



The City of New York  
Department of Investigation

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**REMARKS OF DOI COMMISSIONER MARK G. PETERS  
MULTI-AGENCY ANNOUNCEMENT REGARDING INVESTIGATION INTO  
FRAUD INVOLVING FUEL OIL DELIVERY**

I want to start by thanking District Attorney Vance and his dedicated team of prosecutors, Police Commissioner Bratton and the New York City Police Department, and Commissioner Dan Brownell and the New York City Business Integrity Commission for their hard work on this two-year investigation. I want to also thank Department of Consumer Affairs Commissioner Julie Menin and DCAS Commissioner Stacey Cumberbatch whose assistance was integral to ensure that moving forward we have strong internal controls Citywide.

And I would like to thank the hard-working DOI team that was on this investigation: Inspectors General Clinton Daggan and Jodi Franzese and Special Investigator Meredith Stroble.

This investigation illustrates the significant impact collaboration and partnership between each of our agencies can have in tackling corruption in our City.

Before discussing DOI's role in this extensive two-year investigation and the steps we'll be taking to further prevent these crimes from occurring – steps outlined at length in the Report we are releasing today, I would like to take a minute to put the true cost of this wide-ranging scheme into perspective.

Based on interviews, recorded conversations and other intelligence, our investigation estimated that at least \$18 million per year was swindled by these unscrupulous vendors, including nearly \$4 million annually from City agencies. That's real money. Money that could have done something for the people of this City. Money that could have funded:

- more affordable housing units,
- additional security at our NYCHA developments,
- or social service programs that would assist vulnerable populations and positively affect the lives of hundreds of thousands of New Yorkers.

In sum, theft from the City targets all of New York and all New Yorkers. Here, a broad spectrum of agencies was affected: fuel was shorted, and money was stolen from homeless shelters, from schools, from firehouses.

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These defendants' charged actions expose a story of contempt for the people of this City, quite literally, laughing their way to the bank.

In fact, in one case, investigators recorded a fuel truck driver mockingly describing how he fooled a building manager into unknowingly shorting his own fuel delivery – by throwing the lever that filled his own tank with air.

DOI worked with our partner agencies, executing search warrants, conducting interviews of witnesses, seizing computers and combing through pages of bank records and e-mails. The investigation is very much ongoing and additional arrests are expected.

At the same time that DOI continues to work the criminal investigation, we are also working with the City to prevent further schemes like this one, establishing protocols to strengthen our internal controls. In coordination with BIC, we have written a detailed report on our investigative findings, which has been issued today and copies are available here and on DOI's and BIC's websites. This Report documents how the schemes flourished and, most importantly, how we plan to stop them in the future.

To that end, we have convened a multi-agency Task Force of officials from more than 20 City agencies, the MTA's New York City Transit Division and the Health and Hospitals Corporation to get at the heart of this problem.

We will be meeting with these agencies this week to lay out the precautionary steps needed in the future.

Among the recommendations being made are:

- a centralized database managed internally by each agency so red flags can be identified and rectified quickly, and vendors can be held fiscally accountable;
- uniform measures and protocols that will track, on a daily basis, fuel amounts, usage and deliveries to keep agencies from the risk of shorting in the future, including the instillation of fuel level gauges at all locations; and
- enhanced training on how to spot a scheme at work for all City workers tasked with receiving these fuel deliveries at agency sites.

A full list of the steps to now be taken by all City agencies is included in the Report.

DOI will continue to monitor the group's progress and ensure that the new policies are being implemented.

This investigation is a testament to the power of collaboration in catching those who seek to undermine the City; it is a testament to the power of collaboration in coming up with innovative solutions to successfully address a problem; it is a testament to the power of collaboration in stopping corruption and fraud.

Indictments are an accusation. 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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