



STEFAN I. MYCHAJLIW

ERIE COUNTY COMPTROLLER

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Contact – Office of Erie County Comptroller, 858-8400

43 NORTH REFUSES TO ANSWER QUESTIONS ON HOW THEY SPENT FEDERAL TAX DOLLARS

Office of Erie County Comptroller exploring use of outside counsel to sue 43 North or issue subpoenas for an accounting of how tax dollars were used in the “Back to Business” program

(ERIE COUNTY, NY) – Erie County Comptroller Stefan Mychajliw is exploring the use of outside counsel or subpoenas to force 43 North to provide information on how they spent and disseminated \$19 million in federal dollars through the “Back to Business” grant program.

The Erie County Executive and Erie County Legislature authorized 43 North to judge who did and who did not receive business grants funded by the federal CARES Act. The agency refuses to answer any questions put forth by the Office of Erie County Comptroller about how they spent money on themselves, on administrative costs, advertising costs and the list of businesses that they did not select for grants.

“The secrecy surrounding 43 North and how they used federal dollars is troubling. This is not their money. These tax dollars do not belong to 43 North. They are not above the law. What are they hiding? I want a full accounting of how all CARES Act funds were spent and disseminated. If 43 North refuses to let the public know exactly how federal dollars were spent, I will pursue litigation or subpoenas,” said Erie County Comptroller Stefan I. Mychajliw Jr.

More questions than answers have been raised following the public release of “winners” selected by 43 North, with business grants ranging from \$5,000 to \$45,000. Among the concerns and questions raised when the list of awardees was announced on December 28th, 2020:

- Who did 43 North hire for \$445,652.55 spent on “reviewing and diligence?”
- How exactly did 43 North spend \$168,332.18 on themselves for staff and administration costs?
- Was the \$129,000 spent by 43 North on advertising put out to public bid? Who was that money spent on?
- 43North claims \$122,508.05 was spent for operating expenses. What exactly were those specific expenses?
- Who did 43 North pay \$89,476 for “community relations” and why?
- Who and what was the purpose for the stated \$27,850 spent “for partnerships and content?”

In addition to refusing to document exactly how inter-office tax dollars were spent, 43 North also refuses to release a list of businesses that were denied grants and why. This information was also requested by the Erie County Legislature. Three businesses that were denied taxpayer funded business grants from 43 North asked for transparency of how “winners and losers” were selected.

“Every small business was someone’s dream. It was somebody’s life savings. So for them to pick and choose who can stay open and who can close, that to me, is unbelievable,” said Shannon Connors, a woman owned, small business owner that started Shannon Connors Fitness in Lancaster.

“At night we don't sleep. My stomach, everything is sick because of the fact I have employees who have kids, little kids. I worry about them not having a job because of what is happening. My employees are my first priority. Mentally, it's horrible actually,” said Missy Babiarz, small business owner that started BABZ BBQ in Akron.

“I am really not pleased with the outcome, obviously. I know a lot of other businesses are struggling and they are not getting grants. And when other companies that get it are bloggers it is disheartening,” said Jason Jaskula, combat Veteran and small business owner that started 13 Monkeys whiskey in Tonawanda.

Questions also remain unanswered concerning businesses that are closed for gun violence, COVID violations and shut down that received taxpayer funded grants. Amongst concerns raised about potential “claw backs” of grants awarded to businesses that closed permanently or temporarily:

- Buffalo Roadhouse Grill received a \$25,000 grant, yet announced on December 30th, 2020 that they are permanently closing.
- Toutant received \$45,000, but on January 2nd, 2021, announced they would temporarily close.
- Lobbying and government/public relations firm E3 Communications conducts contract work for the Erie County Water Authority, among other government clients, and received grant funding.
- WNYMedia, a left leaning blogger on the political payrolls of Erie County Executive Mark Poloncarz, the Erie County Democratic Committee and Erie County Democratic Chairman Jeremy Zellner was awarded a business grant by 43 North. Blogs and social media posts stated the owner hates Republicans, compared the Jacobs family to Nazis, discouraged donations to the Ride for Roswell and called for its CEO Candace Johnson to resign.
- The Groove Lounge, also known as Club 1210, received a \$20,000 grant. The Erie County Health Department shut them down in August 2020 for COVID violations. According to published reports, the Buffalo Police Department also closed the business down for homicides and shootings near the establishment. The business was ordered shut down in October, 2020 after two people were shot in the parking lot. The business was also ordered closed in July, 2018 following a shooting that involved an off-duty police officer. In March, 2019, the Lounge was also ordered shut down after a fatal shooting in the parking lot. There was a deadly shooting outside the club in March, 2017.

Comptroller Mychajliw is also seeking clarification as to why media outlets and law firms, not subject to the various zone closings, would receive grant dollars.

“43 North can avoid litigation or subpoenas by providing data. The public has a right to know how their tax dollars were spent. 43 North is not being accused of doing anything right or wrong. Taxpayers simply deserve information on how every single public dollar was used,” concluded Comptroller Mychajliw.

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