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**DOI'S WORKERS' COMPENSATION INVESTIGATION INVOLVING CITY CORRECTION OFFICERS' CLAIMS
CONTRIBUTES TO \$175 MILLION IN COST SAVINGS FOR THE CITY OVER LAST TWO FISCAL YEARS**
—Investigation exemplifies how DOI partners with City agencies to prevent fraud and promote a culture of integrity—

Nadia I. Shihata, Commissioner of the New York City Department of Investigation ("DOI"), issued the following statement on the impact of DOI's investigation of rising workers' compensation claims by employees of the City Department of Correction ("DOC"), which resulted in [a public report](#) and federal criminal charges against three City Correction Officers for defrauding the City's workers' compensation program, and contributed to an approximately \$175 million decrease in the City's workers' compensation indemnification costs over the last two fiscal years.

The investigation was prompted by the City Law Department and the Mayor's Office of Management and Budget ("OMB"), which reported concerns to DOI regarding a high volume of workers' compensation claims from DOC employees that far exceeded workers' compensation expenses at all other Mayoral agencies.¹ The joint efforts of DOI, the Law Department and OMB led to significant declines over the last several years in workers' compensation claims by, and indemnification² of, DOC employees, demonstrating the power of City agencies working in partnership with DOI. These findings are based on DOI's analysis of recent data from the Law Department, which shows that the City has saved approximately \$175 million on the indemnification of DOC employee workers' compensation claims in the past two fiscal years, when measured against a Fiscal Year ("FY") 2024 baseline.

DOI Commissioner Nadia I. Shihata said, "This case exemplifies how DOI's investigations can bring City agencies together to attack a pernicious corruption issue, while also saving the City money and protecting it from future fraud. A foundation of DOI's mission is to prevent and deter fraudulent acts that compromise important City services and resources, in this case taxpayer dollars wasted on improper or fraudulent workers' compensation claims. I am proud that DOI could bring its investigative, anti-corruption expertise to this effort and work in partnership with the Law Department, OMB and DOC – who I thank for relying on DOI and for accepting our recommendations."

NYC Corporation Counsel Steven Banks said, "Fraudulent workers' compensation claims deprive the City of vital funding that should be preserved for workers who truly need support. The Law Department remains committed to helping the Departments of Investigation and Correction implement reforms and root out abuse in the workers' compensation system."

¹ Uniformed firefighters, police officers and sanitation workers are statutorily exempt from the Workers' Compensation law and therefore not included in the comparison.

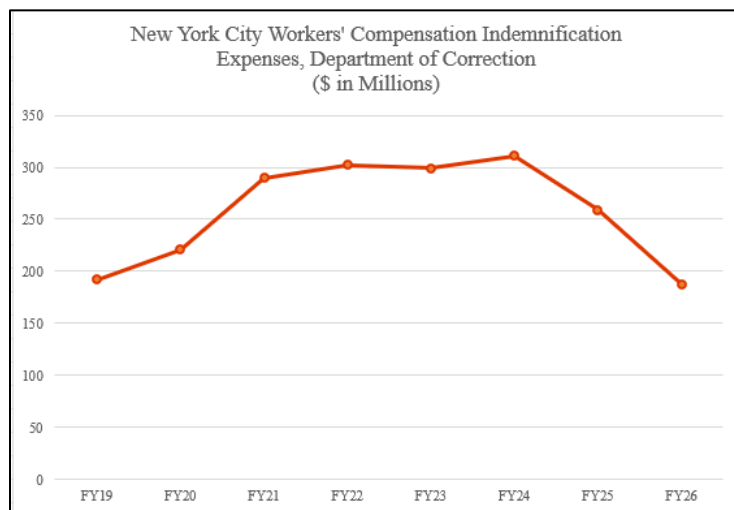
² Indemnification is the legal obligation to provide reimbursement for a workers' compensation claim.

OMB Director Sherif Soliman said, “Workers’ compensation benefits have provided a lifeline for generations of workers injured while performing their job duties. Fraudulent claims erode trust in the system, undermine the system’s efficacy, and pose a risk to the City’s fiscal health. I am proud of the collaborative effort we undertook with our agency partners to facilitate this investigation, and OMB remains committed to safeguarding the City’s resources to help support a stronger and more resilient city.”

DOC Commissioner Stanley Richards said, “Our correction officers perform a difficult and often dangerous job, and injuries are an unfortunate reality of that work. When an officer is legitimately injured in the line of duty, they deserve our full support and access to the benefits and resources available to help them recover. Anyone who deliberately exploits or defrauds those resources is not only stealing from the City — but is also jeopardizing the benefits intended for their fellow officers who are genuinely injured and need our support. We stand firmly behind our injured officers while being equally firm that fraud and corruption have no place in the Department of Correction.”

Other findings from DOI’s analysis of the Law Department’s data included:

- In FY 2025, the cost to the City of indemnifying DOC workers’ compensation claims dropped by 16.7% from a FY 2024 high, or from approximately \$311 million to approximately \$259 million.
- FY 2026 saw an even larger decrease of 27.3%, bringing the City’s annual indemnification cost to approximately \$188 million, almost \$123 million per year less than it had been only two years earlier.
- Annual claim numbers followed a similar trend—the number of workers’ compensation claims filed by DOC employees decreased by 27.6% and 18.9% in Fiscal Years 2025 and 2026 respectively. These significant savings are shown in the graph below:



The timing of these trends strongly suggests that DOI’s investigation — along with the efforts of the City Law Department and OMB — was a driving force in improving efficiency in the workers’ compensation system as it relates to DOC employees:

- The costs of indemnification remained relatively stable from FY 2021 to FY 2024.
- The first measurable decrease came in FY 2025, immediately following DOI’s criminal investigations becoming overt through the execution of search warrants in 2024.
- A larger decrease occurred in FY 2026, shortly after DOI’s investigations resulted in three criminal indictments and issuance of a published report that drew public attention to abuse of the workers’ compensation system and offered recommendations to mitigate the risk of abuse.

- During FY 2025 and FY 2026, there was also a notable decrease in claim submissions.

As part of its 2025 public report, DOI issued a total of four recommendations to address the aforementioned trends in workers' compensation claims submitted by DOC employees – two each to the City Law Department and DOC. To strengthen the Law Department's efforts to detect and prevent workers' compensation fraud, DOI recommended that the Law Department appoint a Director of Claims Integrity responsible for identifying potentially fraudulent workers' compensation claims by City employees. This individual would also serve as a liaison to DOI, referring potential instances of fraud for investigation as appropriate. The Law Department has accepted this recommendation and will work with DOI to fully implement it; a Director of Claims Integrity is in the process of being hired. Additionally, DOI recommended that the Law Department evaluate the anti-fraud training it provides to City employees responsible for reviewing and approving workers' compensation claims in order to determine whether modifications are appropriate. The Law Department has accepted this recommendation and will work with DOI to fully implement it once a Director of Claims Integrity is appointed.

To improve workplace safety and strengthen the administration of workers' compensation claims, DOI recommended that DOC appoint a Director of Workplace Safety who is responsible for monitoring workplace accident statistics, examining safety conditions at DOC facilities, developing clear safety protocols, and training employees on best practices for workplace safety. DOC notified DOI that it will consider this recommendation. Moreover, DOI recommended, and DOC accepted the recommendation, that DOC update and reissue Directive #1004, titled "Procedures for Filing Workers' Compensation Claims." That Directive is in the final stages of review and DOC expects it to be published within the next month.

This investigation also resulted in federal criminal charges against three DOC Correction Officers related to schemes to submit false and fraudulent worker's compensation claims to the New York State Workers' Compensation Board. Two of the defendants have pleaded guilty – one of those defendants was sentenced to a term of imprisonment of 15 months and the second is scheduled to be sentenced in September 2026. The third defendant is scheduled to proceed to trial on November 16, 2026, based on allegations set forth in an indictment.³

Under New York law, employers must pay workers' compensation benefits when an employee suffers a disability or dies from an injury that "aris[es] out of and in the course of" their employment, regardless of fault. See N.Y. Workers' Comp. L. § 10(1). Through this system, workers who are injured on the job are entitled to medical care for their work-related injury or illness, as well as a portion of their lost wages if their injury either prevents them from working more than seven calendar days or if they permanently lose a portion of the function of a part of their body. The City self-insures with respect to workers' compensation claims by its employees, meaning that any awards that are paid are directly funded by public money.

Commissioner Shihata thanked NYC Corporation Counsel Steven Banks and OMB Budget Director Sherif Soliman for referring this matter to DOI and for their staff's collaboration with DOI; and DOC Commissioner Stanley Richards for his agency's assistance on the investigation.

This investigation was conducted by Assistant Inspectors General Gina Diaz and Jeffrey Freeman, and Deputy Inspector General Trenton Sweeney of DOI's Office of the Inspector General for the Law Department, under the supervision of Senior Inspector General Andrew Sein, Deputy Commissioner/Chief of Investigations Michael P. Mullahy, and Deputy Commissioner of Strategic Initiatives Christopher Ryan.

DOI is one of the oldest law-enforcement agencies in the country and New York City's corruption watchdog. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City. DOI's strategy attacks corruption comprehensively through systemic investigations that lead to high-impact arrests, preventive internal controls and operational reforms that improve the way the City runs.

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Know something rotten in City government? Help DOI Get the Worms Out of the Big Apple.
Call: 212-3-NYC-DOI or email: Corruption@DOI.nyc.gov

³ An indictment is merely an accusation. A defendant is presumed innocent until proven guilty.