



STATE OF NEW YORK
OFFICE OF THE STATE INSPECTOR GENERAL
Final Report
May 14, 2009

DMV Clerk Pleads Guilty in Stolen Sticker Case

SUMMARY OF FINDINGS/RECOMMENDATIONS

The Inspector General found that New York State Department of Motor Vehicles (DMV) clerk Sandra Krause stole New York State vehicle inspection stickers from her DMV office. Krause illegally affixed one of the stolen stickers to her own vehicle and provided another stolen sticker to her nephew, Joshua Krause, to unlawfully affix to his own vehicle that had failed inspection. The Inspector General further found that Harry Pinke, an employee of the New York State Office of General Services, provided Krause a forged handicapped parking sticker and abused his official position by allowing Krause to unlawfully park in a handicapped parking spot near her state office that he was charged with monitoring. Pinke further improperly parked his own vehicle in a choice location utilizing a misappropriated state parking sticker.

ALLEGATIONS

On September 30, 2008, the New York State Department of Motor Vehicles Division of Field Investigation (DFI) notified the Inspector General that an inspection sticker observed on a vehicle parked in a handicapped spot near DMV headquarters might have been improperly obtained.

SUMMARY OF INVESTIGATION

DFI officials advised the Inspector General that the inspection sticker on the vehicle in question was taped, rather than properly glued, to the windshield. The vehicle was seen parked in a "handicapped only" space adjacent to DMV's main office on Swan Street in Albany. DFI determined that the sticker had not been issued by a certified inspection station and that the vehicle was registered to Sandra Krause, a DMV employee assigned to the Division of Vehicle Safety, whose job duties included distributing inspection stickers to inspection stations throughout the state.

DMV records revealed that the inspection sticker on Krause's vehicle was obtained from a batch of 40 stickers that had been allocated to an inspection station in Buffalo but never issued by it to any vehicle. The Inspector General determined that the

handicapped parking hang tag displayed in Krause's car was assigned to Charles Kaufman, who is not a state employee. The Inspector General also learned that Krause's nephew, Joshua Krause, owns a vehicle that failed inspection in March 2008. The Inspector General located Joshua Krause's vehicle and observed that it, too, had an inspection sticker taped to the windshield. Further investigation revealed that this sticker was from another batch of inspection stickers, which was assigned to Sandra Krause's unit at DMV for special use.

Arrest of Sandra Krause and Joshua Krause

On October 30, 2008, State Police arrested Sandra Krause on charges of forgery, criminal possession of stolen property, official misconduct, and offering a false instrument for filing. On the same day, Joshua Krause was arrested and charged with possession of a forged instrument, possession of stolen property, and offering a false instrument for filing.

Sandra Krause admitted that she had stolen a number of DMV inspection stickers while at work, one of which she placed on her car and another of which she gave to her nephew because his car had failed inspection. She also admitted signing and submitting a registration form for her car that falsely indicated the car had been inspected. With Sandra Krause's permission, the Inspector General searched her bags and found an inspection sticker of the same type found on Joshua Krause's vehicle. DMV conducted an inventory of Krause's work desk and located the 39 inspection stickers from the batch of 40 stickers that had been assigned to the inspection facility in Buffalo. DMV also found a full packet of 2009 stickers in Krause's desk that she apparently had stolen at a later date.

Upon his arrest, Joshua Krause admitted that Sandra Krause, his aunt, had provided him with the 2008 inspection sticker found on his vehicle, as well as a sticker for the previous year. He claimed he did not know how Sandra Krause obtained the stickers, although he knew she worked at DMV and assumed there was "some funny business" associated with them.

Sandra Krause retired from state service after DMV suspended her and brought disciplinary proceedings against her. Sandra Krause pleaded guilty in Albany City Court to disorderly conduct and was given a conditional discharge requiring her to perform 25 hours of community service and pay a court surcharge of \$120. The case against Joshua Krause was adjourned in contemplation of dismissal.

Sandra Krause's Forged Handicapped Parking Tag

The Inspector General questioned Sandra Krause about the handicapped hang tag that was observed in her car but that, according to DMV records, had been issued to a Charles Kaufman. Krause stated that a friend, Harry Pinke, had given her the tag, which she admitted using during the previous year so she could park near her DMV office and

avoid paying for parking.

The Inspector General determined that Pinke, who was employed by the New York State Office of General Services' (OGS) parking services unit, was an acquaintance of Kaufman. When interviewed, Pinke admitted that several years ago Kaufman gave Pinke his handicapped hang tag, which Pinke duplicated using materials and equipment in his home. Pinke admitted he kept the original tag and gave the forged copy to Krause. Kaufman died in 2006.

When initially questioned under oath by the Inspector General, Pinke falsely testified that he parked his vehicle in the East Garage Parking structure, approximately a 10-minute walk from his work station. Pinke further falsely testified that after he had provided Krause with a copy of the handicapped parking tag that he had made, he had discarded the original handicapped tag. After further investigation, Pinke was again questioned under oath and admitted that he had lied in his initial sworn testimony to the Inspector General. Pinke then admitted that he routinely parked illegally on Swan Street near the DMV building, using an official, but expired, OGS parking permit for the area. Pinke would not provide a credible explanation for how he obtained the tag. Additionally, Pinke produced the original handicapped tag he had obtained from Kaufman, claiming that he never used it despite the fact that he kept the tag on the sun visor of his vehicle.

Pinke's use of the expired OGS parking permit went undetected by OGS because he was the employee responsible for enforcing parking rules on the section of Swan Street where he unlawfully parked. In this assignment, Pinke also facilitated Krause's use of the forged handicapped tag he had provided to her.

Pinke was arrested and charged with criminal possession of a forged instrument and official misconduct. OGS terminated Pinke's employment. Charges against Pinke were adjourned in contemplation of dismissal.

Sandra Krause's Theft of DMV Vehicle Inspection Stickers

The Inspector General and DFI determined that the inspection sticker on Joshua Krause's vehicle was part of a packet of stickers designated to be used by Sandra Krause's DMV unit, the Division of Vehicle Safety, to replace damaged or destroyed stickers. For example, if a sticker is rendered unusable due to the replacement of a vehicle's windshield, the Division of Vehicle Safety may issue a new sticker to the vehicle owner. The division maintains a log book to account for all stickers distributed in this or other specifically defined circumstances. The investigation found, however, that in several instances stickers had been "issued," but that required information about the disposition of the stickers had not been entered in the log book. The sticker found on Joshua Krause's car was one of the stickers for which the log book contained no explanation. DMV auditors informed the Inspector General that prior to this investigation, it was the practice of division employees not to make a notation in the log

book if, for instance, the wrong month was inadvertently punched on a sticker in the process of being issued and the sticker had to be discarded. Sandra Krause took advantage of this vulnerability in the process to steal numerous stickers without detection. DMV has advised the Inspector General that it has revised the system for issuing replacement stickers to address this problem and deter and prevent future misconduct.

Krause employed a different scheme to obtain the inspection sticker found on her own vehicle and those discovered in her desk. In essence, Krause submitted one service station's order for inspection stickers twice, sending one order to the station, and keeping the extra order for herself.

DMV issues inspection stickers to certified repair stations in packets of 20 stickers. Orders received through the Internet are paid for by credit card, while mail orders must be accompanied by a check. When mail orders are received for processing in the Division of Vehicle Safety, a division employee initiates the issuance of the stickers by entering information from the order form into the DMV computer system. At the end of the day, the employee forwards all of his or her processed orders and accompanying checks to DMV's Accounting Department, which is responsible for ensuring that payment is received for all orders. Within a day or two, packets of stickers that have been automatically numbered and assigned to the purchasing station are forwarded to the Division of Vehicle Safety for packaging and shipping to the stations. The stickers are shipped immediately, while the Accounting Department's reconciliation of orders and payments may take several weeks.

The Inspector General and DFI determined that on October 31, 2007, Krause processed a mail order for two packets of stickers (40 stickers in total) from a repair station in Buffalo. However, instead of forwarding this order form and check to the Accounting Department at the end of the day, Krause retained both items. When the assigned stickers were received in the Division of Vehicle Safety for shipment, Krause put the two packets intended for the Buffalo station in her desk rather than mailing them. She then returned the order form and check to the pile of newly arrived mail orders, and another employee, unaware of Krause's actions, processed the order and properly forwarded the order form and check to the Accounting Department. Subsequently, the two packets of stickers from this proper processing of its order were shipped to the Buffalo station. Krause put one of the stickers from the 40 she had misappropriated on her own car. The other 39 stickers were found in Krause's desk by DMV investigators approximately one year later.

On December 15, 2007, the Accounting Department completed its reconciliation of Krause's orders from October 31, 2007, with her computer entries for that date. Accounting staff immediately realized there was no payment from the Buffalo repair station associated with the order Krause had entered into the computer system. The discrepancy was brought to the attention of Krause's supervisor. When questioned by her supervisor about the Buffalo order, Krause said that she must have made a "data entry error."

DMV advised the Inspector General that when stickers are assigned to a repair station and issued without DMV receiving payment, the station is usually contacted and told it must pay for the stickers or return the stickers, but that no further stickers will be issued while there is an outstanding balance. In this instance, however, DMV not only failed to question the Buffalo station about the two packets of stickers processed by Krause, but accepted Krause's "data entry" explanation without further inquiry.

FINDINGS AND RECOMMENDATIONS

The Inspector General found that DMV employee Sandra Krause stole New York State vehicle inspection stickers. The stickers were illegally used on her own car and a car belonging to her nephew, Joshua Krause, that had failed inspection. Sandra Krause and Joshua Krause also both falsely certified that their cars were inspected when registering the vehicles with DMV. The Inspector General, State Police, and DMV investigators arrested Sandra Krause and Joshua Krause.

The Inspector General also found that Sandra Krause illegally parked in a handicapped parking spot, using a handicapped parking permit that was forged and given to her by Harry Pinke, an OGS employee who is a friend of Krause. Pinke was arrested, and he was fired by OGS.

Sandra Krause retired from state service after DMV suspended her and brought disciplinary proceedings against her. Sandra Krause pleaded guilty in Albany City Court to disorderly conduct and was given a conditional discharge requiring her to perform 25 hours of community service and pay a court surcharge of \$120. The case against Joshua Krause was adjourned in contemplation of dismissal. Charges against Pinke also were adjourned in contemplation of dismissal.

The Inspector General and DMV identified vulnerabilities in DMV safeguards over the Division of Vehicle Safety's issuance of replacement inspection stickers. DMV has taken steps to correct these deficiencies, and the Inspector General requested that DMV provide a status report on the implementation of these improvements.

Response by the Department of Motor Vehicles

By letter of April 28, 2009, DMV advised the Inspector General that improvements to the processes by which inspections stickers are issued are in place. With respect to the replacement of damaged stickers, employees are now required to make a log entry describing why each replacement sticker was issued, and voided stickers are now immediately presented to a supervisor for proper accounting and destruction. Regarding the issuance of books of new stickers, errors in accounting reconciliation now are brought to a supervisor's attention and all errors are tracked by a principal clerk. According to DMV, electronic alternatives to further strengthen controls are also being examined.