



## Welfare recipients take out cash at strip clubs, liquor stores and X-rated shops

By: Kate Briquetelet - January 6, 2013

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They're on the dole — and watching the pole.

Welfare recipients took out cash at bars, liquor stores, X-rated video shops, hookah parlors and even strip clubs — where they presumably spent their taxpayer money on lap dances rather than diapers, a Post investigation found.

A database of 200 million Electronic Benefit Transfer records from January 2011 to July 2012, obtained by The Post through a Freedom of Information request, showed welfare recipients using their EBT cards to make dozens of cash withdrawals at ATMs inside Hank's Saloon in Brooklyn; the Blue Door Video porn shop in the East Village; The Anchor, a sleek SoHo lounge; the Patriot Saloon in TriBeCa; and Drinks Galore, a liquor distributor in The Bronx.

The state Office of Temporary and Disability Assistance (OTDA), which oversees the “cash assistance program,” even lists some of these welfare-ready ATMs on its Web site.

One EBT machine is stationed inside Club Eleven, an infamous Hunts Point jiggle joint known as much for its violent history as its girls in pink thongs.

Cops have been cracking down on the Bronx club since 2009 and shut it down temporarily in 2010. In July, five men were stabbed and two others shot outside after bouncers broke up a 4 a.m. brawl with pepper spray. The club appeared to be shuttered when The Post visited Thursday.

Club Heat, another Bronx strip club that dispenses EBT cash, is also no stranger to violence. A 33-year-old woman was fatally shot in the head outside the club in December 2011.

Critics blasted the government for turning a blind eye to welfare's sleazy money.

“This is morally scandalous,” said Michael Tanner, a senior fellow at the Cato Institute. “I have nothing against strip clubs, but that's not what benefits are for. I don't blame [recipients]. If you are poor, it's a crummy life and you want to have a drink or see a naked woman. I blame the people who are in charge of this.”

Welfare recipients receive food stamps and cash assistance under the federal Temporary Assistance for Needy Families program. Both benefits are accessed through an EBT card,

but only cash assistance — meant for housing, utilities and household necessities — can be accessed at ATMs.

A single-person household could receive a maximum \$200 in monthly food stamps plus \$158 in cash assistance. A family of four could get as much as \$668 in food stamps and \$433 in cash.

The food-stamp program prohibits the purchase of booze, tobacco and lottery tickets with an EBT card. But with the cash-assistance program, users can blow money on strippers or a six-pack and to tap welfare dollars from liquor stores, casinos and adult-oriented establishments.

The Post found dozens of pubs, nightclubs and tobacco shops where welfare dough was dispensed — and presumably spent.

The Boiler Room, a gay dive bar in the East Village, had \$120 and \$60 transactions a minute apart on Jan. 17, 2011. The bar is around the corner from a Bank of America that takes EBT cards.

West Village tobacco shop Shisha International had EBT transactions ranging from \$40 to \$180 in 2011. The store is near at least two EBT-friendly ATMs.

Legislative efforts to crack down on sinful spending have fallen short.

State Sen. Tom Libous (R-Binghamton) passed a bill in his chamber in June that would outlaw welfare withdrawals at gambling dens, strip clubs and other venues of vice, but the measure is gathering dust in the Democratic-controlled Assembly.

Libous is looking for a new Assembly sponsor to carry the bill in that house in the upcoming legislative session, after past sponsor George Latimer (D-Rye) was elected to the state Senate.

With only one of the city's Assembly members, Nicole Malliotakis (R-B'klyn./SI), as a co-sponsor, the bill faces an uphill battle.

The Assembly typically doesn't support welfare reform, because its more liberal members think the measures "hurt the poor," Libous said. If the bill remains stalled, the state stands to lose \$120 million in federal welfare funding.

The Middle Class Tax Relief and Job Creation Act, signed by President Obama last February, requires states to prohibit sinful welfare spending by 2014. If they don't, they'll forfeit federal cash.

"The people who are stealing from the program are the ones I want to go after," Libous said. "Not someone who lost his job or a single mom who has to feed her kids. That's what this program is supposed to be for."

A spokesman with the US Department of Health and Human Services said states make their own rules on EBT cards.

Some states already limit where EBT cards can withdraw money.

A rep from OTDA, New York's welfare office, said the state does not choose or regulate which retailers get ATMs that handle EBTs. Instead, retailers decide whether to use an ATM that accepts welfare cards.

*Additional reporting by Susan Edelman and Brad Hamilton*