



STATE OF NEW YORK
OFFICE OF THE STATE INSPECTOR GENERAL
Final Report
December 30, 2009

SUMMARY OF FINDINGS/RECOMMENDATIONS

The Inspector General found that Marc Dreilinger, an employee of the New York State Office of Temporary and Disability Assistance (OTDA), improperly obtained five laptop computers for his unit by arranging for Currier McCabe & Associates, Inc. (CMA) to disguise the cost of the computers as an expense for moving agency computer equipment permitted under an existing contract between OTDA and CMA. After obtaining the laptop computers in violation of agency policy and the agency's contract with CMA, Dreilinger misappropriated one for his own personal use. Dreilinger's scheme was detected by OTDA audit staff, and OTDA never paid CMA for the computers.

ALLEGATION

On July 12, 2007, the Inspector General received a complaint from OTDA alleging that Dreilinger had signed and submitted a fraudulent voucher for \$9107.48 from CMA charging OTDA for movement of computer equipment. The complainant alleged that the amount charged was actually for the purchase of laptop computers.

SUMMARY OF INVESTIGATION

OTDA contracts with CMA for computer support services for the Upstate Welfare Management System. The contract, which was first executed March 1, 2004, and has been subsequently extended, provides for CMA to perform maintenance and installation of computer equipment for OTDA but does not directly cover the purchase of new computer equipment. Although the contract does contain a "New Products" clause which discusses the potential that CMA could "develop and offer . . . upgraded or additional hardware and/or software items" and that CMA would "make such items available to the OTDA," the agreement provides that in this event, CMA and OTDA would be required to "negotiate . . . prices equal to or better than the then standard applicable published government charges on the newly announced products" and enumerates six specific areas of negotiation.

Dreilinger serves as a Manager in OTDA's Bureau of Information Technology and at the time of the events described in this report had responsibility for LAN Administration, Audit and Internal Controls. Under OTDA's contract with CMA, CMA

is required to employ a “fulltime maintenance coordinator” at OTDA. CMA Maintenance Coordinator James Alheim serves in this capacity.

The Inspector General determined in the summer of 2006 during the course of a meeting between OTDA and CMA officials including Alheim and James Herrick, Assistant Director of OTDA’s Bureau of Contract Management, Dreilinger expressed his desire to purchase new high-end laptop computers specially configured with certain software not generally available under state procurement for use by his department. Dreilinger inquired whether the purchase of laptop computers could be funded through OTDA’s existing contract with CMA thus avoiding the need to generate a bid for the computer purchases. Following the meeting, Alheim telephoned Herrick and expressed his concern that this potential purchase was beyond the scope of the extant CMA contract. Herrick informed the Inspector General that both at the meeting and during this ensuing telephone conversation with Alheim, he advised Dreilinger and Alheim that any purchase would have to fall within the ambit of the existing contract and that he was skeptical that the purchase of the laptops legitimately did. On June 27, 2007, Herrick summarized these conversations in an e-mail to his supervisor stating: “Jim Alheim of CMA subsequently called me to report that Marc [Dreilinger] was anxious to purchase some higher quality laptops that were not available via OGS contract and questioned whether it would [be] contractually allowable. I cited the new products clause but cautioned Jim [Alheim] about the two items noted above: the equipment use had to be related to the contract and reasonableness of pricing must be established. I warned Jim that without such documentation, CMA would be at risk of non-payment if an auditor questioned the transaction.” Herrick informed the Inspector General that he assumed that, based upon his aforementioned communications, Dreilinger and Alheim had decided not to pursue the laptops purchases and did not learn otherwise until the instant allegations came to light.

Despite Herrick's admonishments, on July 28, 2006, Dreilinger emailed Alheim requesting the purchase of the five laptop computers stating: “Please arrange for the purchase of the identified equipment for immediate delivery. Equipment is necessary for BICS and database management activities.” On October 5, 2006, Alheim emailed Kenneth Romanski, Executive Vice President of CMA that “Marc Dreilinger has asked us to order him 5 or 6 high end PCs that he has no other way of obtaining. I asked Jim Herrick about this and he said that we do run a ‘slight’ risk of not getting approval from the comptroller’s office hence not getting paid.” Alheim requested that either Romanski or Parker Stafford – a CMA sales representative – contact Dreilinger to ensure that they could proceed. Although Romanski informed the Inspector General that he would not normally be involved in such a mundane transaction, e-mails suggest that Romanski did speak with Dreilinger.

On March 15, 2007, Alheim emailed Dreilinger and Richard DeFichy, Assistant Director of OTDA’s Bureau of Information Technology, and identified the specific laptops to purchase which he felt met his unit’s “needs.” Alheim requested confirmation of the purchase which was to be funded under the existing contract. Portending the manipulation that was to come, Alheim ended his e-mail by stating that, if approved, “I’ll

work this into an order for BICS support services.” On March 21, 2007, Dreilinger responded via an e-mail to Alheim (not copied to DeFichy)¹: “Yes, please order. Confirmation order letter on BICS remote support to follow.” Alheim advised the Inspector General that he never received the confirmation order letter promised by Dreilinger, and neither OTDA nor CMA could locate any corresponding order letter or associated documentation. Despite the lack of an order letter, on April 4, 2007 the five laptops were delivered to OTDA. Dreilinger took possession of one of the laptops and subsequently provided a laptop to each of two other OTDA BIT managers. The cost of the five laptops totaled \$9,107.48.

Alheim informed the Inspector General that Dreilinger specifically instructed him that he did not want to be “too visible” on the laptop purchase, that Alheim should prepare a voucher to be provided to Dreilinger for payment, and that the voucher should not reflect it was for the purchase of laptops. Alheim stated that providing for a CMA voucher to go directly to Dreilinger was outside the normal protocol for handling of vouchers under the contract. Alheim also stated that he informed Dreilinger, as per Dreilinger’s request, that he could create a voucher disguising the cost of the laptops by billing OTDA for CMA’s movement of computer equipment at 67 North Pearl Street. Alheim averred that he spent two weeks creating the supporting documentation for the voucher designed to hide the cost for the purchase of the laptops in a fictitious bill for moving expenses. Part of the creation of the voucher by Dreilinger and Alheim included a signed “blank” Installation and Movement Log record, from which Alheim created the supporting documentation attached to the relevant voucher (# 11148). On June 7, 2007, Dreilinger signed the voucher for the illusory movement of equipment in the “Merchandise Received” section of the voucher.

The voucher requesting payment of \$9,107.48 was forwarded by Dreilinger for processing within OTDA. During a routine review of vouchers submitted under the CMA contract, BIT fiscal staff contacted Alheim for information about the voucher. During the ensuing conversation with OTDA audit staff, Alheim admitted that the voucher was not actually for the movement of computer equipment, as it indicated, and suggested that the auditor contact Dreilinger. OTDA ceased processing of the voucher and no payment has ever been made by the agency to CMA for the improperly ordered laptops.

In an interview with the Inspector General, Dreilinger attempted to defend his actions stating, “It doesn’t follow that I would perpetrate a fraud since I was open-ended on the front end about it,” apparently referring to the summer 2006 meeting with CMA and OTDA staff in which he expressed interest in purchasing the laptops. Indirectly and unwittingly admitting his misconduct, Dreilinger added, “The only thing potentially that I would hide, if I was going to hide something, would have been the fact that these were [laptops] from the ITP [a provision of the OTDA-CMA contract] process, if I thought the voucher was going to be reviewed. I didn’t think the voucher was going to be reviewed by [the Office for Technology], because the voucher was coming through that process.”

¹ The Inspector General found no evidence that DeFichy was aware of or was in any manner complicit in Dreilinger’s misconduct which is the subject of this report.

At the request of his supervisor, on July 6, 2007, Dreilinger surrendered to OTDA the laptop that he had taken for himself. The Inspector General's forensic examination of this laptop indicated that, the night before the laptop was surrendered, music files were erased utilizing special software. Notably, the Inspector General's examination did not reveal the presence of any work-related files on the laptop retrieved from Dreilinger. The computers in question were immediately taken out of service by OTDA pending resolution of the Inspector General's investigation and have not been used or paid for by the agency. OTDA has further informed the Inspector General that Dreilinger's current duties preclude involvement with purchasing and contracts.

FINDINGS AND RECOMMENDATIONS

The Inspector General found that Marc Dreilinger, Assistant Director of Financial Administration assigned to OTDA's Division of Operations & Program Support, Bureau of Information Technology (BIT), and James Alheim, on-site Program Manager from Currier McCabe & Associates, Inc. (CMA) assigned to BIT, conspired to, and did, submit a false voucher for \$9,107.48 purporting to request payment for the movement of computer equipment when, in fact, it was for the requisition of five laptop computers.

The Inspector General recommends appropriate agency disciplinary action against Marc Dreilinger, and the removal of James Alheim from OTDA and from conducting any further business with any New York State agency. The Inspector General is further referring this matter to the Office of General Services, the state executive agency which oversees state contracts and the responsibility of vendors, to review the conduct of Alheim and CMA. As Dreilinger's conduct may constitute criminal acts in that he intentionally submitted various false documents to a government agency, this matter has also been referred to the Albany County District Attorney for his review.

OTDA'S RESPONSE TO THE INSPECTOR GENERAL'S FINDINGS

OTDA responded to the Inspector General's report: "We appreciate the Inspector General's thorough investigation into this matter and take their findings very seriously. We must hold our employees to the highest standards of integrity and the actions of Mr. Dreilinger cannot be tolerated. As a result of the IG's findings, and in support of their recommendations, the agency will seek appropriate disciplinary action against Mr. Dreilinger. OTDA will further direct CMA to remove Mr. Alheim from any involvement with our contract."