

LARGE-SCALE FRAUD UNCOVERED IN BLOOMBERG'S HELP TO UNEMPLOYED



Large-scale fraud has been discovered by city investigators in the signature initiative of New York Mayor Michael R. Bloomberg. Seedco, a nonprofit organization that works with the Bloomberg administration have been found to have made grossly false claims of the help they provided to the unemployed. It was found that out of the 6,500 people Seedco claimed to have helped to find jobs, at least 1400 people were either jobless or found jobs on their own initiative. The Department of Investigation said that the number of fraudulent claims can be much higher, but there was little can be done, because the records of Seedco pertaining to job placements from 2008 to 2011 had been recently shredded with permission from the Bloomberg administration. This happened despite rumblings raised last summer by a former deputy director of Seedco who produced 400 examples of false placements to the reporters at New York Times. Later six other employees of the organization admitted that they had been pressurized by managers to create thousands of fake job placements. However Ms. Dwyer Gunn, the president of Seedco laid the blame squarely at the feet of employees saying "We are outraged, horrified and deeply upset by the action of the employees at these Workforce1 Centers. That violates all of our ethical standards." On their part, the employees at Seedco reported of continuous pressure from the Bloomberg administration to produce data showing that the job placement effort was working. The employees told city investigators that they were given to believe they would lose their jobs if they failed to reach their goals, in the midst of the recession. According to an investigation report released on Friday, Seedco "developed systematic practices to report false placements" to New York's Department of Small Business Services. Federal prosecutors have started their independent enquiry into the matter. The reports resulted in the city's small business commissioner announcing on Friday that New York would transfer Seedco's \$7 million annual contract to another nonprofit organization. The news came as a blow to Bloomberg who is seeking third term in office. Seedco was central to most of the mayor's initiatives including cash grants for welfare clients, loan programs for small businesses, and job placements. Robert W. Walsh, the small business commissioner said he made "no apology for setting very ambitious goals and driving the system." But he expressed concern at the "gong show" mentality at Seedco.

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