandard drugs and medical equipment, and "Medicaid mills" run by organized criminals. It also contains a patient protection unit that safeguards elderly New Yorkers from abuse and neglect.

Schneiderman's new enhancement to MFCU -- the addition of dozens of new prosecutors, investigators, and auditors, devoted to cracking down on Medicaid fraud -- will not cost New York State anything. The initiative will be funded by using money the unit itself recovers, as well as a federal program which will provide the unit with 3:1 matching funds. Through the federal program, Schneiderman will receive enough to fund dozens of new prosecutors, auditors, and investigators, vastly bolstering the capabilities of the unit, without costing additional state taxpayer funds.

In previous years, there has been a direct relationship between the number of prosecutors in the MFCU and the number of Medicaid fraud recoveries the unit has obtained, meaning the enhanced unit could recover millions more to the taxpayers of New York State.

In response to Schneiderman's announcement today, several leading advocates for fighting corruption and protecting taxpayers hailed the new initiative.

Cyrus R. Vance, Jr., New York County District Attorney, said, "In light of the state's dire fiscal predicament, Attorney General Schneiderman's launching of a new anti-government-fraud and whistle-blower unit to target the theft of government funds is the right move at the right time. The unit will help reduce the state's budget deficit and will lead to the exposure and prosecution of those who rip-off taxpayers. I look forward to finding ways to partner with the Attorney General's Office in our joint efforts to curb fraud and abuse."

Neil Getnick, Chairman of Taxpayers Against Fraud, a national public interest organization dedicated to combating fraud against federal, state, and local governments, said, "Attorney General Schneiderman's announcement of a comprehensive strategy to combat fraud that cheats taxpayers is exactly what New Yorkers want to hear in these times of tight budgets. Nationally, there is a bipartisan consensus that the dedication of specialized teams of prosecutors to combat Medicaid fraud and other government frauds, and work with whistle-blowers, is an effective strategy that more than pays for itself. The Attorney General's actions today will help the state close the budget deficit with money recovered from crooks and scammers."

Stephen P. Younger, President of the New York State Bar, said, "The New York State Bar Association has long advocated use of the False Claims Act to crack down on corruption and government fraud. Attorney General Schneiderman's initiative to encourage lawyers to help local governments discover and prosecute fraud is ground-breaking. New Yorkers want to pull together

to help New York dig out of its fiscal hole, and attorneys across New York have a desire to help do their part."

Thomas D. Thacher II, former Inspector General of the New York City School Construction Authority and current President and CEO of Thacher Associates LLC said, "As the former Inspector General of the New York City School Construction Authority, I welcome Attorney General Schneiderman's announcement of a new 'Taxpayer Protection Bureau' dedicated to fighting frauds in government contracts and other government programs. The New York False Claims Act is clearly New York's most powerful tool for fighting fraud against government, especially fraud by corrupt contractors. This unit is especially welcome at a time when school budgets are in such jeopardy. Too often schools are easy targets for corrupt contractors that steal funds dedicated to educating our school children. Attorney General Schneiderman's efforts will lead to more money being recovered for schools and more contractors thinking twice before ripping off our schools."

G. Jeffrey Haber, Executive Director of the Association of Towns of the State of New York said, "As local governments are trying to keep property taxes low while maintaining high-quality public services, we cannot be too vigilant when it comes to fighting government fraud and theft from local government programs and institutions. Attorney General Schneiderman's plan to have a unit that can work with local governments to expose fraud and recover funds for local taxpayers is not just a good idea; it is a necessary one and a win-win for taxpayers."

Harry Markopolos, author of No One Would Listen, and original whistle-blower of the Bernard Madoff Ponzi scheme said, "I applaud Attorney General Schneiderman's commitment to protecting the state's budget from fiscal predators, especially given New York's fiscal deficit. His announcement that he is strengthening efforts to fight fraud by using New York's tough new anti-fraud law and teaming up with whistle-blowers will undoubtedly result in scams being detected and taxpayer funds recovered."

Schneiderman's two-part initiative announced today represents the first in a series of announcements he will unveil in the coming months devoted to cracking down on waste, fraud, and corruption perpetrated against New York taxpayers.

[Printer-friendly version](#)

[Español](#)

Executive	Criminal Justice	Economic Justice	Social Justice	State Counsel	Administration
Community and Intergovernmental Affairs	Automobile Insurance Fraud	Antitrust Bureau	Charities Bureau	Civil Recoveries Bureau	Budget & Fiscal Management Bureau
Foia	Criminal Prosecution Bureau	Consumer Frauds Bureau	Civil Rights Bureau	Claims Bureau	Legal Recruitment
Legislative Bureau	Organized Crime Task Force	Internet Bureau	Environmental Protection Bureau	Litigation Bureau	Human Resources
Press	Medicaid Fraud Control Unit	Investor Protection Bureau	Health Care Bureau	Real Property Bureau	
Regional Offices	Public Integrity Bureau	Real Estate Finance Bureau	Labor Bureau	Sex Offender Management Bureau	
Solicitor General	Investigations Bureau		Tobacco Compliance Bureau		
Criminal Appeals and Opinions					

www.oag.ny.gov
[Home](#) | [Contact Us](#) | [Privacy Policy](#) | [Disclaimer](#)