



STATE OF NEW YORK
OFFICE OF THE STATE INSPECTOR GENERAL
Final Report
September 9, 2010

SUMMARY OF FINDINGS/RECOMMENDATIONS

The New York State Inspector General found that Robert Pagini, a former New York State Department of Health (DOH) Senior Mail and Supply Clerk, repeatedly stole postage from DOH for over five years totaling in excess of \$16,000. The Inspector General determined that Pagini used the stolen postage to mail packages to customers of his personal eBay business, among other personal mail items.

Pagini retired from state service on January 23, 2010, during the Inspector General's investigation. The Inspector General referred these findings to the New York State Attorney General's Office, and on April 29, 2010, Pagini was arrested and charged with Grand Larceny in the Third Degree, a felony, and Official Misconduct, a misdemeanor. On June 28, 2010, Pagini pleaded guilty to Grand Larceny in the Fourth Degree, a felony, and on September 8, 2010, he was sentenced to five years probation and ordered to make \$16,133.25 in restitution, which he already had paid.

ALLEGATION

On July 22, 2009, the Inspector General received an allegation from the United States Postal Service that a postal carrier and postal clerks in the Postal Service's Troy, New York branch had noticed a significant amount of personal mail bearing DOH-metered postage strips being mailed from the DOH mailroom in the Hedley Building in Troy. The carrier and clerks noted that the sender's name was often listed as "Mr. Robert Pagini" and the sender typically used Postal Service Express Mail, flat-rate envelopes with DOH-metered postage strips affixed that were in excess of the Express Mail flat rate.

SUMMARY OF INVESTIGATION

Background

DOH, with a workforce of over 5,800 employees, maintains mailrooms at many of its facilities, including the Hedley Building in Troy. Staffed by two DOH employees, the Hedley Building mailroom receives, sorts, and distributes incoming DOH mail, and prepares outgoing DOH mail for pick up and delivery by the Postal Service, among other carrier services. The mail carrier assigned to this route delivers and retrieves mail from

the DOH mailroom each weekday morning, and services a mailbox just outside the Hedley Building each weekday evening.

The Postal Service offers Express Mail service and provides customers with flat-rate envelopes for mailing items. Express Mail customers complete a four-part, duplicate form that lists the date of the transaction, sender and recipient, as well as the postage paid, among other items. One part of the duplicate form, the "Finance Copy," is maintained by the sending post office for several years.

For outgoing mail, the DOH mailroom maintains a Pitney Bowes Mailing Systems machine which weighs, seals, and affixes metered postage strips to items of mail. For mass mailings, the postage affixed is subsequently charged back to the DOH unit making the request; the postage for all other mailings is absorbed by DOH as a whole. The Postal Service account linked to the mailing machine is regularly replenished by DOH mailroom clerks through a computer transfer of funds, and a log is maintained that documents the total daily number of pieces of mail processed and the total cost.

Robert Pagini, a DOH Senior Mail and Supply Clerk, was the Supervisor-in-Charge of the Hedley Building mailroom. He had been assigned there since 1997, except for a period between 2002 and 2004 when he worked at DOH's Corning Tower mailroom in Albany. Pagini supervised a DOH Mail Supply Clerk in the Hedley Building DOH mailroom.

The Inspector General's Investigation

The Inspector General secured and reviewed Postal Service Express Mail Finance Copy receipts still retained at the Troy Post Office for the periods May 2005 – December 2005 and August 2008 – January 2010. Culled from this group were 317 receipts that listed the sender as either "Mr. Robert Pagini" at his home address (185 receipts), or as "NYSDOH, 433 River Street, Suite 303, Troy, NY 12180" (132 receipts). All bore a similar and distinctive handwriting.

The analysis of the receipts revealed that in 2009, the only full year for which complete Express Mail receipts were maintained by the Postal Service, 192 of such mailings were made, averaging almost four per week. Although the Postal Service allows materials mailed in its Express Mail flat-rate envelopes to be charged a flat fee, currently \$17.50, regardless of the actual weight of the piece or its destination, most of Pagini's mailings bore postage far in excess of what was required. Moreover, for the period reviewed, more than \$7,000 in postage was used to mail these items, of which approximately \$4,480 was used in 2009 alone. Also of note, the receipts, many of which were purportedly sent by "NYSDOH," listed recipients in 45 different states.

The Inspector General also reviewed a half-dozen pieces of mail which contained the postal meter strip that the Postal Service confirmed was assigned to the DOH mailroom at the Hedley Building. The mail had been received from the Hedley Building DOH mailroom and was being processed for delivery. The pieces listed the sender as either Pagini or NYSDOH, and were written in a similar and distinctive handwriting.

The Inspector General interviewed the mail carrier assigned to the route that included Pagini's work location. The carrier stated he is familiar with Pagini and that for a number of years Pagini had often given him what he believed to be personal mail, such as mail to credit card and utility companies, which listed Pagini or "NYSDOH" as the sender. In addition, the carrier informed the Inspector General that the mail almost always consisted of several Express Mail envelopes with meter strip postage already affixed, often with postage greatly in excess of the required flat rate. On occasion, the carrier related, Pagini placed Express Mail envelopes in the mailbox outside the Hedley Building, which the carrier later retrieved. According to the carrier, he identified DOH as the owner of the postal meter strip affixed to Pagini's mailings since he has been servicing the same locations for 11 years and is familiar with many of the meter strip serial numbers. The Inspector General also interviewed four Postal Service registry clerks who had processed the parcels in question. All stated that for many years they had processed Express Mail parcels sent by Pagini using flat-rate envelopes with postal meter strips affixed that were in excess of the flat-rate fee.

The Inspector General issued subpoenas to eBay and its on-line secure payment service, PayPal, and obtained Pagini's account histories for the period 2006 to the present (eBay's and PayPal's record retention period). These records reveal that Pagini, under the user name NYBEARS34, is a prolific seller and buyer of goods, primarily coins and currency. Using the eBay and PayPal records, the Inspector General collated the names and addresses of Pagini's eBay purchasers with names and addresses on Postal Service Express Mail receipts previously obtained. This examination revealed that during the period in which the Postal Service and eBay/PayPal records overlapped (August 2008 – January 2010), approximately two-thirds of the records matched: parcels mailed from the Hedley Building DOH mailroom using DOH postal meter strips and bearing the sender's name "Mr. Robert Pagini" or "NYSDOH" had been sent to Pagini's eBay customers. The majority of the remaining third of Postal Service receipts not associated with Pagini's eBay transactions were related to other, more mundane mailings, including credit card, utility and other monthly payments, as well as coin appraisers. Of note, many of the monthly bills, requiring only 44¢ postage, were mailed via Postal Service Express Mail with excessive postage: Key Bank - \$25.60 postage, PayPal Plus Credit Card - \$24.70 postage, and Capital One Auto Financing - \$25.15.

As part of its investigation, the Inspector General, using an alias, purchased two items from Pagini/ NYBEARS34 on eBay. The first purchase, an "1882-O \$1.00 Morgan Silver Dollar," was made on November 28, 2009, for a cost of \$71.00 and a charge of \$4.00 for shipping. Shortly thereafter, an e-mail was received by the Inspector General from Pagini that read, "Hi!! Thanks for the payment . . . Coin will ship out tomorrow by US Express mail, Thanks again . . . Bob Pagini." On December 3, 2009, the item was received in the mail and secured as evidence. The coin had been shipped in a Postal Service Express Mail flat-rate envelope, and although only requiring \$17.50 postage, bore a mail meter strip from DOH with \$18 in postage. The Express Mail addressee copy read, "From: Mr. Robert J. Pagini" and contained his home address. On December 15, 2009, the Inspector General purchased a second item listed by the seller "NYBEARS34" in an eBay auction. This item, a "1988 \$1.00 Canada Silver Saint-Maurice Ironworks Proof," was acquired for \$12.50 and a \$4.00 shipping fee. Following a similar e-mail from Pagini confirming the purchase, the Inspector General received the item in a parcel with the DOH postal meter strip affixed.

On January 7, 2010, the Inspector General interviewed Pagini who confirmed that he buys and sells coins and currency on eBay, stating, "I buy and sell on eBay vigorously at home . . . I'm a big buyer and seller on eBay. My eBay name is NYBEARS34." Pagini advised that he has an eBay account and a PayPal account.

When asked by the Inspector General if he ships items he sells on eBay to his customers from work, Pagini initially claimed that he did not; instead, he maintained that he shipped his eBay sales from the Delmar and Glenmont Post Offices on his way home from work. Pagini averred he does not own a postal metering device, he rarely uses stamps on his eBay parcels and that all parcels likely contain a postal meter strip from the Delmar or Glenmont Post Offices. Pagini also initially denied using the DOH mailing machine to affix DOH postage to parcels containing his eBay sales.

When confronted with the Inspector General's review of Postal Service, eBay and PayPal records, Pagini recanted his earlier false testimony and admitted, "I'm guilty." Pagini confessed that he had used the DOH postal metering machine for postage for his personal mail, including his eBay sales and personal monthly billings, since 2004, when he was re-assigned to the Hedley Building from the Corning Tower. He further admitted to using DOH postage when he sent some of his personal eBay items by Postal Service Express Mail and others by Postal Service Priority Mail (for which no postal receipt is retained by the Postal Service). When questioned why the affixed postage was often in excess of the required amount, Pagini did not provide an explanation. In an attempt to explain why he sometimes listed himself and other times "NYSDOH" as the sender on Postal Service Express Mail receipts, Pagini offered, "It's just whatever I felt like doing at the time, I guess." At the conclusion of the interview, Pagini provided the Inspector General with a written statement in which he admitted to using the DOH mailing machine from 2004 to early 2010 to mail eBay items for the majority of his eBay sales, excluding "some things I sent out on the weekend." He further admitted to using excess postage on the packages, mailing other personal items, and listing the sender's name as both "Pagini" and "NYSDOH." While writing his statement, Pagini testified to the Inspector General, "I'm guilty as charged, it's on tape. I'm telling you all this. I previously lied, now I'm telling you the truth."

Under New York State Penal Law, a person is guilty of grand larceny in the third degree, a class "D" felony, when he steals property with a value of that exceeds \$3,000. Additionally, a public servant commits official misconduct when, with the intent to obtain a benefit, he knowingly commits an unauthorized exercise of his official functions. Based on the evidence accumulated, including Pagini's admission that he had stolen DOH metered postage since his re-assignment to the Hedley Building (March 2004), the Inspector General attempted to determine the total amount of this larceny. However, as the period of Pagini's larceny extends beyond that of records maintained by the Postal Service, eBay and PayPal, an accounting of his illicit transactions was only calculated for the period May 5, 2005, to January 5, 2010. Moreover, all mailings by Pagini to non-eBay customers using Postal Service Priority Mail generated no Postal Service retained records, and thus are unaccounted. Despite these limitations, the Inspector General determined that Pagini's larceny totaled in excess of \$16,113.

Pagini retired from state service on January 23, 2010, during the Inspector General's investigation. The Inspector General referred these findings to the New York

State Attorney General's Office, and on April 29, 2010, Pagini was arrested and charged with Grand Larceny in the Third Degree, a felony, and Official Misconduct, a misdemeanor. On June 28, 2010, Pagini pleaded guilty to Grand Larceny in the Fourth Degree, a felony, and on September 8, 2010, he was sentenced to five years probation and ordered to make \$16,133.25 in restitution, which he already had paid.

FINDINGS AND RECOMMENDATIONS

The Inspector General determined that Robert Pagini, while employed as a DOH Senior Mail and Supply Clerk, stole more than \$16,000 in postage from DOH for a period of over five years, using the stolen postage to mail packages to customers of his eBay business, among other personal mail items.

Pagini retired from state service, pleaded guilty to a felony, and paid restitution.