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Mayor Bloomberg Signs Yassky Bill to Fight Fraud, Allow New Yorkers to Sue Swindlers Who Cheat NYC

May 19, 2005 – Mayor Michael Bloomberg signed into law legislation today authored by Council Member David Yassky (D-Brooklyn) to allow New York City residents to sue businesses and individuals who defraud the City.

“This City simply cannot afford to be duped so often,” Yassky said. “Allowing regular citizens to blow the whistle on these despicable swindlers is a powerful weapon in the fight against fraud.”

Every year the City is bilked for millions of dollars in false payroll, medical and construction costs. Nationwide, studies indicate that as much as 10 percent of all claims paid out to government contractors are fraudulent. Unfortunately, in New York, only the City can initiate lawsuits against these racketeers—costing the government millions of dollars more in staff time. Allowing citizens to sue on behalf of the City will not only save the government court costs, but also give taxpayers an incentive to report fraud when they see it, uncovering cases the government would not otherwise be privy to.

Just last year, for instance, City investigators from the Claims Fraud Task Force found skilled trades workers doing private or no work on city time. Government-contracted workers were caught scamming the Department of Education by filing false claims to receive overtime pay.

To fight these swindlers, Yassky’s bill – the New York City False Claims Act – mirrors a federal law that offers private citizens an incentive to blow the whistle on defrauders by awarding a winning plaintiff up to 30 percent of any civil court judgment. The City would keep the remainder, according to the legislation.

“The New York City False Claims Act provides a powerful and tested means of fighting fraud in government contracting,” said Neil V. Getnick, Esq., a Manhattan attorney and Chairman of the Board of the national public interest organization Taxpayers Against Fraud and principal supporter of the bill. “Under this law private citizens with unique knowledge of fraud on New York City will now be able to retain private counsel, bring suit on behalf the City, and share a percentage of the recovery. As a result, New York City will now begin to enjoy the benefits that the U.S. government has experienced as a result of the hugely successful federal version of the statute.”

New York City’s 2003 contract budget exceeded \$9 billion. If statistics compiled for federal false claims are comparable to those submitted at the local level, millions of dollars in losses could be recovered. With a procurement budget bigger than that of any other city in the United States and even most states, and limited resources for oversight and investigation, New York will have more than \$30 million returned to its coffers annually because of the City False Claims Act, according to a Council report.