



The City of New York
Department of Investigation

MARK G. PETERS
COMMISSIONER

80 MAIDEN LANE
NEW YORK, NY 10038
212-825-5900

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CONTACT: DIANESTRUZZI
BETSY PISIK
212-825-5931

Remarks of DOI Commissioner Mark G. Peters
CityLaw Breakfast - June 2, 2015, at New York Law School
“Legacy and Reform: DOI’s Role in City Government”

Before I start, I would like to thank New York Law School, Arthur Abbey, Chair of the Law School’s Board of Trustees, Dean Anthony Crowell, and Professor Ross Sandler.

Thank you for inviting me to speak at the CityLaw Breakfast Series. These lectures have become a cornerstone for interesting discussion and insight about government. I am honored to be a part of it.

Dean Crowell, you have advanced the impact and mission of New York’s Law School. Your public service has made you a true friend to this City, to DOI, and to me. Thank you.

Professor Sandler, as Director of the Center for New York City Law, you have created an innovative forum that fosters thoughtful discussion about government and the law. I thank you for all the work you do, especially in furthering integrity in government.

And thanks to each of you who have gotten up so early to hear about corruption in New York City and how DOI’s work as the City’s corruption watchdog attacks this blight that undermines good governance.

As the Commissioner of DOI for the past 16 months, I have seen this agency’s deep impact on City government. And, in that time, I believe we have begun to change the landscape of how we think about and deal with corruption in New York City.

Specifically, DOI’s work compels the City, at all levels, to wrestle with corruption, waste, and fraud in a consistent and real way. DOI’s presence within this City ensures those important issues are a part of the discussion – and on the occasions when they are not DOI presses our way into the discussion – all with the mission to inform City agencies about:

- why integrity and strong corruption prevention tools are integral to the broader work being done,
- to instill powerful internal controls, and, always,
- to uncover and arrest criminal conduct.

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Successfully tackling corruption means it must be talked about, it must be confronted – constantly and openly.

This is especially so because corruption, fraud, and waste have a profound effect beyond criminality, and sap the efficiency and effectiveness of New York City government and how it serves its people.

For example:

- Bribery that co-opts City employees, such as inspectors who take pay-offs rather than check whether business and construction professionals are following the law, has a direct impact on overall building safety;
- the failure to keenly manage large and costly technology and infrastructure projects not only results in individual theft, but leads to waste of public funds and delays in critical safety programs; and
- neglect in an agency's day-to-day functions, results not only, at times, in individual criminal acts but also in the failure of the City to meet the needs of some of its most vulnerable populations, such as inmates, the homeless, and those receiving public assistance.

In all these cases, DOI's role is to expose the facts, arrest the perpetrators where crimes have occurred, and recommend meaningful reforms. Our value within City government – our very existence – demonstrates the wisdom of New Yorkers who more than 140 years ago demanded a strong oversight agency for a City recovering from the self-dealing and criminal government of Boss Tweed.

What they realized, and what we all know to be true today: beyond the sensational headlines, corruption has a real-world impact. It resonates far beyond its crimes, it cuts to the core of a government's ability to do its job and undermines the public's confidence in the City.

That stunning and detrimental result means DOI's approach has to be comprehensive, attacking corruption through systemic investigations that lead to high-impact arrests, preventive internal controls and operational reforms that improve the way the City runs.

DOI employed this three-part strategy in a number of investigations including several I plan to discuss today. For example, this rubric has structured our ongoing investigation of violence and contraband smuggling at Rikers.

So far, it has led to improved screening of Correction employees as they enter Rikers Island, a fact highlighted by several recent arrests that I plan to talk about in just a few moments. Further, our findings continue to inform our active investigation in this area.

Separately, our seat at the table in vetting vendors for Universal Pre-Kindergarten means that safety and integrity are priorities on the front-end, not only after a criminal case has been made.

And, finally, our work to stop construction contractors who receive public funds from committing wage theft, arresting them when they do, and ensuring they return the stolen funds to the workers, has made victims whole, and brought greater integrity – and safety – to the construction industry as a whole.

Our role in each of these cases is a balance of investigator uncovering the crimes and enforcing the laws, with consequential oversight that speaks to DOI's in-depth knowledge of the City and where corruption can undermine its basic functions.

We are both investigator and government reformer.

That role is challenging.

In fact, it would be easier to just make arrests and move on to the next case. Certainly, it would cause fewer bruised feelings within government as a whole. But the ability to investigate, expose corruption, and arrest criminals is a powerful partner to recommending and achieving change in government. Arrests have a way of getting City officials' attention focused on an important issue.

That mission was best described by a graduate of this very school, Raymond Fosdick, whose esteemed career included a stint as a DOI Commissioner in the early 1900s and later as a leader of the Rockefeller Foundation and authority on battling police corruption. He was a reformer and an analyzer of facts – a powerful combination. Those talents were reflected in his focus and work at DOI, where he both conducted significant criminal investigations and issued numerous reports to instill better internal controls and increase government efficiency. His work helped solidify DOI's broad value within government. Fosdick noted the following about DOI in 1910:

“There is probably no other branch of the city government which possesses greater possibility for the support of an efficient administration. ... [This Department] is peculiarly fitted not only to detect official misconduct and incompetency, but to suggest new methods and systems to prevent waste and inefficiency.”

He was right.

Systemically examining City operations and documenting where there are vulnerabilities and problems, suggesting preventive measures, reforming bad practices and procedure must be seen as integral a component of stopping fraud and corruption as arrests.

Collectively, these tactics strike corruption at its core.

Let me emphasize, it is the one-two-three punch of these methods – high-impact arrests, preventive measures, and systemic reforms – that forces change, that makes City officials stand up and realize the damaging effects of corruption, waste, fraud, and malfeasance.

Let me show you how that philosophy looks in several recent DOI investigations. The theme you will see again and again is that our anti-corruption work affects the governing of the City and its impact on the lives of New Yorkers every day:

- A large segment of DOI's work focuses on exposing and stopping conduct that jeopardizes public health and safety. Over this past year, several of our investigations have led to both targeted and systemic approaches to this problem.

Building construction safety has been very much in the news lately, and several recent tragedies, including the Lower East Side gas explosion and the death of the two-year-old hit by a falling cornice have reminded us just how immediate this issue can be.

While it is premature to discuss or draw conclusions about those matters, we recently completed another investigation that highlights the importance integrity plays in construction safety.

Earlier this year, DOI, in partnership with the Manhattan District Attorney's office, investigated a case that led to the indictment of 50 individuals, including senior level employees of the City Buildings Department and inspectors with the City Housing, Preservation and Development agency, who took bribes to overlook building safety violations. This far-reaching investigation began two years ago when a City employee reported a bribe attempt to DOI. We could have closed the case with arrests of several low-level employees and stopped there. But we saw the potential for criminal conduct in the facts we were culling. DOI investigators used their expertise in inspections and labor intensive techniques such as wire taps to establish that a series of bribery-and-kickback schemes were at play – schemes involving Housing inspectors and senior level Buildings employees who took bribes to look the other way at safety risks, including cracked foundations and defective support beams – and as we have seen in recent construction tragedies, safety is undermined when integrity is compromised.

Indeed, this was the classic example of how corruption corrodes the City's ability to exercise its basic function of keeping its citizens safe.

Our work in this important area continues. And it demonstrates the impact of genuinely understanding how the City works and where corrupt individuals and fraud can insinuate themselves; and it shows the value of having a single agency with oversight of everything that touches the City, in this case, seeing the connections between corruption in the inspection process at both DOB and HPD.

- As another example of our three-part approach, more than a dozen DOI investigators continue to work on the effort to vet vendors for the Universal Pre-Kindergarten program, geared at giving every young child in the City a strong educational start. Because of DOI's seat at the table with other relevant agencies, we are able to identify and reject vendors with integrity and safety issues before the program starts. Investigators have worked hundreds of hours to stop bad actors from obtaining City funds or putting our children at risk. The importance of this work on the front-end rather than as an afterthought is protecting our children.
- While the public demands honesty and efficiency in all of government, when government affects those in its custody, such demands from New Yorkers can – and recently have – taken sharp urgency. This has been particularly so on Rikers Island.

Rikers houses an average daily population of 10,000 in 10 jails. DOI investigations, many ongoing, have already demonstrated massive problems of corruption and violence.

Informed by the compelling work DOI has historically done in this area, our investigators brought this to the next level by looking at systemic issues driving these problems.

Through the use of both covert and overt operations, including wire taps, undercover investigators and confidential informants DOI identified serious vulnerabilities including insufficient screening for contraband and incomplete vetting of personnel. Most tellingly, we sent an undercover agent through Rikers screening with 250 decks of heroin, a half-pound of marijuana, a water bottle filled with vodka, 24 strips of an opiate called suboxone, and a razor blade. He passed through, undetected, six of six times.

These deficiencies put the lives of both correction officers and inmates at risk. DOI compiled its findings in two very public reports that have resulted in reforms on Rikers, specifically intensified screening for contraband, including soon the use of drug-sniffing dogs, an effort that is currently underway; and improved recruitment and staff screening measures.

In addition, and simultaneous to these reports, DOI arrested more than a dozen Correction Officers, supervisors and other individuals who work in the jails and have been charged with various illegal conduct, such as contraband smuggling and submitting false reports to cover up inmate assaults.

We did not stop there.

With the assistance of the City Correction Department, we conducted sweeps of jail facilities to find contraband within the jails and worked with correction officials to arrest more than 30 inmates for a variety of crimes including the promotion of contraband.

Corruption at Rikers must be curtailed if the City is to safely run its system of jails.

This investigation by DOI crystallizes the compelling impact of the multi-pronged strategy we use – of employing arrests, public reports, recommendations for better internal controls and reforms.

As a result, there has been change.

DOC is moving forward on purchasing drug-sniffing dogs at jail entry points for staff, an unprecedented addition to its screening. And we know screening has improved. Just two weeks ago, an employee who works for Corizon, the City vendor that provides healthcare in the jails, was stopped during this screening process. On him, Correction Officers found a straight-edged razor, and alerted DOI. This employee did not enter the facility that day and the investigation is ongoing.

The good news: the screening worked. This employee and, more importantly, the razor, was stopped before entering the jail. That likely would not have happened a year ago.

But good news often is lined with challenges.

Here, when we fingerprinted the employee we discovered that this employee, a records clerk, did have a serious criminal record that included a 13-year prison sentence for kidnapping. Corizon's background process failed to pick this up. Further, this is just one of several Corizon employees we have recently arrested and/or sent for discipline. Clearly, this is a sign that more work needs to be done.

And, DOI is on it. We will soon finish our broader review of the issue and provide recommendations for the future.

This investigation demonstrates the benefit of attacking corruption on multiple levels for the greatest impact, including working with agency heads to establish integrity controls that make illegal activity harder to commit and easier to detect.

Preventing corruption, waste, fraud, and abuse on the front-end – whether by weeding out dangerous pre-K providers before they can join the program or strengthening weak screening that facilitates contraband smuggling in our jails – while less visible than arrests, is every bit as important.

These and other long-term investigations result in a broad view of problems and, therefore, more systemic reform.

Let me describe one final investigation that I believe illustrates DOI's comprehensive impact.

In March, DOI released a report on our investigation into the City's Homeless shelter system. That investigation found serious deficiencies in the City's shelters for homeless families with children. The detailed report provided an extraordinary window into conditions at these shelters with recommendations of how to fix the inadequacies we found. DOI inspected 25 shelters for families with children, finding many of their conditions unsafe and unhealthy for the families living there.

We found blocked fire exits. We found exposed heating pipes.

And we found dead rats decaying for days in rooms occupied by children. And for all of this, the City paid three times market rate.

Now, however, working with the Department of Homeless Services, some of the reforms we recommended have already been adopted, including the need to bring vendors under contract so the City has leverage when vendors do not adequately take care of their properties or ignore safety violations.

Last month, another of our recommendations resulted in the Mayor establishing a Shelter Repair Squad, an inter-agency working group that includes the Department of Homeless Shelters and other agencies with oversight of conditions at homeless shelters such as the Departments of Buildings, Health, and Housing, Preservation and Development. DOI will also have an oversight role of the Shelter Repair Squad.

These are the type of large scale systemic reforms that can only come from an agency with trained law enforcement investigators who go out in the field, and with jurisdiction over all the agencies involved: Homeless Services, Buildings, Fire, and others.

These investigations give you an overview of the work DOI does and how we endeavor to efficiently root out corruption as close to the source as possible.

Stopping, penalizing, deterring this type of conduct – and compelling governmental reform -- is why DOI exists.

The benchmark for successfully striking a blow against corruption in New York City is in the tangible results our investigations yield: Better shelter for homeless families; safer jails and construction sites; improved public spending practices; and the return of millions of dollars in stolen public funds.

In my view, that equals success on a real human scale.

Thank you.

Criminal complaints and indictments are accusations. Defendants are presumed innocent until proven guilty.

DOI is one of the oldest law-enforcement agencies in the country and New York City's corruption watchdog. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City. DOI's strategy attacks corruption comprehensively through systemic investigations that lead to high-impact arrests, preventive internal controls and operational reforms that improve the way the City runs.

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