

NAVIGATING CHANGE

PREPARING FOR THE FUTURE.

2023

Year in Review

Office of the
New York State
Comptroller

Thomas P. DiNapoli





For more information about the reports, audits and activities listed in this report, visit osc.ny.gov/yir2023





Dear Friends:

2023 presented its share of challenges: an unpredictable economy, accelerating impacts of climate change and the ongoing war in Ukraine—and now a major conflict in the Middle East. The past year also saw a significant influx of migrants and asylum-seekers, placing pressure on local infrastructure and creating a significant statewide financial impact.

Despite our challenges, we continue to be encouraged by positive developments. With COVID-19 largely in the rearview mirror, the economy has begun to turn a corner. New York’s unemployment levels have decreased, sales tax receipts are up, and we are seeing overall declines in inflation. It was also encouraging to see the Governor and Legislature follow my recommendation to increase the State’s rainy-day reserve funds, providing more stability in the face of economic uncertainty.

Despite ongoing market volatility, New York’s Common Retirement Fund remains one of the best-funded in the nation—and we have amplified our efforts to “do well by doing good” through our Corporate Governance activities in areas like climate change, labor rights and workforce diversity.

As you’ll see in the pages of this report, our auditors have continued to uncover waste, fraud and abuse, identifying nearly \$1.3 billion in cost savings. Our research reports provided robust recommendations for fiscal stability while shining a light on critical policy issues ranging from cybersecurity and housing to mass transit and domestic violence.

We also have built on our success working with local governments and school districts to help them improve their finances and operations—and celebrated the 10th anniversary of our innovative and impactful Fiscal Stress Monitoring System.

We titled this Year in Review report *Navigating Change—Preparing for the Future* to underscore the importance of addressing current issues with a view toward long-term needs. This theme also echoes my unwavering commitment to accountability, transparency and sound fiscal decision-making, all of which are key to creating a strong future for New York.

Sincerely,



Thomas P. DiNapoli
Comptroller

KEEPING NEW YORK'S

PENSION FUND STRONG

The Fund's long-term, diversified investment strategy helped it remain strong in the face of ongoing market volatility in 2023. Despite these uncertain conditions, the estimated value of the Fund for the three-month period ending September 30, 2023 was \$246.3 billion—providing security for the 1.2 million members, retirees and beneficiaries of the New York State and Local Retirement System (NYSLRS).

THE NYS PENSION FUND IS ONE OF THE BEST-
FUNDED IN THE U.S. WITH A FUNDING RATIO OF

90.3%

NYSLRS RETIREES CONTRIBUTE

\$15B

TO NEW YORK'S ECONOMY

Investing in New York Companies

The State Pension Fund continued its track record of supporting New York State businesses by committing another \$110 million in investments in 2023, for a total of \$2.6 billion.

Through the In-State Investment Program, the Pension Fund invests in private equity funds that target technology-based startups and established businesses in the State seeking expansion capital, spurring private sector investments and jobs across the State.

As of June 30, 2023, the Fund's private equity portfolio included investments in 565 New York businesses with a market value of \$2.9 billion.

Under Comptroller DiNapoli's leadership, the Fund committed \$50 million to the New York Small Business Investment Company Fund II, L.P., which will invest in a wide variety of business sectors including manufacturing, healthcare, technology and business services.

\$2.9B

IN MARKET VALUE OF THE
FUND'S PRIVATE EQUITY
PORTFOLIO INCLUDING
INVESTMENTS IN 565
NEW YORK BUSINESSES



Comptroller DiNapoli touring the
Dassai Blue Sake Brewery in Hyde Park



ISRAEL  BO

DEVELOPMENT CORPORA
Member FINR



Corporate Governance: Doing Well by Doing Good

As trustee of the NYS Common Retirement Fund, Comptroller DiNapoli addresses key environmental, social and governance (ESG) factors that impact the financial performance of the companies in which the Fund invests. In 2023, the Comptroller initiated numerous activities to communicate about these priority issues with corporations, including:

- Direct communication with corporations through letters and meetings
- Shareholder proposals asking corporate boards to address specific issues
- Voting on boards of directors at annual investors' meetings

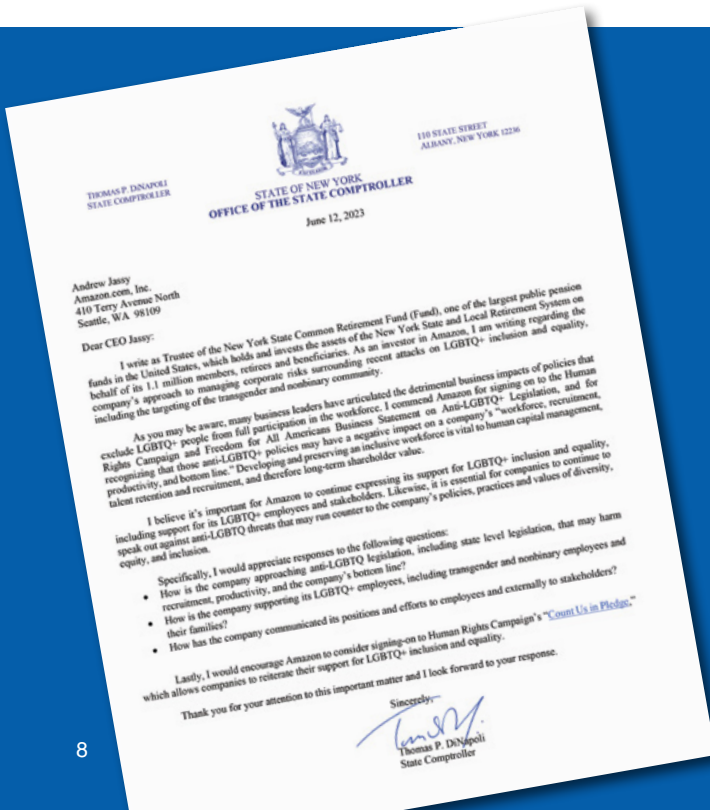
Strengthening Corporate Accountability

Companies who take steps to be responsible corporate citizens help their bottom lines—and are more likely to be profitable, sustainable investments for the Pension Fund. Comptroller DiNapoli's corporate accountability agenda encourages companies to do well by doing good.

- Secured agreements from Zillow, Warner Bros., Paramount, Match Group, Zoom & Penn Entertainment to publicly disclose political spending
- Voted against all board directors at Norfolk Southern Corporation for their failure to appropriately manage the risks resulting from the East Palestine train derailment



Comptroller DiNapoli speaking at Goldman Sachs' 10,000 Small Businesses Summit



Addressing Diversity, Equity and Inclusion

Comptroller DiNapoli and the Fund believe equality, diversity and inclusiveness are fundamental values of companies with sound, sustainable and profitable long-term strategies. As a major investor, Comptroller DiNapoli calls on portfolio companies to adopt best practices that benefit their bottom line.

- Reached an agreement with Chipotle to conduct an independent audit on workforce equity
- Wrote 30 of the largest companies in the U.S. asking how they were supporting LGBTQ+ employees and stakeholders, and voicing positions on anti-LGBTQ laws
- Reached agreements with Universal Health Services and Brinker International to disclose progress they have made on improving DEI in their workplaces

BUILDING A NETWORK OF EMERGING MANAGERS

Under Comptroller DiNapoli's leadership, the Emerging Manager Program is helping the Fund build relationships with new, small and diverse investment firms—accessing fresh talent and new ideas. The Program's three main goals are to strengthen the Fund's value, diversify the investment portfolio and provide opportunities for women and minorities.

Commitments and investments managed by Minority- and Women-Owned Business Enterprise (MWBE) managers grew to an all-time high of nearly \$31.5 billion. In total, over \$2 billion in capital commitments were deployed to emerging and/or MWBE managers across the Fund's asset classes. MWBEs now represent approximately 22 percent of our externally managed active mandates.



Emerging Managers Conference in Albany

Engaging With Companies on Labor and Workforce

A company's ability to establish and maintain constructive relationships with its workers can foster long-term financial sustainability. The Fund engages with portfolio companies regarding labor-related disputes, strikes, and/or questionable labor practices.

This year, the Fund:

- Reached agreements with Walmart, Gannett, and DoorDash to adopt better workers' rights policies and practices



- Pushed corporate America to address discrimination and sexual harassment in the workplace by filing shareholder proposals that urged Wells Fargo, Pinterest & Activision Blizzard to make sure employees are protected
- Urged eBay's Board of Directors to reinstate its Human Rights Policy, respecting workers' rights to unionize, including those at its subsidiary, TCGPlayer
- Called on Netflix to uphold their employees' rights, including the freedom to join a union, by filing a shareholder proposal with the streaming service
- Urged the CEOs of MGM Resorts and Penn Entertainment to quickly resolve a costly labor dispute with casino workers



STANDING WITH LABOR

Comptroller DiNapoli consistently stood up for striking workers in 2023—joining picket lines with the Screen Actors Guild, the Writers Guild of America and United Auto Workers—and appealing to corporate management to reach fair settlements with unions. All of these engagements resulted in better pay and benefits for working people.



FIGHTING FOR **WORKING** NEW YORKERS

Throughout 2023, Comptroller DiNapoli traveled the State speaking to public employee unions and other organized labor groups—providing updates on the economy, the retirement system and policy issues that impact working New Yorkers. The Comptroller also issued important findings through reports and audits, including:

- A sharp drop in nursing staff at NYC Health + Hospitals that forced the system to hire expensive temporary workers
- The State’s Paid Family Sick Leave Program has been a success, covering nearly 8 million workers and allowing many New Yorkers to take paid time off to bond with a newborn child
- The unemployment rate of mothers in New York City is significantly higher than the national rate, as they have not yet fully recovered from pandemic-related job losses



Comptroller DiNapoli joined the Writers Guild’s picket line in NYC



\$20B

IN SUSTAINABLE
INVESTMENTS

ISSUE IN FOCUS:

Addressing Climate Change & Environmental Sustainability

Investing in Climate Change Solutions

Climate change poses risks to the economy, financial markets, and the Fund's investments. Managing these risks is integral to protecting those investments. Comptroller DiNapoli is working to transition the Fund's portfolio to net zero greenhouse gas emissions by 2040 and has committed \$20 billion to sustainable investments—including an additional \$1.3 billion in 2023.

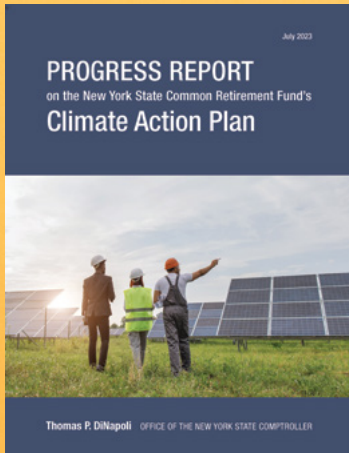
Holding Companies Accountable on Climate and Environmental Issues

- Pushed companies to address issues such as reducing greenhouse gas emissions and addressing deforestation
- Voted against over 350 directors at companies like ExxonMobil, Chevron, and Kinder Morgan for failing to address climate risks



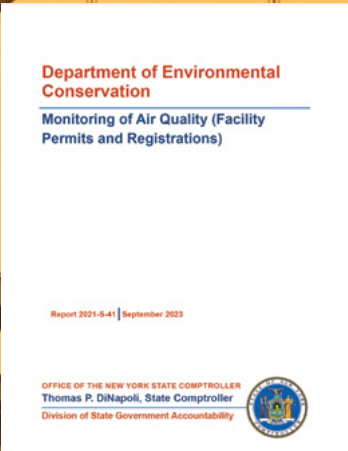
Reviewing & Divesting From Companies in High-Impact Sectors

- Evaluating 27 publicly traded integrated oil and gas companies to determine if they are prepared for the transition to a low-carbon economy
- Continued investment restrictions for 25 companies and newly restricted or divested from six additional coal companies



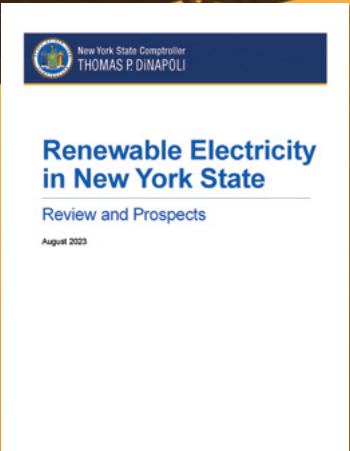
Advocating for Sound Climate and Environmental Policies

Comptroller DiNapoli continued pushing for key climate-related legislative and regulatory measures, including corporate climate disclosures, emissions standards, meaningful carbon pricing, clean energy infrastructure funding, and tax incentives that drive climate solution investments. In May, the Comptroller released the third progress report on the implementation of the Common Retirement Fund's Climate Action Plan, which outlines efforts to address climate risks and opportunities across the Fund's portfolio and to reach targets, including the transition to net zero emissions by 2040.



Identifying Weakness in Air Quality Monitoring

In September, Comptroller DiNapoli released an audit that identified weaknesses in the State Department of Environmental Conservation’s (DEC) implementation and monitoring of its Air Pollution Control Permitting Program.



Renewable Energy Report: New York Must Supercharge Efforts to Meet Targets

According to the Comptroller’s August 2023 report, New York must increase its renewable energy capacity by over 200% to achieve its goal of generating 70% of its electricity from renewable sources by 2030.

ESG INVESTMENT
NORTH AMERICA 2023

Investment 2023

ISSUE IN FOCUS:

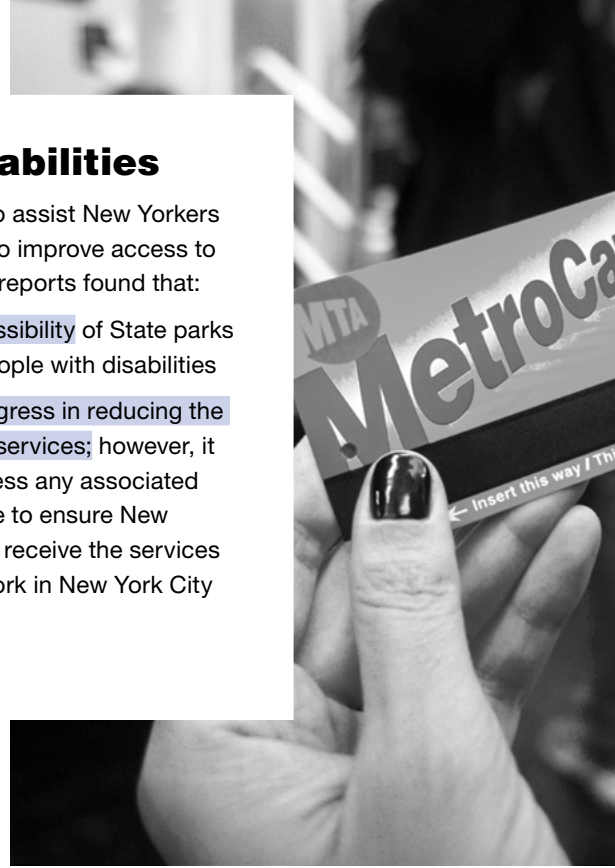
Advocating For New Yorkers With Disabilities

📷
Comptroller DiNapoli discussed disability as a material issue for investors with Edward M. Kennedy, Jr. and Heather Lavalley at Reuters' ESG Investment North America 2023

Protecting the Rights of People With Disabilities

Comptroller DiNapoli is committed to making sure the programs designed to assist New Yorkers with disabilities are functioning well—and his audits have pushed agencies to improve access to facilities and improve programs that serve the disabled. In 2023, audits and reports found that:

- The Department of Health needs to do more efforts to improve accessibility of State parks and historic sites for people with disabilities
- The MTA has made progress in reducing the cost of Access-A-Ride services; however, it must monitor and address any associated declines in performance to ensure New Yorkers with disabilities receive the services they need to live and work in New York City
- Facilities at the NYC Department of Parks still have barriers to people with disabilities, including inaccessible bathroom entrances and playgrounds
- The State Office of Parks, Recreation and Historic Preservation needs to continue



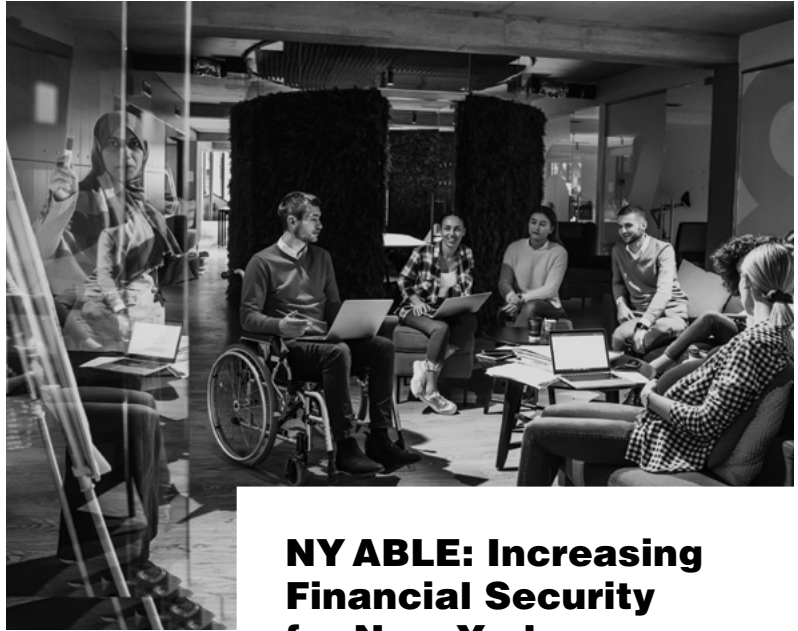
Employment Recovery for New Yorkers With Disabilities Lags Nation

After a nationwide spike in unemployment, the Comptroller reported that New Yorkers with disabilities continue to face a higher unemployment rate than the national average for those with disabilities. In 2020, unemployment rates for working-aged people with a disability soared in both New York and the nation, reaching 13.9% and 13.4%, respectively. The national rate dropped to 8.2% in 2022, but in New York it was 11.9%.

Prioritizing Disability Inclusion in Corporate America

Comptroller DiNapoli believes equality, diversity and inclusiveness are fundamental values of companies with sustainable and profitable long-term strategies. The Comptroller continues calling on the nation's largest companies to participate in the Disability Equality Index, which helps companies achieve greater disability inclusion and equality.

In 2023, the Comptroller launched a new initiative to encourage companies to increase board-level disability inclusion and representation, reaching out to board chairs of 14 major corporations.



NY ABLE: Increasing Financial Security for New Yorkers With Disabilities

The Comptroller's Office administers NY ABLE, which empowers New Yorkers with disabilities to save money without risking loss of access to other benefits and services. Since its creation, Comptroller DiNapoli has worked to expand access to the program and raise awareness of its many benefits.

NY ABLE also partnered with Special Olympics of New York as a sponsor of their Athlete of the Month program.

2,851 OPEN ACCOUNTS
WITH **\$27.95 MILLION**
IN ASSETS (as of 8/31/23)





Investing in the Next Generation: NY's 529 College Savings Program

The Office of the State Comptroller administers the Direct Plan component of the 529 College Savings Program with the New York State Higher Education Services Corporation, helping parents build a nest egg for their children's future educational goals. New York's 529 College Savings Program Direct Plan is the nation's largest direct-sold 529 plan.



1.28M ACCOUNTS
WITH **\$42.7B IN**
ASSETS BETWEEN
BOTH PLANS (as of 9/30/23)

For more information about New York's 529 College Savings Program Direct Plan, request a Disclosure Booklet and Tuition Savings Agreement at www.nysaves.org or by calling 877-NYSAVES.

Investment returns are not guaranteed, and you could lose money by investing in the Direct Plan.

INDEPENDENT

FISCAL OVERSIGHT

As the State's Chief Fiscal Officer, Comptroller DiNapoli is responsible for providing independent and fact-driven analysis—with a focus on the fiscal impact of statewide issues, New York City's financial condition and the well-being of local communities across the State.

The Comptroller's audits also determine whether agencies and public authorities have effective controls in place to prevent waste, fraud and abuse of taxpayer dollars—and provide recommendations to improve efficiency and effectiveness.

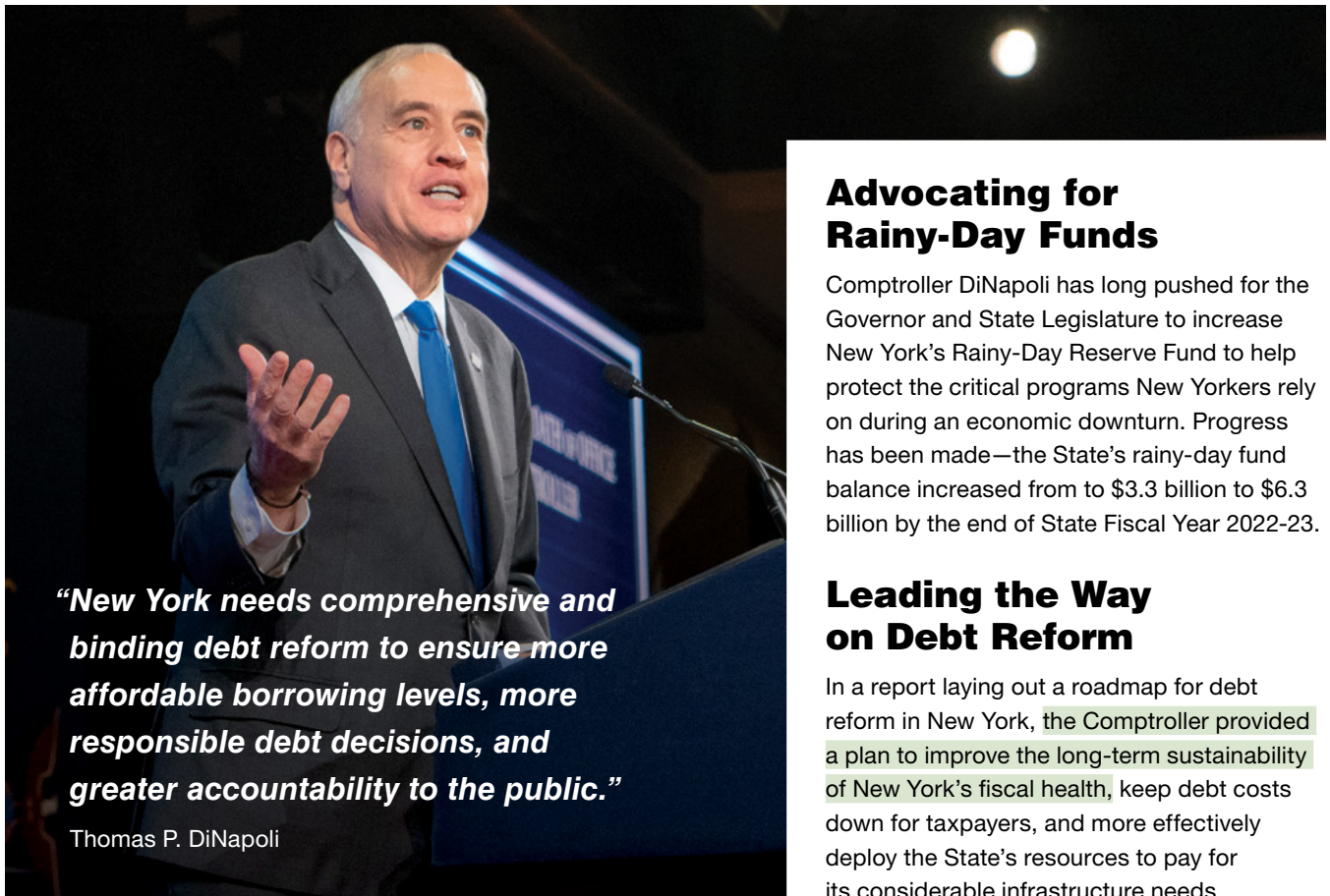


Reporting on Statewide Policy and Economic Issues

In addition to serving as the State's Chief Fiscal Officer, Comptroller DiNapoli is responsible for reviewing the State budget as well as the financial and management practices of State agencies and public authorities. Through a wide range of reports, Comptroller DiNapoli reviews the performance of State entities, provides independent analysis of New York's fiscal condition and develops policy initiatives.

\$6.26B

**THE STATE'S RAINY-DAY FUND
BALANCE BY THE END OF STATE
FISCAL YEAR 2022-23**



“New York needs comprehensive and binding debt reform to ensure more affordable borrowing levels, more responsible debt decisions, and greater accountability to the public.”

Thomas P. DiNapoli

Advocating for Rainy-Day Funds

Comptroller DiNapoli has long pushed for the Governor and State Legislature to increase New York's Rainy-Day Reserve Fund to help protect the critical programs New Yorkers rely on during an economic downturn. Progress has been made—the State's rainy-day fund balance increased from to \$3.3 billion to \$6.3 billion by the end of State Fiscal Year 2022-23.

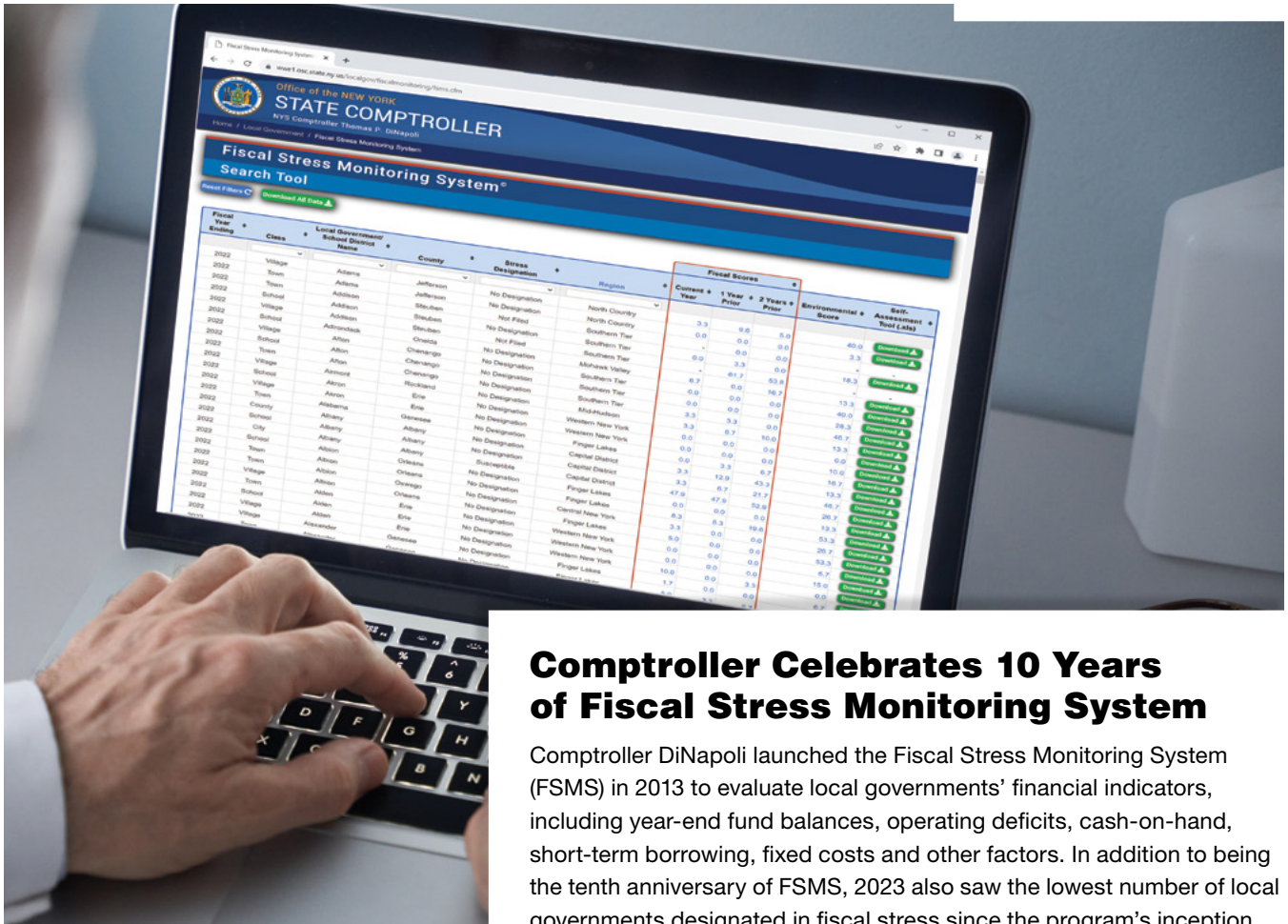
Leading the Way on Debt Reform

In a report laying out a roadmap for debt reform in New York, the Comptroller provided a plan to improve the long-term sustainability of New York's fiscal health, keep debt costs down for taxpayers, and more effectively deploy the State's resources to pay for its considerable infrastructure needs.

Connecting With Local Governments

Comptroller DiNapoli supports local officials across New York to practice effective management through technical assistance, data analysis and reporting on a range of critical issues that impact local governments.

9 + **73** + **134** + **21** + **14** = **251**
Counties **Towns & Villages** **School Districts** **Fire Departments** **Cities** **audits uncovering millions of dollars in cost savings**



Comptroller Celebrates 10 Years of Fiscal Stress Monitoring System

Comptroller DiNapoli launched the Fiscal Stress Monitoring System (FSMS) in 2013 to evaluate local governments' financial indicators, including year-end fund balances, operating deficits, cash-on-hand, short-term borrowing, fixed costs and other factors. In addition to being the tenth anniversary of FSMS, 2023 also saw the lowest number of local governments designated in fiscal stress since the program's inception.



ISSUE IN FOCUS:

Expanded Gambling and Gaming

Mobile sports betting has generated State tax revenues well above projections in its first full year. Meanwhile, calls to problem gambling helplines have also increased, according to Comptroller DiNapoli's report on trends in gambling and gaming.



“Casinos and legalized sports betting have proven to be a double-edged sword in our state. Gaming tax revenues from casinos have benefited some small host communities, but these revenues have varied widely, and the growing numbers of New Yorkers addicted to gambling is worrying.”

Thomas P. DiNapoli

DiNapoli Monitors Casinos’ Impact on Upstate Local Tax Revenues

In a report, Comptroller DiNapoli found that from 2017 to 2022, New York’s four licensed casinos brought \$176 million in gaming tax revenue to host and regional local governments, but only the three smaller towns that host casinos realized significant fiscal benefits relative to their overall revenue.

A second report found State revenue from mobile sports betting totaled \$727 million in State Fiscal Year 2022-23 but problem gambling-related calls to the Office of Addiction Services and Supports (OASAS) have also risen sharply.



“Local officials will increasingly need to assess the need for additional climate actions, plan for these higher costs, and communicate these challenges to stakeholders at the State and local levels.”

Thomas P. DiNapoli

Municipalities are Spending More to Address Climate Threats

In a survey carried out by OSC’s Division of Local Government and School Accountability, a sample of local governments across New York reported \$1.34 billion in actual and anticipated spending on capital projects over a 10-year period, with about 55% of the total in response to climate-related hazards such as increased flooding and storm damage.

The 95 respondents—all localities that participate in the State’s Climate Smart Communities program—estimated that \$737 million would be spent over the 10-year period in response to climate change, with flooding and increased storm activity far outweighing other issues. Respondents reported that they funded or anticipate shouldering a majority of these costs locally (about 52%), with grants or other aid from State and federal sources accounting for the remainder.



Comptroller DiNapoli addressed the Rural Schools Association of New York’s 2023 Winter Conference

8,502

LOCAL OFFICIALS
& STAKEHOLDERS
PARTICIPATED IN
OSC TRAININGS
ACROSS THE STATE



📷 Comptroller DiNapoli attended the NYS Association of Counties' Finance School, along with Assistant Comptroller Simonia Brown, Auditor Ingrid Otto and former Deputy Comptroller Elliott Auerbach



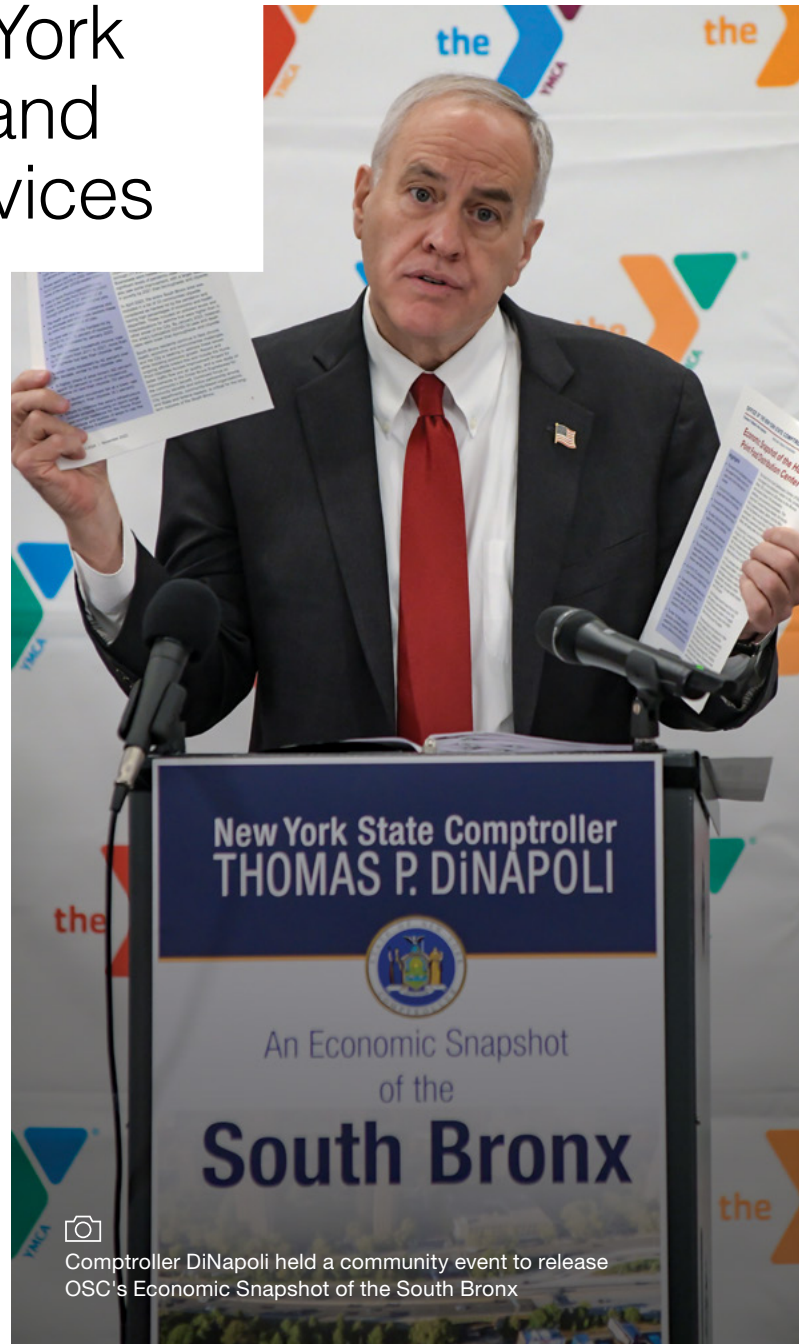
Assessing Rural New York's Challenges and Opportunities

Comptroller DiNapoli's report on rural New York found challenges with housing, transportation and health care access, while pointing to the potential of broadband internet to open up new telecommuting jobs in rural areas. With the State receiving nearly \$665 million in federal funding to improve broadband availability, there is a historic opportunity to make high-speed internet available to all New Yorkers.

Monitoring New York City's Economy and Government Services

New York City is not only the largest municipality in the U.S. It also boasts the nation's biggest consumer base, with a gross metropolitan product of \$2 trillion. And while it serves as a critical economic engine for the State, the City also faces unique financial, social and infrastructure challenges—issues that Comptroller DiNapoli monitors closely and reports on throughout the year.

- Identifying fiscal cliffs in New York City's Financial Plan and highlighting concerns over fiscal and service implications of federally-funded programs
- Looking at the impact of pandemic-era programs as funding runs out
- Calling for a formal NYC reserve policy after years of stronger-than-expected revenues
- Reporting on the impact of COVID-19 on housing affordability
- Monitoring the City's economic and demographic indicators—and its contributions to the State economy
- Reviewing employment in the securities industry
- Assessing the MTA's financial outlook and suggesting ways to improve safety, frequency and reliability



Comptroller DiNapoli held a community event to release OSC's Economic Snapshot of the South Bronx



Data at Your Fingertips— OSC's Interactive Tracking Tools

As part of Comptroller DiNapoli's commitment to open government, in 2023 OSC continued to launch interactive data trackers that monitor trends and spending patterns, providing accessible information and transparency to the public and policy makers alike.

- **Agency Services Monitoring Tool:** NYC agencies' performance data, staffing, and spending trends
- **Asylum Seeker Spending Report:** State and City emergency spending related to people seeking asylum
- **COVID-19 Relief Program Tracker:** COVID-19 relief funds and assistance programs
- **NYC Industry Sector Dashboards:** Economic and fiscal data on key industry sectors in NYC
- **Identifying Fiscal Cliffs in New York City's Financial Plan:** Areas of at-risk spending for City programs
- **Impacts of the COVID-19 Pandemic on Subway Ridership in NYC:** Pandemic impact on ridership across neighborhoods
- **State Public Authorities Dashboard:** Fiscal data on NYS public authorities



ISSUE IN FOCUS:

New Yorkers in Need

One of Comptroller DiNapoli's priorities is shining a light on the effectiveness of the State's efforts to assist the most vulnerable New Yorkers—including those facing homelessness, addictions, poverty, food insecurity and mental health challenges.

Findings in 2023 Reports on Vulnerable Populations

- Many public schools lack the mental health staff to deal with the pandemic-related increase of students and staff needing vital mental health services
- Many affordable housing units are sitting vacant even though thousands of New York City seniors are languishing on waiting lists
- Over 3,300 seniors in New York City were still on waiting lists for essential services such as home delivered meals, housekeeping and personal care assistance
- New York's child welfare system must take additional steps to ensure at-risk children are protected from harm
- The Department of Motor Vehicles needs to improve its legally mandated interpretation services
- The number of domestic violence victims in New York State increased by over 8% in 2022 vs. 2019. State and local agencies need to redouble their efforts to make seeking help and receiving services as easy as possible
- One in 10 New York households can't consistently get enough food to meet their basic needs—and while the Nourish NY program has helped by connecting local farmers with New Yorkers facing food insecurity, the program needs better monitoring
- Higher enrollment in New York's public health insurance programs has led to a large drop in the percentage of New Yorkers without health insurance (from 11.9% in 2010 to 5.2% in 2021)
- The number of homeless veterans in New York State has dropped by 83% over the past decade, aided by a large increase in federal assistance

1 IN 10 NEW YORK HOUSEHOLDS EXPERIENCES FOOD INSECURITY

\$1.1B

UNCOVERING \$1.1 BILLION IN MEDICAID SAVINGS

The Medicaid program provides critical health care services to millions of New Yorkers but continues to be troubled by oversight problems and payment errors. In 2023 alone, Comptroller DiNapoli's nine Medicaid audits uncovered more than \$1.1 billion in potential cost savings, improper payments and waste.

IMPACT OF 2023 AUDITS	85 Reports Issued	24 Reports with Cost Savings	Nearly \$1.3B Cost Savings
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Monitoring the State's Progress in Addressing Nursing Home Pandemic Failures

In 2022, Comptroller DiNapoli reported on the devastating extent to which New York's nursing home residents were not adequately protected during the COVID-19 pandemic. A 2023 follow-up showed a lack of progress by DOH—and a long road ahead to address the issues that created widespread infection control failures.

📷 Comptroller DiNapoli attending an AI Roundtable with UAlbany leaders at the university's ETEC facility

ISSUE IN FOCUS:

Emerging Technology and Cybersecurity

Emerging technologies such as Artificial Intelligence (AI) and Blockchain offer great potential but also create new cybersecurity and privacy risks. Analyzing these technologies is a proactive way for the Office of the State Comptroller to monitor and report on the challenges and benefits associated with these advances.



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- The Comptroller's analysis of cyberattacks on the State's infrastructure found that cybercrime incidents in New York State grew by 53% between 2016 and 2022, and losses increased from \$106.2 million to more than \$775 million
- A report on cybersecurity challenges facing local governments and schools revealed increasing risks, including a September 2022 ransomware attack on Suffolk County that required the county to disable important computer systems for months
- An audit found two State agencies that are responsible for protecting New York's drinking water often rely on outdated emergency response plans, putting critical water infrastructure at increased risk of cyberattacks and natural disasters
- Another audit recommended stronger oversight of NYC's artificial intelligence programs

53% INCREASE IN REPORTED CYBERCRIME IN NYS (2016-2022)

FIGHTING PENSION FRAUD & **PUBLIC CORRUPTION**

Comptroller DiNapoli believes abuse of tax dollars is a betrayal of the public's trust. That's why he created the Division of Investigations within the Office of the State Comptroller: to root out corruption within government and combat fraud of public funds. Partnering with State, federal and local law enforcement, in 2023, the Division helped make 27 arrests and recover nearly \$2.5 million. Since 2010, the Comptroller's investigations have led to over 300 arrests and the recovery of over \$85 million.

The Comptroller is also focused on preventing pension fraud and protecting the New York State Retirement System. Over the past several years, his investigations of pension fraud have led to nearly 50 arrests and the recovery of over \$4 million.

305 ARRESTS AND OVER **\$85M** RECOVERED SINCE THE INCEPTION OF THE ANTI-CORRUPTION INITIATIVE



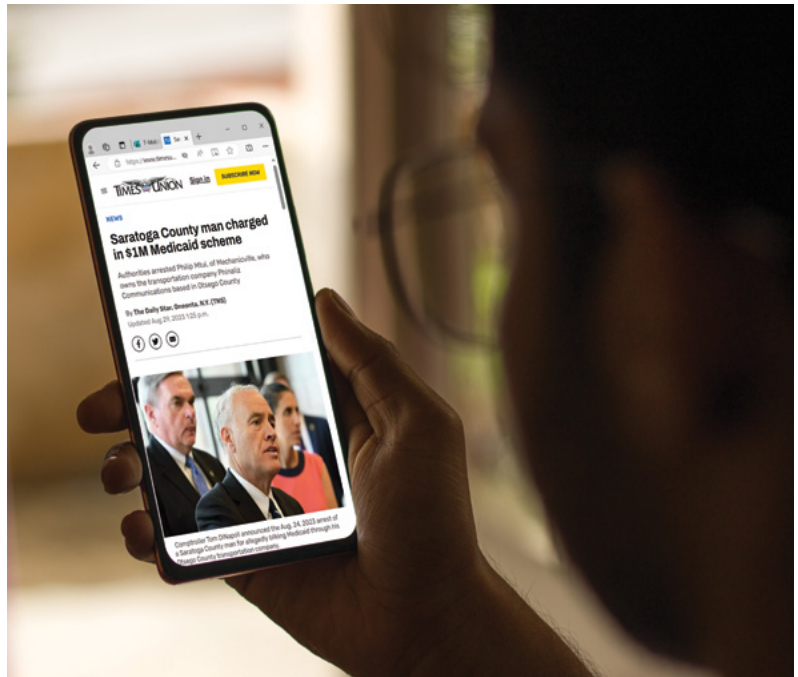
DiNapoli Uncovers a \$1.1M Fraud by Public Official

As a result of a joint investigation between Comptroller DiNapoli's office, the State Police and the Steuben County District Attorney's Office, Ursula Stone, the former clerk-treasurer of the Village of Addison was indicted and arrested for allegedly stealing more than \$1.1 million in village funds over the course of at least 19 years.

DiNapoli found that the clerk-treasurer allegedly stole dozens of checks payable to the village, gave herself unauthorized pay raises, took time off without deducting her leave credits, and wrote herself checks for unauthorized health insurance buyouts from village funds. As a result of the joint investigation, the former official was charged with 192 criminal counts, including Grand Larceny in the 1st degree, Money Laundering in the 2nd degree, Corrupting the Government in the 1st degree, Public Corruption, Attempted Grand Larceny in the 3rd degree, Attempted Public Corruption and 185 counts of Falsifying Business Records in the 1st degree, all felonies.

“This case represents the most complete, and to be frank shocking, breach of public trust I have encountered in 30 years as a Steuben County prosecutor.”

Brooks Baker, Steuben County District Attorney



DiNapoli Exposes Multi-Million Dollar Medicaid Fraud Scheme by Upstate Transportation Provider

In August 2023, the three principals of Phinaliz Communications, a transportation company operating out of Otsego county, were arrested in connection with a long-running, multi-million dollar scheme to steal from the Medicaid program. Comptroller DiNapoli's investigative team worked alongside various State, local and federal law enforcement agencies to dismantle the crime ring.

The joint investigation revealed that during a four-year period, the owner of Phinaliz and his co-defendants allegedly defrauded Medicaid program by billing for fake transportation services, duplicating and inflating costs and paying kickbacks to Medicaid recipients. The multi-year investigation involved extensive surveillance and the execution of a search warrant on company headquarters.



DiNapoli Investigation Results in \$204K Federal Pension Fraud Conviction

Timothy Gritman, a Pennsylvania man, was arrested and pleaded guilty to the federal crimes of wire fraud and Social Security fraud for stealing over \$204,985 in New York State pension and Social Security payments made to his deceased father from October 2017 to October 2022. The fraud was unearthed by a joint investigation between Comptroller DiNapoli's investigative team, the FBI and Pennsylvania authorities.

As part of his fraud, Timothy Gritman lied about his father's whereabouts and pretended to be his father on multiple occasions. When Comptroller DiNapoli's investigators sought to determine whether Ralph Gritman was alive and asked to speak with him, Timothy Gritman would either say he was asleep or would try to imitate his voice. When DiNapoli's investigators pushed for photographic evidence of his father holding a current ID card, Timothy Gritman sent investigators a picture of himself, in which he tried to disguise himself as his father, holding a bogus Pennsylvania State identification card.

***“Protecting our
State’s Pension Fund
is my priority. Those
who attempt to
steal from it will be
held accountable.”***

Thomas P. DiNapoli

Other 2023 Investigation Highlights:

- A joint investigation with the U.S. Attorney for the Northern District of Georgia and the Social Security Administration Office of the Inspector General led to the guilty plea of a Georgia resident for the federal crime of theft of government funds for stealing New York State pension and Social Security payments made to her deceased mother-in-law. The defendant was ordered to pay \$459,000 in restitution.
- The former City of Dunkirk Festivals Coordinator was indicted for using his public position to pilfer more than \$50,000 through several schemes.
- A Georgia woman pled guilty to stealing more than \$240,000 in New York State pension payments made to her deceased father over a four-year period. She was ordered to pay full restitution.
- A former Lake Luzerne trustee who was also the former treasurer of the South Warren Snowmobile Club, the Hadley-Luzerne Lions Club and the Luzerne Cemetery Association pled guilty to stealing from all three organizations and paid full restitution of \$131,485.96.
- A New York man pled guilty in federal court to mail fraud charges for his role in a large-scale identity theft scheme in order to fraudulently obtain unclaimed funds held by the State Comptroller's Office. The defendant was ordered to pay nearly \$170,000 in restitution.
- The former part-time court clerk for the Town of Marion pled guilty to grand larceny in the second degree for stealing \$59,293 in court fines, fees and surcharges. She was ordered to pay full restitution.
- The former Treasurer of the Morley Fire Company was arrested for allegedly stealing \$16,000 from the fire company to pay for personal expenses.
- A joint investigation with the Suffolk County District Attorney's Office led to the arrest of a former Town of Huntington employee for allegedly stealing over \$59,000 of his mother's public pension payments following her death in April of 2021.
- An officer manager for numerous doctors' offices in Manhattan was arrested for her alleged role in a long-term scheme to defraud the New York State Insurance Plan out of over \$12,000 by submitting fraudulent claims for reimbursement.
- A Texas woman was arrested for allegedly stealing over \$65,000 in New York State pension payments made to a deceased New Yorker who had relocated to Texas.
- The former Chatham Rescue Squad Business Manager was arrested for allegedly stealing more than \$17,000 from the rescue squad to pay for groceries, meals, and travel for her husband.

Reuniting Owners With Lost Money

New York State is a national leader in returning lost money to citizens. The State currently oversees \$18.4 billion in unclaimed funds for over 49 million account holders.

The Office of Unclaimed Funds returns over an average of \$1.5 million to New Yorkers each business day, and Comptroller DiNapoli regularly travels the State connecting individuals, organizations, and local governments with their lost funds.



2023 Efforts to Return Money

- Returned \$20 million by contacting 150,000 households by mail about their unclaimed funds
- Participated in 40 events around the State to help more New Yorkers look for lost money
- Featured on *Good Morning America's* "Show Me the Money" national television campaign

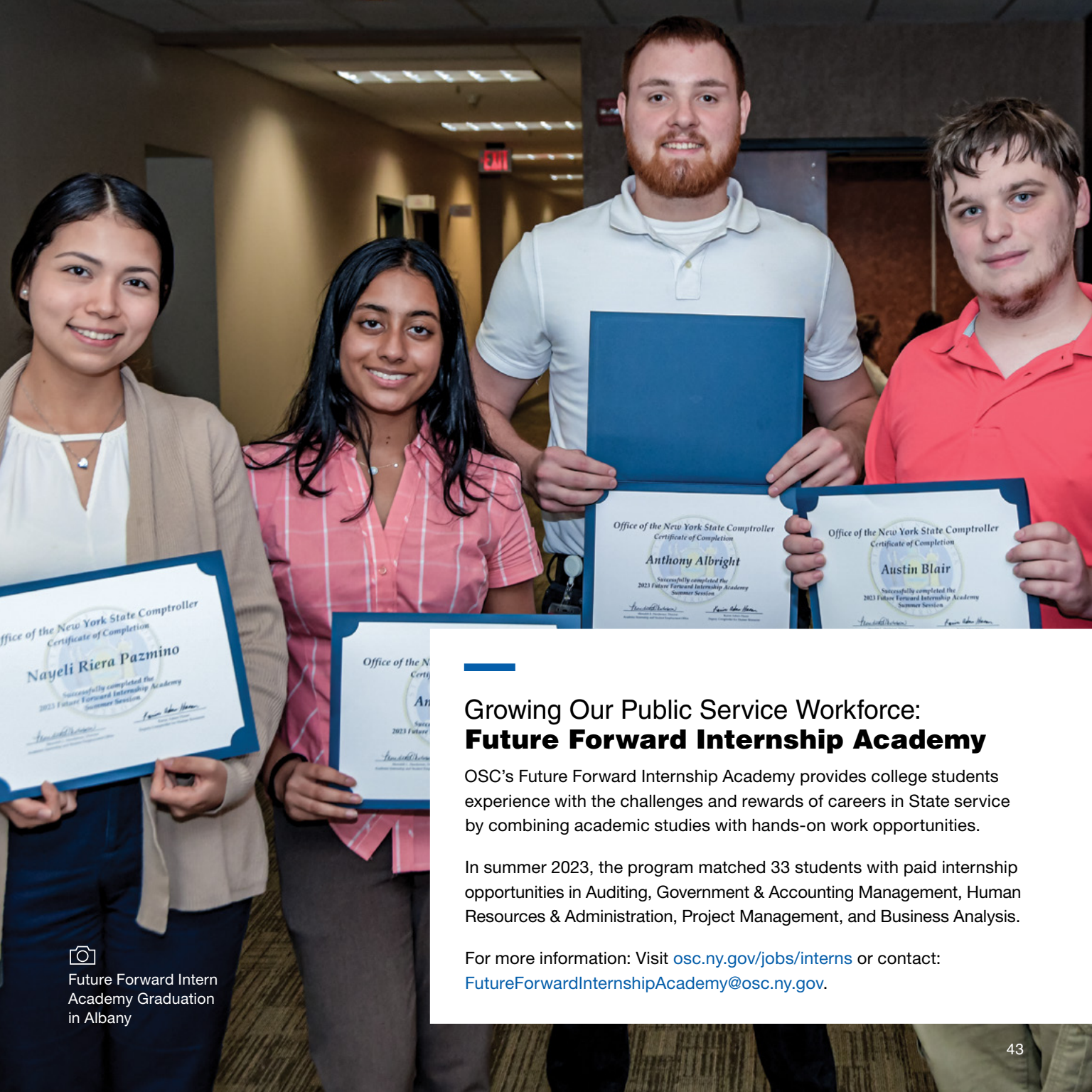
\$18.4B
IN UNCLAIMED FUNDS

\$1.5M

ON AVERAGE RETURNED
EACH BUSINESS DAY

Claim Yours!

1. Visit osc.ny.gov/unclaimed-funds and search by name or organization
2. If we're holding your money, click "**Claim**" to begin the process or "Share" to notify friends and family of outstanding funds in their name
3. Follow the step-by-step directions and prompts that appear onscreen



Office of the New York State Comptroller
Certificate of Completion
Nayeli Riera Pazmino
Successfully completed the
2023 Future Forward Internship Academy
Summer Session
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Austin Blair
Successfully completed the
2023 Future Forward Internship Academy
Summer Session
Francis D. Sweeney
Kevin John Hanrahan

Growing Our Public Service Workforce: **Future Forward Internship Academy**

OSC's Future Forward Internship Academy provides college students experience with the challenges and rewards of careers in State service by combining academic studies with hands-on work opportunities.

In summer 2023, the program matched 33 students with paid internship opportunities in Auditing, Government & Accounting Management, Human Resources & Administration, Project Management, and Business Analysis.

For more information: Visit osc.ny.gov/jobs/interns or contact: FutureForwardInternshipAcademy@osc.ny.gov.

 Future Forward Internship Academy Graduation in Albany



Public Employee Conference Breakfast



NYS Professional Firefighters
Legislative Conference



CSEA Region 5 Conference



📷 State of the State




📷 New American Alliance Symposium



📷 NYS Building Trades Apprenticeship Day



 Citizens Union Civic Conversation with CNN's John Avlon



📷 Binghamton Chamber of Commerce
Legislative Breakfast




📷 Binghamton University Meeting and Tour




📷 NYC Labor Day Parade





 Rural Schools Association Winter Conference



 Comptroller DiNapoli joined Special Envoy Joseph P. Kennedy III on a trade mission to Northern Ireland



Office of the New York State Comptroller

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For more information about the reports, audits and activities listed in this report, use the QR code or visit osc.ny.gov/yir2023