

**State of New York
Office of the Inspector General**



**Report of Investigation
of the New York State Theatre Institute**

April 2010

**Joseph Fisch
State Inspector General**

**State of New York
Office of the Inspector General**



**JOSEPH FISCH
State Inspector General**

**KELLY DONOVAN
First Deputy
Inspector General**

**DENNIS MARTIN
Chief of Staff**

**NELSON R. SHEINGOLD
Chief Counsel**

STAFF FOR THIS INVESTIGATION
AND REPORT

NELSON R. SHEINGOLD
Chief Counsel

JENNIFER STEVENS
Investigative Analyst

DENNIS GRAVES
Investigative Auditor

JANE SEELY
Investigator

STEPHEN DEL GIACCO
Director of
Quality Assurance
(Albany)

Contents

I. EXECUTIVE SUMMARY	1
II. BACKGROUND AND INTRODUCTION.....	11
A. NYSTI’s History and Statutory Mission.....	11
B. NYSTI’s Staffing, Activities, and Funding.....	12
C. Basis, Scope, and Methodology of the Inspector General’s Investigation.....	13
III. THE INSPECTOR GENERAL’S INVESTIGATION.....	16
A. Snyder’s Unilateral Control Over NYSTI Allowed Her To Engage in a Pattern of Conduct Benefiting Herself and Family Members	16
B. Snyder Repeatedly Hired Family Members for NYSTI Productions	18
1. Prohibitions on Conflicts of Interest and Nepotism in New York State Law.....	19
2. Snyder’s and NYSTI’s Violations of the Public Officers Law.....	21
3. Snyder Ultimate Decision Maker When Family Members Hired	23
4. Snyder Hired or Approved the Hiring of Family Members on Nearly All NYSTI Productions.....	26
5. Conflicts of Interest Found in NYSTI’s Audiobook Productions	34
6. “Hollowville”: A Case Study in Nepotism and Conflicts of Interest	38
C. Snyder Engaged in Improper Acts to Obtain Benefits for Herself and Her Family	42
1. Prohibitions in New York State Law on Self-Dealing by State Officials.....	42
2. Snyder Hired Herself to Direct NYSTI Productions and Violated Union Contracts to Ensure Additional Financial Benefits for Herself	43
3. Snyder Receives Undue Contributions to Her Private Pension When She Selects Herself as Director or Associate Director on NYSTI Productions.....	46
4. NYSTI Inappropriately Funds Both Private and Public Pension and Health Benefits for Snyder	51
5. Despite Waivers, Snyder Received \$19,500 in NYSTI Payments to Direct Plays.....	52
6. Snyder and Her Son, William S. Snyder, Received Royalties from an Adaptation of “Miracle on 34 th Street”	54

7. Ethical Restrictions on Receipt of Royalties Stemming from Official Work.....	65
8. Snyder Failed to Report Royalty Income in Annual Financial Disclosure Statements She Submitted to Commission on Public Integrity	68
D. NYSTI and Snyder Engaged in Unnecessary and Improper Spending	70
1. Meal Expenditures Inconsistent with State Rules Totaled Nearly \$85,000.....	71
2. Transportation Expenditures Excessive and Contrary to State Guidelines	76
3. NYSTI Spent Over \$28,000 for Gifts, Including \$2,431 for Four Retirement Gifts.....	82
4. Expenditures of Nearly \$5,000 on Benefit Events and Social Outings	84
5. NYSTI Expenditures on Audiobook Productions Exceeded \$170,000	85
6. Snyder Made Numerous Reimbursements of Personal Expenses After Inspector General Commenced Investigation.....	88
7. Snyder and Other NYSTI Officials Backdated Reimbursement Documents	89
8. Snyder Attempted to Shift Blame to Staff for Improper Expenditures	92
9. NYSTI Omitted Records Prior to Submission to the Inspector General	93
E. Lack of Internal and External Scrutiny of NYSTI Expenses	95
1. NYSTI Fiscal Officers Have Failed to Scrutinize Expenditures	95
2. Independent Auditor Unfamiliar with NYSTI Spending from Bank Account.....	98
3. Significant Matters Not Brought Before NYSTI Board of Directors	99
F. Additional Findings Relating to Actions by Snyder and NYSTI	100
1. NYSTI’s New York City Apartment	100
2. NYSTI Purchases of Arbonne Products Improperly Benefited Snyder.....	106
3. Snyder Uses NYSTI Business Accounts to Make Personal Purchases	108
4. NYSTI Did Not Provide Required Tax Forms to Contractor.....	109
IV. FINDINGS AND RECOMMENDATIONS	110
V. RESPONSE OF THE NYSTI BOARD OF DIRECTORS TO THE INSPECTOR GENERAL’S REPORT	119

I. EXECUTIVE SUMMARY

Introduction

The Inspector General determined that the New York State Theatre Institute (NYSTI) under the direction of its Producing Director, Patricia Snyder, failed to recognize NYSTI's existence as a public entity subject to the state's ethics rules. The NYSTI Board of Directors permitted Snyder, over a long period, to exercise virtually unfettered control and final decision-making authority over nearly every aspect of NYSTI's activities, allowing Snyder to use her authority to engage in a pattern of activities which benefited herself and members of her family in contravention of the state Public Officers Law. Snyder's longstanding failure to separate her responsibilities and duties as the head of a public entity and her personal and familial interests underlie nearly all the findings of the Inspector General's investigation.

The New York State Theatre Institute

NYSTI is a public benefit corporation established to provide theater and education programs for the children, youth and educators of New York State. By statute, NYSTI is a state agency and its officials and employees are required to abide by the state's ethics laws. NYSTI presents six or seven stage productions each year at its facility in Troy, as well as occasional productions at theaters throughout the state. NYSTI owes its existence to a direct state budget appropriation, which in fiscal year 2009-2010 is \$3,066,000. NYSTI's budget allocation is supplemented each year by approximately \$575,000 in revenues from box-office receipts, merchandise sales, grants, and private donations. NYSTI has also received budget allocations directed by individual legislators, or member items, which in fiscal year 2008-2009 totaled \$20,000.

Since its inception, Patricia Snyder has served as NYSTI's Producing Director charged with running its daily operations. NYSTI employs 33 full- and part-time staff, including actors, teachers, technical workers, and administrative employees. NYSTI also

hires actors, other creative staff, and technical workers on a contracted, per production basis.

Basis and Scope of the Inspector General's Investigation

The Inspector General obtained information that NYSTI improperly paid for travel for non-NYSTI employees, including Patricia Snyder's husband, William F. Snyder, who at the time was director of New York Network, a separate state entity. Accordingly, the Inspector General requested copies of all original NYSTI records pertaining to any payments to William F. Snyder. In response, NYSTI failed to provide the requested documents, but instead provided summaries of NYSTI-New York Network collaborations that described a single payment to William F. Snyder, for which he had reimbursed NYSTI. The Inspector General issued a subsequent request to NYSTI for the underlying documentation used to create the submitted summaries, but NYSTI again provided an incomplete response. In light of NYSTI's repeated failure to provide routine records of expenditures that it surely possessed, the Inspector General determined to broaden the scope of its inquiry to examine NYSTI's expenditures and other activities. Ultimately, despite NYSTI's statement that only one payment had been made which had been reimbursed, during the course of this investigation the Inspector General discovered at least 17 unreimbursed payments to Snyder's husband.

Pursuant to this investigation, the Inspector General conducted interviews of 32 witnesses, including NYSTI management staff and other key witnesses who were questioned under oath. Several witnesses were interviewed multiple times. The Inspector General examined approximately 50,000 documents it obtained from NYSTI, most of which the Inspector General obtained while on-site at NYSTI offices, and other sources. The Inspector General also reviewed more than 30,000 of NYSTI's financial transactions.

Throughout this investigation, NYSTI has repeatedly highlighted the quality of its creative endeavors and, in lieu of complete responses to inquiries, provided the Inspector

General with unsolicited reviews of its work. The Inspector General is charged with investigating corruption, fraud, criminal activity, conflicts of interest and abuse in agencies such as NYSTI. The Inspector General's office does not assess artistic merit and has not examined the quality of NYSTI's productions as this determination is beyond its statutory mandate. Indeed, for the purposes of this investigation, the Inspector General assumes that NYSTI's work is generally of a high quality. Notwithstanding such assumption, state-funded entities and their officials, unlike private companies and their executives, are required to comply with ethical guidelines designed to ensure that public monies are expended solely in the interests of the general public and not for personal gain. Actions by these officials which violate the public trust are not excused or minimized by the quality of the product.

NYSTI Acted to Mislead and Thwart the Investigation

In the course of the Inspector General's investigation, NYSTI and Snyder took actions to frustrate and mislead the inquiry. NYSTI deliberately withheld or denied it was in possession of certain requested documents. Snyder and other NYSTI managers backdated records to create the false impression that Snyder had made timely reimbursements of personal expenses she improperly charged to NYSTI, when in fact the reimbursements were not made until after the Inspector General's investigation had commenced and the records had been demanded.

Snyder, when questioned by the Inspector General in a sworn interview, provided testimony that was misleading, inaccurate, and, in some instances, false.

Snyder's Conflicts of Interest in Repeatedly Hiring Family Members

The Inspector General determined that, in practice, Snyder exercised unquestioned control over the selection of plays to be produced by NYSTI; directors to direct these productions; and the terms and conditions of employment of employees and artistic staff to perform in these productions. Under this authority, Snyder over a long

period has routinely hired members of her immediate family for NYSTI productions without regard for state prohibitions on conflicts of interest. This pattern of nepotism has resulted in direct payments, reimbursements and other benefits, amounting to hundreds of thousand of dollars, to Snyder's sons, daughters-in-law, and husband.

Members of Snyder's immediate family have long been fixtures in NYSTI productions, working on 49 of 54 stage productions between 2004 and 2009, and 16 of the 17 audiobooks NYSTI has produced. Snyder's son, William S. Snyder, a musician, composer and sound designer, and his company have benefited most from this arrangement, having been selected at least 182 times and receiving direct payments, reimbursements, or indirect benefits totaling more than \$239,350. Of the 61 productions during the period examined for which the Inspector General confirmed that NYSTI used a sound designer, William S. Snyder or his company was hired in 46 instances, or more than 75 percent of the time.

Snyder's daughter-in-law, Mary Jane Hansen, who is married to William S. Snyder, has also been a regular beneficiary of NYSTI favoritism, receiving payments, reimbursements, and other benefits of more than \$129,941 from 2004 through 2009. In this period, Hansen performed in 42, or nearly 80 percent, of NYSTI's 53 stage productions, appearing in numerous lead roles. Of the eight original plays or original adaptations NYSTI has produced since 2004, Hansen was hired as the author or adapter of five, earning more than \$31,955 for this work. Hansen also was hired to work on eight of NYSTI's 17 audiobooks, including all five completed since 2004.

It is undisputed that Patricia Snyder has primary, if not sole, responsibility over all NYSTI contracts including those resulting in payments to her family members. Snyder made no efforts to screen or recuse herself from involvement in these contracts; to the contrary, she directly involved herself in these arrangements in apparent violation of the provisions of the state Public Officers Law on nepotism and conflicts of interest.

Despite the prohibitions in the Public Officers Law against actual and apparent conflicts of interest, Snyder defended her hiring of relatives, even claiming in her testimony to the Inspector General, “There is no law in New York State on nepotism.” Equally troubling, NYSTI Board of Directors Chairman David Morris also testified he is “not aware of any restrictions” on Snyder’s hiring of family members, a practice he indicated that he and the Board knew of and approved.

Snyder Executed Irregular and Unusual Agreements Benefiting Herself

The Inspector General’s investigation revealed that Patricia Snyder, ignoring state restrictions on self-dealing, executed a number of irregular and questionable agreements that resulted in direct and indirect benefits to herself of more than \$88,000, in addition to her annual salary, currently \$127,050.

From 1995 to 2009, Snyder hired herself as either director or associate director on 22 NYSTI productions, negotiating contracts with herself that are unusual and resulted in her receipt of improper benefits. For the four plays Snyder selected herself to direct since November 2005, her contract with NYSTI stated that NYSTI would ostensibly pay Snyder a fee of \$10,000 per production. Snyder then executed a rider to the contract in which she “waived” the directing fee. Ultimately, this waiver did not mean that Snyder was to receive no compensation stemming from her selection of herself to direct or associate direct the play as this same rider provided for NYSTI to pay contributions into Snyder’s private pension and health benefits plan which she maintains with the Stage Directors and Choreographers Society (SDC). Moreover, despite language of the SDC contract unambiguously mandating that all riders to contracts be transmitted to SDC, NYSTI deliberately omitted the rider when providing materials to the union. By this irregular practice, Snyder misled SDC by making it appear she actually received a \$10,000 fee, thus obligating NYSTI to contribute to Snyder’s private pension and health funds with SDC, when, in fact, union officials advised the Inspector General that Snyder’s waiver of an actual fee should have resulted in no private pension or health contributions being made by the state. The Inspector General found that NYSTI has paid

nearly \$27,700 into Snyder's SDC pension and health funds. Based on these contributions, Snyder can collect, in addition to her state pension, an annual pension from SDC of approximately \$3,576 for directing work she hired herself to perform for NYSTI.

Additionally, despite ostensibly waiving her directing fee when hiring herself to direct NYSTI productions, Snyder still contracted with herself to receive direct payments, in addition to her regular NYSTI salary. Under the terms of the riders, NYSTI has made payments to Snyder of either \$1,000 or \$1,500 per production. From 1995 to 2009, these payments to Snyder totaled at least \$19,500. While the riders state these payments are "to cover daily expenses, per diem and mileage in conjunction with the production," neither NYSTI nor Snyder was able to provide a single record documenting or justifying how any of the money from these payments was spent. In fact, Snyder acknowledged that she did not document any expenses she incurred that were to be covered by the funds, originally claiming, incorrectly, that such documentation was barred by union rules. The Inspector General further determined that Snyder "double dipped" by charging NYSTI for expenses already purportedly covered by the terms of the \$1,500. The Inspector General identified more than 60 payments to Snyder or charges incurred by Snyder totaling more than \$6,900 that represented duplicative payments to her for her directorial expenses.

Snyder's repeated and deliberate self-dealings resulting in direct and indirect financial benefits to herself constitute further apparent violations of the state Public Officers Law.

Snyder Profited From Highly Questionable Royalty Agreements

The Inspector General discovered that Snyder, her son, and another individual received royalty payments resulting from the adaptation and production of the play "Miracle on 34th Street." Snyder testified under oath that she, her son and the third individual had obtained the rights to adapt the play from the estate of the work's original author. Snyder further testified that there were no contracts between NYSTI, herself, and

her son regarding the royalty payments. The Inspector General determined that Snyder's testimony was, at best, disingenuous and misleading. In fact, Snyder used her official position as NYSTI Producing Director to obtain the rights to adapt the play for NYSTI and then subsequently transferred these rights to herself, her son and the third individual.

Based upon documents obtained by the Inspector General, in 2000, Snyder, acting in her capacity as NYSTI Producing Director, entered into an agreement with representatives of the estate of Valentine Davies for NYSTI to obtain the rights to adapt for the stage Davies's novel, "Miracle on 34th Street." After execution of this agreement, Snyder, her son, and a third party proceeded to adapt the play, and Snyder, in her role as NYSTI Producing Director, selected the adaptation for inclusion in NYSTI's 2000-2001 season. Then, to ensure she and her son would derive future personal financial benefit from the adaptation, Snyder executed an irregular licensing and royalty agreement with Samuel French, Inc., in which she represented both NYSTI as an organization and herself individually when "negotiating" with herself and her son.

Consequently, whenever Snyder again selected her and her son's adaption of "Miracle on 34th Street" for a NYSTI production — as she did in the 2001-2002, 2003-2004, and 2007-2008 seasons — NYSTI, at Snyder's direction, paid a licensing fee to Samuel French, a portion of which was transferred as royalties to Snyder's son and herself personally. Snyder and her son also received royalties when the adaptation was staged by other theaters. To date, Snyder and her son have received royalties exceeding \$38,000 each from the adaptation.

Snyder's actions throughout these irregular and questionable agreements are saturated with self-dealing and conflicts of interest. At a minimum, her selection of the adaptation for production by NYSTI resulting in her receipt (and her son's receipt) of royalty payments represent a violation of the Public Officers Law. Additionally, Snyder has acted to conceal her royalty payments, failing to report her royalty income on Financial Disclosure Statements filed with the New York State Commission on Public Integrity, as required by law, and not disclosing them to the NYSTI Board of Directors.

NYSTI and Snyder Engaged in Improper Spending

The Inspector General found that NYSTI and Patricia Snyder over a long period made numerous expenditures that were unnecessary and at times unrelated to NYSTI business. These expenditures included restaurant meals, travel, parties, and other items inconsistent with the fiscal responsibility expected of a public entity and often contrary to specific state guidelines.

The Inspector General's investigation identified numerous NYSTI meal expenditures, many involving Snyder, which were incompatible with state guidelines or otherwise unnecessary and unreasonable. This included hundreds of meals that took place, contrary to state guidelines, within 35 miles of Snyder's and other NYSTI employees' work station in Troy. In total, the Inspector General identified hundreds of meal charges or reimbursements totaling nearly \$85,000 that were inconsistent with guidelines and/or lacked adequate justification that they were necessary, reasonable, or proper.

NYSTI also made questionable and excessive expenditures on transportation that violated state guidelines requiring employees engaged in legitimate business travel to use the most efficient and cost-effective method of transportation available. The Inspector General found that Snyder and NYSTI during the period January 2004 through March 2009 spent more than \$40,000 on transportation costs that were excessive and in many instances contrary to guidelines. On 83 occasions, NYSTI paid for one-way or roundtrip chauffeured car service for Snyder, NYSTI staff, production cast members, or members of Snyder's family. Most of the trips were between Troy or Saratoga and New York City. In total, the cost to NYSTI for these trips was \$38,317. Snyder was a passenger for at least 25 of the trips, at a cost of \$12,174. Additionally, when Snyder traveled to Ireland for a theater conference in 2007, NYSTI paid more than \$1,560 for her airfare, including an extra charge allowing Snyder to upgrade to a first-class seat.

During Investigation, Snyder Reimbursed for Personal Expenses

Confirming their improper nature, the Inspector General identified numerous expenditures made by Snyder for which she reimbursed NYSTI, in a number of instances only after the Inspector General had commenced this investigation and requested specific spending documents.

The Inspector General identified 28 instances since January 2004 in which Snyder reimbursed NYSTI a total of \$6,342 for personal expenses she incurred using NYSTI funds. Notably, Snyder made 14 reimbursements totaling \$1,888 after the Inspector General's investigation had begun, in most instances for personal or improper expenses she had incurred months, even years earlier.

Failure of NYSTI's Internal Fiscal Controls

In addition to investigating allegations of misconduct, the Inspector General has the duty to examine the policies and practices of agencies within its jurisdiction to ensure that they are designed to deter and detect abuse. The Inspector General's investigation revealed that NYSTI's internal fiscal controls not only failed to ensure that all expenditures serve a legitimate business purpose, but actually facilitated that misspending. NYSTI's business office, which has responsibility for such controls, in fact paid any bill Snyder directed it to pay, even if it lacked required documentation or was clearly a personal expense incurred by Snyder or others.

As NYSTI's Business Manager testified: "All I can say is, I don't make decisions. If Patricia hands me things and tells me to pay for it, I pay for it." Given such lack of scrutiny, it is not surprising that questionable, unnecessary, and inappropriate expenses were invariably paid without question. Even NYSTI's independent financial auditor, a certified public accountant, had very limited knowledge of NYSTI's frequent use of a bank account from which numerous improper expenditures were made.

Conclusion

The Inspector General's investigation found that NYSTI under the direction of Patricia Snyder failed to ensure that NYSTI operate as a public entity subject to the state's ethics rules and consistent with the fiscal responsibility expected of such a body. Over a long period and continuing to the present, the NYSTI Board of Directors permitted Snyder virtually unfettered control and final decision-making authority over nearly every aspect of NYSTI's activities.

Abusing her official position, Snyder engaged in a pattern of activities that improperly benefited herself and members of her family. Repeatedly, Snyder's actions reflect her failure to separate her responsibilities and duties as the head of a public entity and her personal interests in apparent violation of the state Public Officers Law. Further, efforts by Snyder and NYSTI to mislead and thwart the Inspector General's investigation are extremely troubling.

In a revealing comment in her testimony to the Inspector General attempting to justify her ethically questionable hiring decisions, Snyder stated, "You know, you are getting into very dicey waters, artistically. I will tell you, the arts community will be up in arms with this line of questioning. We are talking about artists . . . Art is not like running an OGS office." While there are clearly differences between operating an OGS facility and a theater, nothing in NYSTI's mission is inherently inimical to the standards of fairness and accountability demanded of all entities within state government. Indeed, as the head of a public entity, Snyder's principal responsibility is to serve the public interest and promote adherence to these standards.

II. BACKGROUND AND INTRODUCTION

A. NYSTI's History and Statutory Mission

The New York State Theatre Institute (NYSTI) was originally established in 1974 as the Empire State Youth Theatre Institute under the auspices of the State University of New York (SUNY) and located at the Egg, the performing arts facility at the Empire State Plaza in Albany. In 1992, NYSTI was reconstituted as an independent public benefit corporation under the New York Arts and Cultural Affairs Law and relocated to facilities in Troy.

Pursuant to the Arts and Cultural Affairs Law, NYSTI is charged with the following responsibilities:

1. Establish a theatre and education program for the children, youth and educators of New York State, to include the performing and visual media while emphasizing diversity, multi-culturalism and assuring access to and involvement of the disabled;
2. Offer New York State elementary and secondary school teachers in-service training in the use of theatre arts as a community resource, as a complement to all other areas of education, and as an extension of classroom curriculum;
3. Offer accredited internships in theatre arts education to students being trained as teachers and artists by both public and private institutions of higher learning;
4. Offer opportunities for high school and college level students from private and public institutions of higher learning to participate in the theatre, education and arts management aspects of the corporation through a practicum;
5. Offer guidance and consultation on arts and education programs in public and private elementary and secondary schools and institutions of higher learning and community centers throughout the state;
6. Serve as a professional theatre company and an educational resource center for children and young people;

7. Offer touring programs in theatre and associated education programs for children and young people in public and private elementary and secondary schools throughout the state; and
8. Develop theatre audiences for the future by stimulating children and young people who have had little or no experience in the arts.¹

NYSTI's statute provides that it is governed by a Board of Directors consisting of a chairperson and 14 voting members representing the theater, education and business communities to be appointed by and serve at the pleasure of the Governor. Board members, including the chairperson, are uncompensated, but entitled to reimbursement of actual expenses incurred in performing board-related activities. According to current Board Chairman David Morris, in the 11 years he has served in that capacity, the Board has never had a full complement of members. At present, only seven of the 14 Board positions are filled.

Pursuant to statute, NYSTI is administered by a producing director appointed by and serving at the pleasure of the Board. Since its original establishment in 1974, Patricia Snyder has served as NYSTI's Producing Director.

B. NYSTI's Staffing, Activities, and Funding

NYSTI currently employs 33 full- and part-time staff, all of whom are New York State employees and subject to the New York State Public Officers Law. The staff includes actors, teachers, technical workers, and administrative employees. NYSTI also hires various staff, including cast members, technical workers, and designers (set, sound, lighting, and costume) on a contracted, per production basis. NYSTI's office, production and instructional facilities are located in Troy.

In a typical season, which runs from October to May, NYSTI presents six or seven stage productions. Most of the productions are presented at the Sage Colleges'

¹ New York Arts and Cultural Affairs Law § 9.07

theater in Troy, close to NYSTI's offices, with weekday productions for school groups and evening and weekend performances for the general public.

On occasion, NYSTI presents a summer production at the Queens Theater in the Park in New York City and other theaters throughout the state. In recent years, it also has performed plays in Sweden and Italy as part of its cultural exchange program with foreign theater groups. NYSTI operates a student internship program as well as summer and winter stage programs for school-age children. NYSTI also produces audiobooks of many of its stage plays.

NYSTI receives the vast majority of its funding from a direct state budget appropriation, which in fiscal year 2009-2010 amounted to \$3,066,000. NYSTI's budget allocation is supplemented each year by approximately \$575,000 NYSTI receives in revenues from box office receipts, merchandise sales, grants, and private donations. NYSTI has also received budget allocations directed by individual legislators, or member items, which in fiscal year 2008-2009 totaled \$20,000.

NYSTI's two main funding sources — its direct state allocation and its generated revenue — are processed by NYSTI in significantly different ways. The state budget appropriation is administered by the SUNY Albany business office, and is used by NYSTI to pay employee salaries, fixed costs such as office rent and utilities, and some employee travel expenses. NYSTI's generated income, for the most part, is deposited in an account within the SUNY Research Foundation, which NYSTI accesses to pay most production related expenses.

C. Basis, Scope, and Methodology of the Inspector General's Investigation

The Inspector General obtained information indicating that NYSTI improperly paid for travel for non-NYSTI employees, including William F. Snyder, Patricia Snyder's husband, who at the time served as director of New York Network.² The Inspector

² William F. Snyder retired from New York Network during the Inspector General's investigation.

General requested, among other items, copies of all original NYSTI records pertaining to any and all payments made to William F. Snyder. In response, NYSTI failed to provide the requested documents, but instead provided summaries of NYSTI-New York Network collaborations it had created only as a result of the Inspector General's request. The Inspector General issued a subsequent request to NYSTI for the underlying documentation used to create the submitted summaries, but NYSTI again provided an incomplete response. In light of NYSTI's repeated failure to provide routine records of expenditures that it surely possessed, the Inspector General determined to broaden the scope of its inquiry to examine NYSTI's expenditures and practices.³

During this investigation, the Inspector General conducted interviews of 32 witnesses, including NYSTI's management staff and other key witnesses who were questioned under oath. Several witnesses were interviewed multiple times. The Inspector General examined approximately 50,000 documents it obtained from NYSTI, most of which the Inspector General obtained while on-site at NYSTI offices, and other sources. The Inspector General also reviewed more than 30,000 of NYSTI's financial transactions.

Throughout this investigation, NYSTI has repeatedly highlighted the quality of its creative endeavors and, in lieu of complete responses to inquiries, provided unsolicited reviews of its work. The Inspector General is charged with investigating corruption, fraud, criminal activity, conflicts of interest and abuse in agencies such as NYSTI. The Inspector General's office does not assess artistic merit and has not examined the quality of NYSTI's productions as this determination is beyond its statutory mandate. The Inspector General assumes that NYSTI's work is generally of a high quality. Notwithstanding such assumption, state-funded entities and their officials, unlike private companies and their executives, are required to comply with ethical guidelines designed to ensure that public monies are expended solely in the interests of the general public and

³ Under New York State Executive Law §54(3) and (4), entities such as NYSTI are required to produce any documents in their possession demanded by the Inspector General.

not for personal gain. Actions by these officials which violate the public trust are not excused or minimized by the quality of the product.

III. THE INSPECTOR GENERAL'S INVESTIGATION

A. Snyder's Unilateral Control Over NYSTI Allowed Her To Engage in a Pattern of Conduct Benefiting Herself and Family Members

Patricia Snyder has served as NYSTI's Producing Director since its original establishment in 1974. As part of NYSTI's reconstitution as a distinct entity in 1992 pursuant to Arts and Cultural Affairs Law § 9.09(8), the Producing Director is the executive director of the agency and is in charge of its daily functions:

The producing director shall be the chief executive officer of the corporation, and shall, subject to the direction of the corporation, have general supervision over the administration, artistic standards and operation of the corporation's projects and facility. The producing director shall recommend to the corporation appointments and non-renewal of all other employees of the corporation as prescribed by the rules and regulations pertaining to civil service and professional status according to the laws governing the New York state employees.

Under this authority, Snyder has exercised virtually unfettered control and decision-making authority over nearly every aspect of NYSTI's activities. Succinctly, when the Inspector General asked Snyder who makes the determination of what productions are to be staged by NYSTI, Snyder declared:

Ultimately I do. Ultimately, I take the consensus of the teachers. It is my job to do that. It is my right, my privilege and my responsibility to do that. I am an artistic person.

Similarly, when inquired as to who chooses the director for each production Snyder has selected to be staged, Snyder definitively replied, "the artistic director and that is me." When further probed regarding the selection of cast members and other professionals (sound design, set design, et. al.) involved in a given production which Snyder has chosen to be performed, Snyder testified that while the director (whom she has selected) has discretion to recommend such actors and contractors, these individuals contract with NYSTI and she retains ultimate approval authority over each hire. Specifically, when inquired as to who at NYSTI is responsible for approving contracts

with cast members and other professionals in a given production, and whether directors “have to run all casting decisions and sound designers, art designers, by the Producing Artistic Director [Snyder],” Snyder responded, “Absolutely.” Snyder further confirmed that regardless of whether she recommends subordinate cast or the director she has chosen recommends such to her, the exchange must involve her.

Although under the Arts and Cultural Affairs Law, NYSTI’s Board of Directors ostensibly governs the agency and supervises Snyder, neither Snyder nor Board Chairman David Morris could recall a single instance when Snyder’s choice of productions, directors, or cast members was rejected by the Board. Additionally, while Snyder claimed that the Board is the “ultimate decision-maker” and professed that she is in “continual contact with Chairman Morris” and that “no issue is too small enough for me to discuss with the Chairman of our Board,” the Inspector General’s sworn examination of Morris revealed that Snyder had not informed him of salient details of several key decisions she had made that are discussed in this report, and that, contrary to her testimony, Morris was unaware of the nature of many arrangements Snyder made on behalf of NYSTI. As Morris testified, “Patricia Snyder is the one that chooses the productions. The Board, I don’t recall ever discussing the productions.” Further, asked who picks the director on a NYSTI production, Morris testified, “I think Patricia Snyder picks the director.”

In addition to her complete control over NYSTI’s artistic productions, the Inspector General determined that Snyder also exercised near-absolute authority over NYSTI expenditures. When questioned regarding routine business operations of NYSTI, NYSTI’s Business Manager Beth Chromey repeatedly responded, “That’s a Patricia question.” When the Inspector General questioned Chromey about specific expenses incurred or authorized by Snyder, Chromey remarked: “All I can say is I don’t make decisions. If Patricia hands me things and tells me to pay for it, I pay for it.”

The Inspector General’s investigation revealed that Snyder is virtually synonymous with NYSTI. Indeed, it is Snyder’s failure to recognize any distinction

between herself individually and her role as the head of a public entity which underlies the issues discussed in this report. Interestingly, the unique nature of Snyder's relationship with NYSTI was noted at the time of NYSTI's creation as an independent public benefit corporation in 1992. During the Legislature's review of the proposed legislation, Mary Hays, then-Executive Director of the New York State Council on the Arts, submitted a letter to the Legislature dated July 8, 1992, opposing the creation of NYSTI stating:

It is highly questionable public policy to create a permanent public authority for an activity that relies on the personal strengths and vision of a single individual. The New York State Theatre Institute Corporation is being proposed as the permanent legal corporate body to house the extraordinary vision of a single person. Public authorities historically have been created to address a public policy issue — i.e. housing, education, it is in reality a vehicle to support the activities of one person. When that person is no longer active, what then? Performing arts groups essentially embody the vision of a single person. It is uncertain if a performing arts group can exist after the loss of its artistic founder.

As detailed in this report, Hays's comments were prescient. While Snyder's talents undeniably helped NYSTI achieve an excellent reputation in the theater community, the unique construct of the entity also essentially transformed a single individual into a state entity which allowed her to utilize her authority in a manner inconsistent with NYSTI's status as a public, taxpayer funded body.

B. Snyder Repeatedly Hired Family Members for NYSTI Productions

The Inspector General's investigation revealed that Patricia Snyder repeatedly and routinely hired members of her family for NYSTI work, in effect transforming them into de facto NYSTI employees. This longstanding and continuing pattern of nepotism has resulted in direct payments, reimbursements and other benefits, amounting to hundreds of thousand of dollars, to Snyder's sons, daughters-in-law, and husband.

1. Prohibitions on Conflicts of Interest and Nepotism in New York State Law

NYSTI is qualitatively different than other non-public theater companies. NYSTI is a public body created by the state Legislature and primarily funded by public funds. By statute, NYSTI is a “state agency” and its officers and employees, such as Patricia Snyder, are “state officers” required to follow the ethics guidelines contained in the New York State Public Officers Law.⁴ Pointedly, these ethics rules are designed to prevent not only actual conflicts of interest but to dispel even the appearance of such.⁵ Specifically, “These standards attempt to assure the public’s confidence in State officers and employees as they discharge their official duties. A public servant’s actions and affiliations must be above reproach, even if no actual conflict of interest is present. Any associations that give rise to the suspicion of favoritism, self-dealing or personal private gain by State officers shake the public’s confidence.”⁶

As state officers, Snyder and other NYSTI employees must abide by the provisions of the state Public Officers Law directed at dispelling even the appearance of favoritism. Various provisions of Public Officers Law § 74 directly prohibit such conduct:

2. Rule with respect to conflicts of interest. No officer or employee of a state agency, member of the legislature or legislative employee should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his duties in the public interest.

3 a. No officer or employee of a state agency, member of the legislature or legislative employee should accept other employment which will

⁴ Pursuant to Arts and Cultural Affairs Law § 9.09 (12), “For purposes of sections seventy-three, seventy-three-a and seventy-four of the public officers law, the New York state theatre institute corporation is a state agency, the officers, members, and employees of which are subject to the provisions thereof.” See also, Public Officers Law § 73(1)(g) defining “state agency” as “any state department, or division, board, commission, or bureau of any state department, any public benefit corporation, public authority or commission at least one of whose members is appointed by the governor . . .”

⁵ The State Ethics Commission/Commission on Public Integrity have long-found that “Public Officers Law § 74 bars activities that create even the appearance of a conflict of interest; an actual conflict is not necessary for there to be a violation of the law.” See, i.e., Ethics Comm. Op. No. 94-17.

⁶ See Ethics Comm. Op. No. 96-29.

impair his independence of judgment in the exercise of his official duties.

* * *

d. No officer or employee of a state agency, member of the legislature or legislative employee should use or attempt to use his official position to secure unwarranted privileges or exemptions for himself or others.⁷

e. No officer or employee of a state agency, member of the legislature or legislative employee should engage in any transaction as representative or agent of the state with any business entity in which he has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his official duties.

f. An officer or employee of a state agency, member of the legislature or legislative employee should not by his conduct give reasonable basis for the impression that any person can improperly influence him or unduly enjoy his favor in the performance of his official duties, or that he is affected by the kinship, rank, position or influence of any party or person.

g. An officer or employee of a state agency should abstain from making personal investments in enterprises which he has reason to believe may be directly involved in decisions to be made by him or which will otherwise create substantial conflict between his duty in the public interest and his private interest.

h. An officer or employee of a state agency, member of the legislature or legislative employee should endeavor to pursue a course of conduct which will not raise suspicion among the public that he is likely to be engaged in acts that are in violation of his trust.

Augmenting the general restrictions of the Public Officers Law which have existed in New York for decades, in 2007 the state Legislature enacted a strict anti-nepotism statute as part of extensive ethics reform legislation. Effective March 2007, Public Officers Law § 73 was amended to add sections 14 and 15, which provide, in relevant part:

⁷ Public Officers Law § 74(3)(d) was amended on February 12, 2010, adding “including but not limited to, the misappropriation to himself, herself or to others of the property, services or other resources of the state for private business or other compensated non-governmental purposes.”

14. (a) No statewide elected official, state officer or employee, member of the legislature or legislative employee may participate in any decision to hire, promote, discipline or discharge a relative for any compensated position at, for or within any state agency, public authority or the legislature.

15. No statewide elected official, state officer or employee, member of the legislature or legislative employee shall:

(a) participate in any state contracting decision involving the payment of more than one thousand dollars to that individual, any relative of that individual, or any entity in which that individual or any relative has a financial interest.

Despite this unambiguous 2007 prohibition on participation in the hiring of family members, in 2010, during the Inspector General's investigation, Snyder and Chairman Morris testified as to their belief that New York had no law prohibiting nepotism. Indeed, Snyder continued to hire herself and other family members without regard to this restriction.

The Inspector General determined that in her capacity as ultimate decision-maker at NYSTI, Snyder has engaged in innumerable transactions which impinge the restrictions of the ethics laws designed to prevent actual and apparent conflicts of interest. To be sure, Snyder's long history of hiring herself and her direct family members without any effort to ensure objectivity of impartial review directly contravenes the purpose of these sections.

2. Snyder's and NYSTI's Violations of the Public Officers Law

Even prior to the enactment of the express prohibitions on nepotism in 2007, the extant ethics rules were interpreted to prevent actions such as Snyder's in hiring herself and her relatives unless strict preventative measures were enforced. The State Ethics Commission, the forerunner to the current Commission on Public Integrity, was charged with interpreting the Public Officers Law and rendering opinions to state officials to guide their conduct. Well prior to 2007, the Ethics Commission issued various opinions

holding that state officers may not be involved in decisions which could result in financial benefit to relatives.

Among several such opinions, directly on point, in 1991 (the year prior to NYSTI's creation), the State Ethics Commission issued Advisory opinion No. 91-21 regarding the propriety of a state agency engaging in a consulting contract with a company owned by a brother of a manager in the agency. The Ethics Commission opined that while the agency manager's voluntary recusal of herself from the selection process eliminated any actual conflict of interest, the question of the "appearance" of such a conflict existed due to the state manager's high position in the agency which included "management oversight of all areas of the corporation and certain operational responsibilities which include reporting to the . . . Board of Directors." Weighing all considerations, the Ethics Commission opined that it was proper for the agency to award the contract to the manager's brother's firm "as long as: (1) the manager has no interest, financial or otherwise, in the sibling's firm; (2) **the manager's regular job duties do not encompass the selection of the consultant or the review or oversight of the consultant contract, or, if the job duties involved encompass such involvement, the manager is completely screened out from the consideration and appointment of such a firm or contract;** (3) the manager makes full disclosure to [agency] staff of her relationship to the firm's principals **and recuses herself from any role in consideration or approval of a contract to the firm;** and (4) should the firm be selected for a contract, the manager's supervisor approves the selection of the contract on its merits." (Emphasis supplied). Indeed, the appearance of a conflict of interest necessarily arising from contracts between an agency and a public officer's relatives is so manifest that a state officer must recuse himself or herself from contracting or hiring decisions involving even a former relative.⁸

In addition to various opinions of the state Ethics Commission interpreting the state Public Officers Law, the New York State Attorney General has highlighted on numerous occasions that "that the familial relationship can compromise a public official's

⁸ See Ethics Commission Op. No. 94-24 (Contract involving an official's former sister-in-law's firm).

impartiality” that can only be avoided if that official is completely removed from any involvement in a decision involving a family member.⁹ Due to the inescapable apparent bias one has for one’s own family, this admonishment attaches regardless of the merits of family member: “While the [official] may believe his actions were in the public interest, there is no objective way to verify this. That is why public officials must always avoid the appearance of impropriety.”¹⁰ Under this principle, the Attorney General repeatedly opined that public officials “must recuse themselves from participating in matters affecting the compensation, employment and other terms and conditions of employment of, for example, their spouses or siblings.”¹¹ In the same regard, the courts have ruled “that the test to be applied is not whether there is a conflict, but whether there might be It is the policy of the law to keep the official so far from temptation as to ensure his unselfish devotion to the public interest.”¹²

It is undisputed that Patricia Snyder has primary, if not sole, responsibility over all NYSTI contracts including those resulting in payments to her direct family. Snyder made no efforts to screen or recuse herself from involvement in contracts involving family members; to the contrary, Snyder directly involved herself in these arrangements. Snyder’s longstanding involvement in approving contracts resulting in the hiring of her family and her direct hiring of her son and daughter-in-law for plays she chose to direct are in direct contravention of the state Public Officers Law.

3. Snyder Ultimate Decision Maker When Family Members Hired

Given her position and authority at NYSTI, Snyder was involved in every decision to hire a family member. Indeed, in her testimony, Snyder acknowledged directly hiring her son’s company, 100% Sound, at times when she selected herself as

⁹ Op. No. 89-50.

¹⁰ Op. No. 89-50.

¹¹ Op. No. 93-37.

¹² Tuxedo Conservation & Taxpayers Ass’n v. Town Bd. of Town of Tuxedo, 69 A.D.2d 320 (2d Dept. 1979) (internal quotations and citations omitted).

director of a NYSTI production. Snyder also signed production contracts directly hiring her daughter-in-law, Mary Jane Hansen. In other instances, when Snyder did not select herself to direct a production, Snyder signed production contracts specifically requiring a play's director to hire her son's company. Reproduced below are the relevant portions of NYSTI's contract for its production of "Macbeth," signed by Snyder and specifically providing that her son's company, 100% Sound, will be hired for sound design.

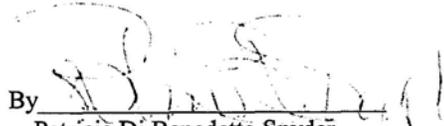
DIRECTOR'S AGREEMENT
R.F. #000920

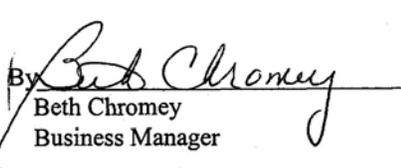
MADE effective this tenth day of December, 2007, by and between **THE NYS THEATRE INSTITUTE CORPORATION**, a public benefit corporation organized and existing under the laws of the State of New York, with principal offices located at 37 First Street, Troy, New York 12180, hereinafter referred to as "NYSTIC" and **ELIZABETH A. SWAIN**, having a place of business at **203 West 81st Street, Apt. 5D, New York, NY 10024**, hereinafter referred to as "Director".

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

NEW YORK STATE THEATRE INSTITUTE CORPORATION

By 
Patricia Di Benedetto Snyder
Producing Artistic Director

By 
Beth Chromey
Business Manager

DIRECTOR

By 
Elizabeth A. Swain

* * *

While the NYS Theatre Institute grants the broad artistic control of a production to the Director, the Theatre Institute's Producing Artistic Director is charged with the final responsibility for the quality and integrity of the show. To that end, we have established the following conditions we see as necessary to help insure the quality of the finished product while continuing to provide the widest possible artistic latitude to the Director.

* * *

12. The production budget for *MACBETH* is as follows: **\$6,000.00 for set and props materials (design by Robert Anton); \$6,000.00 for costumes materials, rentals, wigs and shoes (design by Robert Anton); \$1,500.00 for lights (design by John McLain); and \$2,500.00 for sound (design by 100% SOUND).** It should be understood that the Theatre Institute stock in costumes, set and props is to be utilized whenever possible.

In all instances, whether in the hiring of a relative or non-relative, Snyder admitted that as NYSTI's Producing Director she exercised final approval. In some instances, however, Snyder sought to mask her direct involvement in hiring her family members by designating Olga Delorey, NYSTI's Associate Producer and Snyder's direct subordinate, to sign contracts involving Snyder's relatives. Asked by the Inspector General about this arrangement, Snyder testified that "all of this was discussed with the Chairman of our Board . . . [he] and I thought that was the best procedure." According to Snyder, this discussion occurred several years ago, but she couldn't recall if it was at a formal Board meeting. Contrary to Snyder's testimony, NYSTI Board Chairman David Morris testified to the Inspector General that he did not recall any such discussion.

Despite the clear prohibitions in the Public Officers Law noted above, Snyder unabashedly defended her hiring of family members, insisting it was entirely proper and legal. Snyder testified:

There is no law in New York State on nepotism . . . What is the definition of nepotism? It is when you put somebody in a job who is not qualified because they are the boss's son or daughter or nephew or neighbor. This boy, this man [William S. Snyder], is qualified and so am I. (Emphasis supplied)

Equally troubling, Morris, an experienced attorney, and despite having purportedly researched the state's Public Officers Law, in direct opposition to that law, made a similar assertion, testifying he is "not aware of any restrictions" on Snyder's hiring of family members.

Snyder testified that the Board “is well aware” members of her family have been hired at NYSTI. Morris confirmed in his testimony that he and the Board were aware of, and supported, Snyder’s hiring of relatives.

4. Snyder Hired or Approved the Hiring of Family Members on Nearly All NYSTI Productions

Members of Snyder’s family have long been fixtures in NYSTI productions. In fact, Snyder’s relatives have been hired for 49 of 54 stage productions between 2004 and 2009, and 16 of the 17 audiobooks NYSTI has produced.¹³

Those less familiar with NYSTI might not realize the extent to which Snyder’s family members are involved in its productions because most of them use professional names other than the Snyder name when working for NYSTI. One of Snyder’s daughters-in-law, a frequent NYSTI performer, has retained her maiden name, while the other daughter-in-law uses her maiden name for NYSTI productions. The Inspector General recognizes that the use of professional names is a common and accepted practice in the performing arts, and that married women often retain or use their maiden names. Nonetheless, the use of such names by Snyder’s husband, sons, and daughters-in-law has facilitated obscuring the nepotism in NYSTI hiring. This effect is magnified when Snyder hires her son in various capacities and manifestations, as an individual and under his business name, sometimes simultaneously on the same project.

The Inspector General’s findings regarding Snyder’s hiring of her relatives are described in detail below.

a. William S. Snyder (“Will Severin”)

No family member has benefited more from Snyder’s hiring favoritism than her son, William S. Snyder, a Saratoga-based musician, composer and sound designer who

¹³ In instances where the Inspector General’s findings pertain to different periods, this fact is noted in the text of the report.

uses the professional name Will Severin. William S. Snyder also co-owns and operates two companies, 100% Sound (co-owned with Charles Eble) and Handsome Spyder (co-owned with his wife, Mary Jane Hansen), both of which have benefited from NYSTI's hiring. In total, NYSTI made direct payments and reimbursements, or provided indirect benefits to William S. Snyder or his companies of more than \$239,350.

The Inspector General's investigation revealed that Patricia Snyder selected William S. Snyder or his companies no less than 182 times for professional services during the period examined. Snyder either hired or approved the hiring of William S. Snyder or his company, 100% Sound, for sound design for most of its productions. Of the 61 productions for which the Inspector General confirmed that NYSTI used a sound designer, Snyder hired her son on 46 productions, or more than 75 percent of the time. Snyder testified that NYSTI usually hires its production designers (sound, lighting, scenic, and costume) under what she termed a "favored nations" arrangement, with each designer receiving approximately \$2,700 per production. Additionally, Snyder hired her son as a music composer on at least 44 productions.

Snyder also hired or approved the hire of William S. Snyder nine times as music director; 26 times as a musician; 16 times for audio/video production; 15 times as orchestrator; eight times as a music arranger; three times as sound board operator; and once each as an illustrator and arranger/copyist. Through another company, Handsome Spyder, William S. Snyder was also hired once for music composition.

William S. Snyder also has received more than \$76,000 in royalties for his NYSTI-related work. The largest portion, more than \$38,000, derived from irregular and undisclosed agreements pertaining to the stage adaptation of "Miracle on 34th Street" that Patricia Snyder executed. As discussed below, Patricia Snyder, William S. Snyder, another co-adapter, John Vreeke, and NYSTI received equal shares of royalties generated by the adaptation.

As a result of his hiring by his mother, William S. Snyder received other direct and indirect benefits. Having been hired as sound designer, musical composer, musical director and arranger, and musician on the production of “American Soup,” William S. Snyder was part of the NYSTI contingent that performed the play in trips to Sweden in 2005 and Italy in 2006 paid for by NYSTI. William S. Snyder also was a composer for “Born Yesterday,” which NYSTI too performed in Sweden. In fact, all of Snyder’s family members who have benefited from their work for NYSTI traveled to both countries. As a result of having been hired to work on NYSTI’s audiobook productions, William S. Snyder also traveled at NYSTI expense to multiple audiobook awards ceremonies.

Although he is not technically a NYSTI employee, NYSTI paid William S. Snyder’s \$200 fee for membership in the Audio Publishers Association.

Snyder also used NYSTI funds to purchase gifts for William S. Snyder for his work on NYSTI productions, similar to the gifts given to other production team members. The Inspector General found six instances of such gifts to William S. Snyder, with a total value exceeding \$220.

In her testimony to the Inspector General, Snyder attempted to justify her frequent hiring of her son and his company by claiming that no other local sound designer or sound company was affordable or capable. In addition to being irrelevant under the Public Officers Law, Snyder’s arguments are unconvincing. Asked if she ever had solicited proposals from local sound companies other than her son’s company, Snyder testified that NYSTI had contacted SAVI Sound in Clifton Park for sound services, but “we could not afford them, the [cost] was astronomical.” Snyder’s testimony is misleading. The Inspector General determined that in October 2006, SAVI Sound, at NYSTI’s invitation, submitted a \$15,000 proposal specifically for sound services on “A Wonderful Life,” a musical scheduled for production in December 2006. At that time, Omnitech, a Saratoga-based sound company, had been providing sound services for all of NYSTI’s musical productions. Thus, NYSTI, in contacting SAVI Sound, was seeking a

possible alternative to Omnitech, not 100% Sound, her son's company, which does not work on musicals.¹⁴

Snyder also testified that NYSTI recently had contacted another local sound company, Dalbec, in Troy, but provided no details. Beth Chromey, NYSTI's Business Manager, testified that several years ago she also had contacted two or three local sound companies, the names of which she could not recall, but claimed they were more expensive than 100% Sound. Other than the one SAVI Sound proposal in 2006, the Inspector General found no documentation that NYSTI has ever solicited another price quote for sound services. Further, Snyder testified that NYSTI saves money by hiring her son, stating that because he resides locally, he is able to travel to NYSTI to address problems that might arise. Snyder added, "Yes, we choose him, but he is doing it for dirt . . . But what is he benefiting? He is not getting much money."

The Inspector General also asked Snyder if she had considered sound companies from outside the region. Snyder replied, "[We] cannot afford it." Asked if she had actually ever contacted such a firm, Snyder testified:

That is not the point. The point is I cannot bring somebody from Syracuse because I have to put them up. I have to make a choice. If I am going to make a choice to put somebody up, it is going to be the director. If I have a little more money, it might be an actor or an actress.

This assertion by Snyder is belied by NYSTI's own practices and Snyder's subsequent testimony. The Inspector General found that on numerous occasions NYSTI has hired production designers from beyond the region and even outside the state. For example, when NYSTI produced "Ordeal by Innocence" in 2006, it contracted with a set designer from Virginia and a lighting designer from Connecticut, both of whom worked for nearly the same fee that 100% Sound receives for sound design. NYSTI

¹⁴ Ultimately, NYSTI hired Omnitech for the production of "A Wonderful Life," paying the company \$5,000.

accommodated their distant locations through conference calls, paid travel to and from Troy, paid overnight lodging in the area, and meal expenses.

Further undermining her claim that NYSTI can't afford designers from outside the region, Snyder herself acknowledged that some designers will accept less than their normal fees to work for NYSTI. She testified:

I know our work is good. The State of New York is getting an incredible theater institute and the people at the theater institute are phenomenal theater artists. We have people from Broadway, from Metropolitan Opera, you name it, we have people who have worked with us at the theater institute who will come and work for us for a piddling little fee that the directors get, or the designers get.

Interestingly, Robert Anton, a well-known costume designer who has worked in theater and television and frequently is hired by NYSTI, advised the Inspector General that the \$2,700 fee NYSTI pays him is similar to what he would expect to receive from other regional theaters.

The Inspector General notes that other theaters in the area engage sound designers and sound companies for their productions other than William S. Snyder or 100% Sound.

b. Mary Jane Hansen

Snyder's daughter-in-law, Mary Jane Hansen, who is married to William S. Snyder but has retained her maiden name, has also been a frequent beneficiary of NYSTI hiring, receiving payments, reimbursements, and other benefits, primarily for acting and writing, that totaled more than \$129,941 from 2004 through 2009.¹⁵ Hansen, according to her resume, first performed professionally in theater in 1999 and has appeared in numerous episodes of the daytime television series, "All My Children."

¹⁵ The Inspector General only included payments made to Hansen subsequent to her marriage to William S. Snyder in July 2004.

Most often, Snyder and NYSTI, either directly through Snyder or approved by Snyder, has hired Hansen as an actress in NYSTI productions. In fact, between July 2004 and December 2009, Hansen performed in 42 or nearly 80 percent, of NYSTI's 53 stage productions, appearing in numerous lead roles. NYSTI obtains no financial benefit by hiring Hansen, who as a member of Actors Equity, the union representing professional actors, receives the prevailing pay rate in NYSTI productions. For example, for her performance in "Ordeal By Innocence" in February 2007, NYSTI paid Hansen \$3,955. She also was paid \$2,500 for her adaptation of the play, plus royalties, which have amounted to more than \$1,240.

Hansen was hired as a writer or adaptor of eight original works, some of which NYSTI produced on more than one occasion. Patricia Snyder also selected Hansen as assistant director on three productions that Snyder had hired herself to direct. On other occasions, NYSTI and Snyder hired Hansen as a playwright workshop instructor, education assistant, script reader, and office assistant. As the writer of the play "American Soup," in which she also performed, NYSTI funded Hansen's travel with NYSTI for productions of the play in Sweden and Italy. Hansen also worked on eight of NYSTI's 17 audiobooks, including all five completed since 2004, and traveled to multiple audiobook awards ceremonies. Snyder used NYSTI funds to purchase gifts for Hansen for her NYSTI work, at a total cost of \$200.

Notably, of the eight original plays or original adaptations NYSTI has produced since 2004, Hansen is the author or adapter of five, earning more than \$31,955 for this work. While offering no critical assessment of Hansen's work, the Inspector General finds it troubling that Snyder hired her daughter-in-law so frequently for this purpose. NYSTI is located in a region with numerous creative writing and theater arts courses offered at the college and university levels, not to mention its proximity to New York City and other major metropolitan areas.

c. George Snyder (“George Fortune”)

George Snyder, another of Patricia Snyder’s sons, is a local, part-time musician. NYSTI’s payments and benefits to George Snyder totaled more than \$13,315. George Snyder traveled at NYSTI expense for its productions in Sweden and Italy, in 2005 and 2006, respectively, playing drums and providing vocals on “American Soup.” Notably, other than “American Soup,” George Snyder was paid to perform in only one NYSTI production since 2001, although he was once hired as a sound board operator, receiving \$2,450 in 2007 for this service on “Miracle on 34th Street.” In NYSTI playbills, he is identified as George Fortune, a name he sometimes uses as a musician.

On April 1-2, 2006, George Snyder and his wife, Shannon Snyder, who is NYSTI’s advertising director, traveled to New York City at NYSTI expense to attend a cocktail reception hosted by the Jerome Robbins Foundation at Lincoln Center. According to NYSTI records, Shannon Snyder was representing Patricia Snyder at the reception, as Patricia Snyder was unable to attend. The Inspector General found no record indicating any business purpose for George Snyder’s travel and \$113 train ticket.

d. William F. Snyder (“William Fortune” or “Bill Fortune”)

Patricia Snyder has selected her husband, William F. Snyder, as a play director, narrator, audiobook producer, and audiobook reader. Although William F. Snyder did not receive a fee for these services, NYSTI payments, reimbursements and other benefits to him totaled more than \$13,500. William F. Snyder frequently uses the professional names William Fortune or Bill Fortune when working on NYSTI productions.¹⁶

¹⁶ Interestingly, when NYSTI presented the play, “American Soup,” in Sweden in September 2005, William F. Snyder, who directed the play, was listed in the playbill under that name. However, when NYSTI re-staged the play in Troy during its 2006-2007 season, William F. Snyder was identified in the playbill as “Bill Fortune.” During the time he was identified as William Fortune or Bill Fortune in NYSTI stage and audiobook productions, William F. Snyder was employed as director of New York Network, an entity of state government. Snyder used the name Fortune when he worked at a local television station as a newscaster earlier in his career.

Snyder selected William F. Snyder to direct “American Soup,” and, as a result, he traveled at NYSTI expense with other Snyder family members to Sweden in 2005 and to Italy in 2006 as part of NYSTI’s cultural exchange program. In the period examined, William F. Snyder has directed only one other NYSTI stage production, “The Philadelphia Story” in 2009. Patricia Snyder initially had selected herself to direct the production, but substituted her husband. For his work on “American Soup,” William F. Snyder received gifts from NYSTI that cost a total of \$84. As discussed below, William F. Snyder worked on numerous audiobooks produced by NYSTI, by virtue of which he traveled at NYSTI expense to several audiobook award ceremonies.

As noted, the Inspector General requested documentation pertaining to all payments made by NYSTI to William F. Snyder during the time he was director of New York Network, a separate state entity. Instead of providing responsive documents, NYSTI provided summaries of NYSTI-New York Network collaborations that it had created only in response to the Inspector General’s request, and, significantly, describing only a single payment to William F. Snyder, for which he had reimbursed NYSTI. In a letter that was part of NYSTI’s response to the Inspector General’s request, NYSTI Board Chairman David Morris stated that “no other documents regarding payments to the New York Network or William Snyder were found in NYSTI files.” Morris’s claim was incorrect, as the Inspector General subsequently found records of at least 17 unreimbursed payments from NYSTI to Snyder’s husband.

e. Shannon Snyder (“Shannon Johnson”)

Snyder’s other daughter-in-law, Shannon Snyder, who is married to George Snyder, is employed as NYSTI’s full-time advertising director, and has worked at NYSTI since before her marriage. Shannon Snyder also has appeared as an unpaid actress/singer in several NYSTI productions. Between 2004 and 2009, she received from NYSTI a total of approximately \$201,759, mostly in salary.

As noted, Shannon Snyder was selected to perform as a vocalist in “American Soup,” traveling to Sweden and Italy at NYSTI expense as part of its cultural exchange program. When she is listed in NYSTI playbills for her stage performances and as a NYSTI administrative employee, Shannon Snyder is identified as Shannon Johnson, her maiden name.

Snyder’s hiring or selection of family members was particularly flagrant in the production of “American Soup,” the play that Snyder chose for NYSTI to perform in Sweden and Italy in 2005 and 2006, respectively, as part of its cultural exchange program. Apart from her own involvement as NYSTI Producing Director, five members of Snyder’s immediate family were selected by Snyder to work on the play, thus allowing them to travel to both countries at NYSTI’s expense. Snyder’s selection of her son, William S. Snyder, and her daughters-in-law, Mary Jane Hansen and Shannon Snyder, is not surprising, as all three have been chosen or approved by Snyder for employment on numerous NYSTI stage productions. However, Snyder’s selection of her husband, William F. Snyder, and another son, George Snyder, whose work on NYSTI stage productions has been very infrequent, is consistent with the conclusion that their participation in the production was Snyder’s method of including them on the foreign trips at NYSTI’s expense.

5. Conflicts of Interest Found in NYSTI’s Audiobook Productions

In 1996, NYSTI began producing audio-only versions of a number of its stage productions. To date, NYSTI has produced 17 such recordings, or audiobooks, which it markets under the label Family Classic Audio Books. With one notable exception, “Hollowville,” which is discussed in detail below, NYSTI’s audiobooks are audio-only versions of stage plays NYSTI previously produced. According to NYSTI, its audiobook productions have a dual purpose: to generate revenue and “serve as a valuable education and marketing/promotional tool for the NYSTI program.” The audiobooks were recorded on the Sage Colleges theater stage in Troy, where NYSTI presents its plays, or in a commercial sound studio.

Snyder, in her testimony to the Inspector General, acknowledged that, in her role as NYSTI Producing Director, she determines which productions will be made into audiobooks. According to Snyder, cast members who performed in the stage production of a play also participated in the play's audiobook version, usually recorded several days after the final stage performance. Cast members who are not NYSTI employees but performed in the stage play under contract, were paid for their audiobook work in addition to their contracted compensation. NYSTI's teacher/actors, who are full-time state employees and receive a state salary, perform in all stage productions as part of their job duties. When NYSTI's teacher/actors read the same role for the audiobook, Snyder testified that she considers them to be performing "extra service," for which they receive pay in addition to their state salary. Most recently, the additional payments have been \$575 per reading.

The Inspector General found that, no different than its stage productions, NYSTI's audiobook productions and related activities have been characterized by Snyder hiring her immediate family members. The Inspector General found that while these productions have garnered a number of awards for NYSTI, as a revenue source they have not succeeded.

Similar to the nepotism in NYSTI's stage productions, Snyder's family members have been fixtures in NYSTI's audiobook productions. In fact, the hiring bias favoring Snyder family members has been perhaps even more pronounced in audiobook productions, with Snyder's immediate family members involved in all but one of the 17 audiobooks that NYSTI has produced to date.

As noted, Snyder unilaterally decides which productions will be made into audiobooks. Snyder's husband, William F. Snyder, served as executive producer or producer on at least eight of NYSTI's 17 audiobooks; Snyder's son, William S. Snyder, served as producer on at least seven audiobooks; and Snyder herself was the director, executive producer, or co-executive producer on at least two productions. As a result of

holding these decision-making roles, Snyder, her husband, or her son have been directly involved in all aspects of the audiobook productions.

a. William S. Snyder

William S. Snyder, Patricia Snyder's son, has been a primary financial beneficiary of NYSTI's audiobook productions, having been hired by his mother to work on 16 of the 17 NYSTI audiobooks. Since 2004, NYSTI has paid William S. Snyder individually a total of \$12,069 for sound recording and consulting, and as a musician or musical composer on audiobook productions. In addition, NYSTI has paid 100% Sound, the company William S. Snyder co-owns with Charles Eble, a total of \$8,227. NYSTI has also paid a total of \$7,870 to Eble individually for sound recording and related work. Handsome Snyder, a recently created company owned by William S. Snyder and his wife, Mary Jane Hansen, provided foley, or sound effect, services.

Asked by the Inspector General about her frequent hiring of her son, William S. Snyder, to work on NYSTI's audiobooks, Snyder testified:

We only use one audiobook company. 100% Sound produces all of our audiobooks . . . because they are the only company in town that produces audiobooks.

In addition to the obvious conflict of interest in routinely hiring her son, Snyder's claim that 100% Sound is the only capable firm is dubious. Not only is there no record of Snyder seeking expertise beyond her immediate family, the Inspector General also determined that other sound companies exist in the area that are in the business of producing audiobooks. In fact, NYSTI itself previously produced audiobooks using another sound company that still provides this service. Snyder's testimony expresses the clear bias she has displayed in NYSTI's hiring in favor of her son and his company for sound related services on all nine NYSTI audiobooks produced since 2002. On his Web site, William S. Snyder himself takes credit for sound design on 11 of the 17 NYSTI audiobooks.

In her testimony, Snyder also defended her hiring of her son and 100% Sound on the basis that “[Charles Eble] and Will are national award winners in making audiobooks.” Upon examination, Snyder’s claim is self-fulfilling, as according to 100% Sound’s Web site, the only audiobooks for which William S. Snyder and Eble take credit are NYSTI audiobook productions for which they were selected by William S. Snyder’s mother, Patricia Snyder.

b. Mary Jane Hansen

Mary Jane Hansen, William S. Snyder’s wife and Patricia Snyder’s daughter-in-law, was hired to work on eight of NYSTI’s 17 audiobook productions, including all five completed since 2004. Hansen received total payments of at least \$3,100 for her work on the five most recent audiobooks.

As discussed below, Hansen was paid for writing “Hollowville,” the audiobook Snyder chose for NYSTI to produce in 2007. Hansen also was paid for her participation as a reader in the production of multiple audiobooks. As she had been selected for the leading female role in NYSTI’s stage productions, she also was a reader for the audiobook versions of those productions, for which she received additional payment.

c. William F. Snyder

William F. Snyder, Patricia Snyder’s husband, served as executive producer or producer on nine of the 15 audiobook productions. NYSTI did not pay William F. Snyder for these activities; however, at NYSTI’s expense, William F. Snyder attended audiobook award ceremonies in Chicago, Washington, D.C., and New York City for his work on the audiobooks. Snyder herself received no payments for her work on audiobooks beyond her regular state salary, but she too attended audiobook award ceremonies at NYSTI expense.

6. “Hollowville”: A Case Study in Nepotism and Conflicts of Interest

NYSTI’s 2007 production of the audiobook, “Hollowville,” starkly illustrates the conflicts of interest and nepotism in NYSTI hiring. While Snyder family members have been involved in all but one of NYSTI’s audiobooks, their participation was never so pervasive as in “Hollowville.” Among NYSTI’s audiobooks, “Hollowville” is unique in that it was produced as an audiobook without first having been staged by NYSTI as a full theatrical production.

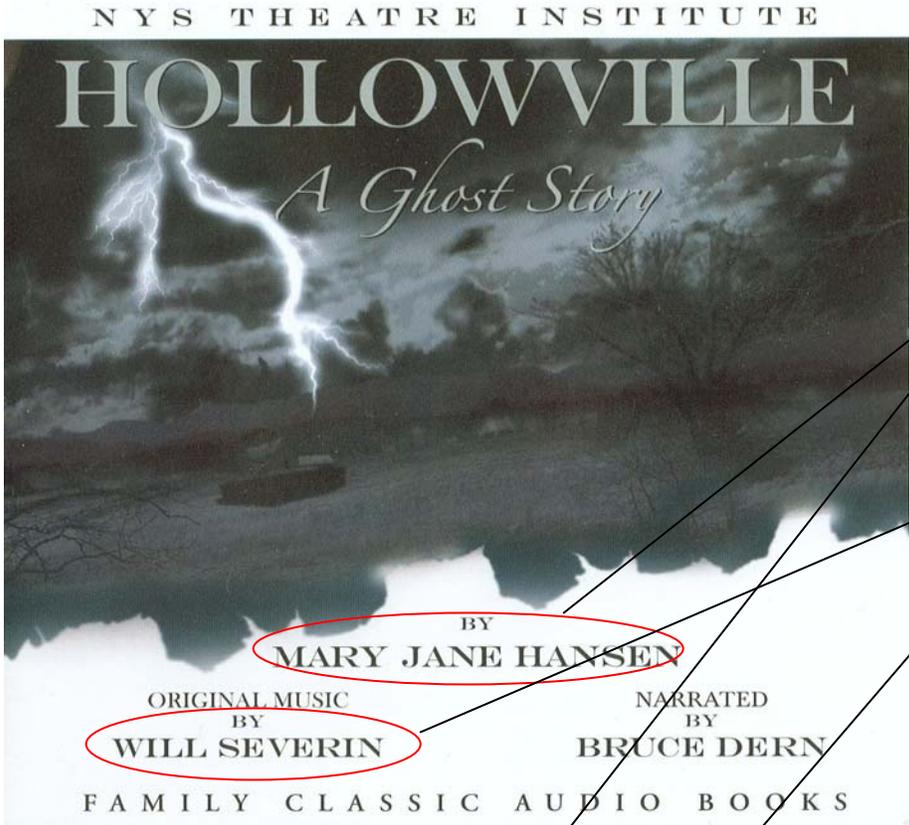
As Patricia Snyder testified, in her capacity as NYSTI’s Producing Director, she selects the projects that NYSTI will produce as audiobooks. In 2007, Snyder decided that NYSTI would produce an original work written by her daughter-in-law, Mary Jane Hansen, with original music composed by her son, William S. Snyder. Patricia Snyder chose her husband, William F. Snyder, as the audiobook’s executive producer, and assigned her son, William S. Snyder, as producer.

NYSTI, at Snyder’s direction, paid Hansen \$1,000 as author of “Hollowville” and an additional \$575 to read during the recording of the audiobook. William S. Snyder individually and through his companies was paid a substantially greater amount. NYSTI paid William S. Snyder \$1,000 to compose and arrange the music for the audiobook. William S. Snyder himself also received \$370 from NYSTI to purchase new sound equipment for the audiobook production. NYSTI paid \$4,427 to 100% Sound, the company William S. Snyder co-owns with Charles Eble, for sound design and related services. Eble also owns Woods End Studio where “Hollowville” was recorded. Handsome Spyder, a recently formed company co-owned by William S. Snyder and his wife, Mary Jane Hansen, was credited for providing foley, or sound effect, services.

In all, William S. Snyder, his wife, Mary Jane Hansen, and the company he co-owns, 100% Sound, were paid \$7,372 for their work on “Hollowville.” The payments to William S. Snyder, Mary Jane Hansen, and 100% Sound were not only thousands of dollars more than other expenses for this production, but also represented 50 percent of

the audiobook's total production costs of \$14,838. By comparison, Bruce Dern, the Hollywood actor NYSTI hired to provide narration for the audiobook, was paid \$1,000. To date, according to records NYSTI provided to the Inspector General, 30 copies of the "Hollowville" audiobook compact disk have been sold for a total of \$271.

The extent of Snyder's family's involvement in the production of "Hollowville" is illustrated in the audiobook's front and back covers, reproduced below:



Patricia Snyder's Daughter-in-Law

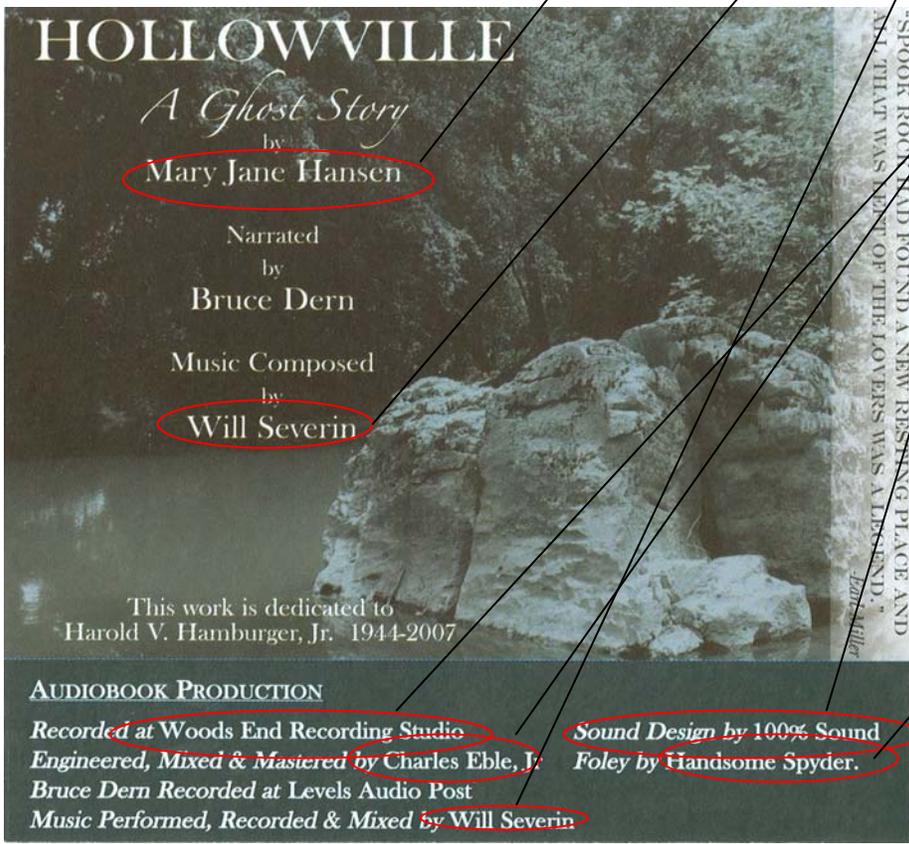
Patricia Snyder's Son

BY MARY JANE HANSEN

ORIGINAL MUSIC BY WILL SEVERIN

NARRATED BY BRUCE DERN

FAMILY CLASSIC AUDIO BOOKS



Business partner with Patricia Snyder's Son

Company co-owned by Patricia Snyder's Son and Charles Eble

Company co-owned by Patricia Snyder's Son and Daughter-in-Law

by Mary Jane Hansen

Narrated by Bruce Dern

Music Composed by Will Severin

This work is dedicated to Harold V. Hamburger, Jr. 1944-2007

AUDIOBOOK PRODUCTION

Recorded at Woods End Recording Studio
Engineered, Mixed & Mastered by Charles Eble, Jr.
Bruce Dern Recorded at Levels Audio Post
Music Performed, Recorded & Mixed by Will Severin
Sound Design by 100% Sound
Foley by Handsome Spyder.

HOLLOWVILLE

A Ghost Story

Book by **Mary Jane Hansen**
Music Composed by **Will Severin**

Late one stormy night, a woman is stranded in an old stagecoach hotel. The inhabitants call her by another name, warn of a ghostly presence, quarrel incessantly and prepare to celebrate a strange holiday they call Big Thunder Day. With every turn, another character is introduced and another question is raised, not the least of which is...who are these people that occupy this broken down place? And why won't they leave?



Introduced and narrated by **Bruce Dem**

Creator of over 100 television and movie characters, this Academy-Award nominee has appeared in *Coming Home*, *Family Plot*, and *Monster*. He appears on the hit HBO series *Big Love* and he recently published his first book, "Things I've Said, But Probably Shouldn't Have: An Unrepentant Memoir".

New York State Theatre Institute Family Classic Audio Book

Audio Book Producer **Will Severin**
Audio Book Executive Producer **William Fortune**

For more information, contact **Patricia Di Benedetto Snyder**,
Producing Artistic Director • 518.274.3200 • pbs@capital.net
NYS Theatre Institute, 37 First Street, Troy, NY 12180 • www.nysti.org

©©2007, NYS Theatre Institute. All rights reserved.
Warning: Unauthorized duplication of this recording is prohibited by Federal law and is subject to criminal prosecution.



Patricia Snyder's
Daughter-in-Law

Patricia Snyder's Son

Patricia Snyder's
Husband

HOLLOWVILLE

A Ghost Story

by **Mary Jane Hansen**

Narrated by **Bruce Dem**

Music Composed by **Will Severin**

Legal Counsel: Floria V. Lasky
Associate Producer: Olga A. Delorey

Produced for the New York State Theatre Institute
by Patricia Di Benedetto Snyder, Producing Artistic Director

Reading: June, 2007
Audio Book recorded July, 2007
Audio Book released October, 2007

In addition to total production costs of nearly \$15,000 for "Hollowville," NYSTI also spent \$6,789 for five persons, including William S. Snyder and Mary Jane Hansen, to attend the Audie Awards ceremony in Los Angeles. NYSTI expenditures on

audiobook productions, including the cost of its participation in Audie Awards ceremonies, are discussed in detail later in this report.

C. Snyder Engaged in Improper Acts to Obtain Benefits for Herself and Her Family

The Inspector General’s investigation revealed that Patricia Snyder, ignoring state restrictions on self-dealing, executed a number of irregular and questionable agreements that resulted in direct and indirect benefits to her of more than \$88,000, in addition to her annual salary, currently \$127,050. These payments and benefits include nearly \$27,700 in contributions NYSTI paid on Snyder’s behalf into a private union pension and health insurance plan, in addition to retirement and health care benefits to which she is entitled as a state employee; \$19,500 in direct payments Snyder received from NYSTI as a result of her hiring herself to direct or assist in directing stage productions; and more than \$41,000 in royalties Snyder derived from NYSTI-related work.

1. Prohibitions in New York State Law on Self-Dealing by State Officials

New York State has long prohibited state officers from rendering decisions which directly benefit themselves. In addition to the general restrictions on self-dealing and the appearance of self-dealing enumerated above, the state ethics laws directly prohibits a state officer, such as Snyder, from contracting with her own agency, much less negotiating with herself to do so.

Pursuant to Public Officers Law § 73(4)(a): “[n]o statewide elected official, state officer or employee . . . or firm or association of which such person is a member, or corporation, ten per centum or more of the stock of which is owned or controlled directly or indirectly by such person, shall (i) sell any goods or services having a value in excess of twenty-five dollars to any state agency . . . unless such goods or services are provided pursuant to an award or contract let after public notice and competitive bidding.” This provision has long been interpreted to prohibit a state official from contracting with a

state agency absent competitive bidding; conversely, in situations where competitive bidding is not feasible, the statute prohibits the contract entirely.

Despite these legal restrictions, Snyder has routinely hired herself in various capacities. Although waiving her “directing fee,” as discussed below, Snyder still received direct monetary benefit and arranged for the state to pay contributions to her private supplemental union pension and health plan each time she hired herself to direct. Snyder’s receipt of these financial benefits clearly exceed the \$25 value threshold.¹⁷

2. Snyder Hired Herself to Direct NYSTI Productions and Violated Union Contracts to Ensure Additional Financial Benefits for Herself

Compounding the obvious conflict of interest which arises when a state official hires herself for a state project and unilaterally determines the financial benefit she is to receive, Snyder engaged in deceptive tactics to provide payments by NYSTI to a private pension and health benefit plan to which she was not entitled as a supplement to her state pension and state health benefits. When hiring herself and setting her own terms of additional compensation, Snyder has further evinced her refusal to separate her official and private interests, has made decisions in her official capacity that benefit herself personally, and has failed to abide by even rudimentary measures to guarantee objectivity and the appearance of objectivity. Further, Snyder failed to disclose material facts of this significant benefit to the NYSTI Board of Directors and provided sworn testimony to the Inspector General on these matters that was untrue.

The Inspector General’s investigation revealed that Patricia Snyder has routinely hired herself to direct or associate direct NYSTI plays, resulting in her receiving financial compensation and other benefits in addition to her regular annual salary. Snyder admitted to the Inspector General that she hires herself in these other capacities. Pointedly, when Snyder was directly asked who selects her as a director of a NYSTI

¹⁷ Pursuant to Public Officers Law § 73, “compensation” is defined as “any money, thing of value or financial benefit conferred in return for services rendered or to be rendered.” Additionally, the New York State Attorney General and the New York State Comptroller have definitively found such benefits to be compensation in the context of state authorities. See OAG Op. No. 2007-F1.

production, Snyder testified, “I choose me, and the Board approves.” As noted above, the Board has never rejected Snyder’s choice of a NYSTI production or director and has habitually acceded to Snyder’s decisions.

Asked by the Inspector General about her hiring of herself, Snyder expressed the view that NYSTI should be permitted to follow its own rules, testifying:

You know, you are getting into very dicey waters, artistically. I will tell you, the arts community will be up in arms with this line of questioning. We are talking about artists . . . Art is not like running an OGS office.

In most years, Snyder selects herself to direct at least one of the six or seven stage plays that NYSTI produces, and chooses herself to serve as associate director on additional plays. From 1995 to 2009, Snyder hired herself as either director or associate director on 22 NYSTI productions. As discussed below, despite “waiving” her fees on these productions for her work as director or associate director, Snyder has received compensation in addition to the annual salary she is paid by NYSTI.

Tellingly, while espousing that no ethical issues arise from this unusual arrangement, by their actions, Snyder and NYSTI have implicitly acknowledged the self-evident ethical implications of a state officer contracting with herself and setting her own terms and conditions of employment. Although the vast majority of NYSTI contracts are signed by Snyder on behalf of NYSTI, contracts with Snyder herself and her family are signed by Olga Delorey, NYSTI’s Associate Producer, who answers directly to Snyder. The Inspector General determined that Delorey’s signature on the contracts is nothing more than an empty formality. When questioned regarding this process, Snyder remained evasive before ultimately conceding her direct involvement in her hiring of herself:

Inspector General: Who makes the determination that the fee, which you are going to waive – we will talk about that in a minute – for you is ten thousand dollars?

Snyder: Between the Institute and the union

Inspector General: Who from the Institute?

Snyder: Olga.

Inspector General: Do you approve that?

Snyder: Do I approve it?

Inspector General: Yes.

Snyder: I am not taking it so what is the difference?

Inspector General: Well that is why I am asking. We are going to talk about that, but do you approve the number that is set for you, that you then waive?

Snyder: Do I agree that that is the right number?

Inspector General: Yes.

Snyder: I think it is fair, if one were to set a price on my services.

Inspector General: Well, let me rephrase because I think we got a little out of the loop. A particular number, here ten thousand dollars, chosen as the number for compensation which you will then waive, in a given production, in this case "Miracle on 34th Street."

Snyder: Right.

Inspector General: Do you say ten thousand dollars is . . . do you sign off on ten thousand dollars being that set term of compensation you will then waive?

Snyder: Yes.

Inspector General: Okay. Then Olga types this up?

Snyder: Yes.

Olga Delorey confirmed under oath that she merely acts as the signatory of the contracts involving Snyder and Snyder's family and that Snyder renders the actual decisions regarding who is hired and the terms of their employment. Snyder claimed under oath that Delorey commenced signing contracts with the Snyder family based upon Snyder's conversation with NYSTI Board Chairman Morris. As with many of Snyder's

other accounts of informing and receiving approval from the Chairman for her actions, Morris testified that he was neither aware of nor approved this arrangement. Morris further confirmed that the actual signatory of the contract was irrelevant if Snyder herself rendered the underlying decision.

3. Snyder Receives Undue Contributions to Her Private Pension When She Selects Herself as Director or Associate Director on NYSTI Productions

In 1993, shortly after NYSTI was established as a public benefit corporation, Snyder joined the Stage Directors and Choreographers Society (SDC),¹⁸ an independent labor union representing professional stage directors and choreographers. Snyder joined and has remained an SDC member by her own choice, as her NYSTI employment does not require membership and NYSTI does not exclusively contract with SDC members to direct its productions. Nonetheless, as she is an SDC member, whenever Snyder hires herself to direct a NYSTI production, NYSTI and Snyder must execute an SDC contract that is filed with the union.

As NYSTI does not solely hire SDC members and does not possess a negotiated contract with SDC, when hiring a director or choreographer who is an SDC member it must execute a “special contract.” The “special contract” requires no minimum fee be paid to the member; instead, the amount of the fee is negotiated by the member and employing theater, in this case NYSTI. As required by the contract, the employer must contribute to the member’s union pension and health benefit funds a percentage of the fee paid to the director. Contributions to the pension funds are equal to 8 percent of the fee paid to the member; health fund contributions vary based on the fee amount. Vested members are eligible to receive an annual pension from SDC at age 65 based on accumulated pension contributions made by their employing theaters.¹⁹ Based on

¹⁸ Prior to 2008, the union was known as the Society of Stage Directors and Choreographers (SSDC).

¹⁹ As of January 2009, annual pension amounts equated to 28 percent of the contributions made on behalf of a member on or after March 1, 2006, plus 35 percent of contributions made prior to March 1, 2006.

contributions by their employing theater, vested members also qualify for health benefits from SDC.²⁰

As noted, Snyder to date has hired herself and set her own “fee” as director or associate director on 22 NYSTI productions. As Snyder has maintained her SDC membership throughout this period, Snyder and NYSTI execute an SDC “special contract” each time she hires herself.

The contracts Snyder negotiates with herself are unusual. For the six plays Snyder has directed since November 2005, the contracts state that NYSTI will ostensibly pay Snyder a fee of \$10,000 per production. As associate director for three plays during this period, the contracts set Snyder’s fee at \$3,000. Snyder then executes a rider in which she “waives” the fee contained in the body of the contract, rather than merely declaring that she is waiving her fee on the contract itself. The Inspector General determined that Snyder engaged in this irregular practice as a means of receiving private pension and health benefits to which she was not entitled and to deceive the union as to the true fee she was to receive (\$0).

Throughout her testimony, Snyder repeatedly downplayed her self-hiring by noting that she “waives” the directing fee which she nominally sets for herself. When questioned regarding the genesis of the specific fee amount she then ostensibly waives, which is higher than the actual fee paid to other equally accomplished directors hired by NYSTI, Snyder claimed that this number was “based on recommended salaries and talking with SDC” and derived from her experience. When inquired as to why she sets a fee in a contract which she proceeds to waive in a rider, rather than merely entering “0” as the amount of compensation in the first instance on the contract, Snyder initially testified that SDC mandated this strange construct, averring “because the union wants them . . . it is fixed according to the union rules and regulations.” When pointedly asked

²⁰ To qualify for health benefits, contribution of at least \$800 during a six-month period must be made by the employing theater on behalf of the member to the SDC health fund. If these requirements are met, the SDC members can receive paid health benefits for six to 12 months, dependent on the amount of contributions.

whether under these union rules she was “allowed to waive compensation,” Snyder responded, “Yes, as long as fringe benefits are paid.” When further pressed, Snyder added that she claims compensation only to waive it via a rider to the contract because “there is a whole psychology to it” based upon the fear that other directors will learn that she donated her time and “if you have an expertise and you give it away over and over again . . . you are never going to be respected or appreciated in the business.” Snyder repeated her claim that “that is the way the SDC directed Olga and me to do this” but could not name the individual at SDC who instructed NYSTI to employ this method.

Contradicting Snyder’s testimony, the Inspector General determined that not only was Snyder permitted to waive a fee by the union, but that under union rules, when she waived actual acceptance of such fee she was not entitled to contributions to her pension or health benefits plan. The Inspector General further determined that Snyder intentionally withheld documents from the union which would have revealed her lack of entitlement to the private contributions by the state.

As set forth above, Snyder claimed that her “fee” was based upon a schedule set by SDC. Contrary to Snyder’s assertion, SDC officials advised the Inspector General that they never recommend a specific fee for a member working under a “special contract,” which, as noted, has no minimum fee: “That does not happen,” one official stated. To the contrary, the official added, “we leave it to the member and to their employer to negotiate within their budget.”

The Inspector General determined that not only is Snyder’s claim to have received a fee recommendation from SDC inaccurate, but Snyder also withheld information from SDC in an effort to support her dubious claim. As required by SDC, NYSTI forwards copies of Snyder’s signed contracts to SDC. The SDC contract explicitly requires “any additional terms shall be set forth on a rider to this agreement and attached to each copy” of the contract sent to the union. Under this clear directive, SDC officials confirmed to the Inspector General that all riders to contracts must be submitted to the union along with the contracts. Despite this instruction, Delorey, with Snyder’s knowledge,

instructed staff to withhold the rider in which Snyder waives her fee from the contracts sent to the union. A note from Delorey to Chromey conveying this instruction is reproduced below.

**NYS Theatre
Institute**
Professional theatre for family audiences
8/30/07
Beth,
Please note 1/3 due upon signing.
Reminder ... don't forward the rider to
SSDC.
We have to file the gold copy too (I'll
file the pink copy on Patricia's behalf).
Olga

Asked by the Inspector General why staff are instructed not to forward the riders to SDC, Snyder testified,

Because they do not want it. All they want is their contract. All they care about is their agreement. They do not care about the internal agreement. They do not care about all of the details.

Snyder's spurious explanation is in direct contradiction to the language of the contract. In fact, because Snyder only provides SDC with the contract which includes Snyder's "fee," but not the riders in which Snyder waives this fee, Snyder creates the false impression with the union that NYSTI is actually paying her the amount listed on the contract for the NYSTI production. Under this illusory status as a paid director or associate director, NYSTI is then obligated under the contract to make contributions to the SDC pension and health funds on Snyder's behalf. Tellingly, the rider to Snyder's contracts in which she waives the directing fee and which is intentionally withheld from

SDC expressly guarantees payment into Snyder's private pension and health plan. Specifically, the rider states:

Director hereby waives payment of her customary directing fee as outlined in the Agreement. However, NYSTI will pay Pension and Health to SSDC based on a directing fee of \$10,000.

In sum, union officials confirmed that union pension and health benefit contributions are supposed to be based on a percentage of actual fees paid to a member (if no fees are paid, then no contributions are to be made) and not as percentages of an illusory fee contrived solely to garner undue payments to her private pension and health plan. To the extent that the withholding of the rider from the union is based or partially based on the "psychology" of not being perceived as giving away services, undue benefits should not be paid in order to sustain the reputation of a state official who hires herself for a project.

Undermining Snyder's explanations, SDC officials advised the Inspector General that if no actual fee is paid to a member, a "0" should be entered in the compensation portion of the contract, and no pension or health contributions are to be made by the theater. The officials further stated that if Snyder had included the internal rider to the union as required by the contract itself, SDC "would say this is a 'zero contract,' and "wouldn't accept it . . . wouldn't allow it." Contrary to Snyder's testimony, SDC officials advised that members may waive or donate fees as they wish and that agreement would be a matter between the member and the theater; however, a member cannot enter a fee on the contract if that fee has been in fact waived as an artifice to obtain contributions to the member's pension and health plans. By willfully failing to inform the union of the fact that she has ostensibly waived her directing fee and engaging in machinations based upon this deception to obtain contributions, Snyder has violated union rules: "It's a mischaracterization of the contract, so she's building up her pension, basically," a SDC official advised the Inspector General.

Interestingly, Snyder not only hired herself and set her own fee, most recently at \$10,000 per production, but NYSTI paid no other director more than \$7,500 for a production during this period. By setting her own fee at \$10,000, regardless of any waiver, Snyder has ensured, in fact, specifically required, that NYSTI pay contributions to Snyder's SDC pension and health funds that have been higher on a per-production basis than those paid for any other director legitimately receiving contributions.

Additionally, at Snyder's direction, NYSTI pays her SDC annual membership fee of \$150, which since 2004 has totaled at least \$750. NYSTI also paid Snyder's SDC dues, which totaled \$2,445 during this period, although, as dues are equal to 2.5 percent of a member's fee for a production, Snyder's waiver of her fee meant that due payments were not required.

4. NYSTI Inappropriately Funds Both Private and Public Pension and Health Benefits for Snyder

Snyder is a member of the State University of New York's Optional Retirement Program, to which New York State contributes on her behalf. Snyder's enrollment in the SUNY Optional Retirement Program pre-dates NYSTI's re-establishment as a public benefit corporation in 1992. As a vested member of the SUNY plan, Snyder will be eligible upon retirement to collect a pension based on contributions to the plan by Snyder and the state. As a state employee, Snyder also receives health coverage through the New York State Health Insurance Program. Thus, in addition to the pension and health benefits to which she is entitled as a state employee, Snyder, by hiring herself to direct NYSTI productions and manipulating the SDC contract, has devised a means of providing for herself additional private pension and health benefits solely funded by NYSTI and to which she is not entitled.

The Inspector General found that NYSTI has paid a total of more than \$27,600 into Snyder's SDC pension and health funds including \$10,244 in pension contributions and \$17,450 in health contributions since 1994. Based on these contributions, Snyder currently may collect an annual pension from SDC of approximately \$3,576 for directing

work she hired herself to perform for NYSTI. According to the SDC fund administrator, Snyder, although eligible, has yet to apply for her SDC pension benefit, but she has made use of her SDC health insurance.

The Inspector General also determined that Snyder failed to properly advise the NYSTI Board of her substantial private union benefits fully funded by NYSTI contributions. Board Chairman Morris, in his interview with the Inspector General, testified that he and the Board are unaware of any fee or benefit Snyder receives when she chooses to direct a production. Moreover, Morris was not aware that Snyder even maintained a private pension or health plan.

5. Despite Waivers, Snyder Received \$19,500 in NYSTI Payments to Direct Plays

Despite waiving her fee, Snyder nonetheless received direct monetary compensation, in addition to her regular NYSTI salary, as a result of her hiring herself to direct NYSTI productions. Under the terms of the internal riders, NYSTI has made payments to Snyder of either \$1,000 or \$1,500 per production. To date, these payments to Snyder have totaled at least \$19,500.²¹

According to the internal riders, these payments are “to cover daily expenses, per diem and mileage in conjunction with the production.” When asked to explain this additional money provided to her when she selects herself to direct a production, Snyder responded: “When you are directing, you encumber a lot of expenses. We ask for a token payment, sometimes it is a thousand, sometimes it is one thousand five hundred, period, end of story.” Asked by the Inspector General to describe specific expenses the payments are intended to cover, Snyder testified:

²¹ Snyder currently is the only NYSTI employee for whom NYSTI is paying SDC contributions. Prior to his retirement as NYSTI Associate Director, a full-time position, in 2006, Ed Lange was hired as both director and associate director on a number of NYSTI productions. In total, NYSTI contributed \$4,608 to Lange's SDC pension fund and \$10,800 to his health fund, entitling him to an annual pension benefit of \$1,456. Notably, Lange was hired by Snyder for these productions, whereas Snyder hired herself.

You take the cast out for something to eat. You talk to them about the production after hours. Artists do not go home. They hang around. It is a whole other lifestyle. It is not like your lifestyle at all. I am getting to the age now where I like to go home, but they hang out. It is like they're buddies. Who wants a beer? You go out, the director takes out of their pocket and gives them a beer. You have a social something someplace, in a restaurant, at your home. You say "thank you" to . . . a director does, personally, to designers, to whomever helps you in the production. Maybe you do research and you go to wherever that research takes you. You have expenses.

However, neither Snyder nor NYSTI provided a single record documenting or justifying how any of the money from these payments was spent. In fact, Snyder acknowledged that she did not document any expenses she incurred that were to be covered by the funds. Asked by the Inspector General why she submitted no receipts for her expenditures, Snyder gave conflicting answers. Initially, she testified,

We do not require receipts of directors. We do not require receipts of designers. It is established and negotiated in their contract. *The union does not allow you, any union, to require receipts.* (Emphasis supplied)

When pressed by the Inspector General about her response, however, Snyder recanted and gave a different answer:

Inspector General: Do you impose on yourself any sort of requirement that you submit a receipt or voucher or is it your understanding that the union forbids that?

Snyder: No, the union does not forbid it. We do not require it.

SDC officials advised the Inspector General that "special contracts" contain no requirement that a member's expenses be paid, and do not prohibit a theater from requiring a member to document legitimate expenses.

NYSTI Business Manager Beth Chromey, when asked by the Inspector General to describe the purpose of the \$1,000 or \$1,500 payments to Snyder, testified, "I do not know." It is a fundamental and long-established state government principle that state

employees must document legitimate business-related expenses with receipts to receive reimbursement. NYSTI's practices, as described by Snyder and other NYSTI managers, violate this basic standard of accountability.

Absent receipts or other records documenting that the funds were appropriately used to reimburse Snyder for any actual expenses, these substantial payments must be viewed as direct compensation to Snyder resulting from Snyder's hiring of herself and received in addition to her regular salary.

More troubling than Snyder's acceptance of payments for which she provided no receipts, the Inspector General found that Snyder engaged in "double dipping" by charging NYSTI for expenses already covered by the \$1,000 to \$1,500 payments she received. The Inspector General identified more than 60 payments to Snyder or charges incurred by Snyder totaling approximately \$6,900 that represented duplicative payments to her for her directorial expenses. For example, as director of NYSTI's production of "Miracle on 34th Street" in 2007, Snyder received a \$1,500 payment for which she provided no supporting record of expenditures. During the same period, Snyder was also reimbursed or used her NYSTI credit card to charge \$930 in expenses related to her work on the production. Included in this amount is a dinner for female cast members and production staff on November 29, 2007, at the Tosca Grille in Troy. Snyder used her NYSTI credit card to pay the \$438 bill.²²

6. Snyder and Her Son, William S. Snyder, Received Royalties from an Adaptation of "Miracle on 34th Street"

The Inspector General determined that Patricia Snyder and her son William S. Snyder received royalties from an adaptation of the Valentine Davies novel, "Miracle on 34th Street" to a stage play, both when this production was staged by NYSTI on several occasions and when it was performed elsewhere. Specifically, the Inspector General's investigation revealed that Patricia Snyder during the period 2001 to 2009 received

²² Confirming the improper nature of this expenditure, Snyder stated that, in response to the Inspector General's report, she had reimbursed NYSTI for the \$438 bill.

\$38,247 in personal royalty payments for “Miracle on 34th Street.” The Inspector General found that Snyder’s royalties, which she has not properly disclosed to the NYSTI Board of Directors or the New York State Commission on Public Integrity, resulted from irregular and questionable actions taken by Snyder that create a direct conflict between her responsibilities as a NYSTI official and her private financial interests.

a. Snyder Falsely Denies the Existence of Royalty Agreements with NYSTI Regarding “Miracle on 34th Street”

Upon learning of the existence of royalty payments to Snyder and her son for the stage adaptation of “Miracle on 34th Street,” the Inspector General sought to inspect any agreements supporting these payments to assess NYSTI’s potential involvement in the project. In addition to several written requests by the Inspector General to NYSTI for all documents relevant to this investigation, specifically any and all contracts for services rendered, the lack of response required Inspector General staff members to appear at NYSTI’s offices in Troy to locate records not provided. While at NYSTI’s offices, Inspector General staff again requested any and all agreements or contracts between NYSTI and any licensing company, specifically mentioning Samuel French, Inc., the licensing company for “Miracle on 34th Street.” In response to this direct inquiry, Snyder claimed no formal contracts existed between NYSTI and licensing companies. Snyder’s statement is untrue.

When subsequently questioned under oath by the Inspector General about licensing contracts and royalties, Snyder testified, regarding the rights to the adaptation of “Miracle on 34th Street,” that “the rights to the piece do not belong to NYSTI, they belong to the estate of Valentine Davies. Several authors and I got the rights to develop it.” As discussed below, Snyder’s statement is at best incomplete and misleading. In her sworn interview, Snyder proceeded to aver that NYSTI was uninvolved in obtaining the rights to the adaptation and any ensuing royalty agreements:

Inspector General: Are these royalties . . . in contracts . . . are there contracts for those?

Snyder: Not with NYSTI, no. The royalty house owns the property. NYSTI has nothing to do with it whatsoever.

As discussed below, Snyder's testimony is belied by a review of documents the Inspector General obtained from a representative of Valentine Davies's estate and the licensing company, Samuel French, Inc. These documents confirm not only the existence of the royalty agreements, but also NYSTI's direct involvement in the creation of the adaptation.

b. NYSTI, Not Snyder Personally, Obtained Rights from Author's Estate

Based upon records independently obtained by the Inspector General, Snyder's testimony that no agreements exist between herself and NYSTI regarding royalties deriving from the play is false. Further, Snyder's testimony that she and her co-authors obtained the rights to adapt the play from the Davies estate is misleading. In reality, Snyder used her official position to secure the rights to adapt the play for NYSTI and then transferred these rights to herself, her son, and a third party to their continued profit.

The Inspector General ascertained that in March 2000, Snyder, expressly acting in her capacity as NYSTI's Producing Director, contacted Judith D. Scott, the daughter of Valentine Davies, and, with her brother, John P. Davies, the representative of Valentine Davies's estate. Shortly thereafter, in a March 10, 2000 letter to Scott, Snyder, on NYSTI's behalf, requested the estate's permission to adapt the novel, "Miracle on 34th Street," to a stage production. As clearly demonstrated by the letter, which is reproduced below, Snyder in her official capacity, not Snyder personally, sought the rights to the adaptation.

NYS Theatre Institute
Professional theatre for family audiences

March 10, 2000

Ms. Judy Scott
[REDACTED]

Dear Ms. Scott:

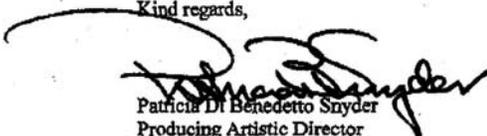
Thank you in advance for your permission. We'll very much look forward to producing *Miracle on 34th Street*.

Sometime next week you will be receiving a package on the NYS Theatre Institute, telling you a little bit about who we are, and some samples of our work.

It was a pleasure speaking with you. You can be sure we will keep you apprised of the progress of our work, and we would be delighted to have you in our audience during the run of the production in December of 2000, should you be able to attend.

I look forward to receiving the Letter of Agreement signed by both yourself and John P. Davies.

Kind regards,


Patricia Di Benedetto Snyder
Producing Artistic Director

155 River Street, Troy, NY 12180
(518) 274-3200 • Fax: 274-3815 • e-mail: nysti@capital.net
<http://www.nysti.org>

The Inspector General served subpoenas on Samuel French, Inc. demanding, “copies of any and all documents you may have relating to copyrighted materials

authored/produced by” Snyder, her husband, son, and daughter-in law. In response, the Inspector General received several documents which further illuminate the history of Snyder’s and her son’s royalties from the project and further lend insight into Snyder’s denial of their existence. Most telling, affixed to the agreements with Samuel French was the March 10, 2000 agreement with the estate of Valentine Davies, the original author of the novel, “Miracle on 34th Street,” granting permission to adapt the work. An image of this agreement appears below:

LETTER OF AGREEMENT

The following parties, Judy Scott and John P. Davies, representing Valentine Davies, author of the novel, Miracle On 34th Street ("Author"), and NYS Theatre Institute agree to the following:

1. Writer has Author's permission to adapt the novel, Miracle On 34th Street, to a stage play ("Play");
2. Writer has Author's permission to allow theatrical production companies to produce the Play;
3. Writer shall inform said production companies that all printed notices including programs, flyers, posters and other publicity materials with respect to the Play shall include the following: "Adapted from the novel, Miracle On 34th Street, by Valentine Davies";
4. Writer shall cause the payment of standard royalties to Author as follows: Ten dollars (\$10.00) for the first performance and Five dollars (\$5.00) for each additional performance, per venue, per production of the Play;
5. Writer shall inform Author of the date, time and location of productions as they become known to Writer so that Author may attend said performances;
6. Writer has Author's permission to publish the Play, provided that Author will continue to receive royalties in accordance with Paragraph 4.

Signed this 10th day of March, 2000

at Troy, New York and California, California.

Judith D. Scott
JUDY SCOTT
Representing Valentine Davies
"Author"

John P. Davies
JOHN P. DAVIES
Representing Valentine Davies
"Author"

Patricia Di Benedetto Snyder
PATRICIA DI BENEDETTO SNYDER
Representing New York State Theatre Institute

On its face, this agreement permitting adaptation of the play was solely entered into between the Davies estate and the "NYS Theatre Institute." The only signatories to this agreement are the representatives of the Davies estate, Judith D. Scott and John P. Davies, and "Patricia Di Benedetto Snyder, Representing New York State Theatre Institute." Neither Snyder personally, nor her son, William S. Snyder, were parties or are signatories to this agreement.

c. The Royalty Agreements for “Miracle on 34th Street”

After execution of this agreement, Snyder, her son, and John Vreeke, another stage director, proceeded to adapt the play and Snyder, acting in her capacity as NYSTI’s Producing Director, selected the adaptation for inclusion in NYSTI’s 2000-2001 season. The first stage version of this adaptation of “Miracle on 34th Street” was funded, promoted, and produced by NYSTI in November and December 2000.

Despite NYSTI’s apparent ownership of the rights to adapt the play from the Davies estate, to ensure she and her son would derive future personal financial benefit from the adaptation, Snyder then executed an irregular royalty agreement in which she represented both NYSTI as an organization and herself individually. Namely, on August 29, 2001, a “memorandum of agreement” was entered into with the licensing agent, Samuel French, Inc., regarding marketing the adaptation and future royalties earned. An image of this agreement appears below:

MEMORANDUM OF AGREEMENT

Made this 29th day of August, 2001

between

New York State Theatre Institute
37 First Street
Troy, New York 12180
Att: Patricia Di Benedetto Snyder

party of the first part (hereinafter called "the Producer"),

Patricia Di Benedetto Snyder

[REDACTED]

John Vreeke

[REDACTED]

Will Severin

[REDACTED]

Party of the second part (hereinafter called "the Authors/Owner")
and

SAMUEL FRENCH, INC.
45 West 25th Street
New York, NY 10010,

party of the third part (hereinafter called "the Agent"),

WITNESSETH: Whereas the said Owner is the author and proprietor of Play with Music
entitled:

"MIRACLE ON 34th STREET"

(hereinafter called "the Play") based on the novel by Valentine Davies, and having been adapted
by Patricia Di Benedetto Snyder, Will Severin and John Vreeke, with music by Will Severin. The
Owner desires that the same be published and put on the market by the Agent,

E. The Owner or its representative shall have the right at all reasonable times to inspect and copy the books and records of the Agent in connection with the payment of royalties pursuant to Clause Sixth hereof, as well as the payment of book royalties pursuant to Clause Fourth hereof.
SEVENTH: It is agreed by and between the parties hereto that the release of the Play for stock and amateur production in the Territory shall be immediate upon the ensembling and delivery of these presents.

IN WITNESS WHEREOF: the parties hereto have interchangedly set their hands and seals this day and year first above written.

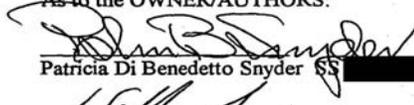
As to the PRODUCER:

As to the AGENT:
SAMUEL FRENCH, INC.

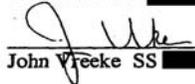

New York State Theatre Institute
ID [REDACTED]

Charles R. Van Nostrand, President

As to the OWNER/AUTHORS:


Patricia Di Benedetto Snyder SS [REDACTED]


Will Severin SS [REDACTED]


John Vreeke SS [REDACTED]

Contrary to Snyder's testimony that "NYSTI has nothing to do with it whatsoever," the memorandum of agreement is between NYSTI, John Vreeke, Snyder herself, and her son William S. Snyder. Notably, Patricia Snyder executed the agreement in two capacities: on behalf of NYSTI and simultaneously on behalf of herself as a purported "owner" of the adaptation. This agreement designated NYSTI as the "producer" of the adaptation, and designated Snyder, her son, William S. Snyder, and

Vreeke as “author/owners” of the adaptation. Under this agreement, future royalties are divided: Snyder personally receives 25 percent of all royalties, as do her son, Vreeke, and NYSTI.

In addition to the dubious and conflict-of interest-laden nature of Snyder’s acquisition of personal rights to adapt the play and her obvious conflict of interest in representing both herself and NYSTI simultaneously when entering into this memorandum of agreement, Snyder, exercising her authority as NYSTI’s chief executive, selected the stage adaptation of “Miracle on 34th Street” for three additional productions — as part of NYSTI’s 2001-2002, 2003-2004, and 2007-2008 seasons. Each time Snyder decided that NYSTI would stage “Miracle on 34th Street,” NYSTI paid a licensing fee to Samuel French, a portion of which was then paid to Snyder personally and to her son. Specifically, for the December 2007 production, Snyder directed NYSTI to pay Samuel French a licensing fee of \$1,200 by check dated June 30, 2007. Of this total, Samuel French retained a 10 percent agent’s fee, and the remaining \$1,080 was remitted in royalty payments to Snyder, her son, William S. Snyder, Vreeke, and NYSTI, each receiving \$270. Snyder received her share from Samuel French by check dated July 20, 2007, mailed to Snyder’s personal residence. Similar fee payments by NYSTI to Samuel French resulting in royalty payments to Snyder and the other parties occurred in 2001 and 2003.

In addition to the royalty payments she personally has received from NYSTI’s productions of “Miracle on 34th Street,” Snyder and the other parties also have been paid royalties whenever other theaters license the adaptation through Samuel French, with licensing fees paid by these theaters varying based on theater type and size.²³ These fee payments have resulted in substantial royalties paid to Snyder and the other parties from 2001 through 2009. As noted, during this period Snyder received personal royalty payments for “Miracle on 34th Street” totaling \$38,247. Snyder’ son, William S. Snyder, Vreeke, and NYSTI each received similar amounts. The royalties for “Miracle on 34th Street” totaled approximately \$150,000.

²³ Snyder and the other parties also received royalties from sales of the published script of the adaptation.

d. Snyder is Confronted with the Memorandum of Agreement with Samuel French

After Snyder claimed that no agreements existed involving NYSTI and the royalties for the adaptation of “Miracle on 34th Street,” the Inspector General confronted her with the aforementioned August 29, 2001 contract that established the terms of the “Miracle on 34th Street” royalty agreement to which NYSTI was a primary party as represented by Snyder. Snyder could not credibly explain this document, which moments before she had, under oath, asserted did not exist. Snyder testified:

It is, to be honest with you, what this is, is NYSTI accepting the authors’ gift of one-quarter of their royalties. Tomorrow we can call Samuel French and say to them, “We no longer [want] NYSTI to have any of our money.”

Snyder further testified in a similar vein:

The royalties are not to be expected by NYSTI or owed to NYSTI; it is a gift to NYSTI because NYSTI developed a property.

When the Inspector General asked Snyder whether the NYSTI Board was aware of her receipt of these royalties, Snyder was evasive in her responses:

Inspector General: Did you discuss the issue of royalties with the Board?

Snyder: Yes, they know I authored that play.

Inspector General: I am sure they know you authored the play, but have you specifically discussed the issue of you drawing . . . royalties off that production?

Snyder’s attorney, interposing: May I? Did she have some gratuitous discussions?

Inspector General: No, I am not saying they are gratuitous.

Snyder’s attorney: But it is not NYSTI’s business, they are not getting the royalties from this.

Inspector General: What I am asking . . . did you have any discussion with the Board about the fact . . . did you inform the Board that you are receiving royalties?

Snyder: The Board knows that my work was published by Samuel French and that the royalties were going to . . . the authors were going to give NYSTI, yes, it was specifically discussed at a Board meeting, one-quarter of our royalties, yes. It was also discussed that this was our property.

Later in the interview, the Inspector General returned to the subject of her disclosures to NYSTI's Board of Directors:

Inspector General: It was not completely clear what your answer was when you were asked if you had disclosed to the Board that you are receiving royalty payments from Samuel French personally.

Snyder: But it is my property.

Inspector General: I think I said, have you ever told, for whatever reason, have you informed them?

Snyder: I do not know if I have said that, but they are aware that royalty payments get made.

Inspector General: In general?

Snyder: Yes, because they see the royalty payments that the Institute gets as a gift from the authors.

The Inspector General questioned NYSTI Board Chairman David Morris under oath about Snyder's royalties. Asked if he was aware that Snyder had been paid royalties, Morris stated, "I'm not aware. I don't think I know."

7. Ethical Restrictions on Receipt of Royalties Stemming from Official Work

In addition to the obvious conflict of interest inherent in Snyder's dual representation of herself individually and as NYSTI's head in negotiations involving her son, Snyder's receipt of royalties pursuant to these self-negotiated agreements implicate the state's ethics laws.

The New York State Ethics Commission has issued several opinions interpreting the state Public Officers Law as it pertains to the ability of state officers, such as Snyder, to collect royalties on works directly or indirectly linked to their state employment. In 1989, the Ethics Commission opined that a state employee could receive royalty payments for a work, a book the employee had co-authored only if certain conditions were fulfilled:

The Commission concludes that the State employee may receive royalties from the publication of the book as long as the book was written on his own time and not on State time; no State property, personnel or other resources were utilized; the subject matter was sufficiently unrelated to his job responsibilities so that the authorship or the advice or material provided in the book could not be viewed as part of his job; the book does not identify the author as a State employee, although a biography may list such a credential; **the State agency where the individual is employed does not advertise, otherwise promote or endorse the book; the individual does not advertise, otherwise promote or endorse the book when he is performing his State duties, whether involving training or otherwise; the State agency does not use the book or make it available as part of any of its training programs;** and the book contains a disclaimer that the statements contained are those of the author only and represent the opinion or interest of no other person or organization.²⁴
(Emphasis supplied)

It is beyond dispute that not only did NYSTI, at Snyder's direction, advertise, promote, and endorse the production, but that NYSTI itself obtained the rights to adapt the play and that the first production of the adaptation was by NYSTI in November and December 2000. The Ethics Commission has held that in such a situation where the state agency promotes and uses the state official's work, the state employee would no longer be eligible to earn royalties, since writing the book could then be viewed as part of the individual's job duties.²⁵

The Ethics Commission subsequently revisited this topic on several occasions. Most notably, in 1998 (Ethics Op. No. 98-15), the Ethics Commission clarified the

²⁴ Ethics Op. No. 89-10.

analysis of whether the work was part of an employee's job responsibilities. Further undermining Snyder's right to receive royalties on a play originally produced and promoted by NYSTI, the Ethics Commission found key considerations in the analysis of whether the state official created the work as part of their job responsibilities, whether authorship "was assigned" to the authors by the agency and "was expected of them" by their agency. The Commission further opined that "[u]se by the agency employing the author should serve as a bar to royalties when the author, as part of his or her job duties, prepares the materials for agency use; that is the development of the materials is for an agency purpose . . . This situation is to be distinguished from that where a State employee working on his or her own time and outside of his or her duties, writes a book or materials for general consumption, or for general use by those in a particular field." It is beyond cavil that NYSTI, through Snyder's auspices, directed creation of the adaptation to Snyder herself, her son, and Vreeke; therefore, Snyder's rights to royalties are highly questionable.

Importantly, regardless of whether the work was created as part of an employee's official duties, thus barring the employee from receiving royalties altogether, the Ethics Commission has definitively found on several occasions that state officers and employees may not receive royalties from use of the work by either their own agency or any other state agency.

Based upon the dubious and conflict-riddled evolution of the royalty arrangement discussed above, it appears that Snyder was not entitled to receipt of royalties from the adaptation of "Miracle on 34th Street." NYSTI as a public entity received permission from the original author's estate to adapt the work and the adaptation was originally produced and promoted by NYSTI. Therefore, a strong argument exists that Snyder was not entitled to the approximately \$38,000 she received as result of these machinations. Moreover, accounting for the transformation of the adaptation from rights held by NYSTI from the original author's estate to Snyder's self-dealing and contracting a percentage of future royalties to herself, her son, and another individual, it is apparent that the full

²⁵ Ethics Op. No. 89-10.

\$150,000 in royalties derived from productions of “Miracle on 34th Street” is the result of Snyder’s abuse of authority. Regardless, the agreements underlying Snyder’s receipt and her son’s receipt of royalties are saturated with conflicts of interest, and, at a minimum, Snyder’s selection of the play for production by NYSTI resulting in her receipt (and her son’s receipt) of royalty payments was in violation of the Public Officers Law.²⁶

8. Snyder Failed to Report Royalty Income in Annual Financial Disclosure Statements She Submitted to Commission on Public Integrity

Further evincing her effort to conceal information regarding royalty payments, Snyder repeatedly failed to report her royalty income on Financial Disclosure Statements filed with the New York State Commission on Public Integrity, as required by law.

Due to her salary level and designation as a NYSTI policymaker, Snyder is required under the law to file an annual financial disclosure statement with the New York State Commission on Public Integrity (previously the New York State Ethics Commission).²⁷ Among other information, the financial disclosure statement requires filers to report the “nature and amount of any income in excess of \$1,000,” whether earned by the filer or the filer’s spouse, and the source of that income.

The Inspector General found that Snyder violated the Public Officers Law by failing to disclose her Samuel French royalties for calendar years 2002, 2004, 2005, and 2006. In her financial disclosure statement for 2002, Snyder failed to report total royalties of \$1,172. In her disclosure statement for 2004, Snyder failed to report royalties totaling \$2,388. In her disclosure statement for 2005, Snyder failed to report Samuel

²⁶ During the course of this investigation, counsel for NYSTI attempted to defend Snyder’s receipt of royalties by analogy to scientists employed by the state Department of Health (DOH) who have contracted with the state to receive royalties from their inventions. Counsel’s analogy is self-defeating. In addition to ignoring the manifest conflicts of interest which pervade Snyder’s self-negotiated arrangement, unlike Snyder, the referenced DOH scientists have the legal ability to earn royalties based upon a specific statute permitting them to do so, Public Officers Law § 64-a. Moreover, notably, even under that statutory scheme, the state officials may only receive royalties from patents based upon a written formal agency policy vetted and approved by the State Division of the Budget and the State Comptroller.

²⁷ Public Officers Law §73(a).

French royalties that totaled \$3,618. In her financial disclosure statement for 2006, Snyder failed to disclose Samuel French royalties of \$2,998.

Snyder's awareness of this reporting requirement is manifest, as she made a correct filing for calendar year 2003 listing Samuel French royalties of \$1,587, submitted on May 14, 2004. Thereafter, however, Snyder failed to report her royalty income until May 12, 2008 (reflecting 2007 royalty earnings of \$7,155), a date occurring, notably, after the Inspector General commenced this investigation.

In her interview, the Inspector General questioned Snyder as to why she included the royalties in her 2007 financial disclosure statement (submitted in 2008) but not in her 2005 or 2006 statement, Snyder testified:

Because I might not have gotten royalties, I do not know. You do not get royalties every year. It depends on who does the show and if somebody does the show . . . I am not trying to leave something off. If I had royalties in a given year and it was not put down, it was not an intentional thing. But I do not get royalties every year and it is pennies.

Snyder's testimony is inaccurate. As noted, Snyder received royalties from Samuel French every year from 2001 to 2009. Moreover, the value of her royalties can hardly be described as "pennies." From 2001 to 2009, Snyder's royalties from Samuel French totaled \$35,710, and every year the amount she earned exceeded the minimum dollar value required for disclosure. In a subsequent interview with the Inspector General, Snyder provided additional testimony regarding her failure to disclose her royalty income, indicating that her royalties were included on the disclosure form in another source of income and not separately identified. The Inspector General again notes, however, that Snyder had correctly segregated and described each source of income on her 2003 disclosure form, but failed to do so for the subsequent two years.²⁸

²⁸ Members of the NYSTI Board of Directors also are required to file financial disclosure statements to the Commission on Public Integrity. Records provided to the Inspector General showed that Jane Wait and Terry Hettesheimer failed to file while they were Board members for the years 2004-2007.

D. NYSTI and Snyder Engaged in Unnecessary and Improper Spending

In addition to investigating allegations of malfeasance in entities within its jurisdiction, the Office of the Inspector General is charged with examining the policies and practices of these entities with regard to the prevention and detection of corruption, fraud, criminal activity, conflicts of interest or abuse. The Inspector General's examination of NYSTI's policies and practices regarding expenditures found these procedures lacking.

The Inspector General found that NYSTI and Patricia Snyder over a long period made questionable and excessive expenditures that were not essential and at times unrelated to NYSTI business. These expenditures included restaurant meals, travel, parties, and other items inconsistent with the fiscal responsibility expected of a public entity and at times contrary to specific state guidelines. For example, NYSTI spent tens of thousands of dollars on chauffeured car service for Snyder and others, mostly for trips between Troy or Saratoga and New York City. Additionally, when Snyder traveled to Ireland for a theater conference, NYSTI paid more than \$1,560 for her airfare, including an extra charge allowing Snyder to upgrade herself to a first-class seat. At Snyder's direction, NYSTI also spent nearly \$1,200 for three restaurant outings honoring a private individual with no business relationship to NYSTI.

Significantly, during the Inspector General's investigation, Snyder made numerous reimbursements to NYSTI totaling \$1,888 for personal or other improper expenses she incurred, in some cases years earlier. More troubling, Snyder and other NYSTI officials backdated records to create the false impression that Snyder had made timely reimbursements of personal expenses she improperly charged to NYSTI, when in fact the reimbursements were not made until after the Inspector General's investigation had commenced and records of the expenditures had been demanded.

Underlying and contributing to these questionable spending practices, the Inspector General found that NYSTI lacked basic internal safeguards for ensuring

financial accountability. In many instances, expenses were paid, even if no receipt or other supporting documentation was submitted. At other times, receipts were submitted, and payments made, for expenses which clearly should have been refused. The controlling principle at NYSTI appeared to be that if Snyder incurred or approved the expense, it was paid without question.

1. Meal Expenditures Inconsistent with State Rules Totaled Nearly \$85,000

The Office of the State Comptroller (OSC) has issued guidelines for state employee travel and meal expenditures and reimbursements. Under these guidelines, state employees may be reimbursed for the cost of breakfast and dinner, but not lunch, while on legitimate business travel more than 35 miles from their official work station. OSC has allowed exceptions to this general rule, permitting public entities to pay the cost of employees' non-travel meal expenses in circumstances where such expenses are "proper," "necessary," or "reasonable." OSC also has stated that the entity's "governing body must carefully assess the appropriateness of any given expenditure of this nature." OSC specifically has taken the position that public entities should not cover the expense of employees' alcohol purchases.²⁹

NYSTI policy on meal expenses reflects the OSC guidelines and similarly provides for exceptions in certain circumstances. Specifically, the "Production Meetings" section of the NYSTI policy and procedure manual states that "production meetings" involving the Producing Director (that is, Snyder), a play's director and creative staff, and "possibly" the Associate Producing Director (Olga Delorey, Snyder's assistant), "are held at lunch or dinner time at NYSTI's expense as the producer." In a section entitled, "Observing Theatrical Traditions," the manual also states: "[F]ollowing the performance, the company is hosted for a modest opening night dinner. Each company [member] is allowed one guest and beyond one they pay for each additional person. Each member of the creative team is given a modest 'thank you' token of

²⁹ See Office of State Comptroller Ops. No. 81-38, 81-190, 81-291, and 82-213.

appreciation which can be a framed poster, a t-shirt or something symbolic of the production.”

The Inspector General’s investigation identified numerous instances when NYSTI’s meal expenditures, many involving Snyder, were inconsistent with OSC guidelines. This included hundreds of meals that took place within 35 miles of Snyder’s and other NYSTI employees’ work station in Troy. Additionally, NYSTI paid for many meals that lacked justification that they were necessary, proper, and reasonable. In total, the Inspector General identified 734 meal charges or reimbursements totaling \$84,799 that were inconsistent with guidelines and/or lacked adequate justification. Examples of such expenditures are described below.

a. Majority of Meals Occurred Within 35 Miles of Employees’ Work Station

The Inspector General’s investigation revealed that of the 734 meal charges noted above, 536, with a total cost of \$65,727, took place within 35 miles of the employees’ work station. More specifically, 356 of the meals occurred in Troy and 91 of the meals occurred in Saratoga Springs, where Snyder resides. An additional 89 meals occurred in various other locations within 35 miles of employees’ workstation.

b. NYSTI Paid Nearly \$1,200 for Three Dinners Honoring a Former Student Intern

In April 2008, Ruba Batayneh, who was a student intern at NYSTI in the 1980s and now is an advertising executive in Jordan, visited NYSTI. According to Snyder’s own testimony, the visit was unrelated to any NYSTI business. Snyder testified that Batayneh “was in the United States doing something, I don’t know, something with public relations . . . [She] was in a conference [on] other business, nothing to do with us, and she came to us, to see us again.”

During Batayneh’s visit, NYSTI hosted an April 3, 2008 luncheon at LoPorto’s Ristorante in Troy costing \$598.26. That evening, NYSTI also paid \$297.12 for a dinner at Longfellow’s Restaurant in Saratoga Springs in Batayneh’s honor. In a memorandum

to NYSTI Business Manager Beth Chromey directing that both bills be paid, Snyder indicated that 30-35 people attended the two events including current and former NYSTI staff, and members of NYSTI's Board of Directors and its National Advisory Council. Neither Snyder's memorandum nor other NYSTI records identify the dinner attendees, although Snyder testified that her husband might have been present. Three days later, on April 7, 2008, NYSTI paid for a third event for Batayneh: a reception at One Caroline Street Bistro in Saratoga Springs that cost \$299.82. Once again, the attendees were not identified in any NYSTI records obtained by the Inspector General.

Asked by the Inspector General what NYSTI business purpose was served by Batayneh's visit, Snyder could provide no credible answer, testifying that during one of the meals, Batayneh "told us that she was on a list of consideration for minister of culture [in Jordan] and that she . . . was hoping that we would be — if such a thing happened — that we would be able to effect another [cultural] exchange" In all, NYSTI spent \$1,195 for three restaurant outings unconnected to NYSTI business.³⁰

c. Snyder Charged NYSTI for \$282 Catered Brunch at Her Home

Another unnecessary and improper expense involved a catered private reception at Snyder's home which NYSTI funded. According to Snyder's testimony to the Inspector General, on August 25, 2006, NYSTI "promoted and displayed" copies of its audiobooks at the Border's bookstore in Saratoga Springs. At the bookstore at the same time, author Peter Quinn, an acquaintance of Snyder, was signing copies of his latest novel. After the event, Snyder hosted a private reception for Quinn at her home in Saratoga Springs. Snyder had arranged for the Omelette King of Saratoga Springs to cater the reception, providing 20 omelette brunches. At Snyder's instruction, NYSTI paid the \$282 bill.³¹

³⁰ Batanyeh figured indirectly in another, albeit smaller, NYSTI expense that also was unrelated to official business. On November 12, 2005, Snyder and her husband made a telephone call from their home to Batanyeh in Jordan to obtain information about funeral arrangements for a mutual friend who recently had died. At Snyder's direction, NYSTI reimbursed her husband the \$32.24 cost of the call.

³¹ Confirming the improper nature of this expenditure, Snyder, in response to the Inspector General's report, stated that she reimbursed NYSTI for the \$282 charge.

When asked by the Inspector General why the catered brunch was an appropriate NYSTI expense, Snyder testified: “[W]e were promoting our audiobooks. We made a speech on our audio . . . to sell our audiobooks . . . people who were there we said, ‘Come on over to talk more about this.’” Asked to be more specific about attendees at the brunch, Snyder stated, “[M]any of these people were people that maybe were from the university or people that we knew.” Snyder also claimed in her testimony that she was interested in Quinn possibly writing a play for NYSTI; however, she acknowledged that in the nearly three years since the brunch, no such play has been written.

Undermining her own claim that the brunch was business-related, Snyder testified that she believed she had reimbursed NYSTI for the event and indicated she would attempt to locate records of such reimbursement. However, Snyder has not provided any such documentation, and the Inspector General’s extensive review of NYSTI records found no evidence of a reimbursement. Interestingly, the Inspector General found no record of any audiobook sales from the event.

d. NYSTI Spent More Than \$31,000 on Opening Night Receptions and Cast Parties, Which, At Times, Included Alcohol

On or around the opening night of a production, NYSTI pays for a reception at a local restaurant or other venue, at which it provides food and beverage to all production members and NYSTI staff. NYSTI also pays for one guest of each production or staff member. Similarly, NYSTI holds a dinner reception, or cast party, near the conclusion of a production. As noted, NYSTI policy on “Observing Theatrical Traditions” states it will host a “modest” dinner on a play’s opening night. NYSTI Board Chairman David Morris testified that he has attended a number of these dinners, describing them as “very low-scale” events.

The Inspector General’s investigation found that the cost of eight of the receptions or parties exceeded \$1,000 each, and 24 of the events cost more than \$500 each. The most expensive, a December 2007 opening night party for “Miracle on 34th Street,” cost \$2,447. In May 2004, NYSTI paid \$1,764 for a dinner reception with Dutch Apple

Cruises celebrating its production of “Immo and Leo.” In total, the Inspector General determined that NYSTI spent at least \$31,027 between 2004 and 2009 on these gatherings.

In addition, the Inspector General determined that NYSTI paid for alcohol at a number of these parties, despite the claims of NYSTI staff who were interviewed that only a cash bar was available. NYSTI records show that it paid for alcohol at parties in January 2006, March 2006, October 2008, and November 2008, totaling approximately \$325.³²

e. Additional Instances of Questionable or Improper Meal Expenditures by NYSTI

- In November 2007, NYSTI paid \$786.44 at the F & J Pine Restaurant in New York City for the cast and crew of the production “Arsenic and Old Lace.” A note from Patricia Snyder to NYSTI Business Manager Beth Chromey indicated the charges were for “dinner for cast and crew who worked a 14 hour day after opening of Arsenic.” NYSTI records further indicated 32 people attended, including many cast and crew members who also were already receiving a daily per diem from NYSTI to pay for meals.
- In June 2007, Snyder charged NYSTI for a \$102.38 charge for a dinner meeting at the Putnam Market in Saratoga. Those in attendance included Patricia Snyder, Olga Delorey, a NYSTI Board member, and three persons not associated with NYSTI. The purpose of the meeting was to discuss “subscription parties in Saratoga and how to have a benefit at the Saratoga Polo club.” In November 2008, during the Inspector General’s investigation, Snyder reimbursed NYSTI for this meal expense.
- In October 2005, Snyder charged to NYSTI a \$161.75 dinner at the Red Front Restaurant in Troy. In a memo to NYSTI Business Manager Beth Chromey, Snyder stated that several actors and designers attended the dinner with her. Snyder continued,

³² Confirming the improper nature of these expenditures, Snyder stated that, in response to the Inspector General’s report, money was “donated” to reimburse NYSTI for the \$325. The Inspector General notes that the use of donated funds for such a purpose itself appears to be improper.

“We had a bit of a scheduling problem. We called some actors in at 2:00 pm, all others in at 5:00 pm, but when they arrived there was very little to do because we were missing one actor and we couldn't go forward. So I made a decision to invite them to dinner.”

- In October 2008, NYSTI held a meeting from 4 p.m. to 6 p.m. in its Troy office to discuss a potential future production. NYSTI records indicated the meeting continued from 6 p.m. to 9 p.m. at LoPorto’s Ristorante in Troy, and included a \$209 dinner charged to NYSTI.
- In October 2007, NYSTI paid \$341 at the Chez Sophie Bistro in Saratoga Springs as part of a dinner meeting involving Patricia Snyder, two consultants hired by NYSTI, and the director of the Lake George Opera House. NYSTI records do not describe a purpose for the meeting.
- On November 17, 2006, NYSTI Associate Producer Olga Delorey, Budget Director Ben Masaitis, and Business Manager Beth Chromey interviewed a candidate for a box office position at NYSTI. Rather than conducting the interview in the office, the three NYSTI officials met with the candidate at Fresno’s Southwest Restaurant & Bar and charged the \$46.98 bill to NYSTI.

2. Transportation Expenditures Excessive and Contrary to State Guidelines

As noted, the Office of the State Comptroller has promulgated guidelines for certain state employee expenditures and reimbursements with which NYSTI policy requires compliance. With respect to state business travel, employees are required to use the most efficient and cost-effective method of transportation available. Agencies are responsible for ensuring that “all authorized travel is in the best interest of the state . . . all charges are actual, reasonable, and necessary . . . the most economical method of travel is used in the best interest of the state.” The Inspector General found that Snyder and NYSTI during the period January 2004 through March 2009 spent more than \$40,000 on transportation costs that were excessive and in many instances contrary to OSC

guidelines. On many occasions, Snyder and others charged NYSTI for travel lacking a necessary business purpose and often failed to use the most efficient and cost-effective method of transportation available.

a. Snyder Trip to Ireland Cost \$5,619, Including \$679 Chauffeured Car Ride and \$1,563 Airfare

In October 2007, Snyder traveled to Dublin, Ireland, to attend the Irish Theatre Institute conference. The Inspector General determined that the cost of the seven-day trip totaled at least \$5,619 and included expenses that were improper. Although the NYSTI Board approved Snyder's attendance at the conference in advance, it was not advised of the exorbitant costs Snyder incurred.

Among the excessive costs Snyder charged to NYSTI was \$679.50 to Today's Limousine for roundtrip, chauffeur-driven transport for Snyder and her husband, William F. Snyder, between Troy and JFK International Airport. Equally excessive, Snyder's roundtrip airfare between New York City and Dublin on Delta Airlines cost \$1,563.75, which included an additional charge so Snyder could upgrade to first class. By comparison, the Inspector General determined that the cost of a Delta roundtrip, coach-class seat from JFK to Dublin, booked, as were Snyder's flights, four months in advance, was not more than \$702. As noted, state guidelines require air travel in coach accommodations, and, in fact, NYSTI's contracts with its production designers explicitly state they will only receive reimbursement for air travel "on the least expensive common carrier."

Snyder received in advance a per diem for meal expenses for each of the seven days she was in travel status. She also received, in advance, \$750 in "emergency" funds. After her return, Snyder submitted meal receipts totaling \$224 against her emergency fund advance. As her meal expenses were already covered by the per diems, Snyder's submission of the meal receipts resulted in NYSTI paying her twice for the same expense. Notably, the meal receipts Snyder submitted for credit against her advance included meal expenses for her husband.

b. Chauffeured Car Service Cost More Than \$38,000

The Inspector General's investigation revealed that on 83 occasions, NYSTI paid for one-way or roundtrip chauffeured car service for Snyder, NYSTI staff, production cast members, or members of Snyder's family. Most of the trips were between Troy or Saratoga and New York City. In total, the cost to NYSTI for these trips was \$38,317. Snyder was a passenger for at least 25 of the trips, at a cost of \$12,174. In many of the instances, more economical modes of transportation would have been by train, NYSTI's own state-issued vehicle, or even by personal car. Among the instances of chauffeured car service were the following:

- In March 2006, NYSTI paid \$702 for roundtrip car service between Snyder's home and JFK Airport for Patricia Snyder and her husband. Snyder was traveling to Italy to prepare for NYSTI's cultural exchange visit there later in the year.
- In September 2007, NYSTI paid \$1,010 to transport Snyder, and possibly others, to New York City and Woodbridge, New Jersey, to attend the funeral of Floria Lasky, a private attorney specializing in entertainment law with whom NYSTI had contracted for a number of years.
- In August 2007, NYSTI paid \$620 for roundtrip car service between Saratoga Springs and Newark Airport for Snyder's son, William S. Snyder, and her daughter-in-law, Mary Jane Hansen. The two were traveling to Sweden to meet with theater representatives regarding a production of "Letters From a Window in the Sky" as part of NYSTI's cultural exchange program.
- In April 2008, NYSTI paid \$600 for a six-passenger limousine for roundtrip transportation between Saratoga and New York City for four persons, including Mary Jane Hansen, for a wig-fitting as part of NYSTI's production of "Anastasia."

- In April 2006, NYSTI paid \$400 for roundtrip car service for Snyder between her home and the offices of the Broadway League in New York City. Records show the car departed Snyder’s home on a Tuesday at 7:30 a.m. and returned at 3:30 p.m.

c. NYSTI Spent More Than \$4,300 on Three Events in New York City Purportedly Related to Cultural Exchange with Sweden

On May 12, 2008, NYSTI rented a 47-passenger bus to transport NYSTI staff, Board members and non-NYSTI persons to New York City to attend a reception at the Swedish Consulate honoring the co-production of the play “Letters From a Window in the Sky” by NYSTI and the Theatre Vastmanland of Sweden, part of NYSTI’s cultural exchange. Mary Jane Hansen, Snyder’s daughter-in-law, was hired to adapt the play, and William S. Snyder, Snyder’s son, was hired to compose music for the production. The cost of the bus was \$1,300.

After the evening reception, NYSTI invited 30 individuals to attend a dinner at the Trattoria Dell’Arte restaurant in Manhattan. Two receipts were generated from this dinner, one for meals in the amount of \$1,365.56, and a second, for what appears to be drinks purchased at the restaurant two hours later, in the amount of \$384.68. Olga Delorey, NYSTI Associate Producer, reimbursed NYSTI \$26 “to cover the cost of drinks/gratuity.” It should be noted that only NYSTI Board Chairman David Morris and Mary Jane Hansen reimbursed NYSTI the cost of the meal for themselves and their spouses.³³

Despite the Inspector General’s request for travel expenses and related documents, NYSTI provided no record describing the purpose of the reception and dinner or identifying who traveled on the bus or attended the dinner. Nor did the Inspector General locate any such records while at NYSTI offices. Subsequent to her interview with the Inspector General, however, Snyder provided a May 14, 2008 memorandum that

³³ In response to the Inspector General’s report, Patrica Snyder indicated Hansen also reimbursed for William F. Snyder, Patricia Snyder’s husband. However, due to NYSTI’s incomplete records for the event, the Inspector General could not validate this claim.

included a description of the circumstances of the reception and dinner. After her interview, Snyder also provided a list of purported dinner attendees.

A third costly event that NYSTI tied to its cultural exchange with Sweden occurred on June 20, 2008, when NYSTI chartered a 27-passenger bus to transport 10 persons, including NYSTI staff and others, to the Mid-Summer Festival in New York City's Battery Park. The cost of the bus was \$1,253. In her testimony to the Inspector General, Snyder defended the trip's expense, again citing NYSTI's cultural exchange with a theater in Sweden:

It's part of the whole Swedish culture. We were embarking on another tour of "Letters From a Window in the Sky" . . . All I know is that the [Swedish] Consul General told us at the reception that was hosted and told the Chairman of our Board . . . "If you want your people to be exposed to things that are Swedish, Swedish culture, Swedish, [the festival] is the time to get it all in one big [event]."

No record of who attended the festival was provided to, or located by, the Inspector General. However, again following her testimony, Snyder provided a list of 10 purported festival attendees. This list appears to be incomplete and inaccurate as it does not include Snyder's granddaughter, who, photographs show, was in attendance.³⁴ Snyder's claim that the trip was a legitimate business expense appears questionable as NYSTI paid no per diems for any employees who attended the festival, despite the 12 hours between their departure and return.

The Inspector General notes that NYSTI has maintained a relationship with the Swedish theater as part of its continuing cultural exchange program. However, the

³⁴ Snyder provided contradictory information regarding her granddaughter's travel to the festival. Following her testimony, in an effort to justify her claim that the bus served a business purpose, Snyder provided records purportedly substantiating that Hansen was one of 10 individuals who traveled on the chartered bus to the festival. However, in direct contrast, in her response to the Inspector General's report and in an effort to dispute that her granddaughter was a passenger on the bus, Snyder now claimed her granddaughter was driven to the festival by Hansen and provided E-ZPass records purportedly documenting this claim. Such records do not prove who drove Hansen's vehicle. Moreover, given Snyder's conflicting accounts, the Inspector General did not amend the report's finding.

Inspector General finds that NYSTI's expenditure of more than \$4,300 for these three events appears unnecessary and excessive.

When the Inspector General questioned Snyder about the appropriateness of spending more than \$1,250 to transport staff between Troy and New York City to attend the outdoor festival, her response was revealing in that she sought to justify the expense, in part, because it was paid from NYSTI's generated funds rather than its direct budget appropriation. Snyder replied:

But that wasn't state money. That was generated revenue or it was donated money. You have to understand that unless the check is cut by the Comptroller's Office, all that is generated revenue.

The Inspector General then pressed Snyder about her claimed distinction: "So the generated revenue, you can do whatever you want with?" Snyder replied, "No, no, no. We follow the state rules and regulations." Indeed, NYSTI policy on travel makes no distinction between generated and appropriated funds.

d. Snyder Failed to Disclose that Family Members Traveled with her to Stratford Shakespeare Festival

In August 2005, Snyder traveled to Stratford, Ontario, Canada to attend the Stratford Shakespeare Festival. Included in the expenses Snyder charged to NYSTI for the trip was \$335 for roundtrip ferry passage between Rochester and Toronto for two adults and two senior citizens, and \$177 for four event tickets. No record provided by NYSTI or located by the Inspector General's on-site search of NYSTI offices identified the individuals for whom the additional ferry passages and event tickets were purchased, although a justification or other supporting document for the expenditures would have required such information. Further, NYSTI, in travel summaries it provided in response to the Inspector General's initial request for records as part of this investigation, omitted any reference to this trip.

When Snyder was questioned about the trip by the Inspector General, she disclosed that her husband, William F. Snyder, her son, William S. Snyder, and her daughter-in-law, Mary Jane Hansen, were her traveling companions. Snyder claimed in her testimony that she had made reimbursement for her husband's portion of the trip's cost. Due to NYSTI's substandard recordkeeping, however, the Inspector General was unable to confirm if such a reimbursement was made.³⁵

3. NYSTI Spent Over \$28,000 for Gifts, Including \$2,431 for Four Retirement Gifts

The Inspector General found that on numerous occasions NYSTI paid for gifts for members of a production team, cultural exchange colleagues, or NYSTI staff. In total, NYSTI expended \$28,080 for these gifts, which ranged from engraved crystal glass plaques costing \$600 or more to small keepsakes, toys, and flowers. This figure understates actual gift expenditures as NYSTI records often fail to identify expenditures as gift purchases. The Inspector General also found what appear to be efforts by Snyder or NYSTI to conceal gifts to her family members. Among NYSTI gift purchases are the following:

- In September 2005, NYSTI paid \$1,031 for a couch and pillows as a gift to the Swedish theater where NYSTI performed as part of its cultural exchange. The NYSTI Board approved the purchase, which NYSTI records indicated was reciprocation to the Swedish theater for its having paid the lodging cost of NYSTI employees who extended their stays in Sweden after the production ended. NYSTI purchased additional gifts for the Swedish theater, including jewelry and artwork, and a Barbie Doll for the child of a Swedish theater official. The cost of these additional gifts totaled approximately \$1,980.

³⁵ In response to the Inspector General's report, Snyder provided a document purporting to be a contemporaneous memorandum she wrote to Beth Chromey explaining the purpose of the trip and identifying the attendees. Interestingly, this document was neither previously provided by NYSTI in response to the Inspector General's explicit request for such documentation nor found by the Inspector General during the Inspector General's review of NYSTI'S relevant files on-site. In view of NYSTI's backdating of other relevant documentation as discussed in this report, the Inspector General can not confirm or accept this document's authenticity.

- In October 2006, NYSTI purchased two engraved plaques from Steuben Glass, costing a total of \$1,246, as gifts for Ed Lange, who was retiring as NYSTI's Associate Director. NYSTI also hosted a retirement party for Lange at Nicole's Restaurant in Albany at a cost of \$2,486. NYSTI records reflect that it received a \$265 payment at about this time pertaining to the retirement, but records don't provide further information about the payment.
- In June 2006, NYSTI purchased a \$574 Steuben Glass engraved item for NYSTI employee Ann Lippman on her retirement. In June 2008, NYSTI purchased a similar item from Steuben Glass, at a cost of \$612, as a retirement gift for NYSTI employee Arlene Leff.
- In April 2006, NYSTI purchased gifts for Snyder and her son, William S. Snyder. A purchase of jewelry was made for Snyder at Romanation Jewelers at a cost of \$196, and a \$56 purchase was made at Tri-City Luggage for her son. In a May 2006 memorandum describing the purpose of the purchases, Olga Delorey, Snyder's assistant, advised Business Manager Beth Chromey that the gifts were for the director and composer of "The Lark." Delorey did not indicate the names of the recipients in her memorandum. In fact, Patricia Snyder was the director and William S. Snyder was the composer.
- On October 20, 2008, Snyder used her NYSTI credit card to purchase a \$60 gift card and a \$50 gift card. In support of her purchases, Snyder created a record indicating that the \$60 card was for the director of "Twelve Angry Jurors," identified in the record as Ron Holgate. The record also indicated the \$50 card was for the play's music composer, but did not identify him as William S. Snyder, Snyder' son. Similarly, in June 2006, NYSTI paid \$87 for a bracelet for the author of "American Soup" without identifying in supporting documentation the recipient as Mary Jane Hansen, Snyder's daughter-in-law.

4. Expenditures of Nearly \$5,000 on Benefit Events and Social Outings

The Inspector General found records showing that NYSTI spent at least \$4,925 on tickets for Snyder, her husband, and other NYSTI staff to attend various social events.

Examples include:

- \$750 to attend the Sage Colleges' Annual Recognition Dinner in 2004.
- \$1,000 for two tickets purchased May 23, 2008, and June 2, 2008, for Snyder and her husband to attend the 2008 Fulbright Awards ceremony honoring, among others, Emily Altman, daughter of NYSTI's retained counsel. On June 7, 2008, after the Inspector General began this investigation, Snyder reimbursed NYSTI for her husband's ticket.
- \$500 to attend the Uncork New York Gala on November 12, 2005, benefiting the Classroom Enrichment Fund of the Community Foundation of the Capital Region honoring former State Senator Joseph Bruno.
- \$300 per event (\$600 total) for Snyder to attend both the 2004 and 2005 Emmy Awards Galas.
- \$250 in both 2006 and 2007 for Snyder and her husband to attend gala dinners sponsored by the Sage Colleges. In November 2008, while the Inspector General's investigation was continuing, Snyder reimbursed NYSTI the \$125 cost of her husband's ticket for each event.
- \$175 to attend the Northeast Health Foundation's 2007 River of Life Boat Cruise and Dinner Dance. NYSTI spent \$100 to attend the same event in 2006.
- \$250 for two tickets to the Gilda's Club "Gala Up 2007" event held at the Canfield Casino in Saratoga Springs.

5. NYSTI Expenditures on Audiobook Productions Exceeded \$170,000

As set forth above, NYSTI has indicated that audiobook productions are intended to both generate revenue and serve an educational and promotional purpose. While the Inspector General recognizes that audiobooks can assist in education and promotion, the revenue they generate is greatly eclipsed by their costs.

Determining precisely what NYSTI has spent on audiobook productions is extremely difficult, if not impossible, to calculate. Despite the Inspector General's request, NYSTI failed to provide contracts relating to audiobook productions, and NYSTI recordkeeping with respect to audiobook expenses is incomplete at best. These difficulties notwithstanding, the Inspector General documented NYSTI expenditures for audiobooks of at least \$170,000 from the first audiobook production in 1996 to the present. During the period 2005-2009, according to NYSTI records, the "value" of total audiobook sales was \$8,366.³⁶ As noted, the audiobook of "Hollowville" alone cost at least \$14,838 to produce, but has generated sales of only \$271.

Of the total documented spending, \$66,467, or nearly 40 percent, represented fees, expenses, and other benefits for Patricia Snyder and members of her family, including her son, William S. Snyder, her husband, William F. Snyder, and her daughter-in-law, Mary Jane Hansen. The above figures do not include the nearly \$35,000 NYSTI spent for Patricia Snyder and family members, NYSTI employees, and others to attend audiobook award ceremonies, which are discussed below. When these costs are added, NYSTI's total audiobook-related expenditures exceeded \$200,000.

A further cost to NYSTI is its practice of making gifts of copies of audiobooks. For instance, of the 1,048 copies NYSTI produced of the audiobook version of "Sherlock's Legacy," NYSTI gave away 325 copies. While some of the audiobook gifts would appear to serve a legitimate promotional purpose, others clearly do not. William

³⁶ While NYSTI records place a dollar value on audiobooks sold, NYSTI's incomplete documentation and its failure to respond to specific requests by the Inspector General prevented the Inspector General from confirming whether the term "value" reflects actual sales revenue.

S. Snyder, Snyder's son, whom she hired to compose music for the production, was given 20 copies of the audiobook. Ed Lange, the play's author, was given 21. Snyder also gave her husband, William F. Snyder, whom she selected as the audiobook's unpaid executive producer, 10 copies. Given each audiobook's retail price of \$16.95, the gifts to William S. Snyder, William F. Snyder, and Lange had a total value of \$864.45.

a. Audie Awards Participation Cost NYSTI Approximately \$35,000

Since at least 2004, NYSTI has held a membership in the Audio Publishers Association, which promotes audiobook production and, among other activities, honors audiobook artists and producers at its annual Audie Awards event. NYSTI pays an annual membership fee that is currently \$275. Notably, when questioned by the Inspector General about these matters, Snyder provided sworn testimony that was inaccurate.

Each year from 2004 to 2008, NYSTI submitted an audiobook production to the Audio Publishers Association for consideration for an Audie Award. Submitting producers pay a nomination fee that varies according to the number of categories in which they wish their audiobook to be judged. NYSTI's nomination fees averaged about \$400 a year.

Every year that NYSTI submitted an audiobook for Audie Award consideration, it paid for NYSTI staff and others who worked on the audiobook to attend the awards ceremony. NYSTI paid the transportation, lodging, and sometimes the meal expenses for attendees, as well as admission tickets to the ceremony for each attendee, ranging in price from \$250 to \$400, and other related costs. In total, NYSTI expended approximately \$35,000 for attendance at Audie Awards ceremonies from 2004 to 2008.

For the 2004 award ceremony, held in Chicago, NYSTI paid for nine persons to attend, including Snyder, her husband, William F. Snyder, her son, William S. Snyder, her daughter-in-law, Mary Jane Hansen, and five other NYSTI employees. The wife of

one of the employees also attended, but paid her own expenses with the exception of her \$250 admission fee, which NYSTI paid.

For the 2005 ceremony, in New York City, NYSTI paid for eight attendees, including Snyder, her son and daughter-in-law, four other NYSTI employees and a contract actor. For the 2006 event, in Washington, D.C., NYSTI paid for seven attendees, including Snyder, her husband, son, daughter-in-law, and three other NYSTI employees. In 2007, when the event was held in New York City, NYSTI paid for nine attendees, including Snyder, her husband, son, daughter-in-law, four other NYSTI employees, and a guest of one of the employees. In 2008, when the event was held in Los Angeles, NYSTI paid for five attendees, including Snyder' son and daughter-in-law, two NYSTI employees, and a contract actor.

b. Snyder Inaccurately Testified that NYSTI Did Not Pay Husband's Airfare to Audie Awards

When questioned by the Inspector General, Snyder inaccurately testified that NYSTI did not pay for her husband's airfare to attend Audie Awards ceremonies. Asked about William F. Snyder's airfare, the following exchange occurred:

Snyder: He pays his own way.

Inspector General: He's always paid his own way?

Snyder: Yes, he has. He stays in the room with me, and NYSTI pays for my room . . . But he pays his own airfare.

NYSTI's records contradict Snyder's claims. In 2004, NYSTI paid her husband's \$339 airfare, \$250 admission fee, as well as per diems for three days totaling \$153. In 2006, NYSTI paid her husband's \$227 airfare, \$300 admission fee, and meals. In 2007, NYSTI paid her husband's \$350 admission fee, travel and meal expenses.

Notably, in November 2008, during the Inspector General's investigation and more than two years after the 2006 Audie Awards ceremony, Snyder reimbursed NYSTI

the cost of her husband's roundtrip airfare to Washington, D.C. However, the reimbursement only came after the Inspector General had commenced this investigation and requested the relevant NYSTI expense records.

The Inspector General determined that Snyder also was inaccurate when she testified that NYSTI did not pay her son's Audio Publishers Association membership fee. "No, no. I know he pays for his own," she testified. However, NYSTI records show that NYSTI paid William S. Snyder's \$200 membership fee in 2006.

6. Snyder Made Numerous Reimbursements of Personal Expenses After Inspector General Commenced Investigation

Confirming their improper nature, the Inspector General's investigation revealed numerous expenditures made by Snyder for which she reimbursed NYSTI. The Inspector General identified 28 instances since January 2004 in which Snyder reimbursed NYSTI a total of \$6,342 for personal expenses she incurred using NYSTI funds. Notably, Snyder made 14 reimbursements totaling \$1,888 after the Inspector General commenced this investigation, in most instances for expenses she had incurred months, even years, earlier. For example, in June 2008, Snyder made a \$166.91 reimbursement to NYSTI for airfare improperly purchased for her husband in August 2005, nearly three years before. In November 2008, Snyder reimbursed NYSTI \$227.10, again for airfare improperly purchased for her husband, 32 months earlier.

Further, the Inspector General found that Snyder began using cash to reimburse NYSTI, as opposed to writing a check, in an apparent attempt to conceal the reimbursements. Specifically, in November 2008, during the time Inspector General investigators were at NYSTI's offices to obtain expense and other records, Snyder made five reimbursements, four of them in cash. In comparison, of the 22 prior reimbursements, Snyder used cash in only two instances.

7. Snyder and Other NYSTI Officials Backdated Reimbursement Documents

Most troubling, the Inspector General determined that Snyder and other NYSTI managers backdated records to create the false impression that Snyder had made timely reimbursements of personal expenses she improperly charged to NYSTI, when in fact the reimbursements were not made until after the Inspector General's investigation had commenced and the records had been demanded.

As noted, Snyder improperly used a NYSTI credit card on March 27, 2006, to purchase roundtrip airfare costing \$227.10, for her husband, William F. Snyder, to attend an awards ceremony in Washington, D.C., on May 19, 2006. Again acting improperly, Snyder directed NYSTI to purchase a ticket for her husband to attend the Sage Colleges' 90th anniversary celebration at the Garden Terrace at the New York State Museum on October 20, 2006, and a second ticket for him to attend the Colleges' recognition dinner at the Saratoga National Golf Club in Saratoga Springs on October 19, 2007. Each ticket cost \$125.

In November 2008, after the Inspector General had requested documents relating to these and other NYSTI expenditures, Snyder made a \$477.10 cash reimbursement to NYSTI for the Sage Colleges event tickets (a total of \$250) and the airfare (\$227.10) she had improperly purchased for her husband. NYSTI Business Manager Beth Chromey testified, and First Niagara Bank records confirm, that the reimbursement was made on or about November 21, 2008.

Despite the fact that the reimbursement was made during the course of the Inspector General's investigation, in November 2008, a memorandum from Snyder to NYSTI Budget Director Ben Masaitis that accompanied the reimbursement for the October 19, 2007 Sage Colleges event was backdated to November 30, 2007, as was Masaitis's handwritten note on the memorandum acknowledging receipt of the cash. This memorandum is reproduced below:

NYS Theatre Institute
Professional theatre for family audiences

November 30, 2007

MEMORANDUM

TO: Ben

FROM: Patricia

Dear Ben,

Enclosed please find \$125.00 as a reimbursement for Bill Snyder's ticket to Sage College's Annual Recognition Dinner held on October 19, 2007. Sorry I'm late with the reimbursement.

Patricia 11/30/07
Received \$125.00
cash
Ben

37 First Street, Troy, NY 12180
(518) 274-3200 • Fax: 274-3815 • e-mail: nysti@capital.net
www.nysti.org

Similarly, Snyder's memorandum to Masaitis making reimbursement in November 2008 for the October 20, 2006 Sage Colleges event was backdated to November 3, 2006. With respect to the March 27, 2006 airline ticket purchase, Snyder also submitted to Masaitis a memorandum accompanying the cash reimbursement.

Although this memorandum is undated, the cash was part of the bank deposit made in November 2008, two years later.

The Inspector General uncovered additional improper purchases by Snyder and another NYSTI official for which backdated reimbursement documents were created. On September 12, 2007, Olga Delorey, NYSTI's Associate Producer and Snyder's top aide, used a NYSTI credit card to purchase a \$104.95 gift from the Vermont Teddy Bear Co. for a private individual. On December 11, 2007, Snyder charged NYSTI's credit card for a personal \$74.85 bill at the Russian Tea Room in New York City. Then, in November 2008, after the Inspector General had requested NYSTI expenditure records, Snyder and Delorey made a cash reimbursement of \$104.95 for the gift, and Snyder also made an \$80 cash reimbursement for the restaurant bill. The cash was deposited in NYSTI's First Niagara Bank account on November 17, 2008. However, a typed note from Delorey to NYSTI Business Manager Chromey accompanying the reimbursement for the gift was backdated to September 13, 2007.

On August 5, 2005, Snyder used a NYSTI credit card to purchase roundtrip airfare for herself and her husband to travel to Washington, D.C. on November 3, 2005. The cost of her husband's airfare was \$166.91. By personal check dated June 25, 2008, after the commencement of the Inspector General's investigation, Snyder reimbursed NYSTI for her husband's ticket, thereby acknowledging the purchase was improper. Interestingly, affixed to a booking confirmation printout for the flight was a handwritten note stating, "PBS [Patricia Snyder] will pay NYSTI for one ticket" and "Deposit 9/7/05." The Inspector General determined, however, that the deposit was not made in September 2005, and, in fact, was not made until June 25, 2008, nearly three years later.

The Inspector General also identified numerous instances when Snyder improperly used the NYSTI credit card for non-business purposes, albeit with the intent that reimbursement would be made. For example, when Patricia's Snyder's son, George Snyder, and daughter-in-law, Shannon Snyder, traveled to Sweden and Italy as part of NYSTI's cultural exchange, they brought along their young daughter, Patricia Snyder's

granddaughter. NYSTI purchased the airline tickets for Snyder's granddaughter for both trips, receiving reimbursement from Patricia Snyder. In November 2005, Snyder's mother accompanied Snyder to Chicago to attend the Oprah Winfrey television show. The purpose of her travel, Snyder tersely claimed on a NYSTI record, was to meet with Winfrey's producers. Snyder used NYSTI's credit card to pay her mother's airfare, lodging, and ground transportation, at a total cost of \$508. Snyder reimbursed NYSTI for these expenditures. Snyder's mother had also planned to accompany Snyder and other family members to Sweden during NYSTI's cultural exchange trip in September 2005. In this instance as well, NYSTI's credit card was used to purchase Snyder's mother's \$539 airfare. Snyder reimbursed NYSTI for the cost of the ticket. In the end, Snyder's mother was unable to make the trip, NYSTI received a credit from the airline, and returned Snyder's reimbursement.

8. Snyder Attempted to Shift Blame to Staff for Improper Expenditures

In her interview, the Inspector General showed Snyder a copy of a November 2005 American Express billing statement containing at least three expenses for which Snyder had made reimbursement. The statement also included a number of handwritten notations, "N/R," indicating Snyder had not submitted a receipt for a particular expense she had incurred.

During questioning about the charges on the credit card statement, Snyder's attorney interposed as follows: "With respect to all the charges . . . on the American Express statement, whether they say "no receipt" or not, are you satisfied, in your own mind, that all of these were for legitimate NYSTI purposes?" Snyder answered: "Yes, I am." Snyder's assertion, however, is undermined by the fact she had reimbursed NYSTI for some of these very same expenditures, thus confirming that they were in fact improper.

At another point in her interview, the Inspector General asked Snyder if she had reviewed NYSTI credit card statements during the investigation to determine if she owed

any reimbursements. In her response, Snyder, even as she acknowledged making a number of reimbursements at that time, sought to shift blame and evade personal responsibility, claiming that NYSTI Budget Director Ben Masaitis previously had failed to inform her of reimbursements she owed. The following exchange occurred:

Inspector General: Did you look through [NYSTI credit card statements] to see if there were any charges that you should reimburse that you neglected to?

Snyder: I did . . . as far as reimbursement goes. When Ben was Xeroxing receipts, I said to him, “If there is anything there that you did not remind me of, or tell me of, when the receipt came in, I want to know.”

Inspector General: Did that happen?

Snyder: Yes, he did give me some receipts that needed to be reimbursed.

Significantly, about July 2008, during the Inspector General’s investigation, NYSTI abruptly canceled the American Express credit cards issued to Snyder and Olga Delorey. In her testimony, Snyder again attempted to evade personal responsibility and shift blame for misuse of the cards, asserting they were canceled because “I discovered, as a result of the investigation, that other charges were being made on my card and Olga’s card.” Asked who was responsible for these charges, Snyder answered, “Ben Masaitis and [NYSTI Business Manager] Beth Chromey,” but stated that “this was not any malice or . . . underhanded.” Contrary to Snyder’s testimony, the Inspector General found it was Snyder herself who had misused the credit card for improper purchases. Further, after Snyder’s and Delorey’s credit cards were canceled, NYSTI had credit cards re-issued in the names of Masaitis and Chromey, the very staff Snyder blamed for the misuse.

9. NYSTI Omitted Records Prior to Submission to the Inspector General

Pursuant to this investigation, the Inspector General requested from NYSTI all statements for its American Express credit card accounts, as well as supporting receipts

and related records, for the period January 2004 through March 2009. After receiving NYSTI's submission and noting that many charges lacked receipts, Inspector General staff went to the NYSTI office to continue their examination of records. During this examination, Inspector General staff located numerous documents that had been previously demanded but not provided. When interviewed by the Inspector General, Snyder was specifically questioned about NYSTI's submission of American Express credit card statements. In her testimony, Snyder stated that she did not review the statements, adding, "I did not touch them. I did not deal with them." Snyder further testified that she did not direct anyone to alter or omit any records.

Snyder's claims are contradicted by Chromey. In her interview with the Inspector General, Chromey testified that Snyder specifically asked to see the American Express credit card records. According to Chromey's testimony, "Patricia went through these AMEX's . . . She said she wanted to go through and see, and just look at them, and then she reimbursed me for some things." Chromey further testified that she provided Snyder copies of the records requested by the Inspector General for inclusion in the submission. Asked if Snyder directed her to omit any documents, Chromey answered in the affirmative, testifying:

If something was written on a little piece of paper, Pat told me to leave them out because it didn't look professional . . . I told her I would leave everything in.

Despite her misgivings, Chromey did as Snyder directed, and NYSTI's submission of documents to the Inspector General lacked a number of records, including the "little" affixed notes to which Chromey referred. Based on its later on-site review of records, the Inspector General established that these notes were important and relevant to this investigation. Significantly, in a number of instances the notes represented the only contemporaneous and accurate evidence explaining the expenses, a number of which were revealed to be personal and improper.

E. Lack of Internal and External Scrutiny of NYSTI Expenses

In accordance with the State Public Authorities Law, NYSTI's Board of Directors is responsible for establishing guidelines for internal controls over NYSTI's operations and shares the responsibility with Patricia Snyder and NYSTI Internal Control Officer Ben Masaitis to monitor NYSTI's fiscal activities, identify internal control weaknesses, and take remedial action as needed. NYSTI is also statutorily required to annually receive an independent financial audit by a certified public accountant. In addition to examining financial activities, the independent audits require a review of NYSTI's internal controls that identifies weaknesses and recommends corrective actions.

The Inspector General's review of NYSTI's policies and procedures revealed numerous deficiencies. The most significant deficiency was a general lack of sufficient oversight and scrutiny of discretionary spending, which, in effect, allowed Snyder and others to expend NYSTI funds for questionable and at times improper purposes.

1. NYSTI Fiscal Officers Have Failed to Scrutinize Expenditures

Approximately 75 percent to 85 percent of NYSTI's revenue derives from an annual state budget appropriation. The remainder of NYSTI revenue is generated from box office ticket sales, concessions, donations, royalties, and educational program tuition, among other sources. From fiscal years 2004-05 to 2009-10, NYSTI's generated revenues averaged approximately \$575,000 per year. NYSTI's generated revenues are primarily used for production related costs including contractual fees, stage props and materials, travel expenses, and administrative expenses not covered by NYSTI's state budget appropriation. Generated revenues are normally deposited by NYSTI directly into accounts administered by the SUNY Research Foundation, pursuant to a memorandum of understanding negotiated by NYSTI and the Research Foundation. The memorandum of understanding requires NYSTI to pay a processing/administrative fee to the Research Foundation equal to 5.2 percent of each payment the Research Foundation processes. Significantly, however, the Research Foundation assumes no oversight responsibility for

these payments. In effect, the Research Foundation serves as NYSTI's banker and check writer.

NYSTI also deposits generated revenue into a business checking account at First Niagara Bank in Troy. According to NYSTI's written policies, this account was created to deposit cash and credit card receipts from performances, as NYSTI is unable to deposit these receipts directly to the Research Foundation, and to issue refunds and reimbursements.

NYSTI expends money from these accounts in one of three ways. Most payments are made by the Research Foundation in response to payment requests submitted by NYSTI. NYSTI also makes payments directly from its First Niagara bank account. In addition, NYSTI makes purchases using American Express credit cards, which it later pays for with funds from either the Research Foundation or First Niagara accounts.

Payments processed through the Research Foundation require a NYSTI payment request, usually submitted by Business Manager Beth Chromey. Chromey forwards a standard form that identifies the payment amount, payee, and specific Research Foundation account from which NYSTI funds are to be drawn. The Research Foundation then generates a check to the payee, deducts the payment amount from the balance in NYSTI's relevant account(s), and transmits the check to Chromey, who in turn mails out the payments. NYSTI can write checks on-demand from its First Niagara Bank account. Chromey writes and signs the majority of these checks, although Snyder, Masaitis, and NYSTI Board Chairman David Morris are also authorized signatories.

Day-to-day fiscal oversight responsibilities at NYSTI are shared by Masaitis and his subordinate, Chromey. In their capacity as fiscal officers, Masaitis and Chromey must scrutinize all expenditures and reimbursements, prior to payment, to ensure the disbursements represent actual expenses that are necessary and appropriate to NYSTI's mission and in compliance with applicable laws and regulations. The Inspector General

determined that neither Masaitis nor Chromey effectively scrutinized expenditures incurred by Snyder, thereby contributing to the abuses identified by this investigation.

In revealing testimony to the Inspector General, Chromey stated that shortly after she commenced working as Business Manager, she did question Snyder about several personal expenses, but Snyder “would say it’s fine.” Asked by the Inspector General if she, Chromey, thought it was “fine” for NYSTI to pay these expenses, Chromey testified, “No, I don’t.” Chromey further testified that when she spoke to her direct supervisor, Masaitis, about Snyder’s personal purchases, Masaitis told her she should not be concerned as NYSTI would be reimbursed by Snyder. Thereafter, Chromey testified, she no longer questioned such expenses, testifying,

All I can say is, I don’t make decisions. If Patricia hands me things and tells me to pay for it, I pay for it.

Given such a lack of controls, it is not surprising that questionable, unnecessary, and inappropriate expenses were invariably paid. Not even the lack of a receipt describing or justifying an expense prevented it from being paid. The Inspector General identified numerous credit card charges for which NYSTI lacked supporting documentation, including many that bore a handwritten notation “N/R” on credit card statements. Chromey testified that the notation “N/R” meant “no receipt” had been provided as support for the expenditure. While a fiscal officer in Chromey’s position must require receipts for all purchases, Chromey stated that the lack of a receipt did not prevent her from making a payment. Although Chromey testified that she did not believe she acted illegally, she admitted that paying these expenditures looked improper.

The Inspector General identified other instances when, although a receipt was submitted, payment clearly should have been refused. In a telling example, Snyder directed Chromey to make a \$66 reimbursement to her husband, William F. Snyder, for an expense related to a NYSTI employee’s retirement party, providing a receipt from which the vendor’s name had been cut off. Chromey made the reimbursement as instructed, despite not knowing what was purchased or from whom. Using the address

still on the receipt, the Inspector General determined that the purchase was made at Purdy's Discount Wine and Liquor in Saratoga Springs.

2. Independent Auditor Unfamiliar with NYSTI Spending from Bank Account

Since at least 1998, NYSTI has hired the same certified public accountant, George Kaminski, to perform its statutorily required financial audits. As part of such audits, Kaminski is required to review NYSTI's internal controls and recommend improvements when warranted.

Kaminski's primary responsibility as NYSTI's independent auditor is auditing NYSTI's financial statements. Such a responsibility requires Kaminski to be knowledgeable about all NYSTI accounts in order to ensure his audit testing of such accounts is sufficient to form an opinion. The Inspector General found Kaminski was fully familiar with NYSTI's financial accounts with SUNY Albany and the Research Foundation, but not with regard to NYSTI's First Niagara Bank account. When questioned by the Inspector General about the First Niagara Bank account, Kaminski stated, "Over the years I think they might have used that account . . . they will write a check once in a while out of that . . . If there was maybe 10 of them [checks] over the last three years, that's a lot."

In fact, NYSTI has written hundreds of checks out of its First Niagara Bank account during each year reviewed by the Inspector General, totaling tens of thousands of dollars. Included in these payments were many of the questionable and improper payments made to Snyder and her family members discussed in this report. Kaminski's ignorance of the usage of this account consequently limited his testing of its transactions. Therefore, his audit of this account, and any associated opinion regarding its transactions, is based on a tenuous foundation.

In addition, NYSTI, in continuing to contract with Kaminski for its financial audits, appears to be in violation of New York State Public Authorities Law § 2802, which states in pertinent part:

Notwithstanding any other provision of law to the contrary, the certified independent public accounting firm providing such authority's annual independent audit will be prohibited in providing audit services to the respective authority if the lead (or coordinating) audit partner (having primary responsibility for the audit), or the audit partner responsible for reviewing the audit, has performed audit services for that issuer in each of the five previous fiscal years of such authority.

As noted, NYSTI has contracted with Kaminski for independent financial audit services since at least 1998.

3. Significant Matters Not Brought Before NYSTI Board of Directors

NYSTI's Board of Directors is responsible for direct oversight of NYSTI's executive management, in addition to general oversight of NYSTI's financial activities and operations. Such responsibilities necessitate an objective and critical review of agency activities, including agency expenditures. As noted, only seven of 14 appointed Board positions currently are filled, a situation that has existed for at least the past decade, according to the testimony of Board Chairman David Morris.

The Inspector General found that significant matters pertaining to NYSTI operations, some of them finance related, have not come before the Board for review and approval. Snyder bears substantial responsibility for this failure as well. While Snyder asserted she is in "continual contact with Chairman Morris" and that "no issue is too small enough for me to discuss with the Chairman of the Board," the Inspector General's investigation found that Snyder had not informed Morris or the Board of important matters and that, contrary to her testimony, Morris was unaware of the nature of many arrangements Snyder made on behalf of NYSTI.

For example, when the Inspector General questioned Morris under oath about Snyder's receipt of royalty payments, Morris stated, "I'm not aware. I don't think I know." The Inspector General also determined that Snyder has failed to properly advise the NYSTI Board of her substantial private union benefits fully funded by NYSTI contributions. Morris testified that he and the Board are unaware of any fee or benefit

Snyder receives when she chooses to direct a production. Moreover, Morris was not aware that Snyder even maintained a private pension or health plan. Further, Snyder claimed under oath that her assistant signed contracts with the Snyder family based upon Snyder's conversation with Morris. However, Morris testified that he was neither aware of nor approved this arrangement.

Additionally, although Morris testified that he and the Board were aware of, and supported, Snyder's hiring of family members for NYSTI productions, the Inspector General found no indication that the Board had conducted a substantive examination of such hiring in light of restrictions on nepotism and conflicts contained in the state's ethics statutes. Moreover, Morris, despite having purportedly researched the state's Public Officers Law, in direct opposition to that law, testified he is "not aware of any restrictions" on Snyder's hiring of family members.

F. Additional Findings Relating to Actions by Snyder and NYSTI

1. NYSTI's New York City Apartment

Since at least 1988, NYSTI has leased a studio apartment in the CitySpire building at 156 West 56th Street in New York City. NYSTI employees and individuals authorized by NYSTI are permitted to use the apartment for lodging when NYSTI business requires overnight stays in New York City and for business meetings held in the city.³⁷ NYSTI Board Chairman David Morris confirmed in his testimony to the Inspector General that the apartment must only be used for a "NYSTI purpose." From 2004 through March 2009, the apartment cost NYSTI more than \$153,000, or approximately \$30,000 per year.

The Inspector General found that NYSTI has failed to adequately document use of the apartment and has allowed individuals with no business relationship to NYSTI to

³⁷ Since 1999, NYSTI has leased a different unit in the same building.

use the apartment for overnight lodging, at times for extended periods. The Inspector General also questions if the apartment represents a cost savings, as NYSTI asserts.

a. NYSTI Lacks Written Procedures for Use of the Apartment

NYSTI lacks written policy and procedures governing use of the apartment. In practice, Patricia Snyder or her assistant, Olga Delorey, have discretion as to who may stay at the apartment. Delorey is responsible for keeping a record of the apartment's use. Individuals approved for use of the apartment must be issued a letter of authorization, signed by Snyder or Delorey, which is faxed or personally presented to the building's management to gain entry. Snyder herself requires no letter as she has her own key to the apartment.³⁸ Delorey maintains a file containing copies of the authorization letters as well as a log showing when and by whom the apartment is occupied.

b. Inspector General Finds Questionable and Improper Use of the Apartment

The Inspector General identified multiple occasions when Snyder allowed use of the apartment by individuals with no business relationship to NYSTI, one of whom was permitted to use the apartment for 10 consecutive days. Instances of improper or questionable use of the apartment are described below.

Kent Gillstrom

From February 19-28, 2007, the apartment was used by Kent Gillstrom, who had no business relationship with NYSTI. No letter of authorization for Gillstrom to use the apartment was contained in NYSTI's files, although his name was entered in the log for these dates.

³⁸ During the Inspector General's investigation, building management revised its key control practice. Rather than providing a key to an apartment user upon presentation of a letter of authorization, it began requiring users to have their own keys.

When questioned by the Inspector General, Snyder could describe no reasonable business purpose that would have justified Gillstrom's 10-day stay in the apartment. In her testimony, Snyder identified Gillstrom as the son of the deputy director of the theater in Vasteras, Sweden, which hosted NYSTI during a cultural exchange program in 2005 and which later was hosted by NYSTI in Troy. According to Snyder, "On occasion we stay in touch with the folks from Sweden." Asked about Gillstrom's business with NYSTI in February 2007, Snyder provided no answer, but instead noted Gillstrom's assistance to NYSTI during its tour in Sweden two years earlier, stating that Gillstrom at that time "took [NYSTI] company members and interns . . . showed them around . . . and he has a very big recording studio." Snyder acknowledged that she did not have any meetings with Gillstrom during his February 2007 stay at the New York City apartment, although she indicated that during his visit he might have relayed "information from the Swedish theater."

When the Inspector General pressed Snyder about the business purpose of his February 2007 stay, Snyder claimed that Gillstrom had "sublet" the apartment at that time. "It was an opportunity for us . . . to earn some income for the Institute," Snyder stated, adding that "on a couple of occasions we have, with permission of our landlord, sublet if people will contact us in advance."

Snyder's claim that Gillstrom sublet the apartment is questionable. The Inspector General's search of NYSTI records failed to locate any policies, contracts, payment receipts, or other documents indicating the apartment has been sublet to Gillstrom or anyone else. NYSTI Board Chairman David Morris testified he had no knowledge of NYSTI subletting the apartment. Following Snyder's interview, NYSTI provided the Inspector General with a March 1, 2007 internal memorandum documenting a \$450 donation from Gillstrom that NYSTI purportedly used to defray production costs of the play, "Ordeal by Innocence." The memorandum, however, makes no reference to Gillstrom's stay at the apartment. Even if one were to accept for the sake of argument Snyder's claim that Gillstrom had sublet the apartment so NYSTI could "earn some income," a rental fee of \$450 for 10 days in Manhattan appears unaccountably low.

Dr. Terry Shirvani

Snyder permitted use of the apartment by Dr. Terry Shirvani for five days, from Saturday, December 9, to Wednesday, December 13, 2006, despite the fact that Shirvani had no business relationship with NYSTI. Snyder's letter of authorization to the apartment management described Shirvani only as a "guest" of NYSTI.

When interviewed by the Inspector General, Snyder testified that she could not recall the circumstances of Shirvani's stay at the apartment; however, NYSTI subsequently provided a written "explanation" to the Inspector General. According to this "explanation," prepared after Snyder's interview, Shirvani was the fiancé of Catherine LaValle, an actress who was performing in NYSTI's production of "A Wonderful Life." (The play ran in Troy — more than a two-hour car ride from Manhattan — from December 1-16, 2006.) As part of its standard practice, NYSTI provided LaValle lodging at NYSTI expense in or near Troy during the play's rehearsals and performances. According to NYSTI's "explanation," Shirvani, who was visiting from California, was allowed to use the NYSTI apartment merely for his convenience as LaValle had sublet her own apartment in New York City during the time she was lodged in Troy.

Dietze Family

In an authorization letter dated October 3, 2008, Snyder granted use of the apartment to "the Dietze family" from Friday, October 3, to Monday, October 6, 2008. Snyder's authorization identified the Dietze family as being "from the New York State Theatre Institute."

According to the "explanation" provided to the Inspector General following Snyder's interview, Ariana Dietze, a German student, had arrived in New York City with her parents several days ahead of the beginning of the fall semester at Russell Sage College, during which she was to participate in an internship with NYSTI. The document stated, "Ariana and her mother stayed at the NYC office for three nights and returned [to

Troy] on Monday, October 6, 2008 [for the start of the semester].” As the “explanation” indicated, Ariana’s father might have also stayed at the apartment for part of the weekend.

c. Snyder Family Members’ Use of Apartment Not Documented by NYSTI

The Inspector General’s investigation further revealed that Snyder’s son and husband have used the apartment for overnight lodging, but that their stays were not documented in any NYSTI records.

When questioned by the Inspector General about members of her family using the apartment, Snyder acknowledged two instances when her son, William S. Snyder, stayed overnight in the apartment. One occasion, she testified, was when she and her son were in New York City to attend an Audie Awards ceremony and they both stayed overnight at the apartment.³⁹ For this stay, Snyder testified, her name, but not her son’s, would appear in NYSTI records of the apartment’s use. According to Snyder’s testimony, her son stayed overnight at the apartment by himself when “he went down to do research for something and Olga will have that record” because, Snyder testified, her son was required to follow the same rules for use of the apartment as all other visitors. However, the Inspector General’s review of NYSTI’s apartment log and letters of authorization revealed no record of William S. Snyder ever using the apartment.

The Inspector General obtained evidence that raises serious doubt about the accuracy of Snyder’s testimony regarding the use of the apartment by her son. When shown a photograph of Snyder’s son by the Inspector General, doormen at the apartment building recognized him not only as a user of the apartment, but as one who was not required to present a letter of authorization to gain entry. This evidence indicates that Snyder’s son was a more frequent user of the apartment than the two occasions Snyder acknowledged in her testimony.

³⁹ The Inspector General determined that this stay occurred on June 3, 2005.

In her testimony, Snyder also acknowledged that her husband, William F. Snyder, has stayed at the apartment with her, indicating that in such instances only her name would appear in the apartment log maintained by NYSTI. In fact, similar to her son, Snyder's husband's use of the apartment is not documented in the log or authorization letters. Asked if her husband had ever stayed at the apartment without her, Snyder replied, "I doubt it." When questioned by the Inspector General, the apartment's doormen also identified William F. Snyder as a user of the apartment who was not required to present a letter of authorization for entry.

d. Snyder Understated to NYSTI Board the Cost of the Apartment

The Inspector General questions whether the apartment constitutes a cost savings for NYSTI, as Snyder asserts. Following media criticism, NYSTI and the NYSTI Board of Directors re-examined the continued need for the apartment, reviewing apartment cost and usage information provided by Snyder and her staff at a July 30, 2008 Board meeting. According to the minutes of the meeting, the Board decided that lease of the apartment should be renewed, based on its review of information Snyder and her staff reported. The Inspector General found, however, that the information Snyder presented to the Board was incomplete and inaccurate.

Snyder omitted from her report additional monthly expenses incurred by NYSTI to maintain the apartment, including the costs for telephone, cable television, and a maid service. By excluding these costs, Snyder under-reported the actual cost of the apartment by \$150 to \$300 per month. Further, Snyder told the Board that the apartment is used on average 8-10 times per month. In fact, the Inspector General's review of the apartment log maintained by NYSTI revealed that average monthly usage was significantly less: 1.8 stays in 2005; 4.3 stays in 2006; 5.2 stays in 2007; and 2.8 stays in 2008.

The Inspector General determined that during the period 2005 through 2008, NYSTI expenditures for the apartment totaled at least \$119,510.⁴⁰ The Inspector

⁴⁰ NYSTI provided apartment use records only for these years, limiting the scope of the Inspector General's review of these expenditures.

General calculated that if NYSTI had rented hotel rooms for the 168 occasions it used the apartment during this period, paying the allowable state government rate for overnight travel to New York City, NYSTI's total cost would have been only \$39,241, or approximately \$80,000 less.⁴¹ Even assuming, as Snyder indicated to the Board and testified to the Inspector General, that some of the documented uses of the apartment were for daytime meetings rather than overnight lodging, it seems doubtful that the need for occasional office space would justify the cost of NYSTI's continued rental of the apartment.

Snyder advised the Board that NYSTI in the past had inquired about office space through the Office of General Services, but determined the cost was prohibitive. However, in her presentation to the Board in July 2008, Snyder did not provide any specific information about current office space availability, thus precluding a fair assessment of the apartment's costs and possible savings. Additionally, there is no evidence that NYSTI attempted to invoke its statutory authority to request cooperation and assistance from other state agencies to seek to utilize office space from agencies with offices in New York City on the infrequent occasions such use was required.

2. NYSTI Purchases of Arbonne Products Improperly Benefited Snyder

Arbonne International sells premium skin and body care products through a network of independent consultants. The public cannot purchase Arbonne products directly, but must place an order through an Arbonne consultant. Consultants earn income by purchasing products from the company at a 35 percent discount and selling them at a profit. Consultants also earn a commission on sales made by the consultants they personally recruit, or "sponsored," and by consultants sponsored in turn by those consultants.

⁴¹ The difference is likely even greater, as the Inspector General counted each day the apartment was used as an overnight stay, even though some daytime uses did not involve an overnight stay.

Arbonne records obtained by the Inspector General show that Patricia Snyder and her top aide, Olga Delorey, joined Arbonne as consultants in May 2007 and June 2007, respectively. The records show that Snyder was sponsored by her sister, and that Snyder in turn sponsored Delorey. Therefore, when Snyder sold Arbonne products as a consultant, her sister received a commission. Similarly, when Delorey made a sale, Snyder earned a commission.

The Inspector General reviewed Arbonne and NYSTI records showing that between July and December 2007, NYSTI made five purchases of Arbonne products totaling \$1,533. Three of the purchases, totaling \$632, were made using Snyder as the consultant, and two orders totaling \$901 were made through Delorey as the consultant. Because Snyder recruited Delorey as a consultant, Snyder earned a commission on Delorey's sales to NYSTI of approximately \$23. In addition, as Snyder's sister is the Arbonne district manager for both Snyder and Delorey, she received a commission on Snyder's and Delorey's sales to NYSTI of approximately \$80.

Although very modest, the monetary benefit Snyder and Delorey received from their Arbonne sales to NYSTI constitutes a conflict of interest between their private business activities and their official duties, and an abuse of their state positions for personal gain. More troubling than Snyder's minimal earnings is her inaccurate testimony to the Inspector General when questioned about this matter. Snyder testified as follow:

Inspector General: When NYSTI purchased . . . the products, do you know if you got a commission?

Snyder: No.

Inspector General: As a sales consultant, you didn't?

Snyder: We didn't.

* * *

Inspector General: So as far as you know, you never earned a commission?

Snyder: I have not; I'm not in business.

3. Snyder Uses NYSTI Business Accounts to Make Personal Purchases

NYSTI maintains accounts at a number of businesses entitling it to purchase at wholesale prices or other discounts. As a state entity, NYSTI does not pay sales tax when making business purchases. The Inspector General found that Snyder abused her official position to obtain improper financial benefits for herself, albeit of modest value, by making personal purchases on NYSTI's business accounts.

a. Seagroatt Floral Company

On at least four occasions, Snyder made personal purchases from the Seagroatt Floral Company in Albany, a wholesale vendor of floral and garden merchandise, using NYSTI's business account. Snyder used her personal credit card on April 29, 2004, for a purchase of \$36.65; on July 30, 2004, for a purchase of \$42.60; and on September 3, 2004, for a purchase of \$147.75. In each instance, Snyder paid a wholesale price, which, according to the vendor, is approximately half the retail price, resulting in a total savings to Snyder of approximately \$245. By using the NYSTI account, Snyder also avoided paying sales tax of \$18.16.

On October 1, 2005, Snyder made another purchase at Seagroatt, this time using the NYSTI credit card, rather than her personal card, to buy dried flowers, candles, candle holders, and other items at a total cost of \$367. On October 3, 2005, Snyder reimbursed NYSTI the \$367 by personal check. Despite her reimbursement, Snyder still obtained an improper benefit of approximately \$367 by having paid only the wholesale price rather than the retail price. Snyder also avoided paying sales tax of \$29.20.

b. MK Rugs

NYSTI has periodically held rug auctions in Troy as fundraising events. On February 8, 2004, during such an event, Snyder purchased a rug from the supplier, MK Rugs. Snyder used her personal credit card for the \$132 purchase. On the same day, Snyder used the NYSTI American Express card to purchase \$1,760 in additional rugs. While NYSTI had no supporting records for these expenditures, records obtained from the auctioneer, Wallace Schmidt, showed all purchases were tax-exempt, including the personal purchase made by Snyder. The amount of tax savings to Snyder was \$10.56.

c. Clement Frame and Art Shop

On April 26, 2005, Snyder made a \$58 purchase of two prints at Clement Frame and Art Shop in Troy, using NYSTI's account but paying with her personal credit card. Records show Snyder did not pay sales tax of \$4.79 on the purchase.

4. NYSTI Did Not Provide Required Tax Forms to Contractor

The Internal Revenue Service requires that a 1099 federal tax form be submitted to a contractor when that contractor earns a fee of \$600 or more per fiscal year. According to a NYSTI employee, the contractor NYSTI hired for snow removal at its Troy facilities indicated he would no longer provide this service if NYSTI issued him a federal 1099 tax form. Records show that NYSTI paid the contractor \$675 in 2004; \$1,970 in 2005; and \$1,338 in 2007, all payments exceeding the \$600 minimum reporting requirement in each year.

A note dated December 9, 2005, from NYSTI Business Manager Beth Chromey indicates that her supervisor, NYSTI Budget Director Ben Masaitis, told her to forgo the 1099 filing requirement. Later, Chromey testified to the Inspector General that despite her heated discussions with Masaitis regarding the legal requirement of filing a 1099 form, Masaitis advised her not to file the form.

IV. FINDINGS AND RECOMMENDATIONS

NYSTI and Snyder Failed to Meet Ethical Responsibilities

The Inspector General determined that NYSTI at the direction of Producing Director Patricia Snyder failed to recognize NYSTI's existence as a public entity whose officers and employees are subject to the state's ethics rules. The NYSTI Board of Directors permitted Snyder, over a long period, to exercise virtually unfettered control and final decision-making authority over nearly every aspect of NYSTI's activities. Snyder engaged in activities that improperly benefited herself and members of her family. Indeed, Snyder's failure to maintain any distinction between her personal interests and her duties as the head of a public entity underlie nearly all the deficiencies at NYSTI identified by the Inspector General's investigation.

NYSTI Withheld and Manipulated Records

In the course of the Inspector General's investigation, NYSTI and Snyder took actions to frustrate and mislead the inquiry. NYSTI deliberately withheld or denied it was in possession of certain requested documents. Snyder and other NYSTI managers backdated records to create the false impression that Snyder had made timely reimbursements of personal expenses she improperly charged to NYSTI, when in fact the reimbursements were not made until after the Inspector General's investigation had commenced and the records had been demanded.

Snyder, when questioned by the Inspector General in a sworn interview, provided testimony that was misleading, inaccurate, and, in some instances, false.

Snyder Engaged in Conflicts of Interest by Hiring Family Members

The Inspector General's investigation revealed that Snyder exercised unquestioned control over the selection of plays to be produced by NYSTI; directors to direct these productions; and the terms and conditions of employment of employees and

artistic staff to perform in these productions. Under this authority, Snyder over a long period has routinely hired members of her immediate family for NYSTI productions without regard to state prohibitions on nepotism and conflicts of interest. Snyder's actions have resulted in direct payments, reimbursements and other benefits, amounting to hundreds of thousand of dollars, to Snyder's sons, daughters-in-law, and husband.

Snyder's relatives have worked on 49 of NYSTI's 54 stage productions between 2004 and 2009, and 16 of the 17 audiobooks NYSTI has produced. Snyder's son, William S. Snyder, a musician, composer and sound designer, has benefited most from NYSTI's hiring. NYSTI hired William S. Snyder or his companies no less than 182 times for professional services, resulting in direct payments and reimbursements, or indirect benefits totaling more than \$239,350. During the period examined, NYSTI hired William S. Snyder or his company, 100% Sound, for sound design for most of its productions. Of the 61 productions for which the Inspector General confirmed that NYSTI used a sound designer, Snyder hired her son on 46 productions, or more than 75 percent of the time. Additionally, Snyder hired her son as a music composer on at least 44 productions.

Snyder's daughter-in-law, Mary Jane Hansen, who is married to William S. Snyder, has also been a frequent beneficiary of NYSTI hiring, receiving payments, reimbursements, and other benefits, primarily for acting and writing, that totaled more than \$129,941 from 2004 through 2009. In this period, Hansen performed in 42, or nearly 80 percent, of NYSTI's 53 stage productions, appearing in numerous lead roles. Of the eight original plays or original adaptations NYSTI has produced since 2004, Hansen is the author or adapter of five, earning more than \$31,955 for this work. Hansen also was hired to work on eight of NYSTI's 17 audiobook productions, including all five completed since 2004.

It is undisputed that Patricia Snyder has primary, if not sole, responsibility over all NYSTI contracts including those resulting in payments to her family members. Snyder made no efforts to screen or recuse herself from involvement in these contracts; to

the contrary, Snyder directly involved herself in these arrangements in apparent violation of the provisions of the state Public Officers Law on nepotism and conflicts of interest.

Despite the prohibitions in the Public Officers Law against actual and apparent conflicts of interest, Snyder defended her hiring of relatives, even claiming in her testimony to the Inspector General, “There is no law in New York State on nepotism.” Equally troubling, NYSTI Board Chairman Morris also testified he is “not aware of any restrictions” on Snyder’s hiring of family members, a practice he indicated that he and Board were aware of and approved.

Snyder Executed Questionable Agreements Benefiting Herself

The Inspector General’s investigation revealed that Patricia Snyder, ignoring state restrictions on self-dealing, executed a number of irregular and questionable agreements that resulted in direct and indirect benefits to herself of more than \$88,000, in addition to her annual salary, currently \$127,050.

Snyder Hired Herself to Direct NYSTI Productions, Received Undue Benefits

From 1995 to 2009, Snyder hired herself as either director or associate director on 22 NYSTI productions, negotiating contracts with herself that are unusual and resulted in her receipt of improper benefits. For the six plays Snyder selected herself to direct since November 2005, her contract with NYSTI stated that NYSTI would ostensibly pay Snyder a fee of \$10,000 per production. Snyder then executed a rider to the contract in which she “waived” the fee. Ultimately, this waiver did not mean that Snyder was to receive no compensation stemming from her selection of herself to direct or associate direct the play as this same rider provided for NYSTI to pay contributions into Snyder’s private pension and health benefits plan which she maintains with the Stage Directors and Choreographers Society (SDC). Moreover, despite language of the SDC contract unambiguously mandating that all riders to contracts be transmitted to SDC, NYSTI deliberately omitted the rider when providing materials to the union. By this irregular practice, Snyder misled SDC by making it appear she actually received a \$10,000 fee,

thus obligating NYSTI to contribute to Snyder's private pension and health funds with SDC, when, in fact, union officials advised the Inspector General that Snyder's waiver of an actual fee should have resulted in no private pension or health contributions being made by the state. The Inspector General found that NYSTI has paid nearly \$27,700 into Snyder's SDC pension and health funds. Based on these contributions, Snyder can collect an annual pension from SDC of approximately \$3,576 for directing work she hired herself to perform for NYSTI in addition to her state pension.

Snyder Received \$19,500 in Direct Payments for Directing NYSTI Plays

Despite ostensibly waiving her directing fee when hiring herself to direct NYSTI productions, Snyder still contracted with herself to receive direct monetary compensation, in addition to her regular NYSTI salary. Under the terms of the internal riders, NYSTI has made payments to Snyder of either \$1,000 or \$1,500 per production. For the 22 NYSTI productions that Snyder hired herself to direct or associate direct, these payments to Snyder totaled at least \$19,500. While the riders state these payments are "to cover daily expenses, per diem and mileage in conjunction with the production," neither NYSTI nor Snyder was able to provide a single record documenting or justifying how any of the money from these payments was spent. In fact, Snyder acknowledged that she did not document any expenses she incurred that were to be covered by the funds, originally claiming that such documentation was barred by union rules. More troubling, the Inspector General found that Snyder engaged in "double dipping" by charging to NYSTI's credit card or receiving reimbursement for expenses for items purportedly already covered by the terms of the \$1,000 or \$1,500 payments provided for in the rider. The Inspector General identified more than 60 payments to Snyder or charges incurred by Snyder totaling approximately \$6,900 that represented duplicative payments to her for her directorial expenses.

Snyder Profited From Highly Questionable Royalty Agreements

The Inspector General discovered that Snyder, her son, and another individual received royalty payments resulting from the production and adaptation of the play

“Miracle on 34th Street.” Snyder testified under oath that she, her son and the third individual had obtained the rights to adapt the play from the estate of its original author. Snyder further testified that there were no contracts between NYSTI, herself, and her son regarding the royalty payments. The Inspector General determined that Snyder’s testimony was, at best, disingenuous and misleading. In fact, Snyder used her official position as NYSTI Producing Director to obtain the rights to adapt the play for NYSTI and then subsequently transferred these rights to herself, her son, and the third individual.

Based upon documents obtained by the Inspector General, in 2000, Snyder, acting in her capacity as NYSTI Producing Director, entered into an agreement with representatives of the estate of Valentine Davies for NYSTI to obtain the rights to adapt for the stage Davies’s novel, “Miracle on 34th Street.” After execution of this agreement, Snyder, her son, and a third party proceeded to adapt the play, and Snyder, in her role as NYSTI Producing Director, selected the adaptation for inclusion in NYSTI’s 2000-2001 season. Then, to ensure that she and her son would derive future personal financial benefit from the adaptation, Snyder executed an irregular licensing and royalty agreement with Samuel French, Inc., in which she represented both NYSTI as an organization and herself individually when “negotiating” with herself and her son.

Consequently, whenever Snyder again selected her and her son’s adaption of “Miracle on 34th Street” for a NYSTI production — as she did in the 2001-2002, 2003-2004, and 2007-2008 seasons — NYSTI, at Snyder’s direction, paid a licensing fee to Samuel French, a portion of which was paid as royalties to Snyder’s son and herself personally. Snyder and her son also received royalties when the adaptation was staged by other theaters. To date, Snyder and her son have received royalties exceeding \$38,000 each from the adaptation.

Snyder’s actions throughout these irregular and questionable agreements are saturated with self-dealing and conflicts of interest. At a minimum, her selection of the adaptation for production by NYSTI resulting in her (and her son’s) receipt of royalty payments represents a clear violation of the Public Officers Law. Additionally, Snyder

has acted to conceal her royalty payments, failing to report her royalty income on Financial Disclosure Statements filed with the New York State Commission on Public Integrity, as required by law, and not disclosing them to the NYSTI Board of Directors.

NYSTI and Snyder Engaged in Improper Spending

The Inspector General found that NYSTI and Patricia Snyder over a long period made questionable and excessive expenditures that were not essential and at times unrelated to NYSTI business. These expenditures included restaurant meals, travel, parties, and other items inconsistent with the fiscal responsibility expected of a public entity and at times contrary to specific state guidelines.

The Inspector General's investigation identified numerous NYSTI meal expenditures, many involving Snyder, which were incompatible with specific state guidelines or were otherwise unnecessary and unreasonable. This included hundreds of meals that took place within 35 miles of Snyder's and other NYSTI employees' work station in Troy. Additionally, NYSTI paid for many meals that lacked justification that they were necessary, proper, and reasonable. In total, the Inspector General identified 734 meal charges or reimbursements totaling \$84,799 that were inconsistent with guidelines and/or lacked adequate justification. For example, NYSTI at Snyder's direction spent nearly \$1,200 for three restaurant outings honoring a private individual who had no business relationship to NYSTI.

NYSTI also made excessive and questionable expenditures on transportation that violated state guidelines requiring employees engaged in legitimate business travel to use the most efficient and cost-effective method of transportation available. The Inspector General found that Snyder and NYSTI during the period January 2004 through March 2009 spent more than \$40,000 on transportation costs that were excessive and in many instances contrary to guidelines. On 83 occasions, NYSTI paid for one-way or roundtrip chauffeured car service for Snyder, NYSTI staff, production cast members, or members of Snyder's family. Most of the trips were between Troy or Saratoga and New York

City. In total, the cost to NYSTI for these trips was \$38,317. Snyder was a passenger for at least 25 of the trips, at a cost of \$12,174. Additionally, when Snyder traveled to Ireland for a theater conference in 2007, NYSTI paid more than \$1,560 for her airfare, including an extra charge allowing an upgrade to a first-class seat.

The Inspector General further found that NYSTI and Snyder made excessive and questionable expenditures on parties, social outings, and gifts.

While NYSTI intends that its audiobooks will generate revenue, the Inspector General found that NYSTI has spent more than \$170,000 on audiobook productions, far eclipsing the approximately \$10,000 in sales to date reported by NYSTI. Of the total documented spending, \$66,467, or nearly 40 percent, represented fees, expenses, and other benefits for Snyder and members of her family. In addition, NYSTI has expended nearly \$35,000 for the costs associated with Snyder and family members, NYSTI employees, and others to attend audiobook award ceremonies.

During Investigation, Snyder Reimbursed Improper Expenses

Confirming their improper nature, the Inspector General's investigation revealed numerous expenditures made by Snyder for which she reimbursed NYSTI. The Inspector General identified 28 instances since January 2004 in which Snyder reimbursed NYSTI a total of \$6,342 for personal expenses she incurred using NYSTI funds. Notably, Snyder made 14 reimbursements totaling \$1,888 after the Inspector General commenced this investigation, in most instances for expenses she had incurred months, even years, earlier.

Lack of Fiscal Oversight Contributed to Improper Spending

The Inspector General's investigation revealed that NYSTI's internal fiscal controls failed to ensure that all expenditures serve a legitimate business purpose. NYSTI's business office, which has responsibility for such controls, in fact paid any bill Snyder directed it to pay, even if it lacked necessary documentation or was clearly a personal expense incurred by Snyder or others.

In revealing testimony to the Inspector General, the NYSTI Business Manager stated: “All I can say is, I don’t make decisions. If Patricia hands me things and tells me to pay for it, I pay for it.” Given this lack of scrutiny, it is not surprising that questionable, unnecessary, and improper expenses were invariably paid without question. Even NYSTI’s independent financial auditor, a certified public accountant, had very limited knowledge of NYSTI’s frequent use of a bank account from which numerous improper expenditures were made.

Snyder Permitted Improper Use of NYSTI’s New York City Apartment

The Inspector General’s investigation revealed that Snyder has allowed individuals with no, or at best, extremely tenuous, business relationships with NYSTI to stay overnight in an apartment NYSTI leases in New York City that is restricted to official business use. While Snyder’s husband and son stayed in the apartment on occasion, their use was not documented in NYSTI records as required. The Inspector General also found that NYSTI employees paying the allowable state government rate for overnight travel to New York City would spend significantly less than the approximately \$30,000 NYSTI expends yearly for the apartment.

Additional Findings of Self-Dealing by Snyder

While modest in the monetary benefits obtained, the Inspector General’s investigation revealed additional instances of Snyder’s abuse of her official position involving self-dealing and conflicts of interest. NYSTI, at Snyder’s direction, purchased Arbonne skin care products through Snyder and her assistant, both of whom were private sales consultants with Arbonne. Although Snyder and a family member received only minimal financial benefits from these transactions, Snyder’s actions constitute a conflict of interest and violate the Public Officers Law prohibitions on self-dealing.

On a number of occasions, Snyder made personal purchases using NYSTI business accounts, thereby receiving wholesale price discounts and avoiding payment of sales taxes. Again, while the financial benefit Snyder obtained from these transactions

was relatively minimal, they further reflect Snyder's failure to maintain any distinction between her official duties and personal interests.

Recommendations of the Inspector General

The Inspector General has referred the findings regarding apparent violations of the Public Officers Law to the Commission on Public Integrity, the body charged with enforcing these provisions. The Inspector General is further forwarding his findings to the Office of the Attorney General for consultation and any further appropriate action.

The Inspector General recommends that the NYSTI Board of Directors review Snyder's conduct and take appropriate action. The Inspector General further recommends that the Board implement formal policy acknowledging restrictions of the Public Officers Law to prevent conflicts of interest and even the appearance of such and in particular address state prohibitions on nepotism and self-dealing.

The Inspector General further recommends that NYSTI implement new mechanisms and safeguards to ensure that all expenditures comply with all applicable state guidelines and rules. These mechanisms and safeguards should be designed to provide objective review of all expenditures, including those incurred or approved by the Producing Director. A copy of this report will also be provided to the Office of the State Comptroller and the state Authorities Budget Office.

The NYSTI Board of Directors should also implement strict oversight of NYSTI's apartment in New York City to ensure that it is used only for NYSTI business and that all use is properly documented. The Board also should undertake a review of NYSTI's continued need for the apartment based on a consideration of all relevant cost and usage information.

V. RESPONSE OF THE NYSTI BOARD OF DIRECTORS TO THE INSPECTOR GENERAL’S REPORT

The NYSTI Board of Directors responded to the Inspector General’s findings and recommendations on April 2, 2010. Although the response is submitted on “behalf of a majority” of the members, the Inspector General has confirmed that the Board as an entirety solely agreed to adopt the Inspector General’s recommendations. Specific issues included in the Board’s response are presented below, with comment by the Inspector General as warranted.

Board Oversight and Authority of the Producing Director

The Board stated that it “did not allow the artistic director unfettered authority,” asserting that it “was very engaged and active, and exercised much more oversight than exist in many not-for-profit agencies. What the Board did was afford the artistic director the same authority and responsibilities with which most executive directors or presidents of organizations are entrusted – the authority directed by the Legislature in Article 9. As chief executive officer, the artistic director runs the agency, subject to the policy direction of the Board.” Further, the Board stated it “believes that it has carried out its responsibilities under the law set forth in Article 9 of the NYS Arts and Cultural Affairs Law.”

The Inspector General finds that the Board’s response ignores relevant law and demonstrates its lack of adequate oversight over its Producing Director. Public Authorities Law § 2824(1), as amended effective January 13, 2006, states in pertinent part:

Board members of state and local authorities shall (a) execute direct oversight of the authority’s chief executive and other management in the effective and ethical management of the authority; (b) understand, review and monitor the implementation of fundamental financial and management controls and operational decisions of the authority; (c) establish policies regarding the payment of salary, compensation and reimbursements to, and establish rules for the time and attendance of, the chief executive and management; (d) adopt a code of ethics

applicable to each officer, director and employee that, at a minimum, includes the standards established in section seventy-four of the public officers law; (e) establish written policies and procedures on personnel including policies protecting employees from retaliation for disclosing information concerning acts of wrongdoing, misconduct, malfeasance, or other inappropriate behavior by an employee or board member of the authority, investments, travel, the acquisition of real property and the disposition of real and personal property and the procurement of goods and services . . . (g) perform each of their duties as board members, including but not limited to those imposed by this section, in good faith and with that degree of diligence, care and skill which an ordinarily prudent person in like position would use under similar circumstances, and may take into consideration the views and policies of any elected official or body, or other person and ultimately apply independent judgment in the best interest of the authority, its mission and the public.

Therefore, at least since 2006, the Board has been explicitly charged with the affirmative responsibility to “directly” oversee Snyder and her management practices to ensure that she and NYSTI acted in compliance with the state’s ethics rules and sound financial practices. Moreover, under NYSTI’s enabling statute which created it as a public authority, Board members themselves are public officers obligated to know and abide by the state’s ethics laws. The Inspector General refers questions regarding whether the Board met its oversight responsibilities to the appropriate state agencies, the Commission on Public Integrity and the Authorities Budget Office, respectively.

Nepotism in Hiring of Snyder Family Members

In its response, the Board conceded that it knew of the hiring or contracting with members of Snyder’s family, but admits it was “unaware” of provisions of the Public Officers Law that expressly prohibit such conduct. The Board explained, “It was always our direction that the best cast and crew were to be used, and decisions were not to be made based upon familial relationship, and familial relationship did not require that the best person for the job be rejected.” The Board further stated that in a number of instances Snyder’s relatives were hired not by Snyder but rather by play directors “based upon artistic merit, and not to benefit Ms. Snyder or her family.”

The Board did not dispute that Snyder has unchallenged authority to hire the director for each production and “negotiates” and approves all NYSTI contracts including with her family members. The Board further failed to acknowledge the numerous occasions in which Snyder directly hired a relative for employment on plays in which she had previously “hired” herself to direct.

The Board’s additional comment that Snyder’s daughter-in-laws were employed or hired by NYSTI prior to their marriage to her sons is irrelevant and misleading. Initially, under New York law, once the marriages occurred and Hansen and Shannon Snyder became related to Patricia Snyder, while their employment by NYSTI was not absolutely barred, Snyder and NYSTI were required to take steps to ensure that these employees were not receiving actual or apparent preferential treatment including Snyder’s complete recusal from the process. Moreover, the Board fails to note that Mary Jane Hansen, William S. Snyder’s wife, has never been a full-time NYSTI employee but rather is hired under her mother-in-law’s auspices on a contractual or temporary basis on a per-production basis. Since the year of her marriage to Patricia Snyder’s son alone, Hansen has been hired by Snyder to perform in nearly 80 percent of NYSTI’s stage productions, all of NYSTI’s audiobook productions, and to author or adapt over half of the original adaptations; yet, the Board failed to perceive any concerns of familial favoritism inherent in this pattern which could give rise to a “reasonable basis for the impression that any person can improperly influence [her] or unduly enjoy [her] favor in the performance of [her] official duties, or that [she] is affected by the kinship, rank, position or influence of any party or person” as long-prohibited by the state’s ethics laws.⁴²

Significantly, the Board advised that in response to the Inspector General’s report it “directed that a hold be placed on any new engagements of William Severin Snyder, Mary Jane Hansen Snyder and Shannon Johnson Snyder, pending a comprehensive legal

⁴² The Board’s response also fails to note the period prior to the actual wedding dates in which her now-daughters-in-law were dating or engaged to her sons. Records confirm a relationship between both daughters-in-law and Snyder’s sons well prior to the wedding dates corresponding with their NYSTI employment.

and Board review of the new statute, Attorney General opinions, and ethics rulings, and their application to NYSTI.”

Interference with the Inspector General’s Investigation

The Board denied that NYSTI had “acted to mislead and thwart the investigation,” claiming that NYSTI had granted the Inspector General “unlimited access, on-site, to its files,” and noting that all NYSTI employees “appeared voluntarily” for interviews and that “[t]o the best of our knowledge, no witness refused to answer any question”

The Board’s assertion that NYSTI provided the Inspector General “unlimited access” to NYSTI files is misleading. In fact, pursuant to Executive Law § 54(4) the Inspector General possesses the authority to “notwithstanding any law to the contrary, examine and copy or remove documents or records of any kind prepared, maintained or held by any covered agency” such as NYSTI. The Inspector General was compelled to invoke its statutory authority under Executive Law § 54(4) and appear on-site after NYSTI failed to voluntarily disclose records and instead submitted responses that were either incomplete or false. Furthermore, the thousands of documents reviewed by the Inspector General were the result of this hands-on review coupled with numerous other documents obtained from non-NYSTI sources after NSYTI failed to provide or retain such and not the result of assistance from NYSTI staff.

While the Board is correct in stating that all witness appeared voluntarily and answered all questions, it failed to answer the Inspector General’s findings that Snyder provided sworn testimony that proved to be misleading or simply false. Moreover, the Board did not dispute the report’s finding that Snyder and other NYSTI staff backdated records to create the false impression that Snyder had made timely reimbursements of personal expenses she improperly charged to NYSTI, when in fact the reimbursements were not made until after the Inspector General’s investigation had commenced and the records had been demanded.

Misuse of NYSTI's Apartment in New York City

The Board stated its view that “a theatre company with national and international relations and ties needs a presence in New York City,” but that it “always believed . . . that the office was used for legitimate business purposes.” While it did not respond to the report’s specific findings of misuse of the apartment, the Board advised the Inspector General that it is terminating the lease on the apartment, citing “current budget constraints.”

Expenditures and Reimbursements

The Board stated that it “could not speak to the specific financial transactions referenced in the report,” but that it has “directed a review of those transactions and if any payments to the benefit of the Artistic Director have not been properly documented or explained, we will direct appropriate corrective action.” Further, the Board stated that it “afforded the NYSTI staff the opportunity to address matters in the report that are more within their sphere of knowledge.” A supplemental response by Snyder and her subordinates accompanied the Board response. Subsequently, however, the Board Chairman through retained counsel advised the Inspector General that the Board “did not adopt or accept” the supplemental response by Snyder and her subordinates.

The Board’s declaration that it was not familiar with the transactions and agreements discussed in the Inspector General’s report stands in contrast with Snyder’s testimony that she had fully informed the Board of many critical transactions, most notably her royalty arrangements and self-dealing. The Inspector General is troubled by the Board’s willingness to delegate a review of the report’s findings to Snyder and her staff. Snyder’s virtually unfettered ability to control the decisions and expenditures of the authority underlies the structural inadequacies in the authority which permitted the improprieties described in the report to continue unchecked for many years. Permitting Snyder and those who work at her direction to provide justifications for their actions

without independent Board review or examination prior to supplying such in a response to this report further reflects this core structural issue.

NYSTI Funding and Policies

The Board stated that NYSTI's generated revenues (ticket sales, grants, and private donations), which supplement NYSTI's state budget allocation, "are not considered state funds, and do not have to be accounted for in the same way as state appropriations." The Board cites a November 28, 2007 e-mail from a staff member of the Office of the State Comptroller in relation to record keeping requirements regarding certain NYSTI bank accounts in which generated revenue is deposited "do not fit the definition of 'state funds' and therefore will no longer need to be filed."

The Board's reliance on the State Comptroller employee's statement that ticket income and other generated revenues are not "state funds" for purposes of certain procedural regulations is misplaced. NYSTI is a public authority as distinct from a state agency and, as such, its monies are generally not subject to the strict guidelines for expenditures enumerated by the State Comptroller. In fact, authority abuse of this lack of controls generally applicable to state agencies has fueled the various public authorities reform initiatives over the last decade including the aforementioned responsibility of the Board to directly supervise its chief executive officer. Furthermore, the Board's response is contrary to NYSTI's own policies which require adherence to the Comptroller's directives for expenditures. Indeed, Snyder testified under oath that NYSTI policy requires that these monies be expended in conformance with the Comptroller's guidelines.

Additionally, although the Board (as opposed to Snyder) does not appear to make this claim, any implication that the state's ethics laws do not govern the expenditure of such monies is baseless. NYSTI is a public authority created by the state Legislature whose officers and employees are expressly bound to abide by the state's ethics laws. Snyder serves as Producing Director, a position established under state law. NYSTI

receives the vast majority of its funding from the state and could not exist to receive grants and generate ticket income without this state funding. All relevant grants were grants to NYSTI as an entity, not Snyder in her personal capacity or her family members, and dispensed by Snyder in her official position as executive director of the state authority. The state ethics laws prohibits using one's official position to the benefit or apparent benefit of any individual including one's children and daughters-in-law and the source of authority funds potentially misused by a state officer is irrelevant. Simply stated, Snyder could no more use her official position to disproportionately steer NYSTI grant money to her sons, husband and daughter-in-law, than she could steer funds directly obtained from a state allocation. Many state authorities (i.e. the Thruway Authority, the New York Power Authority, and the State Insurance Fund) are entirely or near-entirely self-funded, and any suggested exception for self-generated revenue would completely exempt these entities from the provisions of the state's ethics laws and is preposterous.

Board's Support of Snyder

In conclusion, the Board professes in their response that it "has never had occasion to question the integrity or honesty of the artistic director or her family" and is "in full support" of Snyder, adding that it "believes that their actions for the past 28 years have always been intended to be in the best interest of the Theatre Institute and the young people whom it serves."

Although the Board's support for Snyder's artistic work may be justified by NYSTI's theatrical success, the weight to be afforded to the Board's vouching for the propriety of Snyder and NYSTI's transactions germane to this examination is substantially diminished by its conceded ignorance of applicable state ethics laws and asserted lack of knowledge of any of the actual financial arrangements which serve as the basis of the report. Indeed, the Board's assertion that it was unaware of any of these transactions and arrangements directly contradicts Snyder's sworn testimony that she advised the Board of many of these matters.

Response by Snyder to the Inspector General's Report

As noted, the Board delegated to Snyder and staff the opportunity to respond to specific matters in the report that are “more within their sphere of knowledge.” While Snyder’s response is addressed in the body of the report as warranted, the Inspector General offers the following comments.

Unsurprisingly, similar to her testimony, Snyder’s response is self-justifying and in many respects contrary to prior sworn testimony and other evidence obtained by the Inspector General. For example, Snyder continues to claim that she “secure[d] the rights to the *Miracle on 34th Street* story from the estate of Valentine Davies in 2000.” This claim is belied by the actual agreements (reproduced in the report) which conclusively demonstrate that NYSTI secured these rights as an entity and Snyder subsequently granted such to herself, her son, and a colleague. At most, Snyder’s response demonstrates her steadfast unwillingness to recognize any distinction between her acts in her official and personal capacities.

In another example, Snyder attempts to defend her failure to supply the riders to her improper contracts to the Stage Directors and Choreographers Society (SDC) claiming that she was following routine NYSTI practice of not forwarding these addendums. Snyder notably omits the fact that the only NYSTI contracts containing a rider “waiving” a director’s salary are those in which she hires herself and several for Ed Lange, a former NYSTI employee, who Snyder affords the same unusual arrangement. Snyder’s additional claim that Olga Delorey spoke with an unnamed SDC official at an unspecified time who approved this irregular arrangement is not only unspecific but directly rebutted by union officials.

In a final example in regard to backdating, Snyder again asserts that she reimbursed NYSTI for expenses for her husband related to a Sage Colleges event in November 2006 and October 2007. In actuality, sworn testimony from NYSTI’s business manager, NYSTI records and bank records confirm that, contrary to Snyder’s

assertions, the reimbursement was actually made during the course of the Inspector General's investigation. Snyder may raise the issue of her intent and any of her other defenses before any other entity choosing to take further action.