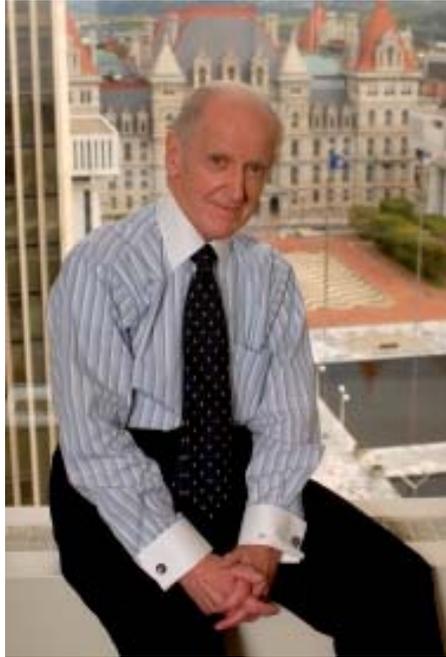


**OFFICE OF THE INSPECTOR GENERAL
OF THE
STATE OF NEW YORK**

**TWO-YEAR REPORT
2008 – 2010**

**David A. Paterson
Governor**

**Joseph Fisch
State Inspector General**



Joseph Fisch
New York State Inspector General

The Inspector General's Office is entrusted with the responsibility to ensure that State government, its employees and those who work with the State meet the highest standards of honesty, accountability, and efficiency.

NEW YORK STATE INSPECTOR GENERAL
EXECUTIVE STAFF

Joseph Fisch	Inspector General
Kelly Donovan	First Deputy Inspector General
Nelson Sheingold	Chief Counsel
Dennis Martin	Chief of Staff
Philip Foglia	Special Assistant Inspector General
Darren Miller	Chief of Investigations
Stephen Del Giacco	Director of Quality Assurance (Albany)
Felisa Hochheiser	Director of Quality Assurance (NYC)
Kate Gurnett	Director of Public Information
Lois Falls	Administrative Officer

CONTENTS

INTRODUCTION

Scope of this Report	1
Message From the Inspector General	2
Mission and Mandate of the Office of the Inspector General	3
Biography of Inspector General	5
Inspector General in the Media	6

INITIATIVES

Stimulus Oversight Panel	9
Forensic Laboratory Investigations	10
Outreach and Training	11
Reforms Prompted by Inspector General's Reports	12
Investigations Increase in Number and Impact	13
Statistical Profile	16

INVESTIGATIONS

Investigations - 2008	17
Investigations - 2009	28
Investigations - 2010	55

Scope of this Report

This report describes the activities of the Office of the State Inspector General during the period May 2008 through September 2010. In issuing a two-year report, we are resuming a practice that prevailed in the first eight years of this Office's existence, from 1986 to 1994. Since that time, with the exception of a single annual report in 2006, this Office produced no comprehensive report of its activities.

The scope of the current two-year report commences with the appointment of Inspector General Joseph Fisch in May 2008. As the Inspector General's term is contemporaneous with the term of the Governor who appointed him or until a succeeding Inspector General is appointed, this report is issued now, sufficiently in advance of the expiration of Inspector General Fisch's current term on December 31, 2010 to allow for reporting of the Office's activities over the course of his term of office.

Message From the Inspector General

While public service is a privilege, it is more importantly a trust, and residents of New York State have the right to expect of their public officials uncompromising fidelity to such trust. Since my appointment by Governor David A. Paterson two years ago as State Inspector General, it has been my honor and, indeed, responsibility, to safeguard the State from corruption, waste and abuse by State officials and employees. My staff and I have worked diligently in our investigations of official misconduct and have increased our reporting of the results of our efforts, meeting our statutory obligation to keep the public informed of our work. I believe passionately in the right of the public to know how its public servants are behaving, and toward the fulfillment of that end, I am committed to maximum enhancement of transparency and accountability with regard to the activity of public officials and employees. To this end, all reports which substantiate wrongdoing are posted on our office's Web site.

My office has worked closely with other law enforcement and state agencies, including District Attorneys and United State Attorneys, and as a result of such partnerships, investigations during my two years of service have produced 82 criminal prosecutions.

While gratified by such results, it is important to keep in mind that sheer non-criminality is not the only standard of behavior to which a public official must be held. My role as watchdog for the State is to investigate and expose lapses in the faithful and effective performance of duty by public officials, including waste, abuse, inefficiency, incompetence, and other failures in the work for which we, the public, pay.

In the exercise of our duties, I have impressed upon my staff that we may hold in our hands the careers and reputations of the subjects of our investigations. This is an awesome responsibility which requires utmost sensitivity, understanding, and fairness. I believe the results of our work during my two-year tenure demonstrate that we have met that burden.

This report summarizes the work of the Office of the Inspector General during my service.

Mission and Mandate of the Office of the Inspector General

As New York State government's preeminent internal investigations office, the Inspector General's mission is to detect, investigate and deter corruption, fraud, criminal activity, conflicts of interest and abuses of office in approximately 150 state entities, as well as by companies that do business with the state. These agencies, authorities and other departments employ the majority of the State's approximately 190,000 public servants.

The Office's core function is to conduct independent investigations of alleged misconduct by state officials and report its findings to the public. Investigations serve not only to reveal and deter wrongdoing, but to expose unwarranted and unfounded allegations as well. The office also conducts audits and reviews of agency programs and procedures, and recommends corrective action and agency reforms, using trained investigators, forensic analysts, and attorneys.

Originally established in 1986 by an Executive Order promulgated by Governor Mario Cuomo, the Inspector General's Office was created to investigate complaints of fraud, abuse, and corruption in state agencies headed by gubernatorial appointees or nominees.

In 1996, Governor George Pataki, through subsequent Executive Orders, restructured the office and broadened its authority to include all executive branch agencies, departments, divisions, offices, boards, commissions, state public authorities and public benefit corporations, the heads of which are appointed by the Governor and do not have their own Inspector General by law. The new jurisdiction also includes entities conducting business with the state. In addition, Governor Pataki's Executive Order mandated that all covered state employees were required to report wrongdoing promptly to the Inspector General. Those who do are granted "whistleblower" protection against dismissal or other adverse personnel action.

Upon the Legislature's enactment of Executive Law Article 4-A, effective January 2007, the Office of the State Inspector General became a permanent, independent agency with enhanced authority to police agencies within its jurisdiction. The Inspector General became an independent state official appointed to a term of office contemporaneous with the term of the Governor. Although appointed by the Governor, the Inspector General does not serve at the

INTRODUCTION

pleasure of the Governor, thus ensuring the independence of the office. The independent, non-political nature of the Office under Inspector General Fisch is reflected in the fact that the office has investigated not only agency heads and officials who were appointed by, and served in the administrations of, Governors George E. Pataki, Eliot Spitzer and David A. Paterson, but, indeed high-ranking members of the Executive Chamber of each of these Governors. These included, with regard to Governor Pataki, his Secretary, Deputy Counsel, two Deputy Secretaries to the Governor, and Governor Pataki himself.* During Inspector General Fisch's investigation of the Executive Director of the Commission on Public Integrity, sworn testimony was taken of Governor Spitzer, his Counsel, First Deputy Secretary, Communications Director, Special Counsel, Senior Advisor and Director of Policy. Executive Chamber members of Governor Paterson's administration who were questioned in connection with investigations during the two years of Inspector General Fisch's term included his Acting Counsel, Appointments Secretary, Deputy Secretary, Commissioner of Criminal Justices Services and First Assistant Counsel.**

New York's State Inspectors General, 1986 to Present

Joseph Fisch, 2008 - Present
Kristine Hamann, 2007 - 2008
Dineen Riviezzo, 2005 - 2006
Jill Konviser-Levine, 2002 - 2005
Roslynn Mauskopf, 1995 - 2002
George Moresco, 1993 - 1995
Joseph Spinelli, 1986 - 1993

* Because information sought from Governor Pataki merely required corroboration of evidence already adduced, the Inspector General questioned Governor Pataki via his Counsel.

** Although beyond the scope of the period covered by this report, Governor Paterson advised the press that he has testified under oath during a currently pending investigation.

Inspector General Joseph Fisch

In May 2008, Joseph Fisch was appointed State Inspector General by Governor David A. Paterson. Since then, the Office of the Inspector General has completed numerous complex and comprehensive investigations, addressed systemic problems in State government and instituted a number of reforms. The Inspector General has strengthened its working relationships with federal, state, and local law enforcement entities, leading to more effective joint investigations and criminal prosecutions. The Office also has expanded training and outreach programs to help ensure that state employees and officials are aware of their ethical and legal obligations including their duty to report wrongdoing to the Inspector General.

Notably, these goals were attained even as the Inspector General's Office, like other agencies, saw staff and resources reduced due to the State's fiscal crisis. In fact, the Inspector General's Office in the past two years has processed a higher volume of complaints, conducted more investigations, and issued more public reports despite a significant reduction in resources, including a decrease in staff from 71 to 61.

Inspector General's Biography

Upon graduation from Harvard Law School in 1956, Inspector General Joseph Fisch served in the United States Army for two years, the latter part of which was in the Office of the Judge Advocate General, stationed in Frankfurt, Germany.

Inspector General Fisch began his public service career in 1959 with the New York State Commission of Investigation where he served for 18 years and rose from Law Assistant to Assistant Counsel, to Chief Counsel, and finally, Deputy Commissioner and Counsel. Following such service, he joined the Queens District Attorney's Office as First Assistant District Attorney, succeeding shortly thereafter as Chief Assistant District Attorney, the highest position next to the District Attorney himself. Fisch then held several state positions, namely Deputy Inspector General and Counsel of the Metropolitan Transportation Authority and Executive Director of the Office of Professional Discipline. The Inspector General returned to

INTRODUCTION

the Queens District Attorney's Office as Executive Assistant District Attorney, and in January 1990 was appointed Deputy District Attorney of Kings County. Shortly after joining the Kings County District Attorney's Office, Fisch was appointed Judge of the Court of Claims by Governor Mario Cuomo, and assigned to Bronx County, as Acting Supreme Court Justice, where he presided over felony criminal trials, ranging from murder, rape, robbery, narcotics, among others. At the completion of his first term, he was re-appointed to the Court of Claims by Governor George Pataki, and in June 2003 was appointed a Justice of the Supreme Court by Governor Pataki*

In May 2008, Joseph Fisch's 18-year judicial career culminated with his appointment by Governor David A. Paterson as State Inspector General.

Media, Good-Government Advocates Commend Work of Inspector General Fisch

Under the leadership of Inspector General Fisch, the Office of the State Inspector General has been recognized by good-government advocates, public officials, and the media for its integrity and effectiveness as State government's primary anti-corruption entity.

An October 14, 2009, *New York Law Journal* profile of Inspector General Fisch cited the "high marks" he has received from ethics-in-government advocates and the "steady stream" of reports the Office has issued since his appointment. The profile quoted Blair Horner, Legislative Director of the New York Public Interest Research Group, who stated that Inspector General Fisch "has become the most visible watchdog in state government." Former Lobbying Commission Executive Director David Grandeau said that Inspector General Fisch's work has demonstrated "gumption and integrity."

Associated Press reporter Michael Gormley, in a May 14, 2009 article, discussed the Inspector General's comprehensive investigation that concluded, among other findings, that the Commission on Public Integrity's Executive Director had acted improperly when he provided information to then Governor Eliot Spitzer's aides about its Troopergate investigation. Gormley

* Each judicial appointment by Governors Cuomo and Pataki required confirmation by the New York State Senate.

INTRODUCTION

also quoted Horner, who, in reference to Inspector General Fisch, stated that “Albany may have a new sheriff in town.”

In a May 23, 2009, editorial, “Albany and the Pursuit of Integrity,” the *New York Times* also cited the Inspector General’s investigation of the Commission on Public Integrity. *Albany Times Union* columnist Fred LeBrun, referring to the same investigation, described the Inspector General’s 192-page report as “brilliant.”

Following the release of the report on the Commission on Public Integrity, Inspector General Fisch testified at a June 1, 2009 State Senate Committee on Investigations and Government Operations hearing to recommend reforms. Inspector General Fisch stressed, among other steps, the essential goal of selecting the most capable individuals for government positions. Inspector General Fisch testified: “You can have the best system in the world and the wrong people will find a way to beat it. You can have the worst system in the world and the best people will find a way to make it work. I think what went wrong was the appointment of the Executive Director; he was the wrong person for the job.”

A *New York Post* editorial on April 5, 2009, commended an Inspector General’s investigation that uncovered a scheme in which former Acting Commissioner of the Department of Taxation and Finance illegally manipulated civil service exams to secure tenured state jobs for herself and nine others. The editorial further praised Inspector General Fisch for the “notable successes” he had achieved during what was then his “short time on the job.”

Similarly, the Schenectady *Daily Gazette*, in commending the Inspector General’s investigation that revealed the squandering and possible theft of public funds by officials who operated the State Fair, noted in an August 13, 2010, editorial: “Fisch has been busy these past couple of years, delving into the misuse of authority and state resources” A *Syracuse Post-Standard* editorial of August 8, 2010, also regarding the State Fair investigation, observed that the Inspector General’s “scathing” report “provides a sense, particularly during [former Fair Director Peter] Cappuccilli’s tenure, of a free-wheeling, corner-cutting management style and a sense of ownership of the fair and its resources that is entirely inappropriate.”

INTRODUCTION

In February 2010, after a public outcry over the selection of Aqueduct Entertainment Group to operate the video lottery terminal facility at Aqueduct Race Track, public officials, including Speaker of the Assembly Sheldon Silver, as well as newspaper editorial boards called for an investigation by the Inspector General's Office.

Praising the referral to the Inspector General in a February 12, 2010 editorial titled "Let Joe Fisch Do It," the *New York Post* stated, "Fisch, to put it mildly, is a straight shooter — one of the very few left in the ethical cesspool that is New York's state capital. In his short time in office, he and his team have already managed to uncover more malfeasance than just about any other investigators."

Inspector General Heads Stimulus Oversight Panel

On July 9, 2009, Governor Paterson appointed Inspector General Fisch to head an oversight panel to ensure that more than \$31 billion in economic stimulus funds earmarked for New York State under the federal American Recovery and Reinvestment Act (ARRA) are utilized with transparency and accountability.

The Stimulus Oversight Panel, established pursuant to Executive Order 31, also includes State Division of Human Rights Commissioner Galen Kirkland, Metropolitan Transportation Authority Inspector General Barry Kluger and State Medicaid Inspector General James Sheehan.

Since its creation, the panel and its “working group” hosted by the Inspector General and chaired by First Deputy Inspector General Kelly Donovan have met regularly to examine the disbursement of stimulus funds by each of the 22 state agency recipients and to coordinate with state and federal law enforcement partners. Working group members – executive staff, senior attorneys, investigators and auditors from each panel agency – apply their specialized knowledge of construction, contracts, health care fraud and human rights issues to investigate complaints received through the stimulus hot line and coordinate proactive reviews.

The meetings support the expansion of a collaborative network which includes the Inspector General offices of the U.S. Departments of Education, Transportation, Labor, Health and Human Services, Housing and Urban Development, and the Environmental Protection Agency, as well as the Federal Bureau of Investigation, the U.S. Attorney’s Offices of both the Southern and Eastern Districts of New York, the New York School Construction Authority, and the Office of the New York City Comptroller. As a result, a number of joint investigations have begun and referrals made to federal Inspectors General.

As of May 2010, the Stimulus Oversight Panel had commenced approximately 12 investigations and conducted 16 site audits. The panel also:

- Launched a special Web site to educate the public on the panel’s jurisdiction and inform New Yorkers as it tracks stimulus spending.

INITIATIVES

- Initiated anti-fraud training for state agencies designated to receive ARRA funds, and disseminated 4,000 informational brochures to contractors, subcontractors and state employees working on ARRA projects statewide.
- Created an in-house curriculum on fraud, waste and abuse awareness and trained 66 community action groups, not-for-profits and localities receiving ARRA funds.

Inspector General Designated To Investigate Forensic Laboratories

The ever increasing role of scientific evidence and the corresponding need for confidence in the integrity of forensic laboratories are a cornerstone of the state's criminal justice system. Under the federal Justice for All Act of 2004, entities applying for grants under the federal Paul Coverdell Forensic Science Improvement Program are required to certify that they have in place a government entity to "conduct independent external investigations into allegations of serious negligence or misconduct substantially affecting the integrity of forensic results committed by employees or contractors of any forensic laboratory system."

Since 2007, the Inspector General has been designated the governmental entity in New York to conduct independent investigations for the New State Commission on Forensic Science, which oversees all public laboratories conducting forensic testing within the state.

As New York's designated entity, the Inspector General receives and investigates complaints regarding misconduct in the state's 22 forensic laboratories. Over the past two years, the Inspector General has concluded multiple investigations of forensic centers, including those operated by the New York State Police and Erie and Monroe counties. The Inspector General issued reports of those investigations, and also reported the findings to the Commission on Forensic Science at its quarterly meetings. Based upon the Inspector General's efforts, procedures in these laboratories have been strengthened to prevent misconduct and thousands of criminal cases re-evaluated to guarantee that misconduct by lab personnel did not affect the criminal justice process. Additionally, the Inspector General conducts training sessions for laboratory employees on their ethical and legal obligations.

Inspector General Expands Training and Outreach

Inspector General Fisch has enhanced his office's training, education, and outreach programs. These efforts are based on the recognition that heightened awareness by public employees is essential to preventing government corruption.

In addition to educating employees in how to identify and report wrongdoing by others, the Inspector General's outreach program also provides employees with strategies for maintaining ethical standards in their own conduct.

Since 2008, the Inspector General's Office has expanded its outreach efforts to reach a broader range of public employees. In particular, during the past two years, first-time presentations have been made to staff of municipal and county operated forensic laboratories. This initiative results from the Inspector General's designation by the New York State Commission on Forensic Science as the independent entity responsible for investigating allegations of serious misconduct and negligence in public forensic laboratories in the state.

During the period 2008-2010, Inspector General training staff conducted a total of 147 presentations at 90 State agencies and other entities, including 12 forensic laboratories and 52 non-profit groups receiving ARRA funding. In all, 4,478 public and 1,067 other employees received training during presentations at the following entities:

In total, the Inspector General provided ethics and corruption prevention training to 5,545 employees of state government, non-profit, and other entities as follows:

- NYS Office for the Aging (143 employees trained)
- NYS Office of Mental Retardation and Developmental Disabilities (23)
- NYS Office of Alcohol and Substance Abuse Services (28)
- Onondaga County Forensic Laboratory (41)
- NYS Office of Mental Health (18)
- Monroe County Public Safety Laboratory (22)
- Monroe County Medical Examiner's Office (13)
- Erie County Police Laboratory (23)
- Erie County Medical Examiner's Office (10)
- Yonkers Police Laboratory (4)
- Nassau County Forensic Laboratory (21)
- Westchester County Public Safety Laboratory (10)
- Westchester County Police Laboratory (40)
- NYC Medical Examiner Biology Laboratory (160)
- NYC Medical Examiner Toxicology Laboratory (10)
- NYC Police Crime Laboratory (178)
- NYC Child Welfare Conference (83)
- NYS Department of Motor Vehicles (385)
- Public Service commission (570)

INITIATIVES

- NYS Office of Children and Family Services (32)
- Niagara County Sheriff's Department Forensic Laboratory (5)
- Niagara Frontier Transportation Authority (166)
- Rockefeller Institute (66)
- NYS Division of Military and Naval Affairs (187)
- NYS Department of Labor (620)
- NYS Office of General Services (2)
- Capital District Transportation Authority (50)
- New York Power Authority (612)
- NYS Office for the Prevention of Domestic Violence (14)
- NYS Office for Technology (450)
- NYS Board of Elections (54)
- Long Island Power Authority (97)
- NYS Office of Medicaid Inspector General (358)
- NYS Department of Correctional Services (22)
- NYS Department of Taxation and Finance (46)
- NYS Office of Children and Family Services (32)
- Albany County Opportunity (13)
- Albany County Cooperative (14)
- Delaware Opportunities, Inc. (12)
- Mohawk Valley Community Action (22)
- Association for Affordable Energy (50)
- Bronx Sheppards Restoration (26)
- Warren/Hamilton ACEO (18)
- Schoharie County Community Action (12)
- Warren County Economic Opportunity (11)
- Fulmont Community Action (15)
- Community Environmental Center (75)
- Northwest Bronx Community and Clergy (26)
- Dutchess County Community Action (38)
- Ulster County Community Action (22)
- Community Economic Opportunity (27)
- Community Action-Greene County (23)
- Opportunities for Otsego (23)
- Orange County Rural Development (11)
- Margert Community Corp. (22)
- HANAC, Inc. (54)
- Saratoga County Economic Development (6)
- Opportunity for Chenango (21)
- Stoneleigh Housing Inc. (6)
- NYS Environmental Facilities Corporation (58)
- Westchester Community Opportunities (26)
- ODA Comm. Development Corporation (10)
- Adirondack Community Action (12)
- Lewis County Opportunity (22)
- Cortland Community Action (10)
- Fulton Community Action (14)
- Joint Council Clinton/Essex (10)
- Tompkins County Community Action (25)
- Harlem Community Development (10)
- Cayuga/Seneca Community Action (4)
- Northfield Community LDC (20)
- Housing Conservation Coordination (20)
- Tioga Opportunity Inc. (20)
- NYS Energy Research Development Authority (13)
- Opportunity for Broome (5)
- Newburgh Community Action Committee (9)
- NYS Community Action Agency (6)
- Regional Community Action Program (25)
- Northern Manhattan Improvement (20)
- RCDC Housing Inc. Rockland County (10)
- Crown Heights Jewish Community (10)
- Community Action Madison County (10)
- People Equal Action Community Effort (10)
- Wayne County Action Program (8)
- Columbia Opportunities, Inc. (12)
- Sunset Park Redevelopment Center (14)
- Peoples Firehouse (5)
- Community Development Long Island (19)
- Community Action Commission (21)

Inspector General Fisch Creates Compliance Program to Monitor Recommendations of Investigations

Reports issued by the Inspector General frequently recommend agency disciplinary action against employees, steps that agencies can take to strengthen deficient or outdated procedures and referrals to law enforcement agencies for criminal prosecution or to oversight or licensing authorities. The Inspector General's Office has the legal authority to monitor the implementation of any such recommendations.

INITIATIVES

In 2010, Inspector General Fisch initiated a compliance program to assess the extent to which agencies have acted upon the Inspector General's recommendations. Under the compliance program, the Inspector General's Office regularly conducts follow-up inquiries to provide further assurance that necessary corrective actions have been taken.

This Inspector General's compliance program is founded on the belief that investigations should not only ameliorate an immediate problem, but also result in long-term or permanent reforms. The results of the follow-up inquiries are noted in the summaries of investigations that appear in the next section of this report.

Inspector General's Investigations Increase in Number and Impact

Investigations conducted by the Inspector General have produced a myriad of positive results: Wrongdoers have been disciplined, prosecuted, and, in many instances, appropriately removed from state employment. Important reforms of agency operations have been instituted, leading to improved effectiveness and accountability. By addressing persistent and systemic problems in one agency, the Inspector General investigations effectuate positive change on a statewide basis. Even in instances where misconduct is isolated in time and confined to a single employee, investigations by the Inspector General serve as a deterrent to potential misconduct by others.

A hallmark of the office's investigative efforts under Inspector General Fisch is his commitment to publicly reporting the findings of all investigations in which there exist substantiated findings of misconduct. During the period May 2008 to September 2010, the Inspector General's Office publicly reported the results of 145 investigations regarding 53 state agencies and other entities, more than double the cases reported during the previous two-year period. Additional investigations were completed during the period, but public issuance of the corresponding reports awaited responses to the Inspector General's recommendations by subject agencies.

Findings of the Inspector General's investigations currently are publicly reported by posting on the office's Web site. During the tenure of the first two Inspectors General, from 1986 to 2002, major reports were issued with an accompanying press release, and all reports were placed in a

INITIATIVES

“register” consisting of binders maintained in the office and made available to the public. Subsequent Inspectors General, during the period 2002 to 2006, discontinued use of the register and publicly released substantially fewer reports. From mid-2006 to the present, a period encompassing the tenure of Inspector General Fisch and his two immediate predecessors, the office has maintained a Web site on which public reports have been posted.

Since the appointment of Inspector General Fisch, investigations by the Inspector General’s Office have resulted in 82 arrests. Among those arrested was an employee of the Waterfront Commission of New York Harbor who later was convicted of perjury for lying to the Inspector General under oath. This case is particularly noteworthy as it represents the first-ever criminal prosecution of an individual for providing false testimony to the Inspector General in the 24-year history of the office.¹ Investigations by the Inspector General over the past two years also resulted in the departure of 49 individuals from state service, either by resignation or agency disciplinary action resulting in their termination. A total of 48 state employees also have been subjected to disciplinary action that included suspensions and formal reprimands

During the period May 2008 to September 2010, the Inspector General’s investigations exposed fraudulent activities involving state employees and entities that amounted to approximately \$9.6 million. These activities included unlawful and improper contracts; misappropriation and misuse of state equipment and resources, including time abuse; and outright theft of state property.

Investigations by the Office of the Inspector General also have resulted in the payment of substantial fines and restitution, and other fiscal savings for the state. Between May 2008 and September 2010, actual payments and savings to the state totaled approximately \$1.49 million, with \$2.98 million more in potential payments.² Cases involving substantial financial returns or savings are described later in this report. Below are but several examples:

¹ The Inspector General’s investigation of the Waterfront Commission is described in detail later in this report.

² In a number of instances, actions directed at obtaining reimbursement or restitution were initiated but still pending during the period covered by this report.

INITIATIVES

- The fashion house Marc Jacobs International paid the state \$1 million for its conduct related to improper payments made for use of a state armory for fashion shows. In this case investigated jointly by Inspector General Fisch and Attorney General Andrew Cuomo, Armory Superintendent James Jackson also paid \$35,000 in restitution and fines.
- An investigation into a Department of Transportation employee who stole agency cell phones also revealed flaws in DOT's monitoring of employee cell phones. As a result, DOT instituted new procedures that saved the state \$438,000.
- Erin Sherman-Rohl, a Health Research, Inc. employee, and an accomplice paid restitution of \$62,383, the amount they embezzled from a program assisting adult cystic fibrosis sufferers.
- Former Department of Health Commissioner Antonia Novello paid fines and restitution of \$27,500 following a criminal conviction for her use of state employees as private chauffeurs.

In more than 25 investigations, the Inspector General worked in cooperation with other oversight, investigative and law enforcement agencies at the federal, state, and local levels. By sharing information and combining resources, these joint investigations promoted greater efficiency and effectiveness in rooting out corruption and waste.

The Inspector General conducted joint investigations at the federal level with the United States Attorneys for the Southern, Eastern, and Northern Districts of New York; the Federal Bureau of Investigation; the United States Postal Inspection Service; the Internal Revenue Service; the Environmental Protection Agency; the Department of Immigration and Customs Enforcement; the Secret Service; and the Inspectors General for the Department of Homeland Security, Department of Health and Human Services, and Social Security Administration.

At the state level, the Inspector General worked in cooperation with the New York State Attorney General's Office, the State Police, and the Office of the State Comptroller. The Inspector General also referred matters to, or worked in conjunction with, 16 District Attorney Offices: Albany, Brooklyn, Chautauqua, Clinton, Delaware, Erie, Fulton, Greene, New York,

INITIATIVES

Oneida, Queens, Rensselaer, Rockland, Schenectady, Schuyler, and Sullivan. In numerous cases, the Inspector General also worked cooperatively with local police departments.

The investigations completed and publicly reported by the Inspector General during the period May 2008 to September 2010 are summarized in the next section of this report.

STATISTICAL PROFILE OF INSPECTOR GENERAL ACTIVITIES

From 2008 to 2010, the Inspector General's Office saw substantial increases in complaints received, investigations conducted, and reports issued. These and other measures reflect the Office's enhanced effectiveness and the high level of confidence with which the public views the Office. The data below illustrate these and related accomplishments.

- In 2009, the Inspector General received 2,205 complaints, 666 or 43 percent more than 2008. The higher level of complaints continued in 2010.
- The Inspector General opened a total of 524 investigations from May 2008 to September 2010, compared to a total of 355 cases opened in 2007 and 2008. During period May 2008 to September, investigations in 217 cases established that the allegations were unfounded.
- Between May 2008 and September 2010, the Inspector General publicly reported the results of 145 investigations, more than double the number reported during the previous two years.
- During 2008-2010, 82 state employees and others were arrested, and 49 employees left state service, as a result of Inspector General investigations. In addition, 48 state employees faced agency disciplinary proceedings that resulted in suspensions, fines, reprimands, or other actions.
- Inspector General's investigations exposed \$9.6 million in fraud and resulted in \$1.49 million returned to the state in fines, restitutions and recoveries, with an additional \$2.98 million in pending or potential payments identified.
- The Inspector General provided ethics and corruption prevention training to 5,545 employees in 90 state agencies, non-profit organizations, and other entities.

INVESTIGATIONS – 2008

May–June, 2008

Report Prompts Improved Care and Oversight for Children with Disabilities

An investigation by the Inspector General resulted in significant action by two New York State agencies to improve their oversight of the care provided to children with disabilities. The Office's 244-page report examined the response of the Commission on Quality of Care and Advocacy for Persons with Disabilities (CQC) and the Office of Mental Retardation and Developmental Disabilities (OMRDD)³ to allegations of abuse of Jonathan Carey in 2004. It revealed deficiencies in the oversight of Jonathan's care by CQC and OMRDD, and found fault with both agencies for providing misleading or inadequate information to the Governor's office and the parents of Jonathan Carey, a disabled pre-teen who resided at the Anderson School from 2003 to 2004 and who died in 2007 while in the care of OMRDD's O.D. Heck Developmental Center in Schenectady County. Two workers were convicted in his death.

In response to a complaint that Jonathan Carey was abused at the Anderson School, the Inspector General concluded that CQC conducted an inadequate child abuse investigation, failed to fully address allegations that Jonathan was neglected and misrepresented the extent of its work to the state Senate, the Governor, the Inspector General and Jonathan's parents. The Inspector General further concluded that OMRDD failed to fully address potential violations by the Anderson School related to the neglect and maltreatment of Jonathan Carey.

As a result, CQC revised protocols and trained employees to ensure that all CQC investigations are actually completed; to establish independent supervisory oversight for each investigation; to conduct adequate site visits; and to investigate all State Central Register child abuse allegations that CQC receives, including a broader review of the care of other children in the same program. OMRDD agreed to address all potential violations uncovered by the investigation and conduct a

³ OMRDD was renamed the New York State Office for People with Developmental Disabilities in July 2010.

full review of safeguards currently afforded disabled residents in private care to see if they are adequate.

ORPS Employees Violated Ethics Law

The Inspector General determined that NYS Office of Real Property Services (ORPS) Property Analyst Robert Buell and his supervisor, Property Analyst John Petrino, improperly provided non-public information to Bruce Sauter, a former colleague acting as a private consultant. The report also concluded that Sauter's interactions as a consultant may have violated state law which prohibited him from appearing within two years of his departure from state service.

After the Inspector General referred his report to the state Commission on Public Integrity for its review, the Commission charged Sauter with violating the State's ethics law on four occasions when he appeared before his former agency within two years of leaving State service. Sauter subsequently agreed to a fine of \$8,000 to settle the ethics charges.

Port of Oswego Authority Members Held Seats Unlawfully

Two members of the Port of Oswego Authority Board of Directors, Richard Tesoriero and Ralph Jennings, violated statutory requirements by holding office when they were not city of Oswego residents, the Inspector General found. Both men left the Board.

DMV Tightens Cash Control Due To Missing Funds

Department of Motor Vehicle employees at three district offices – Richmond County, Springfield Gardens, and Jamaica – failed to follow procedure for securing cash, resulting in losses of \$12,125, the Inspector General found. Two cleaners under contract at the Jamaica office were charged in the theft of some of the cash. The Inspector General recommended appropriate discipline and the implementation and enforcement of consistent cash handling

policies and procedures. As a result of the Inspector General's investigation, DMV disciplined its employees and revised its procedures.

DOT Employees Improperly “Borrowed” State Equipment

Six employees at the Department of Transportation (DOT) utilized state equipment for private projects. The supervisors of these employees contended that such behavior was permissible as a “professional courtesy,” a position which was in opposition to agency policy, the Inspector General found. In response to the Inspector General's investigation, DOT took disciplinary action and launched a department-wide audit of equipment use.

DMV Employee Arrested For Unlawful Computer Access

Probationary employee Lincoln Dwarika was terminated from his position by the Department of Motor Vehicles and arrested after he admitted to the Inspector General during the investigation that he had accessed the DMV database to obtain personal information about a woman he was hoping to date.

Division of Human Rights Employee Convicted of Larceny of Check

Michelle Griffin, a Keyboard Specialist at the New York State Division of Human Rights, was discharged from her position and pleaded guilty to Petit Larceny in Albany County after she cashed a \$2,450 check made out to the agency. She was sentenced to three years probation and ordered to pay restitution

Computer Probe Leads to Arrest of DOL Employee on Rape Charge

A joint investigation by the Inspector General and other investigative agencies resulted in the arrest of Arthur Frank Durivage, a state Department of Labor employee, on charges of Rape in the 2nd Degree. Durivage was accused of engaging in sexual intercourse with a 13-year-old female on three separate occasions during September 2007. This investigation revealed that

Durivage repeatedly e-mailed the victim while at work, using a Department of Labor computer. Allegations against Durivage were initially received by the State Police, which then requested the Inspector General's assistance in conducting a forensic examination of Durivage's state-issued computer.

July-September, 2008

OTDA Official Convicted of Felony For Private Work on State Time

Larry Ritter, the former Affirmative Action and Equal Employment Opportunity Officer for the state Office of Temporary and Disability Assistance (OTDA), paid \$17,951.33 in restitution to OTADA after pleading guilty to Defrauding the Government. The Inspector General's investigation revealed that Ritter conducted 40 private training programs from 2003 to 2007 during his state work day while falsely reporting on his timesheets that he was doing OTDA work. In addition, Ritter worked without OTDA approval, a violation of agency policy. OTDA fired Ritter in response to the Inspector General's findings. The report also found that Roxanne Wright, a then-employee of the Governor's Office of Employee Relations, assisted Ritter conduct non-state trainings without official approval. As a result of the Inspector General's investigation, Wright resigned from state service.

DMV Supervisor Falsified Time Sheet

An Inspector General's investigation found that Brian Blankenhorn, a Supervising Automotive Facilities Inspector for the Department of Motor Vehicles, falsified attendance records to indicate he worked more than 13 hours when he was in fact absent. DMV took disciplinary action against Blankenhorn.

Housing Worker Charged in Sale of Confidential Data to Developers

An Inspector General's report concluded that Keith James, a Rent Program Specialist at the state Division of Housing and Community Renewal, sold confidential rent roll data to housing developers from 2001 to 2005. James had access to confidential DHCR information such as monthly rents and classifications of apartments as rent-controlled or rent-stabilized. James was

INVESTIGATIONS

terminated from his position and charged by the Attorney General's Office with bribe receiving in the third degree, receiving reward for official misconduct in the second degree, and computer trespass. He was acquitted after a trial.

DMV Worker Accessed Official Data Base For Family Court Dispute

The Inspector General found that Department of Motor Vehicles employee Jennifer Berry misused her state computer to obtain DMV information unrelated to her official duties, which she then attempted to use to her advantage in a Family Court matter. As a result of disciplinary action brought by DMV, Berry forfeited two days of paid leave.

LIPA Chair Did Not Act Improperly By Receiving Compensation

The Inspector General concluded that Richard Kessel did not act improperly by accepting compensation after he stepped down as the Long Island Power Authority's Chief Executive Officer and President but continued to work full time as the Authority's Chairman. The Inspector General found that Kessel acted reasonably in believing that he was legally entitled to receive compensation for his duties as Chairman, and that he did not act surreptitiously in obtaining a salary nor do so unilaterally. Kessel personally informed former Governor Pataki and former Secretary to the Governor John Cahill that, in the opinion of some, the Public Authorities Law prohibited the LIPA Chairman from receiving a salary. However, the Governor requested that Kessel remain as Chairman, and Cahill informed Kessel that he could continue receiving a salary in this position. In conducting the investigation, the Inspector General interviewed Kessel and other LIPA officials, as well as Cahill and other former high-ranking officials of Pataki's administration. The Inspector General questioned Governor Pataki via his Counsel, as the information sought from Governor Pataki merely required corroboration of evidence already adduced.

Psychiatric Center Worker Lived in Agency Facility for Three Years

The Inspector General determined that Henry Logue, an employee of the Rockland Psychiatric Center of the New York State Office of Mental Health, resided for nearly three years in the facility paint shop, in violation of agency policies. OMH later assessed Logue \$2,571 for his use

of its facilities. Logue's supervisors, who were questioned by the Inspector General, claimed they were unaware that Logue was living at the facility.

DOL Employee Resigns After Accessing Sex Sites at Work

An Inspector General's investigation determined that New York State Department of Labor (DOL) employee Daniel Nugent violated the agency's Computer Use Agreement by using the Internet for non-business purposes and accessing various Web sites containing sexually-explicit material. The Inspector General recommended that DOL take appropriate disciplinary action against Nugent, who instead voluntarily left state service.

DOT Implements Extra Training to Meet Legal Requirements on Hiring

An investigation by the Inspector General determined that the New York State Department of Transportation's (DOT) Office of Information Services and the DOT Personnel Department may have violated the Civil Service Law by failing to notify eligible applicants of a job opening. In addition, the Inspector General found that DOT failed to maintain accurate records related to the hiring. The Inspector General recommended that DOT ensure that only appropriately-trained personnel engage in hiring Civil Service employees and that DOT conduct training to ensure that all Civil Service requirements are met when personnel are hired to fill Civil Service positions. DOT implemented both recommendations.

OCFS Aide Resigns After Joint Investigation Reveals Disability Fraud

A joint investigation by the State Inspector General, the Workers' Compensation Board Inspector General, the U.S. Postal Service Inspector General, the New York State Insurance Fund and State Police determined that Office of Children and Family Services employee Ronnie Wesley fraudulently obtained nearly \$6,000 in Workers' Compensation. Wesley falsely claimed he was unable to work his OCFS job due to an injury he said he sustained when an elevator dropped several floors; however, he continued to work a second, full-time clerk job at a Postal Service facility.

INVESTIGATIONS

Wesley was charged in Albany City Court with defrauding the government and offering a false instrument for filing, both Class E felonies. The criminal case was settled when Wesley made restitution of \$5,300 and he received an Adjournment in Contemplation of Dismissal. He resigned from OCFS while disciplinary charges against him were pending.

DMV Employee Illegally Accessed Private Data; Resigns Position After Arrest

The Inspector General's investigation, conducted jointly with the New York State Department of Motor Vehicles' Division of Field Investigations, found that on numerous occasions in 2007 and 2008 DMV employee Guy Rivers improperly accessed the secure computerized DMV records of at least 12 individuals, including seven DMV employees for non-business purposes.

Nearly all of the individuals whose data Rivers accessed are women. On 35 occasions, Rivers accessed the records of his former girlfriend. He also accessed the records of four women he had met socially as well as five female DMV employees. In an interview with the Inspector General, Rivers admitted that he accessed the records of women he was interested in dating to determine their ages, birth dates, and driving records. Rivers pleaded guilty in Albany County to computer trespass and resigned his DMV position.

OMRDD Deputy Director Provided False Information to Agency

The Inspector General found that Sheryl Minter-Brooks, Deputy Director of the Office of Mental Retardation and Developmental Disabilities' Staten Island Developmental Disabilities Services Office acted improperly when she rented an apartment from a direct subordinate and falsely reported to the agency that she had relocated to New York on the mistaken belief that New York State residency was required for her position. OMRDD counseled Minter-Brooks.

October-December, 2008

Parking Tickets Expose Rogue Employee's Misdeeds

Louis Crisafi, an investigator with the New York State Department of Health's Bureau of Narcotics Enforcement (BNE) in Manhattan, violated the constitutional rights of two suspects, ingested the narcotic Fentanyl on duty and conducted an unsafe undercover operation. The

INVESTIGATIONS

Inspector General also concluded that a systemic lack of oversight at BNE contributed to Crisafi's misconduct. In addition, BNE failed to conduct a proper background check on two investigators and was unaware that Crisafi was forced to resign from a California police department for "out of bounds" behavior. Crisafi also abused official parking placards and amassed \$1,310 in parking fines on a state vehicle. In response to the Inspector General's investigation, DOH discharged Crisafi, reexamined its hiring procedures and updated parking placard policies. Additionally, the BNE Director resigned and his replacement has instituted enhanced accountability and other management improvements in the bureau.

Parole Chairman Resigns Over Misappropriated Laptop

An investigation by State Inspector General found that New York State Division of Parole Chairman George B. Alexander took home a government computer purchased under a state grant in 2007 just before he left his job as Erie County Probation Director to become Parole chief and failed to return it. The \$1,700 laptop was traced to Alexander's home after a state audit in early 2008. As a result of the investigation, Alexander resigned, the matter was referred to the Attorney General for prosecution and Alexander made reimbursement of \$500.

Joint Investigation with Attorney General Culls \$1 Million Payment in Armory Case

A joint investigation by Inspector General Fisch and Attorney General Andrew M. Cuomo resulted in a \$1 million payment by Marc Jacobs International for its conduct while renting the state's 69th Regiment Armory in New York City to host fashion shows. The investigation, which included the use of two undercover investigators, found that from around February 2000 to February 2007, Marc Jacobs International used an intermediary to pay James Jackson, then-Armory superintendent, cash and goods valued in excess of \$35,000 to use the Armory. The Marc Jacobs firm agreed to pay New York State \$1 million, and to engage the services of a private monitoring agency for a two-year period to review Marc Jacobs' operations and report to the Attorney General. The investigation also determined that Jackson demanded cash and other items from Armory exhibitors over an eight-year period. Jackson pleaded guilty to Grand Larceny and resigned.

INVESTIGATIONS

In response to the Inspector General's recommendation that the Division of Military and Naval Affairs (DMNA) instruct armory staff that the Public Officers Law prohibits state employees from accepting gratuities in exchange for performance of their state duties, DMNA conducted agency-wide ethics training with instructors from the Office of the Inspector General and the Commission on Public Integrity, which it plans to repeat every two years.

DOL Employee's \$13,000 Misuse of State Vehicle and Telephone

The Inspector General found that New York State Department of Labor employee Wuanita Graham drove 26,500 personal miles in a state car and made thousands of cell phone calls on her work phone, at a total cost of \$12,763. As a result, an arbitrator ordered Graham to reimburse the state \$8,618.54 and she was suspended for 60 days without pay.

Routine Misappropriation of State Equipment by Thruway Mechanics

Mechanics at the New York State Thruway Authority's Albany maintenance garage routinely used state equipment for personal projects, with the full knowledge of supervisors, the Inspector General found. As recommended by the Inspector General, the Thruway Authority reiterated to all its employees that such practice was in violation of agency policy. In addition, a supervisor retired from public service and two other supervisors were given job counseling memos.

Officials Acted within Authority In Creating Correction Commission Post

The Inspector General determined that then Division of Criminal Justice Services Commissioner Denise O'Donnell, Deputy Commissioner and Counsel Mary Kavaney, and Francine James, then the Governor's Appointment Secretary, acted pursuant to the authority of the Governor's Office in establishing an Executive Director's position within the New York State Commission of Correction, even though their actions were not known to the then Commission Chairman. As no appointment was actually made to the newly created position, the Inspector General determined that the Commission's appointment powers under Correction Law were not usurped. The Inspector General recommended, however, that in a similar situation in the future, a better approach would be for DCJS officials to advise the Commission Chairman of their intentions.

Physician Failed to Notify Superiors of Medical Reprimand

The Inspector General found that Charles Hodge, M.D., at Upstate Medical University Hospital, failed to make required notification to the hospital that he had been reprimanded by the New York State Department of Health's Office of Professional Medical Conduct and the American Board of Neurological Surgery. The reprimands were for Hodge arranging for a neurosurgery resident under his supervision to take a practice written examination under another physician's name. Upstate Medical University Hospital advised the Inspector General that it would "fully review and investigate the matter and take all appropriate action."

DMV Clerk Convicted of Selling Fraudulent Identity Cards

The Inspector General's investigation, conducted jointly with the New York State Department of Motor Vehicles' Division of Field Investigation, the State Police, and the Erie County Clerk, revealed that Latasha Colbert, a part-time clerk in the Erie County Auto Bureau, issued fraudulent New York State non-driver identification cards to teenagers in exchange for cash payments. Among those who obtained the fake cards from Colbert for \$50 each were a 14-year-old runaway, a 19-year-old girl linked to a local escort service and others. In a prosecution by the Erie County District Attorney, Colbert pleaded guilty to five counts of bribe receiving in the third degree, class D felonies. She was sentenced to six months in jail and five years probation.

DMV Clerk Convicted of Selling False ID Cards

Latasha Colbert, a former state Department of Motor Vehicles clerk in Buffalo, pleaded guilty to five felony counts after an investigation by the Inspector General and other agencies found that she helped falsify official identification cards in exchange for bribes. The fake identification cards, obtained for \$50, were used by a 14-year-old runaway, a 19-year-old girl linked to a local escort service and others. Colbert was discharged.

OPMC Tightens Confidentiality Rules After Improper Conversations

The Inspector General determined that Dr. George Harrington, a Medical Coordinator for the State Office of Professional Medical Conduct (OPMC), had repeated private telephone

INVESTIGATIONS

conversations with Louis Sidoti, a physician who was the subject of OPMC disciplinary charges pending before Harrington's office in possible violation of Public Officers Law. OPMC implemented the Inspector General's recommendation to revise its confidentiality policy to clearly prohibit any ex parte conversations regarding a pending OPMC proceeding between OPMC employees and the medical professionals under investigation.

Moonlighting CSEA Chapter President Charged in Time Theft of \$32,000

An investigation by the Inspector General concluded that Sara Bogart, an employee of the New York State Office of Mental Retardation and Developmental Disabilities, falsified her state timesheets to claim she did state work as a Civil Service Employees Association chapter president while performing work at a private business. As a result, Bogart was paid \$32,232 in state salary for hours she did not work. Criminal prosecution of Bogart in Rockland County is ongoing.

DOT Supervisor Convicted for Accessing Pornography at Work

Jack Hazen, a New York State Department of Transportation (DOT) supervisor, violated the agency's Computer Use Agreement by using the Internet to access various websites containing sexually explicit material, the Inspector General found. Hazen was suspended for 30 days, and prosecuted by the Delaware County District Attorney's Office, given a conditional discharge and agreed to make restitution of \$2,901 to DOT.

INVESTIGATIONS – 2009

January-March, 2009

Commissioner Used Staff To Chauffeur Shopping Trips at \$50,000 Cost to State

The Inspector General found that former state Health Commissioner Antonia Novello abused her position by having staff members act as personal chauffeurs to drive her, her family, and her friends to airports, shopping malls and other spots, while taxpayers paid overtime costs of nearly \$50,000. Novello, a former Surgeon General of the United States who served as state Health Commissioner from 1999 to 2006, ordered three state Albany employees to work more than 2,540 overtime hours to take her on shopping sprees at local malls, water her house plants, buy her groceries and perform other personal tasks.

Two security guards testified that they worked nights and weekends, remaining “on call” to take Novello shopping, that they checked her mail at her Albany apartment, picked up her dry cleaning, moved her furniture and stored her car at one guard’s home. The guards also repeatedly drove Novello’s mother to the Newark, N.J., airport to catch flights to Puerto Rico and, in one instance, worked Christmas Day to drive Novello to Newark.

As a result of the investigation, Novello pleaded guilty to a felony charge of Offering a False Instrument for Filing in Albany County Court, paid \$22,500 in restitution and a \$5,000 fine and was ordered required to perform 250 hours of community service at an Albany health clinic.

Corruption of the Civil Service System by the Tax Department

The Inspector General determined that at the direction of Barbara Billet, former Acting Commissioner of the New York State Department of Taxation and Finance (DTF), DTF violated state law by manipulating state civil service examinations to acquire tenured jobs for herself and nine other attorneys. At the time, as Governor George Pataki declined to seek re-election, many “at-will” employees, concerned about the loss of their positions, sought tenured posts.

INVESTIGATIONS

The Inspector General also found that DTF abused the civil service system for more than a decade by tailoring civil service exams to fit favored applicants for tenured positions. The manipulation violated the state's Civil Service and Public Officers laws and contradicted the state's longstanding guarantee of open, competitive examinations. Specifically, the Inspector General found that DTF pre-interviewed favored attorneys and then customized the job requirements to ensure the chosen applicant's employment. Contriving a profile in advance for a specific job candidate violates the Civil Service law and undermines the legal requirement of fair and competitive examinations.

Billet herself scored 100 on her profile, landing at the top of the list, as did DTF attorney Marvis Warren, whose previous score of 82 was too low to guarantee a job. Billet then secured "hold items" (fallback tenured positions) for eight DTF attorneys by customizing their profiles. After retiring, Billet used her senior attorney "hold item" to become DTF's first-ever "full" telecommuter, working from South Carolina under a computer "alias" of Barbara Clarkstone. She did not inform the new DTF Commissioner, Robert Megna, that she used an assumed name or how she obtained her tenured position.

In response to the Inspector General call for a full review of all senior attorney hires statewide, the State Department of Civil Service instituted safeguards to prevent the recurrence of abuse and conducted an independent review to determine if improper appointments should be revoked. As a result, the State Civil Service Commission revoked the appointments of five DTF attorneys. Billet resigned her post-retirement position during the Inspector General's investigation. Three more DTF employees were sanctioned: two received significant fines and one was demoted and later retired.

* * *

In a follow-up investigation, the Inspector General found that three additional lawyers were hired improperly when state officials manipulated the state's Legal Specialties Examination. Two attorneys were at DTF and one was at the state Division of the Lottery. The investigation also revealed that state Department of Civil Service safeguards were insufficient to prevent or detect fraud related to the exam. Action against the attorneys is pending.

Maintenance Supervisor Received Improper Benefit from Contractor

The Inspector General found that New York State Office of Mental Health employee John Warnes received an improper benefit from a contractor performing work at the Children's Psychiatric Center, an OMH facility in West Seneca. According to the Inspector General's investigation, the contractor, whose work Warnes supervised, delivered several truck loads of dirt to Warnes's home without charge. Warnes also directed subordinates to perform personal errands for him on state time using state vehicles. For example, Warnes provided employees with cash or his personal credit card and directed them to purchase and transport personal items for him at the same time they were purchasing supplies for the agency from various vendors in the area. As a result of the Inspector General's investigation, OMH disciplined Warnes with a settlement of a \$400 fine and a letter of reprimand.

DEC Failed to Secure Port of Albany Garage

The Inspector General found that the New York State Department of Environmental Conservation (DEC) failed to adequately secure its parking lot and garage at the Port of Albany, resulting in the theft of a DEC vehicle. DEC subsequently advised the Inspector General that necessary repairs were made to all security controls at the site and that formal, written procedures, not previously in place, were implemented.

Lack of Oversight Enables \$6,800 Theft of Cell Phones; IG's Investigation Produces Savings of \$438,000

The Inspector General determined that poor oversight by the state Department of Transportation (DOT) allowed Senior Mail and Supply Clerk Jose Correa to order and steal at least \$6,800 in unauthorized cell phones. Correa, who was given sole responsibility to order and distribute \$1.4 million worth of DOT cell phones per year, fraudulently ordered dozens of extra phones, which he then personally sold on the Internet, keeping the proceeds. Correa was arrested and resigned. He pleaded guilty to Grand Larceny and was sentenced to four months in jail and five years probation.

INVESTIGATIONS

The Inspector General determined that DOT improperly managed agency cell phones, paying for 400 phones with no idea of who was using them. Lax record keeping also made it impossible to determine the full extent of Correa's fraud. In addition, Correa failed to disclose a prior criminal conviction when he applied for his state job in 1993 and DOT was unaware of a second conviction in 1997. As a result of the Inspector General's investigation, DOT conducted an agency cell phone audit and improved monitoring of cell phone bills. DOT reported that these and other steps resulted in savings to the state of \$438,000.

HESC Loan Shark Took Sexual Favors As Payment

New York State Higher Education Services Corporation (HESC) employee Alan R. West loaned cash to co-workers at exorbitant interest rates and on occasion solicited repayment in sexual favors while using state e-mail to conduct his illicit business, the Inspector General determined. West, who charged up to 182 percent in annual interest, solicited sexual favors in the office parking lot from one borrower to offset \$150 in interest owed on a \$3,000 loan. In response, West resigned during the investigation and HESC issued a formal reminder to staff regarding potential conflicts arising from loans between co-workers.

SLA Judge Fired for Improper Inquiry and Eavesdropping on Subordinate

An investigation by the State Inspector General revealed that State Liquor Authority Administrative Law Judge Robert Karr conducted his private law practice on state time and that Chief Law Judge Roger Rock conducted an improper inquiry into Karr's misconduct by entering his desk and recording his telephone conversations. Karr was disciplined and Rock, who was on probation at the Authority, was dismissed. In addition, SLA upgraded its ethics training.

DEC Worker Misused State Credit Card, Took Sick Pay While in Jail

The State Inspector found that while absent from his position with the New York State Department of Environmental Conservation (DEC) for more than three months, David S. Plume used his assigned state travel credit card to make personal purchases totaling nearly \$4,500. During this time, Plume's supervisors approved his use of vacation, personal, or sick leave accruals without obtaining any documentation that he was ill. Plume was paid his state salary

INVESTIGATIONS

without interruption, including for 31 missed workdays he spent in jail. Plume resigned, pleaded guilty to Grand Larceny, and paid restitution. As a result of the Inspector General's investigation, DEC instructed Plume's supervisors to notify the DEC Office of Employee Relations in a timely manner if similar events occur in the future.

DHR Deputy Commissioner Fired For Credit Card Misuse, Private Work

The New York State Division of Human Rights (DHR) discharged Deputy Commissioner Thomas Shanahan after an Inspector General's investigation determined that he used his state-issued credit card to purchase personal items and conducted private law work on his state computer without official approval. The Inspector General also found that DHR Compliance Director Lawrence Wizman failed to report some of Shanahan's unauthorized charges. As a result, Wizman was removed as Compliance Director and given a counseling memo.

DOT Employee Conducted Political Activities at Work

The Inspector General determined that New York State Department of Transportation (DOT) employee Karen Lorf likely violated the New York State Public Officers Law and DOT policies by using her state telephone and computer to conduct outside political activities without notice to, or permission from, DOT. Lorf used her state-email account to relay an assignment of handing out fliers to a supporter of a local candidate, and communicated draft campaign slogans and transmitted a letter in support of the candidate to the e-mail's recipient. Lorf also used her state e-mail account to solicit a financial contribution for the candidate's campaign from another state worker.

In addition, Lorf drove state vehicles while her driver license was suspended without notifying DOT. In response, DOT revised its telephone bill review process and joined a state Department of Motor Vehicles program which notifies participating agencies of employees' driving infractions. DOT also counseled Lorf regarding her misconduct.

OMH Employee Pleads Guilty; Cashed Same Paycheck Twice

The Inspector General found that Joseph Jacobs, an employee of the New York State Office of Mental Health, intentionally and unlawfully cashed the same state paycheck at a second location after a store employee, after processing the check, inadvertently returned it to Jacobs with the cash. Jacobs was arrested and pleaded guilty to Attempted Grand Larceny. OMH suspended Jacobs for two weeks without pay and given a one-year disciplinary evaluation period.

Governor's Aide Had Improper Communication With Liquor Commissioner

The Inspector General determined that Khari Edwards, an aide to Carl Andrews, then a Deputy Secretary to Governor David A. Paterson, improperly contacted a State Liquor Authority Commissioner in the midst of a SLA Board meeting to discuss a case then pending before the Board. The Commissioner, in her testimony before the Inspector General, stated that she was infuriated by Edwards's call and advised him his intervention was inappropriate. The Inspector General interviewed Edwards under oath on multiple occasions, during which he provided a series of inconsistent explanations of why he had telephoned the SLA Commissioner and about what he said during their conversation. The Inspector General recommended that Edwards's employment be terminated, which resulted in his resignation.

DEC Tightens Controls of State Vehicles

An investigation by the Inspector General found that the New York State Department of Environmental Conservation (DEC) lacked sufficient policies regarding the tracking of employee vehicle use and fuel purchases at the Region 3 Emergency Spill Response Program. In response, DEC advised the Inspector General that the Division of Information Services established a new fuel data management system to identify questionable fuel purchases and consumption.

April-June, 2009

Executive Director of Commission on Public Integrity Resigns in Wake of Inspector General's Finding that He Leaked Confidential "Troopergate" Information to Members of Spitzer Administration; Commission Failed to Investigate Allegations

The Inspector General determined that Commission on Public Integrity Executive Director Herbert Teitelbaum disclosed confidential information to a member of then-Governor Eliot Spitzer's cabinet, Robert Hermann, in 2007 while the Commission was investigating the "Troopergate" scandal. The Inspector General established that Hermann was not authorized to receive this information and that Teitelbaum apparently violated New York's Executive Law and Public Officers Law. State law requires commission officials to keep investigations confidential. In addition, the Inspector General determined that both Teitelbaum and Hermann were directly warned that their conversations were improper, but persisted and that Teitelbaum later divulged to Hermann confidential information that the Commission had referred possible perjury charges to the Albany County District Attorney.

Based upon this egregious conduct in such an important investigation, Inspector General Fisch recommended that Teitelbaum be removed from state service. On May 18, 2009, five days after the issuance of the Inspector General's report, Teitelbaum resigned his Commission position. Although he had previously left employment with the executive branch for a position with the New York State Senate, within days of the release of the report, Herman resigned his new position with the Senate.

The Commission on Public Integrity launched the Troopergate investigation in 2007 to determine whether then-Governor Spitzer's staff and State Police officials improperly gathered and released confidential information regarding the travel records of then-State Senator Joseph Bruno. In July 2008, the Commission found reasonable cause that four state officials violated the Public Officers Law by gathering and disclosing information on Senator Bruno's travel to "advance their own non-governmental interests." The Commission also determined that a State Police official unlawfully breached confidentiality requirements.

INVESTIGATIONS

In August 2008, the Inspector General received allegations from Albany County District Attorney P. David Soares that Teitelbaum had inappropriately disclosed confidential information to Robert Hermann, then head of the Governors Office of Regulatory Reform and Teitelbaum's former law partner and close friend, during the Commission's Troopergate probe.

The Inspector General's report revealed that from the onset of the Troopergate investigation, Teitelbaum used Hermann to convey advice and recommendations to members of the Executive Chamber regarding the Commission's document demands. Teitelbaum admitted to a Commission attorney that he used Hermann as his "backdoor channel." The attorney warned Teitelbaum: "You shouldn't be talking to anybody about the investigation." Despite this admonition, Teitelbaum continued to leak confidential information to Hermann.

On November 1, 2007, Hermann summoned Spitzer's Special Advisor Lloyd Constantine out of a meeting to tell him that he had learned from Teitelbaum that the Commission had referred possible perjury charges against former Communications Director Darren Dopp to the Albany County District Attorney. This referral was highly confidential and not even known by all the commissioners. On November 2, 2007, Hermann also discussed the possible perjury charges with Governor Spitzer and informed him that several of Spitzer's closest advisors were potentially implicated in the District Attorney's investigation.

In addition to Teitelbaum's improper conduct, the Inspector General found that the Commission itself failed on several occasions to investigate the allegation that Teitelbaum had disclosed confidential information and summarily dismissed the allegations in the face of information warranting a full review.

The 192-page report also found that the Commission was not fully cooperative with the Inspector General's Office during the course of its investigation. Despite criticizing the Executive Chamber during its Troopergate investigation for piecemeal production of documents and obstructionist tactics, the Commission itself failed to freely and fully comply with the Inspector General's demands for evidentiary materials in this investigation.

INVESTIGATIONS

During the course of the investigation, which Inspector General Fisch personally conducted, sworn testimony was taken from former Governor Eliot Spitzer, Albany County District Attorney David Soares, Commission Chairman John Feerick, Commission Counsel and Assistant Counsel, and nine former members of the Spitzer administration's executive chamber.⁴

Nine Plead Guilty After \$1.2 Million In OMRDD Bid Fixes

The Inspector General uncovered \$1.2 million in contract irregularities at the Office of Mental Retardation and Developmental Disabilities' Western New York office, leading to criminal convictions against three contractors and six state employees.

The improprieties dated back a decade, the Inspector General found, with 165 maintenance projects at dozens of facilities awarded to the same three vendors from 2001 to 2005. State supervisors worked with private contractors to circumvent state procurement rules on construction and maintenance contracts, choosing a preferred vendor, then having other contractors forge phony "competing" bids to make the process appear proper. The supervisors testified they did so not for financial gain, but to avoid paperwork.

In all, six maintenance supervisors pleaded guilty to filing a false instrument and three contractors pleaded guilty to misdemeanor forgery. The cases were prosecuted by the Erie County District Attorney's Office. The Inspector General also recommended that OMRDD audit the 12 remaining DDSOs statewide for potential irregularities. As a result, OMRDD comprehensively reviewed and overhauled its bidding process, tightened controls to ensure compliance with the law and agency policy and removed maintenance supervisors from taking part in contract awards.

3 OMRDD Workers Took Marijuana Lunch Breaks

The Inspector General found that three groundskeepers for the New York State Office of Mental Retardation and Developmental Disabilities (OMRDD at the O.D. Heck Developmental Center

⁴ Chairman Feerick resigned from the Commission during the latter course of the Inspector General's investigation.

in Niskayuna, smoked marijuana during their lunch breaks and then returned to work. After their arrest on January 5, 2009, Albert Carey and Michael Butkiewicz pleaded guilty to Unlawful Possession of Marijuana, and Lloyd Schmidt pleaded guilty to Driving While Ability Impaired. Carey and Butkiewicz resigned from State service and Schmidt was demoted. The Schenectady County District Attorney prosecuted the cases.

Health Department Executive Misused State-Issue Cell Phone

New York State Department of Health (DOH) Associate Commissioner Sheila Kee used her state-issued cell phone for personal use, and permitted her husband to use the phone during an out-of-town personal trip, in violation of agency policy, the Inspector General found. In addition, DOH lacked procedures to address employee reimbursement for personal use of state cell phones. In response, DOH counseled Kee about her cell phone misuse and revised its cell phone usage policy.

DOT Supervisor Convicted of Theft of Gasoline; Makes Restitution and Resigns

New York State Department of Transportation maintenance supervisor Abraham Visscher was sentenced to five years probation and paid \$2,600 in restitution as a result of an Inspector General's investigation that found he repeatedly fueled his personal Ford Excursion at an official state pump. After pleading guilty to grand larceny, Visscher also resigned his position at DOT. The Inspector General found that Visscher was responsible for the theft of more than 700 gallons of gasoline from the DOT fueling station in the Town of Dix as fuel prices dramatically increased in 2008.

Contractor Pleads Guilty; Banned for Life from State Contract Work

David Darling, owner of Pro Care Contracting, Inc., pleaded guilty to falsifying invoices and was banned for life from state Office of General Services construction work following a joint investigation by the Inspector General and the Office of the State Comptroller. The investigation found that Darling falsified the invoices to boost his reimbursement for emergency construction jobs at the Attica, Collins and Gowanda correctional facilities in 2006 and 2007.

DMV Clerk Admits Inspection Sticker Theft

The Inspector General found that Department of Motor Vehicles employee Sandra Krause stole New York State vehicle inspection stickers to illegally use on her own car and her nephew's car after their vehicles failed inspection. Krause also illegally parked in a handicapped parking spot, using a counterfeit handicapped parking permit that was forged and provided to her by Harry Pinke, an Office of General Services employee and friend. In a criminal prosecution by the Albany County District Attorney's Office, Krause was arrested, pleaded guilty to disorderly conduct, performed 25 hours of community service and retired from state service. Pinke was discharged by OGS. DMV has boosted its sticker controls in response to the Inspector General's findings.

Nurse's Assistant Stole \$2,000 From Disabled Veteran

The Inspector General found that Annette Harris, a nurse's assistant at the Department of Health Veterans' Home at St. Albans, stole \$2,000 from a disabled veteran's account using his ATM card without his authorization. In a case prosecuted by the Queens District Attorney, Harris pleaded guilty to Grand Larceny in the Fourth Degree, was sentenced to probation and paid full restitution.

State Employees Bought and Sold Marijuana Via Work Computers

The Inspector General determined that New York State employees James Ratcliff (Department of Taxation and Finance), Michael Russo (state Office of Children and Family Services), and Shawn LaFore (Office of General Services), used the state e-mail system to sell and buy marijuana. Both Ratcliff and LaFore were charged with Unlawful Possession of Marijuana for the marijuana discovered in their vehicles. LaFore subsequently pleaded guilty in Albany City Court to Unlawful Possession of Marijuana and was fined \$220. He also was docked 10 days pay with 10 more held in abeyance in case he engaged in similar conduct in the future. Russo resigned from state employment. Ratcliff later appeared in Albany City Court and was granted an adjournment in contemplation of dismissal.

Joint Investigation by Inspector General and State Comptroller Spurs Improvements in OTDA Contract Process

A joint investigation by Inspector General Fisch and State Comptroller Thomas P. DiNapoli led to improvements in the contract approval process at the New York State Office of Temporary and Disability Assistance (OTDA). While allegations that OTDA showed favoritism in contract awards to consultative medical examinations were unfounded, OTDA made substantive changes in its award process for this type of contract.

July-September, 2009

Waterfront Commission Plagued By Abuse and Corruption

The Inspector General concluded that the Waterfront Commission of New York Harbor failed in its duty at the Port of New York and New Jersey, allowing numerous abuses of authority in hiring, supervision and fiscal oversight and that former New Jersey Commissioner Michael Madonna, former New York Commissioner Michael Axelrod and former Executive Director Thomas De Maria failed to “adequately or responsibly oversee” operations.

The 60-page report concluded that corruption flourished under Commissioner Madonna, who forced unqualified applicants onto the police department and recommended James Sutera, who twice failed the test and was later convicted of perjury for lying to the Inspector General under oath.⁵ Madonna also interfered with an internal investigation by ordering the police chief to retract findings and then punished the lieutenant whistleblower with a retaliatory transfer from Brooklyn to New Jersey. In addition, Madonna supervised the Commission’s Police Division employees while at the same time serving as their bargaining agent in the seven years he was president of the New Jersey State Policemen’s Benevolent Association.

⁵ Sutera was convicted on June 3, 2010 and sentenced to probation on August 11, 2010. As noted, Sutera’s conviction marked the first-ever criminal prosecution of an individual for providing false testimony to the Inspector General in the 24-year history of the office.

INVESTIGATIONS

While the bi-state Waterfront Commission was created in 1953 to deter criminal activity reflected in the classic film “On the Waterfront,” Inspector General Joseph Fisch said, “Instead of ridding the waterfront of corruption, this agency itself was corrupt.”

The report also found that:

- Former General Counsel Jon Deutsch, in direct violation of the Waterfront Commission Act, helped felon Frank Cardaci keep his port business despite a federal racketeering conviction for storing illegally-diverted international goods in his port warehouse.
- Deutsch engaged in a series of violations involving the family of Albert Cernadas, who pleaded guilty to conspiracy in a racketeering case linked to the Genovese crime family.
- The Waterfront Commission failed to keep track of more than \$600,000 in Homeland Security grant money and used a patrol boat slated for the detection and deployment during possible terrorist attacks to escort guests during Fleet Week and other events.

As a result of the investigation, numerous reforms were instituted at the Port of New York and New Jersey. After the Inspector General personally visited the New Jersey Governor’s Office in Trenton, New Jersey, and conferred with the Governor’s Chief of Staff and Counsel, Madonna was removed from his position by the Governor and Deutsch was fired. De Maria resigned. The Inspector General made 15 recommendations in the report, with which the Waterfront Commission complied. The Waterfront Commission’s corrective actions are:

- Regarding the licensing of stevedoring companies, the Commission updated and improved its audit of firms and is on track to evaluate permanent license requests. Anchor Logistics has ceased operating on the ports. While ASA Apple is still operating on the ports, its request for a permanent license will be evaluated with other stevedoring companies. Due to the lapse of time, Frank Cardaci’s conviction is no longer an automatic bar to being licensed.
- Regarding its police division, the Commission created and adopted a comprehensive police manual. Training for detectives and supervisors now includes the procedural and legal differences in New York and New Jersey.
- Regarding fiscal management, the Commission hired a new, highly qualified comptroller to help establish and enforce policies regarding purchasing, reimbursements, and expenditure of funds. The Commission also updated its accounting system and proper accounting procedures are now followed with funds appropriately tracked and disbursed.

INVESTIGATIONS

Following the release of the Inspector General's report, on October 19, 2009, Inspector General Fisch testified at a hearing conducted in New York City by the State Senate Committee on Corporations, Authorities, and Commissions examining changes implemented at the Waterfront Commission as a result of the report and assessing the need for further reforms. In his testimony, Inspector General Fisch recommended that the Commission continue to operate under its existing legal authority, noting that in light of the removal of Commissioner Madonna and other changes that were made in executive management, as well as numerous operational improvements, the Commission is a substantially different and improved body as a consequence of the Inspector General's investigation.

Poor DOH Supervision Cited in Employee Embezzlement of \$62,000 in Cystic Fibrosis Funds; 2 Employees Convicted of Felonies and Imprisoned

An investigation by the Inspector General concluded that poor oversight by the state Department of Health (DOH) enabled an employee, Erin Sherman-Rohl, to embezzle more than \$62,000 in funds earmarked for critically ill patients in the state's Adult Cystic Fibrosis Assistance Program. Sherman-Rohl and a friend, Sheldon Jacobson, stole more than 10 percent of the cystic fibrosis program's annual budget before DOH's document control unit noticed the thefts. Sherman-Rohl, who processed health care claims, created 18 phony patient claims paid to Jacobson, who cashed the checks and divided the money with Sherman-Rohl. As a result of the investigation, Sherman-Rohl and Jacobson pleaded guilty to grand larceny in Albany County Court and were sentenced to 1 1/3 to 3 years and 1 to 3 years in prison, respectively. Additionally, DOH disciplined three supervisors — Elizabeth Berberian, David Hoffman and Thomas Blake — for dereliction of duty. Berberian received a four-week suspension; Hoffman was suspended for six weeks; and Blake received the equivalent of a five-week suspension.

State Liquor Authority Officials Wasted Thousands on State Car Commutes

The Inspector General found that the State Liquor Authority (SLA) allowed employees to commute up to 600 miles round-trip in state vehicles, costing taxpayers at least \$20,000 a year in gas alone. Former Assistant Director of Enforcement Peter Person used a state car for weekend commutes from his Manhattan office to his Essex County home, a 600-mile roundtrip. On

INVESTIGATIONS

weekdays, Person drove a state Chevy Impala to a relative's Long Island residence, racking up more than 56,000 miles in 2008. SLA Chairman Daniel Boyle commuted in his assigned state car but ignored warnings from SLA General Counsel Thomas Donohue and a memorandum from the Governor's Office that he was required to report his commuting mileage as taxable income. An SLA New York City investigator used a state car to commute from her Albany-area home, logging more than 41,000 miles in 2008, as the state paid \$5,500 for gas. In a separate report, the Inspector General criticized the SLA for improperly paying Person's supervisor, Director of Enforcement Daniel Malay, \$29,000 in "travel costs" for his personal commute to Albany from Onondaga County.

The Inspector General recommended that:

- SLA limit commuting miles and review vehicle assignments.
- The SLA fleet manager supervise and audit mileage forms.
- SLA employees should complete and submit taxable value forms to the State Comptroller for inclusion in employee W-2 forms.

SLA advised that it endorsed all of the Inspector General's recommendations and created "pool cars" to reduce travel costs incurred by those without assigned vehicles.

DEC Employee Improperly Engaged In Political Activities

The Inspector General determined that New York State Department of Environmental Conservation (DEC) employee Mary Kramarchyk violated the federal Hatch Act and DEC policy by campaigning for and winning two terms on the Kinderhook Town Board in Columbia County from 2001 to the present. Kramarchyk also violated the state Public Officers Law by earning approximately \$3,500 annually in her Town Board position without receiving official approval. The Inspector General also found Kramarchyk's campaign and election to the Town Board were known at the highest levels of Kramarchyk's supervision, yet DEC supervisors and executive staff failed to take any action to ensure that Kramarchyk complied with statutory and policy requirements regarding her public office. In response to the Inspector General's

recommendation, DEC counseled Kramarchyk, gave executive-level refresher training on DEC's policies on outside employment and political activities and supervisory responsibilities.

Administrative Law Judge Forged Signatures

An Inspector General's investigation concluded that Senior Administrative Law Judge Thomas Mammen of the New York State Unemployment Insurance Appeal Board inappropriately altered official documents and forged the signatures of two subordinate administrative law judges. The investigation determined that in 11 instances, Mammen photocopied the signatures of the two administrative law judges on summaries of appeal, making it appear that the two subordinates had authored the summaries and disguising the fact that Mammen had revised the summaries. In response to the Inspector General's findings, Mammen resigned in lieu of disciplinary action and the Board advised it would review cases known to be affected by Mammen's conduct. The results of that review are pending.

Agencies Failed DCJS Reporting Requirements Regarding Registration of Police, Peace Officers

The Inspector General found that state agencies inconsistently followed a statutory requirement to provide a current and updated list of peace officers and police officers in their employ to the New York State Division of Criminal Justice Services. Although all agencies were aware of the basic reporting requirement, nearly every agency maintained an internal list of peace officers or police officers that varied from the registry maintained at DCJS. The Inspector General also found that DCJS was unaware that some registered peace officers had not completed legally mandated training.

DEC Worker Provided Free Commute in State Car

The Inspector General found that New York State Department of Environmental Conservation Administrative Assistant Leslie Woolsey violated agency policy by commuting to work 900 miles each month in a state vehicle, costing the state \$1,600 a year. Woolsey, who was granted use of a state vehicle along with other employees to work with law enforcement and DEC staffers after the World Trade Center attacks in 2001, kept the vehicle and used it for her

personal commute until 2006. Woolsey's supervisors were aware of her actions, but allowed them to continue. In response to the Inspector General's recommendation for appropriate discipline, DEC sanctioned Woolsey and her supervisor and advised it is updating its vehicle use policy to require operators to identify their destinations and purpose of travel.

DMV Service Representative Accepted Gratuity for Data Searches

The Inspector General found that Lori Myers, a telephone representative for the New York State Department of Motor Vehicles (DMV) Title Bureau, unlawfully accepted a gratuity – a \$25 Visa gift card, pens, and a leather checkbook cover bearing the M&T Bank logo—from an M&T Bank employee in exchange for tracing watercraft liens in violation of DMV policy. As recommended by the Inspector General, DMV disciplined Myers and fined her \$800 .

State Employee Used Agency Letterhead in Personal Court Matter

The Inspector General found that New York State Crime Victims Board (CVB)⁶ Senior Auditor Julie Moran improperly used CVB letterhead to correspond with Schenectady City Court on a personal matter. The Inspector General referred the matter to the CVB for disciplinary action and to the State Commission on Public Integrity to review a possible violation of Public Officers Law § 74. Moran resigned from the agency as a result of the Inspector General's findings.

Manager Submitted False Timesheets at Buffalo State College

An investigation found that Ann Dennis, former Manager of Central Operations in the Computing and Technology Services Department at Sony's Buffalo State College, knowingly submitted false timesheets from 2003 to 2009. In response to the Inspector General's recommendations, Buffalo State College took steps to prevent future timesheet abuse by eliminating Dennis's unique exempt grade 23 position, which was ineligible for overtime or comp time and added additional instructions and a certification statement to its Classified Employee Timesheets.

⁶ CVB was renamed the New York State Office of Victim Services in June 2010.

DMV Employee Used Protected Data in Personal Dispute

State Department of Motor Vehicles (DMV) employee Debbie Mitchell was referred for prosecution by the Inspector General after she used her state computer to obtain an adversary's vehicle data in violation of the Federal Drivers Privacy Protection Act and DMV policy. Mitchell, who later resigned, believed the woman had scratched her car with a key, the Inspector General found, and used the data to file a damage claim with her adversary's insurance company. Prosecution of Mitchell is pending in Albany City Court.

Psychiatric Center Manager Convicted of Bilking State for \$8,000 in Overtime

An investigation by the Inspector General resulted in the conviction on a larceny charge of Robert Billings, Plant Superintendent of the Manhattan Psychiatric Center, a facility operated by the New York State Office of Mental Health. Billings admitted taking \$8,079 in unearned overtime pay. He made full restitution to the state as part of his plea.

October-December, 2009

State Police, County Forensic Labs Criticized for Serious Lapses

The New York State Commission on Forensic Science, which oversees public forensic laboratories in the state, has designated the State Inspector General as the independent entity required by federal law to investigate allegations of serious negligence and misconduct in these laboratories. Pursuant to this authority, the Inspector General in 2009 completed investigations of alleged misconduct in four publicly operated forensic labs, including the New York State Police Forensic Investigation Center.

State Police Forensic Investigation Center Scientist Falsified Test Results After Improper Training and Supervision

The Inspector General's investigation into the Trace Evidence Section of the New York State Police Forensic Investigation Center in Albany concluded that Forensic Scientist Garry Veeder routinely failed to conduct a required test and "dry-labbed" by fraudulently presenting results without actually performing the tests. This misconduct prompted an examination of Veeder's

INVESTIGATIONS

322 cases by outside forensic scientists which revealed a 29 percent deficiency rate. As a result, 44 district attorneys statewide were notified to review criminal cases which were based in any way on Veeder's findings, including homicides, assaults and robberies.

The Inspector General also found that Veeder's misconduct escaped detection for years due to inadequate supervision. Once Veeder's errors were exposed, State Police supervisors dismissed Veeder's assertions that his conduct resulted from poor training and supervision. Lab supervisors instead wrongly focused on Veeder alone when, in fact, the Inspector General found that Veeder's assertions were substantially true. The Inspector General's investigation revealed that Veeder's supervisor and trainer, Anthony Piscitelli, did not require staff to perform the required fiber test which Veeder failed to perform and also approved some of Veeder's deficient work. R. Michael Portzer, the scientist assigned to review Veeder's work, was unqualified to do so as he had been officially prohibited from conducting fiber tests himself due to lack of competence. Veeder committed suicide in May 2008 during the Forensic Investigation Center's internal inquiry.

The Inspector General found another case of misconduct related to the trace section of the lab. Major Richard Nuzzo, then Assistant Director of the Forensic Investigation Center, violated State Police ethical prohibitions by attempting to influence a scientist's handwriting analysis in a case Nuzzo's brother was investigating. Given Nuzzo's conduct, the Inspector General recommended that State Police officers recuse themselves from cases if they have a personal interest in the matter.

State Police called the violations "an alarming departure" and, based on the Inspector General's findings, hired an outside expert to conduct a full audit of the Forensic Investigation Center's quality assurance processes in all disciplines.

Erie County Department of Central Police Services Forensic Laboratory Discharged Chemist For Faking Test Results

The Inspector General's investigation of the Erie County Department of Central Police Services Forensic Laboratory determined that Forensic Chemist Kelly McHugh falsely reported that she

INVESTIGATIONS

performed a required step when testing for illegal substances. In response, the lab terminated McHugh and notified the Erie County District Attorney, state Attorney General and the U.S. Attorney's office. Lab officials conducted an extensive review of McHugh's and other chemists' casework and issued a report on their findings. In examining 564 of McHugh's 1402 cases from 2007 to 2009, officials discovered that McHugh falsely reported the presence of cocaine in a Ziploc bag in one case and then failed to report that its retest showed no cocaine. Although the defendant was found not guilty on that charge, McHugh's conduct was misleading and inexcusable.

On Dec. 17, 2009, McHugh pleaded guilty in Buffalo City Court to attempted tampering with public records, a misdemeanor, based on her misconduct. The Erie County Department of Central Police Services Forensic Laboratory received a grant from the Division of Criminal Justice Services to fund the re-analysis of 158 Felony Controlled Substance cases that were analyzed by McHugh. The lab is currently in the process of issuing the grant to a qualified independent contractor to perform the analysis and expects the re-testing to begin in late June.

Monroe County Public Safety Laboratory Chemist Skipped Required Test

The Inspector General's investigation of the Monroe County Public Safety Laboratory revealed that Forensic Chemist II Linda Teague repeatedly failed to conduct a required step in testing for illegal substances. As a result, lab officials removed her from casework and recalled 11 drug cases for review from the Monroe County District Attorney and the U.S. Attorney's office. The lab also reanalyzed 131 of Teague's 693 cases from 2007 and 2008. Although Teague properly identified the controlled substance in each case, she misreported the weight in 52 cases. Three of these discrepancies affected the level of the related criminal charge. Teague, a 17-year lab veteran, retired in lieu of termination during the Inspector General's investigation.

Based on the Inspector General's recommendation, the laboratory changed its policies to require the documentation of any data manipulation "to prevent future instances of the type of misconduct carried out by Ms. Teague."

INVESTIGATIONS

Monroe County Medical Examiner's Office Technician Mishandled Autopsy Specimen

The Inspector General found that Frederick Enders, an autopsy technician in the Monroe County Medical Examiner's Office, failed to promptly refrigerate an autopsy specimen, which rendered the specimen unusable for certain tests, then made false entries in laboratory records concerning his handling of the specimen. Monroe County terminated Enders' employment.

Felony Convictions Obtained by Attorney General of OGS Workers for Selling, Using Drugs in Albany Garage

Two state Office of General Services workers pleaded guilty to felony charges and their managers were faulted for inadequate supervision as a result of the Inspector General's investigation into a hidden party lounge the workers had created at an Empire State Plaza garage in Albany. The workers used the space to sell drugs, smoke pot, and sleep for hours during work shifts.

State Police and the Inspector General raided the so-called "man cave" on July 14, 2009, following a lengthy investigation. The raid resulted in the arrest of janitor Gary Pivoda and cleaning crew boss Louis Marciano. Investigators determined that Marciano and Pivoda routinely clocked in at 4 p.m., got high, then slept while other janitors cleaned Pivoda's section of the East Garage at Madison Avenue and Eagle Street. Pivoda allegedly also used his work shift to make evening drug deliveries in his OGS truck to electricians, plumbers and other state employees. The lounge was dismantled after the raid.

The Office of New York State Attorney General Andrew Cuomo prosecuted Pivoda and Marciano. Pivoda pleaded guilty to Grand Larceny and Defrauding the Government, was sentenced to one year in jail and ordered to pay \$2,076 restitution to OGS. Marciano pleaded guilty to Defrauding the Government and was sentenced to five years probation and ordered to pay \$1,503 in restitution to OGS. Both resigned from state service.

The Inspector General's report on the "man cave" investigation concluded that poor oversight by OGS managers Thomas Casey, William Liston, and Dennis Williams contributed to drug abuse

INVESTIGATIONS

and other misconduct at the Empire State Plaza garages. The managers failed to address repeated complaints that Marciano discriminated against African-American employees and addressed them with racial slurs. For example, Marciano called one janitor a “n-----” and assigned him extra work to cover for janitor Pivoda, who was doing drugs with Marciano in the hidden area during their shifts.

OGS advised the Inspector General that Casey was fined an equivalent of five days pay (\$2,204.70), forfeited five days of leave, and reassigned. Williams was demoted with a resulting \$8,890 reduction in pay. Liston was suspended without pay for 25 days, resulting in a loss of \$5,863. According to OGS, three Operational Services Unit employees were issued a disciplinary notice seeking their termination from state service. Their cases are pending.

Breaches in Confidentiality of State Child Abuse Database

The Inspector General uncovered serious deficiencies at the Statewide Central Register of Child Abuse and Maltreatment (Register), which is overseen by the New York State Office of Children and Family Services (OCFS). Also known as the “Hotline,” the Register receives calls reporting alleged child abuse. Such reports are confidential under state law.

The Inspector General’s investigation revolved around a Suffolk County father whose underage daughter was wrongly listed on the Register as allegedly involved in child abuse. When the father attempted to clear his daughter’s name, he encountered bureaucratic hurdles and unexplained delays. The Inspector General found that the father likely violated state law by improperly obtaining a confidential list of Hotline callers directly from Verizon by falsely claiming to be a state employee. He then threatened to release the confidential records and demanded cash payment in exchange for the return of the records from OCFS and the Governor’s Office, possibly violating additional state laws against coercion or larceny.

The Inspector General also found:

- Inadequate security for Hotline telephone records.

INVESTIGATIONS

- Improper retention of “expunged” records in 67 cases, which OCFS deleted after receiving the Inspector General’s preliminary findings.
- A security breach by an OCFS employee who informed the father over the phone that she recalled the complaint against him was “partially anonymous” and gave him a possible first name of the caller.

The Inspector General recommended that OCFS take action to ensure all its employees understand and follow the confidentiality rules of the SCR; that the agency work to develop stronger protections with its telephone vendor; and that administrative and legislative action be taken to strengthen the security of Hotline telephone records.

* * *

As a result of related investigations by the Inspector General, three OCFS employees were criminally charged in Rensselaer County for illegally accessing confidential child abuse files to obtain information for personal use. The Inspector General found that James Plante copied a hot line file and gave it to an acquaintance, who used it to locate a 14-year-old girl he believed was his daughter. Plante pleaded guilty to Disorderly Conduct, and was fined and sentenced to 50 hours of community service. Yvonne Lawson illegally accessed State Central Register to look up her estranged husband in search of incriminating information. She pleaded guilty to Disorderly Conduct and was fined. Both Plante and Lawson resigned. Megan Flom-Corkrey was found to have illegally accessed information about a juvenile and a social worker in an ongoing family problem. Flom-Corkrey was suspended after her arrest. She died while charges against her were pending.

OTDA, CMA Managers Conspired To Skim Computers From Contract

The Inspector General found that New York State Office of Temporary and Disability Assistance (OTDA) employee Marc Dreilinger improperly obtained five laptop computers for his unit by arranging for Currier McCabe & Associates, Inc. (CMA) to disguise their cost as a computer moving expense under an existing contract. After conspiring with CMA manager James Alheim to obtain the laptops, Dreilinger took one for his personal use. Dreilinger’s scheme was detected before OTDA paid for the computers. As a result, OTDA sought disciplinary action against Dreilinger and directed CMA to remove Alheim from involvement in OTDA’s contract.

State Supervisors Engaged in Time Abuse on Road Trips to Job Sites

Investigations by the Inspector General found that three state supervisors on the road to official sites skipped work to shop, drink at pubs or go home hours early. Former Bridge Authority Deputy Executive Director James J. Bresnan routinely left work around noon in his state-assigned vehicle, ostensibly to visit one or more of five bridges he oversaw for the Bridge Authority. In one six-week period, Bresnan claimed 18 trips to the Newburgh-Beacon and Bear Mountain bridges, though his access card revealed just one bridge visit. Also, DOT Transportation Maintenance Engineer 1/Regional Bridge Maintenance Supervisor Jonathon Phillips, falsely reported he was supervising four bridge crews when he went home early. And DOT Engineer-in-Charge Robert Arena claimed unearned overtime and submitted false time records after taking personal detours to Poughkeepsie's Galleria Mall or home. As a result of the investigations, Bresnan retired, Arena resigned, and Phillips was suspended without pay for three days.

DOH Suspends Director in Bogus Bid Process

The Inspector General found that Neil Johanning, Director of the Office of Health Insurance Programs' Information Technology Services Group, an office within the New York State Department of Health (DOH), issued a solicitation for bids from contractors to install computer cable for a procurement project after the proposed work was already completed by Dell/nFrastructure, his chosen vendor, at his direction. DOH noted the irregularity prior to contract award and the state paid no monies to Dell/nFrastructure for the cabling. Based on the Inspector General's findings, DOH suspended Johanning for six days without pay.

DMV Clerk Used State Computer to Pen Poetry at Work and State Mail to Solicit Publishers

The Inspector General determined that state Department of Motor Vehicles employee Gina Pearl used her state computer to write poetry, prose and correspondence for her personal benefit. Pearl also used DMV work time, equipment, paper, envelopes and postage to send packages of her writing to publishers and literary agents, in violation of state policy. As a result, Pearl resigned

from state service during DMV's disciplinary process, was fined \$450 and agreed not to reapply for employment at DMV.

Wayne County DMV Employees Improperly Issued Enhanced License

The Inspector General found that Wayne County DMV employees William DiSanto and Stephanie DeLisio negligently issued an Enhanced Driver License to an applicant who failed to provide required proof of identify. An EDL may be used in lieu of a passport to travel by land and/or sea between the U.S. and Canada, Mexico and some countries in the Caribbean. As recommended by the Inspector General, Wayne County referred both employees for disciplinary action, placed counseling memos in their personnel files and retrained its department on related procedures. The New York State Department of Motor Vehicles agreed to audit Wayne County's EDL transactions, approximately 1,000 to date, to determine if they were properly issued. Preliminary findings indicate no other similar error occurred.

OGS Employees Misused Empire Plaza Parking Privileges

The Inspector General found that the Office of General Services employees William Liston and Scott Kullman abused their OGS-issued parking access swipe-cards by parking their personal vehicles in the Empire State Plaza garage in Albany at prohibited times and that the Division of Human Rights (DHR) improperly assigned a Special Use Parking Permit to an employee for regular parking use.

OGS advised that disciplinary action against Kullman resulted in his making \$303 in restitution and paying a \$1,000 fine. The disciplinary case against Liston was settled with a letter of reprimand. In addition, DHR surrendered the improperly-used special permit and Parking Services now confirms the need for all Special Use Parking Permit renewals and requests.

Buffalo State College Employee Arrested for Larceny of Pallets

The Inspector General found that SUNY Buffalo State College employee Nelson Locher sold state-owned wooden pallets to two local lumber companies and kept the proceeds, then lied to

INVESTIGATIONS

state investigators. Locher was arrested and charged with Petit Larceny. The Inspector General recommended that Buffalo State College institute disciplinary action against Locher and to seek restitution for the \$669 Locher improperly received from pallet sales, and to consider Locher's lack of honesty when questioned by the Inspector General. SUNY Buffalo State College determined that it was time-barred under the collective bargaining agreement from instituting disciplinary action against Locher.

DMV Driver Took Extended Route to Pad Overtime

The Inspector General determined that Department of Motor Vehicles employee Joseph Penk padded his overtime by purposefully driving a longer delivery route and likely detouring to his home. An analysis of Penk's timecards and E-Z Pass records revealed that Penk claimed excess overtime of 61 hours for extra pay of \$1,500. As a result, Penk resigned his position. The Inspector General's findings were reviewed by the Albany County District Attorney's Office, but no charges were filed.

DOCS Tightens Rules After Mechanic Disables Truck to Purchase at Auction

The Inspector General determined that Larry Andrew, a general mechanic at Coxsackie Correctional Facility, purchased a Department of Correctional Services surplus pickup truck at auction at a substantially reduced price due to removal of the truck's malfunctioning transfer case. Andrew later took the malfunctioning transfer case from the correctional facility, had it repaired and re-installed it on the truck, thereby doubling the truck's value. Andrews was suspended for 10 months by DOCS. Andrew was criminally prosecuted by the Green County District Attorney's office; the case was subsequently adjourned in contemplation of dismissal. In addition, DOCS implemented a new policy prohibiting employees from bidding on surplus property about which they might possess inside knowledge.

Inspector General Reveals Public Housing Scams; Lack of Oversight by Buffalo Municipal Housing Authority Cited

The Inspector General found that Richard Hutchens engaged in "chronic self-dealing" while his company, HKMDA, LLC, managed the 616-unit Marine Drive Apartments complex in Buffalo.

INVESTIGATIONS

Hutchens collected up to \$25,000 monthly rent in cash and surreptitiously awarded himself contracts to operate a deli, a laundromat and make renovations at the site.

The Inspector General concluded that Buffalo Municipal Housing Authority's oversight of HKMDA was "virtually non-existent" from 2004 through 2006, when HKMDA was finally removed for management deficiencies. The Inspector General recommended that:

- BMHA standardize commercial lease requirements and audit Marine Drive Apartments' financial records for the period that HKMDA managed the property.
- BMHA conduct a comprehensive review of current commercial leases at Marine Drive Apartments to ensure that all necessary approvals have been obtained and to identify and address any conflicts of interest that may exist under the current management company.
- That DHCR enhance its oversight of BMHA with regard to the awarding of commercial leases and conduct a full review of BMHA to ensure that the rampant abuses outlined in the report are addressed.

DHCR advised the Inspector General that it provided BMHA with a form it created to certify the propriety of commercial leases by housing companies. It also advised that it continues to review all commercial leases entered into by Marine Drive, even though more recent amendments to DHCR regulations no longer mandate this. Further, BMHA conducted a comprehensive audit of Marine Drive Apartments' financial records for the period HKMDA managed the property and is retaining a forensic auditor to conduct a more detailed analysis.

OGS Tightens Recycling Program Security

The Inspector General found that the Office of General Services (OGS) failed to adequately secure or inventory precious metals and other valuable recyclable materials. The Inspector General recommended that OGS institute a policy and procedure of internal controls over recyclables. In response, OGS boosted security of scrap precious metals, installing an electronic swipe card system at the Empire State Plaza recycling site and tracking all recyclable metals.

INVESTIGATIONS – 2010

January-March, 2010

Inspector General and U.S. Attorney Announce Arrests in Identity Fraud Ring

In a February 23, 2010, press conference, Inspector General Fisch joined in a press conference with Preet Bharara, United States Attorney for the Southern District of New York, announcing the unsealing of charges against seven members of an identity fraud ring, including two New York State Department of Motor Vehicles employees, who allegedly sold more than 200 fraudulent New York State driver licenses, netting more than \$1 million. In addition, 15 alleged customers who obtained fraudulent DMV documents through the ring were charged.

The press conference also included John T. Morton, Assistant Secretary of Homeland Security for the United States Immigration and Customs Enforcement, Raymond W. Kelly, New York City Police Commissioner, David J. Swarts, Commissioner of the New York State Department of Motor Vehicles, Edward J. Ryan, Special Agent-in-Charge for the New York Office of the Social Security Administration's Office of Inspector General, and Brian G. Parr, Special Agent-in-Charge for the New York Field Office of the United States Secret Service.

The arrests stem from an organized scheme to obtain fraudulent DMV driver licenses, learner permits, and identification cards using stolen identities for, among others, convicted felons, a sex offender, an individual featured on "America's Most Wanted," and an undercover officer who claimed to be on the United States Government "no-fly" list. The participants in this criminal scheme included two allegedly corrupt DMV employees, Robin Jones-Woodson and Glenda Hinton, who worked in DMV offices in Yonkers and Harlem, respectively.

The case began in March 2009, when the New York Police Department learned of five persons bearing New York State driver licenses that did not reflect their true identities. One of the five individuals had been on the "America's Most Wanted" list. This information was forwarded to

INVESTIGATIONS

the Department of Motor Vehicles, and DMV Commissioner Swarts promptly notified the Inspector General.

In April 2009, the U.S. Attorney for the Southern District of New York agreed to join the Inspector General in the investigation and to prosecute the case. Subsequently, the Department of Homeland Security Bureau of Immigration and Customs Enforcement joined the investigation, as did the Secret Service and Social Security Administration's Inspector General.

Investigation revealed that the applications for the five licenses were processed in the Yonkers DMV office with the approval of Woodson, the assistant to the office manager. Woodson approved the license applications despite the fact that they lacked required identification documentation. Further investigation identified Wilch Dewalt as the ringleader of the scheme who acted as the broker between customers and Woodson. Dewalt allegedly was paid up to \$10,000 by individuals seeking licenses using stolen identities. It is believed that as many as 200 licenses or other DMV identification documents were improperly issued in this manner. Dewalt also allegedly had contact with Hinton, a Motor Vehicle Representative in DMV's Harlem office.

Parole Supervisor Made Advances Toward Female Employee in 1995

The Inspector General concluded that, in approximately 1995, Felix Rosa, then a parole violations unit supervisor for the New York State Division of Parole, made sexual advances towards Pamela Menera, a Division court interpreter assigned to Rosa's unit and his subordinate. Because the allegations were not officially disclosed until February 2009, some 14 years later, the potential for administrative discipline is foreclosed by the passage of time.

Rosa, who at the time the relevant allegations surfaced in 2009 was executive director of the Division and had been nominated to be chairman, withdrew his name from consideration during the pendency of the nomination hearings. The Inspector General also found that Mary Hollander, a Division supervisor to whom Menera reported her allegations in 1995, should have taken action regarding Menera's initial allegation, but, instead, inappropriately recommended that

Menera respond by confronting Rosa directly. Hollander has since retired from state service, precluding any action by the Division.

Lottery Official Eavesdropped on Office After His Termination

The Inspector General found that after his termination on January 13, 2009, John Charlson, former Director of Public Information for the Division of the Lottery, eavesdropped on an official non-public Lottery meeting by calling in to a conference call number for a Lottery meeting without permission. He also accessed the Lottery's computer network and retrieved several e-mail messages. In addition, the Inspector General found that the Lottery distributed to its employees surplus leather sports bags collectively valued at over \$77,000 that remained from a defunct sweepstakes, rather than dispose of them pursuant to state protocols.

Consultant Violated Procurement Rules In Communications with OFT Employee

The Inspector General found that Robert Kelsey, an Account Manager with Ajilon Consulting, had impermissible communications contact with Stephen Warner, an Information Technology Specialist 4 employed by Chief Information Officer/Office For Technology, during the restricted period of a CIO/OFT computer services procurement, in apparent violation of State Finance Law. The Inspector General referred its findings to the Office of the State Comptroller, the Advisory Council on Procurement Lobbying, CIO/OFT, and the Commission on Public Integrity.

Nepotism Revealed in OMRDD Hiring

The Inspector General found that three recent hires for a contract employee position at the Office for Mental Retardation and Developmental Disabilities' (OMRDD) New York City Office's Fiscal Unit were filled by individuals related to or acquainted with OMRDD Assistant Commissioner Katherine Broderick or former Director of Fiscal Services Celia Solomita. In addition, two temporary employees were hired, one related to Broderick and the other related to Solomita, by circumventing usual procedures. As these actions appear to violate New York's prohibitions on nepotism and improper influence in employment, the Inspector General's findings were forwarded to the state Commission on Public Integrity.

OMH Administrator Fired, Could Face Mortgage Fraud Charges

The Inspector General determined that David Carabello, Deputy Director for Administration at the Office of Mental Health's (OMH) Rockland Psychiatric Center, violated the state Public Officers law and OMH policies by promising job advancement to OMH employees Victor and Sabrina Boissiere as a quid pro quo for Victor Boissiere buying his condominium. In addition, a loan for the down payment involved illicit transfers of funds through a third party to evade detection, leading to a false declaration by Victor Boissiere on his mortgage application. The Inspector General referred the matter to the Federal Bureau of Investigation for an investigation into possible mortgage fraud. Carabello was fired. In a related case in 2009, the Boissieres were charged with bribe taking in a \$6,600 bid-rigging scheme on construction projects at the Manhattan Psychiatric Center. As a result, the Boissieres pleaded guilty to criminal facilitation in New York County and agreed to do 500 hours each of community service.

DMV Employee Disciplined For Accessing Personal Driver Data

The Inspector General determined that New York State Department of Motor Vehicles (DMV) employee Sharlene Brown violated DMV policy and the federal Driver's Privacy Protection Act when she accessed the DMV database for purposes that were unauthorized and unrelated to her official responsibilities. Brown was fined \$1,000 by DMV for her actions, with \$775 of the fine held in abeyance.

Thruway Authority Employee Terminated For Conducting Personal Business on State Time

The Inspector General found that Brian Rusk, an Assistant Public Information Officer for the New York State Thruway Authority, conducted private business during state time and misused his state-issued telephone for hundreds of calls related to his personal public relations consulting business. The Inspector General recommended that the Thruway Authority take appropriate disciplinary action and forwarded its findings to the Erie County District Attorney. The Thruway Authority terminated Rusk's employment.

OASAS Official Misused Position To Help Relative; Agency Misled Integrity Panel

The Inspector General found that Kathleen Caggiano-Siino, Executive Deputy Commissioner of the New York State Office of Alcohol and Substance Abuse Services (OASAS), created an appearance of impropriety by prompting OASAS to add her cousin's spouse to a list of credentialed counseling providers sooner than he would have been under established procedures. Compounding these actions, Caggiano-Siino, with the assent of the OASAS counsel, requested an opinion on the matter from the Commission on Public Integrity, but knowingly omitted from the request key information about a potential conflict of interest. In response to the Inspector General's findings, OASAS issued a formal "letter of caution" to Caggiano-Siino. The Inspector General also forwarded its findings to the Commission on Public Integrity.

Juvenile Facility Employee Arrested for Felony Sale of Drugs to Fellow Worker

The Inspector General announced the arrest of Tracy Buelow, a clerk at the Tryon Girls Secure Center in Johnstown, on two felony counts of criminal sale of a controlled substance for allegedly selling at least 12 Lortab pills, a prescription painkiller, to a co-worker. Tryon is a juvenile facility operated by the New York State Office of Children and Family Services. Buelow was arrested by State Police and the Inspector General's office, and is being prosecuted by the Fulton County District Attorney. She resigned her position.

DOT Employees Misuse State Credit Cards for Drugs and Bail

The Inspector General determined that Robert Colvin, a Principal Engineering Technician employed by the New York State Department of Transportation (DOT), misused his state-issued credit card by charging over \$1,200 in unauthorized purchases, including \$895 for bail to gain his release following his arrest on a harassment charge. Colvin also kept and sold his DOT-assigned laptop after he resigned. The Inspector General also determined that Patrick Morris, a DOT Senior Engineering Technician, charged \$8,311 in personal expenditures to his state-issued credit card. As a result of the investigations, Colvin and Morris were arrested on criminal charges. Colvin resigned from state service during the investigation; he made partial restitution, the balance of which DOT is taking steps to secure. Morris made full restitution to the state and

resigned from state service. DOT also instituted new procedures to strengthen oversight of employees' use of credit cards.

DMV Employee Faces Discipline For Revealing Private Driver Data

The Inspector General found that Courtney Dempsey improperly accessed a DMV database for personal use, in violation of law and agency rules. Dempsey admitted improper access on a “handful” of occasions at the request of friends seeking to determine whether their licenses were suspended. The Inspector General referred the matter to DMV for appropriate disciplinary action and also forwarded the findings to the Queens County District Attorney. DMV initiated disciplinary action against Dempsey that is pending.

Parole Officer Arrested For Alleged Improper Rent Reductions

The Inspector General and New York City Department of Investigation announced the arrest of State Parole Officer April Campbell on charges she failed to report income and fraudulently obtained rent reductions worth \$24,469 on her subsidized apartment. The charges against Campbell are pending.

April-June, 2010

NYS Theatre Institute Rife with Nepotism and Self-Dealing; Director Retired and Board Disbanded After Inspector General's Report

An investigation by the Inspector General found that Patricia Snyder, Producing Director of the New York State Theatre Institute (NYSTI), repeatedly violated state laws on nepotism and used the state authority to steer nearly \$700,000 in payments and benefits to her husband, her children, and herself, while overseeing an additional \$475,000 in questionable expenses. Snyder routinely hired members of her immediate family for NYSTI productions without regard to state prohibitions on nepotism and conflicts of interest.

INVESTIGATIONS

As Producing Director, Snyder had full control of spending and hiring with scant oversight by the board of directors, the Inspector General's report concludes. This unbridled control allowed her to abuse the Troy-based public authority, selecting herself and her close relatives more than 300 times to work on 92 percent of all NYSTI productions. Under Snyder's direction, NYSTI also shelled out nearly \$280,000 on meals, chauffeured rides and other indulgences, such as a state-leased apartment in midtown Manhattan.

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. These included royalty agreements that Snyder arranged and which paid her more than \$40,000 for NYSTI-related work. Additionally, at Snyder's instigation, NYSTI funded private union pension and health benefit accounts for Snyder, costing NYSTI more than \$25,000. Snyder failed to disclose these irregular and questionable agreements to the NYSTI Board of Directors and failed to report her royalty income on required Financial Disclosure Statements.

Snyder's relatives worked on 49 of NYSTI's 54 stage productions between 2004 and 2009, and 16 of the 17 audio books NYSTI has produced. Snyder's son, William S. Snyder, a musician, composer and sound designer, 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.

In the course of the Inspector General's investigation, NYSTI and Snyder took actions to frustrate and mislead the inquiry by, for example, backdating 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 demanded. Snyder also provided sworn testimony that was at times misleading and untruthful.

In response to the Inspector General's report, Snyder retired from her NYSTI position and members of the NYSTI Board of Directors resigned.

Joint Investigation by Inspector General and State Comptroller Reveals DOCS Supervisor Defrauded State of \$500,000; Did Not Work Fridays for 17 Years

A joint investigation and audit by Inspector General Fisch and State Comptroller Thomas P. DiNapoli revealed \$500,000 in fraud and mismanagement at the Department of Correctional Services (DOCS). The report, issued in a press conference conducted by the Inspector General and State Comptroller, concluded that now retired DOCS Food Production Center Director Howard Dean falsified hotel invoices and collected travel reimbursements that his supervisors knew were improper and that he submitted false timesheets to claim he worked Fridays, when, in fact, he never worked a Friday in 17 years. The Inspector General and Comptroller forwarded their findings to the Oneida County District Attorney's Office for possible criminal charges including conspiracy, falsifying business records, defrauding the government, larceny and official misconduct.

Dean managed the DOCS Food Production Center at the Oneida Correctional Facility in Rome, New York, from its inception in 1992 until his retirement in 2008. Appointed by then DOCS Commissioner Thomas Coughlin, Dean was considered the "czar" of the department's new cook/chill method, which currently provides daily meals to 60,000 inmates statewide. During this time, Dean took off every Friday with pay, costing the state \$247,830 in salary, vacation exchanges and retirement credits. In addition to their failure to supervise Dean's work time, DOCS administrators knowingly violated state guidelines in an effort to boost Dean's income through special benefits which cost the state another \$240,000. Specifically, officials assigned Dean a false "official work station" in Albany, even though he worked in Rome. This put Dean in a phony "travel status" for 17 years, providing him a state car, state-paid gas and tolls, meals and hotel stays. State regulations ban the designation of a work station "for the convenience of any employee" or to "maximize travel expense reimbursement." The regulations also prohibit reimbursement for transport from an employee's home to work. Dean lived in Cayuga County.

Inspector General Fisch and Comptroller DiNapoli recommended that DOCS strengthen internal controls and adhere to the guidelines of the Office of the State Comptroller, Division of Budget, and its own internal regulations. In his response to the investigation's findings, DOCS

INVESTIGATIONS

Commissioner Brian Fischer stated that he delivered to all newly-appointed superintendents and directors “the stern message to conduct themselves ethically at all times” or risk dismissal. DOCS also agreed to boost training against fraud and abuse and amend its vehicle-use policy.

ORPS Director Misused State Resources for Personal Purposes

The Inspector General determined that Lee Kyriacou, former Executive Director of the New York State Office of Real Property Services (ORPS), misused state staff for his private business such as booking a family vacation, driving his daughter to school and conducting a real estate search for his wife. The Inspector General also found that Kyriacou refused to charge his vacation or sick time, claiming he was “reachable” when out of the office. Kyriacou resigned during the investigation. The Inspector General further found that Kyriacou’s conduct was facilitated by weaknesses in ORPS policies and procedures regarding reporting of business and personal mileage, personal use of EZ Pass and state cell phones, working from home, and accurately accounting for time and attendance.

In response to the Inspector General’s recommendations, OPRS advised that it no longer assigns State vehicles to individuals, that and that vehicle mileage records are strictly monitored. In addition, a new State cell phone policy requires supervision of cell phone use and payment by employees for personal long distance calls. ORPS also agreed to ensure that employees do not sign off on their own timesheets and are made aware that the agency does not have a formal telecommuting policy.

Drivers Facing License Suspensions Paid DMV Clerks to Divert 1,475 Tickets; 6 Individuals Convicted

An investigation by the Inspector General, with the State Department of Motor Vehicles (DMV) and the New York County District Attorney’s Office, led to six guilty pleas after DMV employees altered moving violation summonses for cash payments. According to the report, commercial drivers who faced license suspensions hired “brokers” to make their traffic woes disappear by having their tickets reduced or “lost” by DMV clerks in exchange for cash. The scam saw more than 1,475 moving violations altered or reduced in Manhattan and Brooklyn.

INVESTIGATIONS

DMV clerks Deborah Perez, Norma Lamboy, and her son, Jose Concepcion, were arrested and pleaded guilty to criminal charges. Concepcion was terminated and Lamboy and Perez resigned their state employment. Perez and Lamboy altered driver ID numbers, addresses or name spellings so the tickets would be lost in the database or forwarded to the wrong address.

Concepcion altered the tickets to “improper use of a bicycle.” Three intermediaries, Abdoulaye Diaw, Robert Vera and Hector Viveros, who brought tickets to be altered to Lamboy and Perez at the DMV, were also arrested and pleaded guilty to criminal charges. The Taxi and Limousine Commission assisted the Inspector General in locating and interviewing witnesses.

DMV advised the Inspector General that the tickets identified as mishandled in this matter have been addressed as follows: Each ticket was individually researched, re-opened and corrected, with written notice to the motorist. For example, fines were assessed or hearings were scheduled for motorists who were originally cited with violations requiring an appearance.

Supervisor Convicted of Grand Larceny by Attorney General for Operating eBay Business from State Office; Cost State \$16,000 in Postage

An investigation by the Inspector General’s Office led to the arrest of Robert Pagini, a former Department of Health employee, on charges that he used an agency postage meter to send coins and currency he had auctioned on eBay and other personal mail, costing taxpayers in excess of \$16,000.

As part of the investigation, the Inspector General’s Office purchased two coins, an 1882-O Morgan Silver Dollar and a 1988 \$1 Canada Silver Saint-Maurice Ironworks Proof, through eBay from Pagini, who supervised the DOH mailroom in Troy. Pagini was prosecuted by the Attorney General’s Office and pleaded guilty to Grand Larceny in the Fourth Degree, with an agreed upon sentence of five years probation and payment of more than \$16,000 in restitution to DOH. He also resigned and agreed to never again seek public employment.

SUNY Professor Misused \$45,000 in State Equipment

Professor Leslie Krims, a well-known avant garde photographer and 41-year Buffalo State College professor, took home two college cameras worth more than \$45,000 for at least two years and used them for his private photography business, leaving no faculty or students with access to the equipment, the Inspector General found. While the cameras ostensibly were purchased for student benefit, Krims instead used them to produce photographs for sale and profit at galleries and on the Web.

In response to the Inspector General's report, Buffalo State College agreed to improve inventory procedures, instruct faculty and staff on the proper use of college property and investigate Krims for possible disciplinary action. Krims returned the equipment after he was questioned by the Inspector General's office.

DCJS Fingerprint Expert Made Over 200 Unauthorized Searches

The Inspector General found that Jacqueline Hankle, a 39-year employee of the Division of Criminal Justice Services (DCJS), searched a confidential database more than 200 times for data on her supervisors, co-workers, and family. Specifically, Hankle searched 22 individuals from 2000 to 2008 and examined records of her nephew's ex-wife more than 90 times during the couple's custody battle. As a result, she was arrested and charged by the Albany County District Attorney with computer trespass, a felony, and official misconduct. She was suspended without pay.

Internal Controls Treasurer Convicted in Embezzlement of \$300

An investigation by the Inspector General established that Randall Griffin, the former treasurer of the New York State Internal Controls Association (NYSICA), embezzled \$300 from a NYSICA bank account for his personal benefit. Griffin was arrested and charged by the Albany County District Attorney with Petit Larceny, and convicted of Disorderly Conduct. Upon discovery of the theft, Griffin was relieved of his treasurer duties by the NYSICA Board of Directors, paid restitution, and was fined \$100.

INVESTIGATIONS

NYSICA is an organization of internal controls officers from New York State agencies, authorities and commissions with a goal of maintaining and improving accountability in government. Griffin was also discharged from his job in Greene County as deputy treasurer and co-head of the Board of Ethics. As a result of the investigation, NYSICA improved internal controls over its checking accounts, and is contemplating additional measures to strengthen the organization's integrity and transparency.

OMIG Employee Pleads Guilty, Makes Restitution, and Resigns for Misuse of Agency Credit Card

The Inspector General found that William Goodine, a laborer for the New York State Office of the Medicaid Inspector General (OMIG), misappropriated and misused a state-owned gasoline credit card to purchase \$120 in fuel for his personal pickup truck. Goodine was arrested, pleaded guilty to disorderly conduct, and was ordered to pay restitution and perform 100 hours of community service. Goodine also resigned. Because Goodine took the credit card from an open office area, the Inspector General recommended that OMIG review its policy and security procedures for the handling of OMIG credit cards. OMIG advised that gasoline credit cards and vehicles keys are secured separately and are maintained in a locked room.

DOCS Clerk Used Sick Leave To Work for Board of Elections

The Inspector General found that New York State Department of Correctional Services (DOCS) clerical staff member Marilyn Ramos improperly used sick leave in order to pursue unauthorized, paid outside employment by the Board of Elections on September 29, 2009. In addition, DOCS employees Bahyya Abdul-Aziz, Nancy Rivera, Ethel Hart, Gail Johnson, and Pamela Guin-Washington had worked for the Board of Elections on a number of occasions using vacation time, but failed to seek required approval for outside employment. All are employed at Edgecombe Correctional Facility in New York City. Under state Civil Service Rules and DOCS policy, sick leave may not be used in lieu of annual leave, and DOCS employees must obtain authorization prior to engaging in outside employment. In response, DOCS is pursuing disciplinary charges.

DTF Employee Admits Selling Cocaine to Other State Workers

The New York State Inspector General determined that Gerry McNamara, a former employee of the Department of Taxation and Finance (DTF), while employed by DTF sold cocaine and marijuana on numerous occasions to fellow DTF employees Esther Rockenstire, Fredrick Ramundo, Steve Graham, and Lisa Maynard, and Department of Labor (DOL) employee Robert Disser on New York State property at the Harriman State Office Building Campus in Albany. The Inspector General's investigation also revealed that Rockenstire consumed cocaine while at work. During an interrogation by DTF, McNamara admitted that he sold cocaine and marijuana on numerous occasions to fellow DTF employees while on state property. McNamara stated he communicated with his DTF employee customers via the office e-mail system, using an informal system of code to refer to their drug activities. McNamara was placed on administrative leave; shortly thereafter, he resigned from DTF. As recommended by the Inspector General, DTF and DOL are conducting internal investigations against the current employees and will take appropriate disciplinary action.

Employee Admits Illegal Computer Searches for Data About Victim of Her Convicted Rapist Son

An investigation by the Inspector General determined that Victoria Munson made dozens of illegal computer searches of state social service and motor vehicle databases from 2007 to 2009 while she worked for the Fulton County Department of Social Services. Munson was arrested, prosecuted by the Fulton County District Attorney, and subsequently pleaded guilty to one count of Official Misconduct. The Fulton County District Attorney's Office prosecuted the case. Many of Munson's unauthorized inquiries sought confidential information about witnesses or relatives associated with the arrest and conviction of her son, Nicholas Munson, 25, who is serving state prison time for rape and weapons possession.

For some of the time that Munson allegedly accessed the databases, she was subject to a court order of protection banning her from any contact or interference with her son's victim, certain witnesses to the crimes, and their families, the investigation found. Munson retired from her county job during the Inspector General's investigation.

Mental Health Aide Convicted of Stealing Food Stamp Benefits from Disabled Clients

The Inspector General found that Denise Clark, an aide employed by the New York State Office of Mental Health at a Capital District Psychiatric Center residence in Schenectady, stole two food stamp benefit cards owned by two mentally ill residents and purchased over \$545 in groceries at Wal-Mart Supercenter and Price Chopper Supermarket in Schenectady.

Clark was arrested, pleaded guilty in Schenectady County to criminal possession of stolen property and official misconduct and was ordered to pay \$547 in restitution plus a \$505 fine/surcharge. She resigned and agreed to not again seek employment with New York State.

Buffalo State College Purchasing Director Steered Business to Friend

The Inspector General found that Buffalo State College Director of Purchasing Therese Locher's personal relationship with an OfficeMax sales representative and her insistence to purchase supplies and furniture almost exclusively from OfficeMax constituted possible violations of the state ethics laws. The Inspector General referred these findings to the Commission on Public Integrity. As recommended by the Inspector General, Buffalo State College reorganized management of the Procurement Department and assigned day-to-day management responsibilities to the Assistant to the Comptroller for Procurement Services and Contracts, not Locher. The college also advised that the President's Designee for Labor Relations will initiate an investigation for potential disciplinary action. It further advised that the Procurement Manual is undergoing review and will address the process for ordering goods and services from other state vendors. Lastly, the college advised that it will review its procurement practices to ensure adherence to existing policy regarding minority and women-owned businesses.

DEC Supervisor Disciplined for Actions That Created Possible Conflict of Interest

The New York State Inspector General found that Charles T. Hamilton, former Regional Natural Resources Supervisor for the New York State Department of Environmental Conservation (DEC), may have violated state ethics guidelines when he arranged for homeowners in an area heavily regulated by DEC (West Hampton Dunes) to donate their homes to lodge instructors for the New York Wildfire and Incident Management Academy, which he coordinated.

As a result of the investigation, DEC took appropriate disciplinary action and launched a review of permit applications and Hamilton's other cases to assure their propriety.

Improper Use of Photographic Equipment by SUNY Cobleskill Worker

The Inspector General determined that State University of New York (SUNY) Cobleskill employee Jennifer Schorf was improperly granted permission to purchase \$7,000 of photographic equipment with another employee's state procurement card by SUNY Cobleskill Controller Louise Biron. She then failed to properly safeguard the equipment and personally withheld it until directed several times to do so. Finally, Schorf continued to withhold several pieces of equipment belonging to the print shop, including a wide-angle lens and accessories compatible with her personal camera valued at \$1350, until the Inspector General conducted an on-site inventory and found items were missing. The Inspector General also found that Biron allowed Schorf to make purchases without properly linking the items to a legitimate SUNY purpose and without documentation consistent with SUNY procurement guidelines. In response to the recommendations, SUNY Cobleskill advised that it is conducting an inventory of all campus furniture and equipment, that all procurement card transactions are reviewed by the business office and that a disciplinary letter was placed in Biron's personnel file.

July-September, 2010

Investigation Reveals State Fair Funds Were Squandered and Possibly Stolen; Former Fair Director Used Public Resources for Daughters' Weddings

An investigation by the Inspector General revealed serious misconduct and abuses in the administration of the New York State Fair, including the blatant misuse of state funds by former Fair Director Peter Cappuccilli, Jr., chronic nepotism in hiring, and no-bid contracts.

The Inspector General's 138-page report found that Cappuccilli wielded "unchecked control" over the Fair from 1995 to 2005 and repeatedly abused his position for personal gain. Preparations for the weddings of Cappuccilli's two daughters cost New Yorkers more than \$73,000. He misused employees' time to drain and refurbish a pond, build staircases, plant

INVESTIGATIONS

flowers, hang decorative lights and install a fountain. Cappuccilli also canceled or blocked adjacent rentals, including the \$17,000 B Jam country music concert, so the adjacent fairgrounds would be quiet for the wedding, resulting in a total revenue loss of \$61,000

Cappuccilli engaged in a series of improprieties with his friends Ronald Rescignano and William Jackson, operators of Catering with a Flair, the Fair's caterers. The caterers provided Cappuccilli a \$23,000 reduction on a \$43,000 wedding reception. This "discount" followed Cappuccilli's use of state resources to upgrade the caterer's banquet room and his excusing their contractual obligation to expend \$83,000 on Fair property upgrades. Cappuccilli also expanded the Fair's modest holiday gatherings from a modest event to a lavish party for 800 guests and open bar that cost \$20,000. Rescignano falsified invoices to conceal the true cost of the party, undercharging the state \$16,000 as a "favor" to Cappuccilli.

Cappuccilli violated New York's Public Officers Law and engaged in nepotism and cronyism by paying more than \$830,000 in salaries to family and friends. Most egregiously, he hired his friend Timothy Kuhl, who was paid nearly \$200,000 for what bore the characteristics of a "no-show" job. Kuhl earned money for eight months even after he had moved to North Carolina and was working another full-time job. More than 40 relatives of Fair employees were hired from 1995 and 2006. In addition to former Marketing Director Joseph LaGuardia's three children, the Fair also employed former Business Manager Richard Guanciale's wife and three daughters, who were paid \$53,000 in part-time work from 1995 to 2007.

Fair admissions were subject to widespread abuses for more than a decade, with \$720,000 in free tickets provided to politicians, relatives of fair employees, State Police and others. Fair management, particularly under LaGuardia, dispensed to friends and family more than \$280,000 in concert tickets allegedly intended for reviewers. Over eight years, the State Police received approximately \$200,000 in complimentary concert tickets. From 2006 to 2008 and Fair employees were given over \$240,000 worth of free concert tickets. Employees also received free parking passes and admission for their families.

INVESTIGATIONS

Under both Cappuccilli and current Fair Director Daniel O'Hara, the State Fair and the New York State Department of Agriculture and Markets flagrantly violated state procurement law. Specifically:

- From 2002 until 2009, the State Fair used Progressive Expert Consulting, Inc. (PEC) to provide substandard Internet service without soliciting any competitive bids. Cappuccilli allowed PEC to install equipment and collect vendor fees without a written contract or legally-required approval from the State Comptroller. In addition, he never sought the Fair's \$19,000 portion of PEC revenue.
- The State Fair's "emergency" need to award a \$600,000 no-bid contract with Live Nation to book music acts for the 2008 Fair was self-created by Fair and Agriculture and Markets executives and could have been avoided by proper planning.
- The State Fair awarded an unlawful, no-bid \$127,000 contract to Rhode Island promoter Classic Entertainment and Sports, Inc. for a 2009 boxing match. The event was a financial failure that drew just 962 fans to the 17,000-seat grandstand and resulted in a loss of more than \$126,000.

Cappuccilli refused to be questioned by the Inspector General and stated through his attorney that, if subpoenaed, he would assert his Fifth Amendment privilege against self-incrimination. The Inspector General forwarded his report to the New York State Attorney General's Office. The Department of Agriculture and Markets endorsed the recommendations of the Inspector General to reform State Fair operations by taking the following actions:

- In conjunction with the Office of the State Comptroller, it will conduct a complete and thorough audit of the contract between the State Fair and Catering with a Flair, and, as necessary, take action to recover unpaid monies due the state.
- In consultation with the Office of General Services, the Office of the State Comptroller, and the State Procurement Council, it will comprehensively review the Fair's procurement practices and take steps to ensure that procurements involving the Fair are conducted fairly and in conformance with all applicable statutes and regulations.
- Agriculture and Markets and the State Fair will institute a written inventory policy and the necessary procedures to ensure that state property is properly accounted for.

New York State Attorney General Andrew Cuomo subsequently announced that he had commenced a criminal probe of Cappuccilli, based on the referral by the Inspector General, as well as a wide-ranging investigation into patronage, cronyism and waste of taxpayer money at the State Fair.

Inspector General and State Comptroller Reveal Corruption in State Prison Food Operations; Meals and Gifts Were Traded for Millions in State Purchases

An audit and investigation by the Inspector General and the State Comptroller revealed that Howard Dean, the former director of the New York State Department of Correctional Services' (DOCS) Food Production Center, steered \$2.5 million dollars a year in State business to his handpicked contractors while extorting from them food and other items to subsidize the department's free summer picnics and holiday parties for many years. Dean also obtained benefits for himself and others at the center.

The audit and investigation were conducted as part of a follow-up to a previous joint inquiry that determined that Dean had falsified hotel invoices, collected improper travel reimbursements, and submitted false timesheets to claim he worked Fridays, when, in fact, he never worked a Friday in 17 years.⁷

The findings of the follow-up audit and investigation were issued at a press conference in Albany conducted jointly by the Inspector General and State Comptroller, and included the following:

- In violation of the State Public Officers Law, for at least 13 years, Dean and other DOCS staff were provided free meals by at least two vendors – Global Food Industries (GFI) and Good Source – that received \$2.5 million annually in business that Dean steered to them.
- Dean directed Sysco Food Services, which is the primary food vendor for New York State agencies, to use these two vendors as suppliers, thereby guaranteeing them \$1.7 million annually in business with DOCS.
- Sysco was used as a “front” to purchase products from the South Carolina-based GFI at Dean's direction and permitted Dean and GFI skirt New York State Finance Law which prohibits state agencies from doing business directly with companies that reside in states, like South Carolina, that discriminate against businesses in New York State.

⁷ The prior investigation is discussed earlier in this report.

INVESTIGATIONS

- Likewise, Dean directed NYS Industries for the Disabled, a preferred source of state purchases, to purchase products from GFI, again allowing GFI to make money from state purchases contrary to the law. GFI made \$796,000 annually through this arrangement.
- Dean and his staff directly solicited free food and donations from vendors for an annual Christmas party and a three-day-long annual picnic. Any left-over moneys were deposited in an employee benefit fund and used for food production center employee benefits throughout the year, including morning bagels.
- All 32,000 DOCS employees, including those at the highest levels of the organization, as well as their families received invitations to attend, at no cost, the annual picnics sponsored by Dean's Food Production Center. The food and beverages were free, as were camp entry fees and parking. This blatantly improper practice continued for 13 years, during which time Dean had five different supervisors; however, management never questioned how such an event could be hosted by a state agency at no cost to employees or their families.
- Moreover, Dean was directly advised by the DOCS Central Office that it was improper for him to accept gifts and donations from vendors. Despite such warnings, Dean not only permitted, but encouraged the practice to continue.
- The investigation found no documentation demonstrating that millions of dollars in purchases were based on open competition. In fact, one favored vendor was tipped off about the potential missing ingredient essential in the production of cheese sauce the Food Production Center wished to utilize. Because none of the other vendors had this inside information, the favored vendor received the state's business.

These findings were forwarded to the Oneida County District Attorney and the State Commission on Public Integrity. The Inspector General and State Comptroller also recommended that DOCS institute safeguards to ensure these abuses don't occur in the future.

6 HESC Employees Suspended for Student Loan Improprieties

An investigation by the Inspector General found that Joseph Catalano, Assistant Vice President of Collection and Default Management at the New York State Higher Education Services Corporation (HESC), prompted his subordinates Dantaida de Guzman and Mattie Douglas to unlawfully arrange special treatment for former Albany County prosecutor Michael P. McDermott in connection with his outstanding student loans. Catalano became friendly with McDermott while testifying as a witness for the prosecution in the highly publicized 2006

INVESTIGATIONS

murder trial of Christopher Porco. Several months later, McDermott telephoned Catalano, seeking help with delinquency payments on his student loan. From 2007 to the present, HESC reduced McDermott's monthly payments from \$1,030 to \$400, in direct violation of federal requirements. Later, when McDermott repeatedly failed to pay the \$400, HESC canceled his \$2,111 in collection fees and continually protected him from having his wages garnished.

In all, the improper benefits to McDermott cost state and federal taxpayers more than \$24,670. Although McDermott, the former Chief Assistant District Attorney for Albany County, has been in default on his student loans since 1991, he was not legally entitled to any relief benefits because he failed to provide the required proof of financial distress and, in fact, did not reveal that his six-figure income had actually risen by 36 percent in 2007 and by 70 percent in 2009. The investigation also revealed that Catalano and de Guzman had HESC pay off \$7,150 in collection fees for Brian Cox, a student loan control representative. The unlawful move required employees to alter the HESC computer system to allow for this aberrant perk. In addition, the Inspector General found that Donald Traver, a HESC student loan control representative, acted improperly when he temporarily blocked the transmission of \$1.25 million in HESC collection accounts to private vendors. Traver stated that he did so to "save" state worker jobs which he felt were in jeopardy due to privatization and outsourcing.

The Inspector General recommended that HESC institute disciplinary action against Catalano, de Guzman, Douglas, Cox, Traver and another employee. In response, HESC suspended all six employees. The Inspector General's findings were also forwarded to the state Attorney General's Office and the state Commission on Public Integrity for review.

Medicaid Fraud Supervisor Pleads Guilty to Bribe Receiving

An investigation by the State Inspector General resulted in a guilty plea in state Supreme Court in Bronx County by Anastacio Garcia, for soliciting a \$9,000 bribe from a Bronx pharmacy owner. Garcia, a former supervising investigator for the state Office of Medicaid Inspector General (OMIG), admitted that he threatened a pharmacy owner with the filing of "negative report" that could potentially lead to a fine of \$36,000 or a Medicaid suspension unless the

owner paid him \$9,000. The pharmacy owner did not pay the bribe, but taped his conversations with Garcia and reported the wrongdoing. Garcia was prosecuted by the Bronx County District Attorney's office and pleaded guilty August 4, 2010, to bribe receiving in the third degree with sentencing set for a later date. As a result of the investigation, he resigned from OMIG.

Inspector General Blocks International Scammers Shipping to Ghana

The Inspector General, in a joint computer investigation with the state Office of General Services (OGS) and several local police departments, uncovered an Internet computer theft scheme involving thieves operating out of the Republic of Ghana. In the scheme known as "reshipping," the thieves posed as New York State employees and ordered computers and cell phones from Hewlett Packard, which had a contract with OGS, and had the items shipped to private residences. Meanwhile, the thieves had tapped social networking sites to lure average citizens into accepting what they were told were legitimate goods and sending them to West Africa.

In all, the scammers struck six times in the past year, using phony purchase orders and posing as OGS or Civil Service employees to obtain computers from Hewlett Packard. In one case, Ricardo Mattis of Queens was arrested and convicted of possession of stolen property. Mattis, who sent nearly \$20,000 in laptops and cell phones to Ghana, told police he had an Internet romance with a woman claiming to be Eastern European but living in Ghana. She convinced him to forward her the items after they had been delivered to his home. The Inspector General and OGS recovered more than \$117,000 of \$167,000 in stolen equipment before it shipped to Ghana. The state was not required to reimburse Hewlett Packard for the fraudulent purchases.

The Inspector General concluded that Hewlett Packard failed to scrutinize private or out-of-state shipping addresses because the company's call center processes sales as quickly as possible. The company is now working with OGS to prevent future thefts. Also, based on the Inspector General's recommendation, OGS is alerting all users of state centralized contracts of the fraud and urging them to review invoices and take other preventative measures. The Inspector General also forwarded his report to the Federal Bureau of Investigation.

OCFS Employee Convicted of Federal Charges Relating to His Fraudulent Medical Claims to Obtain Controlled Substances

An investigation conducted by the Inspector General in conjunction with the U.S. Department of Health and Human Services' Office of Inspector General resulted in the conviction of Lee Ballard, an employee of the New York State Office of Children and Family Services, on federal charges of making false statements relating to health care matters and acquiring a controlled substance by misrepresentation, fraud, forgery, and subterfuge. The investigation found that Ballard made more than 75 visits to hospital emergency rooms in New York, New Jersey, Connecticut, and Vermont during the period 2000-2009 to fraudulently obtain medications, including controlled substances, the cost of which was covered by his state health insurance plan. To obtain the medications, Ballard made false or exaggerated claims of injury and pain, and false and inaccurate descriptions of his medical history. Ballard was prosecuted by the United States Attorney for the Northern District and pleaded guilty in U.S. District Court in Albany.

Corrections Maintenance Supervisor Arrested for Moonlighting on State Time

The Inspector General and the State Police arrested Edward Pebler, a Department of Correctional Services (DOCS) maintenance supervisor assigned to Coxsackie Correctional Facility, on a felony charge of Offering a False Instrument for Filing. The arrest resulted from an investigation by the Inspector General that found that Pebler engaged in secondary employment beginning in 2004 as Code Enforcement Officer for the Town of Coxsackie without DOCS authorization, and that on numerous occasions he left the correctional facility during his shift to conduct code enforcement work, later filing false time sheets.

The Greene County District Attorney's Office is prosecuting Pebler, who also faces disciplinary action by DOCS.

Community Center Director Arrested for Grant Fund Misuse; Resigns Position

Paul Lilac, Executive Director of the Stillwater Area Community Services Center, was arrested on a felony charge of Offering a False Instrument for Filing after he admitted falsifying expenses on a document he submitted to the New York State Department of State (DOS). The Inspector General's investigation determined that the Stillwater center received a \$35,000 legislative appropriation, or "member item," in 2009 to upgrade its kitchen, but that Lilac misused the final \$2,820 of the grant for unauthorized center expenses. Lilac then filed a voucher and supporting documentation with DOS, which administered the grant, falsely indicating that the money had been expended for approved purposes. Lilac resigned his position during the investigation. The Saratoga County District Attorney's Office is prosecuting the case.

Department of Labor Employee Used Forged Doctors' Notes to Obtain Sick Leave

The Inspector General determined that New York State Department of Labor Mail and Supply Clerk Tina Jackson submitted numerous forged medical documents to excuse her absences from work for purported health reasons. As revealed by the investigation, Jackson submitted forged letters from two physicians and a hospital in the Albany area between 2002 and 2009 that resulted in her improperly obtaining sick leave for 37 hours, equivalent to approximately \$472 in salary.

The Inspector General referred the findings of the investigation to the Albany County District Attorney for consideration of criminal prosecution and to the Department of Labor for disciplinary action.

Sullivan County Motor Vehicle Clerk Convicted in Misuse of Office Funds

An investigation by the Inspector General found that Angela Preston, a clerk in the Sullivan County Motor Vehicle Office, removed money from her cash drawer which she later repaid, in effect using the drawer as her personal bank from which she "borrowed" funds. In one instance uncovered by the Inspector General, Preston misappropriated \$100, in another \$50. After consultation with the Sullivan County District Attorney, the Inspector General and the Sullivan

INVESTIGATIONS

County Sheriff's Department arrested Preston. She subsequently pleaded guilty in Monticello Village Court to one count of Official Misconduct, received a conditional discharge, and resigned her position.

HOW TO CONTACT

THE OFFICE OF THE STATE INSPECTOR GENERAL

Please file any allegations of corruption, fraud, conflicts of interest or discrimination with the Inspector General by:

- Telephone: 1-800-DO-RIGHT (1-800-367-4448)
- Mail: New York State Inspector General, Empire State Plaza, Agency Building 2, 16th Floor, Albany, New York 12223

- E-mail: inspector.general@ig.state.ny.us

- Inspector General's Web site:

<http://www.ig.state.ny.us/complaints/fileComplaint.html>.