



STEFAN I. MYCHAJLIW
ERIE COUNTY COMPTROLLER

January 11, 2021

Colleen Heidinger
President
43 North
1 West Seneca Street, Floor 24
Buffalo, New York 14203

Dear President Heidinger:

In my correspondence to you on December 9, 2020, December 14, 2020 and December 15, 2020, I requested certain information but have yet to receive an answer. The use and dissemination of public tax dollars is concerning. One of the purposes of these requests was to increase the transparency of the process and awards of millions of taxpayer dollars to businesses. Your responses suggested that information had already been released, or would be released at a future date. As one of my correspondence noted, you may have shared information with the County Executive, but that information was shared piecemeal with the Legislators and not at all with the Office of Erie County Comptroller.

To date, I have not received information directly from you. On December 28th, 2020, the County Executive released a letter with information attached which appears to have some input from 43 North. Is this the entirety of the information provided to the County? If not, please provide additional information that has been provided to the County, but may have been distilled in the production of the summary.

In particular, please provide the list of applicants that did not receive grants through the program, and the reason for not receiving a grant.

Further, please provide definitions used in the application and selection process. For example, please provide further detail as to the definition of "Business Civil Policy Violations." What specifically is a civil policy? Would it include violation of New York State Liquor Authority rules and regulations? For example, the Groove Lounge, also known as Club 1210, received \$20,000. However, the Groove Lounge has been shutdown on a number of occasions by the Buffalo Police Department for various infractions involving gunfire and homicides. In October, 2020, the Groove Lounge was shut down after a shooting occurred stemming from an incident which allegedly occurred there. The County of Erie also shut down this establishment because of alleged violations of COVID protocols and regulations.

In addition to the information above and the information previously requested, please also provide language for any clawback provisions associated with the grant. Can a business claim grant money and then simply shut down? The Buffalo Roadhouse Grill received a \$25,000 grant. On December 30th, 2020, they announced that they are closing. Similarly, Toutant received \$45,000. On January 2nd, 2021, they announced that they would be temporarily shutting their doors. Will these businesses be allowed to keep their "Back to Business" grant?

Please also provide information that would provide justification for media outlets and law firms receiving "Back to Business" grants. I do not recall mandates which would call for media companies and law firms to cease operations, even in the orange zone in which we presently find ourselves. For example, WNYmedia Network does not appear to have ceased, or even slowed, operations, and yet they received \$5,000. Concerns raised question whether such entities were given preferential status due to their political connections and being on the political payrolls of Erie County Executive Mark Poloncarz, the Erie County Democratic Committee and Erie County Democratic Party Chairman Jeremy Zellner.

Another question that has been raised is how the \$800,000 of the \$20 million not granted to businesses was spent, with specific detail, dollar for dollar. For example, the information provided by the County Executive states that \$247,882 was spent on marketing. Specifically, who received this money? Were any grantees recipients of this non-grant money? Examples of expenditures for which questions remain include but are not limited to:

For the \$129,000 spent on digital advertising, who received the money and how much for each vendor? Was the work put out for bid?

For the \$29,850 spent on partnerships and content, who performed the work and who was paid this money? Was the work put out for bid?

For the \$89,476 spent on community relations, who performed the work? Was the work put out for bid?

For the \$168,332 spent on staff and administration, what specifically was this money spent on? For example, was it spent on salaries, food, benefits or other items, and how much was spent for each item?

For the \$122,508 spent on operating expenses, what specifically comprised these expenses? To whom were these amounts paid?

Of course questions then turn to those that did not receive grants, such as BABZ BBQ, woman owned in Akron, NY, Shannon Connors Fitness, woman owned in Lancaster, NY, Major Tom's Drop Zone, Veteran owned in Hamburg, NY, and Thirteen Monkeys, Veteran owned in Tonawanda, NY. Could some of these expenses been spared to provide funding to other businesses in need?

As such, I repeat my request for the above-stated information, as well as information that I have previously requested. Questions arise daily and the lack of transparency only exacerbates those concerns.

In the meantime, if you have any questions or information that could assist in making this program more transparent, please do not hesitate to contact me. Because of the secrecy of how you spent federal tax dollars, the Office of Erie County Comptroller has no other choice but to pursue litigation and/or issue subpoenas for details on how public funds were used.

Sincerely,



Stefan I. Mychajliw, Jr.
Erie County Comptroller