




COVID-19

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N.J. fisheries netted \$2.4M in improper COVID relief payments, watchdog says

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 A new report from the New Jersey State Comptroller's Office has identified nearly \$2.4 million in federal COVID-19 relief payments to marine fisheries that investigators say may have been improper. (Photo by Andrew Burton/Getty Images)

State environmental officials ignored red flags and distributed nearly \$2.4 million in possibly improper COVID-19 relief payments to New Jersey marine fisheries in 2020, according to a [state Comptroller's report](#) released Thursday.

The Comptroller's Office investigated 24 of the 90 fisheries that pocketed federal CARES Act funds and found fault with 10 of them. The potential overpayments – ranging from \$19,000 to nearly \$600,000 per recipient – accounted for 22% of the \$11.2 million New Jersey fisheries received to cover revenue losses they suffered in the first four months of the pandemic, the report says.

Acting State Comptroller Kevin D. Walsh said fisheries should return overpayments and urged the state Department of Environmental Protection, which administered federal relief funds, to tighten controls to avoid such problems in the future.

“These funds were for fisheries that lost money because of the pandemic,” Walsh said in a statement. “If they didn't lose money during the pandemic or didn't lose as much as they claimed, they should pay the money back. If the excess funds aren't returned, taxpayers could potentially be on the hook.”

To qualify for relief, fisheries had to have lost at least 35% of their business between March and June 2020, compared to average revenues for the same four-month span the previous five years, according to the report. Fisheries couldn't be made “more than whole” and receive more money than they lost, the report noted.

Federal guidelines didn't require applicants to document lost revenue, according to the report. Instead, they just had to swear their application was truthful, a “self-certification” meant to get them relief quickly.

But state environmental officials ignored several red flags that resulted in hundreds of thousands of dollars of overpayment, such as fisheries that rounded numbers on their applications or reported identical revenues for multiple years, the Comptroller's Office said. The Department of Environmental Protection's failure to follow up on suspicious numbers led to improper payments, the office said.

Ten fisheries received relief money that made them more than whole, according to the report. One applied twice – and got paid twice, an overpayment of about \$188,000, investigators found. Another applied for and got relief funds, even though it pulled in \$10,000 more in revenue in the pandemic's first few months than in previous springs, the report found.

At least nine didn't report, as required, other COVID relief they received, including federal Payroll Protection Program loans ranging from \$1,000 to more than \$200,000, the report said.

“Getting COVID funding out quickly was important, but more should have been done to protect the funds from fraud, waste, and abuse,” Walsh said.

Department of Environmental Protection spokesman Larry Hajna said officials relied on federal guidance to “provide swift and meaningful relief to dozens of businesses, many small and locally-owned, whose continued existence was being threatened by the COVID-19 pandemic.”

The Comptroller's report "fails to give adequate consideration to this guidance and the circumstances facing the DEP and applicants during the height of the pandemic," Hajna added.

Department officials disagree with the report that they ignored red flags but will "develop acceptable procedures to ensure funding is provided efficiently and equitably to those in need of financial assistance as we continue our recovery from the COVID-19 pandemic," Hajna said.

Federal authorities distributed more than \$300 million in COVID assistance to U.S. fisheries, according to the report. Revenues for fisheries nationally around fell by 29% in the first seven months of 2020, according to a [2021 report by NOAA Fisheries](#).

COVID relief for New Jersey's marine industry continues to come in, with DEP officials [announcing just this week](#) that the federal Department of Agriculture will give more than \$825,000 to seafood processors and dealers to cover COVID-related expenses they incurred in 2020 and 2021.



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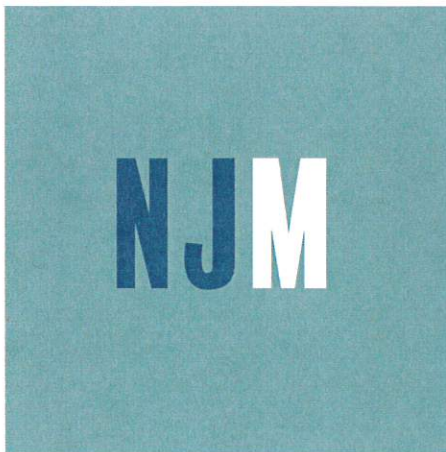
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