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CITY OF YONKERS
DEPARTMENT OF INSPECTOR GENERAL

REPORT OF THE INSPECTOR GENERAL

TO: Mayor Mike Spano
Dr. Edwin Quezada, Superintendent of Schools
Liam McLaughlin, Council President
Members of the Yonkers City Council
Trustees of the Board of Education
Vincent Spano, City Clerk

FROM: Brendan J. McGrath
Inspector General

DATE: June 14, 2016

RE: Student Transportation – Yonkers Union Car Service

Executive Summary

This report is the result of a coordinated effort initiated by the Yonkers City School District (District) following the discovery of irregularities involving the car service vendor with which District had contracted to transport certain students to schools both in and out of the District. At the suggestion of the District, the Office of the Yonkers Inspector General (IG) undertook an extensive review of school attendance records and invoices submitted by the vendor, Yonkers Union Car Service (aka F & B Car Service). This Office has determined that the vendor had been billing the District for transportation services that never occurred for the period of July 2009 through April 2014.

Upon discovering the extent of the fraudulent billing, the IG recommended that the Yonkers Union Car Service's contract be terminated, which occurred in early July of 2014. The District complied with all other interim recommendations related to the IG's investigation, including the termination of the contract in June of 2014 with a bus company alleged to have committed additional criminal acts.

Based on the perceived criminality involved, the IG contacted the Westchester County District Attorney's Public Integrity Bureau (DA), which resulted in the commencement of a criminal investigation into the car service contract. That investigation ultimately exposed other additional criminal activity involving the head of the District's Transportation Department and the owner of one of the bus companies with which the District contracted for student transportation services. Due to the prolonged nature of the investigations, the IG decided to delay the issuance of this report pending the outcome of the criminal proceedings so as not to disrupt the DA's investigation and resulting dispositions.

In July, 2015, the DA charged Bianca Rodriguez, co-owner of Yonkers Union with multiple counts of tax fraud. In December of 2015 she declined a plea deal and the DA has moved forward on those counts and expects a resolution in the coming months.

The investigation into Yonkers Union led to the discovery of certain financial transactions between Anna Sollozzo and William Ahern, the president and owner of A-Plus Bus Company (A-Plus) and a former supervisor of the District's Transportation Department. In April of 2015, the District Attorney charged Anna Sollozzo with, among other crimes, multiple counts of criminal tax fraud and Receiving Award for Official Misconduct; William Ahern was charged with Rewarding Official Misconduct; and both Sollozzo and Ahern were charged with Grand Larceny. Sollozzo pled guilty to second degree Grand Larceny and third degree Criminal Tax Fraud and was sentenced to two to six years in state prison. William Ahern was indicted and arraigned June of 2016 and charges are pending.

At the outset the IG would like to extend its appreciation to all the agencies taking part in this investigation, particularly the DA's office and the Yonkers Police Department Detective Division, which devoted a significant number of man hours and resources to this matter.

Background

In April of 2014, the Office of the Yonkers Inspector General was made aware of various irregularities related to the Yonkers School District, particularly with regard to the Transportation Department. Some issues dealt with personnel while others dealt with administration of a contract for the transportation of students via a private car service. The IG was contacted by the Counsel for the Board of Education to request assistance in the potential discipline of the then Supervisor of Transportation, Anna Sollozzo¹. Before disciplinary actions were finalized, Ms. Sollozzo offered and the Board of Education accepted her resignation, effective at the end of the 2013/14 school year. Given the criminal aspect of the investigation, the IG had referred the matter to the Yonkers Police (YPD) and the DA, therefore Ms. Sollozzo was never interviewed by the IG.

¹ The original disciplinary action related to falsifying employment records in that Ms. Sollozzo provided a record stating that she had graduated high school when in fact she did not. The position in which she was employed and her prior position at the Board of Education both required a high school diploma or the equivalency thereof.

During the course of the Sollozzo investigation, Pasquale Piccirella, the then Director of Security for the District (and previous Director of Transportation for the District) notified the IG that there were irregularities with the invoices provided by Yonkers Union Car Service (Yonkers Union), the entity with which the District contracted to provide private car service to certain students. In essence, Mr. Piccirella claimed that Yonkers Union was billing the District for trips on days in which the student did not attend school. Mr. Piccirella's initial review consisted of a limited number of students within a specific time period. When the IG became involved, all billing records from Yonkers Union from 2009 through 2014 (the term of the contract) were obtained, reviewed and compared with attendance records for the students. The IG projected that during the life of the contract, Yonkers Union over-billed the City approximately \$150,000 to \$160,000 with over-billings increasing every year of the contract.

Upon completing the billing review, on or about July 3, 2014, the IG recommended that the District terminate the contract with Yonkers Union and withhold any funds for unpaid invoices Yonkers Union until such a time as it could be determined the amount that the District actually owes Yonkers Union, if anything. The District accepted that recommendation and severed ties with Yonkers Union in early July, 2014. The IG's investigation continued with assistance from the Yonkers Police Department, Detective Division and ultimately the Westchester County District Attorney's Office.

Investigation into Yonkers Union Car Service

Bid Process

In May of 2009, Anna Sollozzo (who at that time was the District's Supervisor of Transportation) suggested to her boss, Joseph Bracchitta, then the Chief Administrative Officer of the District, that significant savings could be achieved by the District if the out-of-district vans then being used to transport special education students and homeless students were replaced by taxis. At that point the district was using 44 out-of-district vans for special education transportation. The District was estimated to save nearly \$1.2 million annually by using taxis instead of vans operated by the bus companies transporting the District's other students. We could not locate any documents confirming the estimated savings.

The following November a Request for Proposal (RFP 09-03) was issued by the District looking for "taxi service to and from various schools." Two entities ultimately returned the RFPs; Yonkers Union and Paisano Car Service.

It is important to note that nowhere in the bid specification did the District require the proposed vendors to meet the requirements outlined in the regulations of the New York State Commissioner of Education pertaining to school bus drivers.² This is significant because the

² See, 8 NYCRR 156.3, *et seq.* The Commissioner's regulations define school bus driver as "any person who drives a school bus which is owned, leased or contracted for by a public school district, board of cooperative educational

qualifications of school bus drivers are extensive. For example, all school bus drivers must submit to a physical examination annually.³ The Specifications and Contract for Transportation of Students (Taxi Contract) between the District and contractors stated, “[t]he District *reserves* the right to require that any driver employed by the Contractor report for a physical examination including drug screening by the District’s Health Services Department.” Despite the contractual provision, there is no indication in any files reviewed or any interviews conducted that any of the Yonkers Union drivers ever submitted to a physical examination. It must be pointed out that these drivers were dealing with the most vulnerable student population in the District. Furthermore, the Commissioner’s regulations also require three statements of good moral character in support of the bus driver applicant, a requirement conspicuously absent from the Taxi Contract. Again, these drivers were dealing with children of all ages, most of whom were either designated as special education or were homeless. One would think that the requirements for drivers of this particular student population should be scrutinized more strictly, not less.

The bid specifications required the prospective contractors to provide the District with a list of current drivers and vehicles in their fleet, as well as the appropriate licenses and registrations. This information was provided as part of the RFP response in November of 2009, but Yonkers Union never provided an update to the driver list or any of the other information, so in 2014 there was virtually no way of determining who was driving these students to their out of district destinations. More troubling was the fact that the District was to be provided with proof of insurance by the contractors prior to undertaking the contract. A review of the contract file reveals that no such proof was ever provided. These after-the-fact issues are telling of the quid pro quo nature of the agreement and how a lack of oversight allowed the Contract to spiral out of control over five years. There was also a question as to whether the drivers being used by Yonkers Union were actually employees – as required by the terms of the bid specifications – or independent contractors. As discussed below, it was clear that they were not employees.

Initial Contract

The Board of Trustees of the District voted to approve the taxi contracts on January 20, 2010.⁴ The Board awarded the contract to 2 firms; Yonkers Union and Paisano Car Service. The initial contract was for the remainder of the 2009-10 school year in the amount of \$100,000 and the 2010-11 and 2011-12 school years in the amount of \$200,000 for each of the two full years. The contract was split 80% (Yonkers Union) 20% (Paisano). Paisano received a lower contract despite its bid proposal that charged less per trips for virtually every route sought by the District.⁵ In the end Paisano did not render services to the District pursuant to the Contract. It is

services or nonpublic school for the purpose of transporting pupils.” The regulations identify various exceptions, none of which would seem to include taxi drivers or their equivalent.

³ See, 8 NYCRR 156.3(b)(3)(ii).

⁴ See, Board Report No. 10-1-261.

⁵ The only route that Yonkers Union outbid Paisano was a Long Island route, which, based on our investigation, was never used. For the Yonkers route, which was the most utilized, Yonkers Union’s proposal was twice as much (\$36.00 round trip) as Paisano (\$18.00 round trip).

not clear whether Paisano's could not perform the work or simply became disillusioned following the contract awards.

There were a number of contract provisions that Yonkers Union failed to comply with, yet it was still permitted to undertake performance in January 2010. As previously mentioned, certificates of insurance were required for coverage as follows: general liability and automobile liability in the amount of \$1,000,000 (combined); Workers Compensation at the NYS statutory limit and Disability Benefits at the NYS statutory limits. A review of the contract file revealed that no proof of insurance had ever been provided to the District. There is also no indication that the District ever compelled Yonkers Union to provide such proof of coverage. Moreover, this office is in possession of documents from the Independent Drivers Livery Fund dated December 15, 2009 and signed by Favio Cedeno, as president of Yonkers Union, stating that Yonkers Union did not have Workers Compensation insurance. In fact, the application to the Independent Drivers Livery Fund indicates that the drivers of Yonkers Union were independent contractors and not employees as the Contract contemplated.⁶

Another provision of the Contract stated that costs are to be computed per car per trip and that the taxi service will be for 1-3 students per trip. As will be shown below, Yonkers Union would always charge each student separately when they were being transported to the same educational facility. Furthermore, the trips were billed almost exclusively as round trips, meaning if the student did not get in the car in the morning, the district would be billed for the round trip even though the student was not at the facility on the given day.

Contract Extensions/Increases

Once a transportation contract was bid through a statutory process, the District would extend those contracts by annually filing a form known as the Extension of Contract for Pupil Transportation (Form CE) with the New York State Education Department (SED). These forms would identify the anticipated annual cost of the particular contract. Form CE was required to be filed for all bus routes and for the contract with Yonkers Union.

As stated above, the initial taxi contract called for an expenditure of \$100,000 in the 2009-10 school year (\$80,000 to Yonkers Union and \$20,000 to Paisano Car Service) and \$200,000 for each of the subsequent two years of the contract (\$160,000 annually to Yonkers Union and \$40,000 annually to Paisano). In June of 2010, the Yonkers Union contract was increased by resolution in the amount of \$35,000 for a total of \$115,000 for the 2009-10 school year. In total, the District spent \$124,692 on Yonkers Union in 2009-10.⁷ In the 2010-11 school year the District spent \$214,048. There is no indication how the contract for Yonkers Union increased

⁶ Section 10(C) of the Taxi Contract clearly states that the contractor (Yonkers Union) "may not engage subcontractors, hire others to perform all or part of this agreement or otherwise delegate his obligation to perform under the contract without the previous consent in Writing of the District and/or its representatives.

⁷ Generally, the District resolutions dealing with transportation funding would allow for a 10% modification in the expenditures, so the \$124,692 expended in 2009-10 was within the authorized limits.

prior to the 2010-11 school year but a resolution dated July 20, 2011, increased the 2010-11 contract from \$189,580 to \$254,580 (\$65,000). These resolutions increasing funding to Yonkers Union were part of a reshuffling of transportation funds depending on actual transportation costs during the course of the year. In 2011-12 the District spent \$292,525 on Yonkers Union despite having filed a Form CE anticipating costs of \$839,040. What is confusing about the 2011-12 expenditures for Yonkers Union is that an August 22, 2012 resolution of the Board of Trustees increased their funding from \$298,538 to \$323,338 (\$24,800) for the 2011-12 school year.

Shockingly, in the 2012-13 school year the District spent \$693,615 on Yonkers Union, more than doubling the prior year's expenditure. The Form CE filed by the District to the SED on September 4, 2012 showed a total anticipated cost of \$208,538 for the entire school year. We could find no resolution authorizing an increase in the contract amount for Yonkers Union in the 2012-13 school year. The individual responsible for preparing those resolutions stated that no such resolution had been presented to the Board for consideration in the 2012-13 school year. In discussing the matter with the individual overseeing the District's accounts payable department during the 2012-13 school year, Desmond Barnett, no explanation was offered. In September 2012, an email was sent by Mr. Barnett to Anna Sollozzo and Joseph Bracchitta stating that a problem with the financial system (Oracle) prevented any modification of a purchase order and that invoices would have to be paid by claim as opposed to a purchase order. Mr. Barnett stated that he would need authorization to make payments on any claim that exceeded the contract amount. He could not provide any authorization for the payments above the \$208,538 stated in the Form CE. It appears that the problem with the financial accounting system opened the door for unauthorized increases in the Yonkers Union contract. As outlined below, the whole process related to Yonkers Union was a breeding ground for corruption and theft.

Student Selection for taxis

Initially, students were selected for the taxis on the basis of cost savings. Where one to three students could be transported by taxi in lieu of a bus/van, those students were moved into taxis. When the taxis began transporting in 2009, 68 students were part of that initiative. In 2009/10 most of the students were transported from outside of the District to District schools, indicating that they were homeless students from Yonkers now residing out of the District for a variety of reasons.

In the ensuing years of the Contract, more special education students were placed in the taxis. Students with an Individualized Educational Program (IEP) requiring transportation to a school located outside of the District became part of an increasing number of students being transported by taxi. In the 2010-11 and 2011-12 school years, the District placed 42 and 48 students into taxis respectively. In the last two years of the Contract 2012-13 and 2013-14, the number of

students nearly doubled to 81 and 90 respectively.⁸ Students were added and deleted from bus routes throughout the year so the numbers reported were an aggregate over the entire school year.

As part of the investigation, the IG reviewed the IEP Information Summary documents to determine if each student was indeed authorized to receive special transportation. We found that while most students receiving taxi service were authorized to do so either through the IEP or based on the fact that they were homeless, there were certain students that were given taxi service despite there being no authorization. One such case involved the children of the co-owner of Yonkers Union. Her two children were transported by taxi to Cardinal Hayes High School in the Bronx for approximately 5 months at the expense of the District. Based on interviews with the special education staff at the District and the review of pertinent documentation, no plausible explanation was given. More troubling was the fact that Cardinal Hayes was not a school that provided special education services to the District. This office could find no documentation authorizing attendance at Cardinal Hayes for these two students. It was ultimately Anna Sollozzo that placed students in the taxis, and based on the criminal nature of the investigation, the IG deferred her interview to the YPD and the DA. It is clear from the interviews of all other Transportation Department employees that Ms. Sollozzo was the only person who added or deleted students from the taxi service.

Transportation Department Function

Transportation is provided to students who attend a school within Yonkers and reside one and a half (1.5) miles or more from the school they attend. As noted above, special education students generally receive transportation as specified in their IEP. Homeless students are also transported pursuant to the McKinney-Vento Homeless Education Assistance Act.⁹ The number of homeless students transported by the District has varied from year to year.

According to the 2014-15 adopted budget the Transportation Department consisted of 11 full time employees, including a supervisor, 4 dispatchers, 5 clerks and one account clerk. It should be noted that for the entire period investigated (2009-2014) the position of Transportation Director was vacant. During this period, the Transportation Supervisor, Anna Sollozzo was the de facto head of the Department, reporting directly to the Chief Administrative Officer, who during that period of time was Joseph Bracchitta.

The IG interviewed the entire transportation staff to understand the Department's function and get a better understanding of how they operated on a daily basis. It was the dispatchers' responsibility to assign children to school buses, to route the school buses to the various schools

⁸ In 2013-14, the number of students only included billings through January so that number represented about half the school year.

⁹ McKinney-Vento is a Federal law that protects students experiencing temporary loss of permanent housing. Grant funds are provided through the federal government based on State grant matches. The City of Yonkers only utilized McKinney-Vento funds through 2012.

and maintain those routes during the school year, i.e. assist parents, schools and bus companies with issues and concerns.

The Transportation Department administered the car service differently than the bus service, which we believe played a big part in opening the door to abuse. District dispatchers had no regular contact with Yonkers Union. Parents were given the number to the Yonkers Union office or to the individual drivers themselves. This practice ensured that the District dispatchers would never become involved with the car service the way they would with the bus routes. The dispatchers would not get a call if the car was going to be late. In addition, they would not get a call if a child was not going to school on a given day, and as we found out, this was one reason that Yonkers Union was able to overbill the District with impunity.

Verification of the invoices presented by Yonkers Union was also performed differently than bus contract invoices. Billing verification took the form of merely ensuring that Yonkers Union only billed for the rides that they themselves submitted. There was no confirmation from a District source that the invoices submitted were accurate. For instance, on bus routes, the monitors would sign in at the school in which the students were delivered ensuring that each route was completed. Clearly, it would be more difficult, if not impossible, to overbill for a bus route in which 30 students were being transported within the District. However, where one or two students were being transported to a school where no acknowledgement of their arrival was documented, such overbilling practices were not only possible but tacitly encouraged.

All students were placed in a car/taxi by Anna Sollozzo, the billing was monitored by Clara Espinosa (Clerk II) and there was, apparently, no written criteria for those students being provided taxi service, as opposed to a school van. Based on interviews, it was stated that if a van was transporting one or two students those students would be moved to the car service.

Invoices

Yonkers Union would submit invoices (bills for services rendered) at sporadic intervals. Testimony of Clara Espinosa, the clerk in charge of receiving the invoices stated that this was a chronic problem. She would regularly receive invoices every 3 or 4 months. In 2013, she received six months of invoices in December ranging from July to December of 2013, totaling nearly \$300,000.00.¹⁰ In comparison, the bus companies were paid on a bi-weekly basis with invoices being submitted at regular weekly intervals. Receiving car service invoices in this way made it difficult for the one clerk to do any more than determine if the trips were verified by the driver sign in sheets and Bianca Rodriguez, co-owner and Vice President of Yonkers Union, upon submission. Ms. Espinosa stated that she was not given any direction to verify or even spot check whether the trips were valid. She could verify that the student was scheduled to be transported by Yonkers Union but could not determine whether the student was actually

¹⁰ These were the last invoices for which the District made payment to Yonkers Union; in February 2014. At that point in time this Office advised the District to cease further payments.

transported on a given day. Based on the fact that the contract stated that the District was required to pay only for trips actually completed by Yonkers Union, it should have been a regular practice to determine if those students were actually attending school on a daily basis.

Ride Sheets

Invoices were accompanied by “ride sheets” which were weekly forms produced by Yonkers Union to indicate that a student was picked up in the AM and returned home in the PM. For each day of the week, the student’s parent/guardian would have to sign when the student entered the car in the morning, then the driver would have to sign indicating that he/she completed the morning run. The parent/guardian would then have to sign when the child was dropped off in the afternoon and then the driver would again sign indicating that the afternoon run was completed.

We reviewed the ride sheets for every year of the contract, 2009-10 through 2013-14 and found many inconsistencies, apparent forgeries and other anomalies. One of the major problems from the outset was that the parents or guardians themselves were often not signing the ride sheets. They were being signed (or often initialed) by the students themselves (and in some instances apparently being forged by the driver or someone at Yonkers Union’s offices. Based on our selected interviews with parents and guardians of the students being transported by Yonkers Union, some stated that they never saw a ride sheet while others stated that they were presented with ride sheets at the end of the week and instructed to sign regardless of whether the student was actually transported to school on a particular day. There were many instances where the parent or guardian was given the phone number of Yonkers Union or the taxi driver directly. Parents or guardians would call Yonkers Union or the driver when they knew in advance that the student would not be attending school on a given day.

As previously mentioned, the District clerk responsible for reviewing the invoices and checking them against the ride sheets for verification was only looking to see if there was a signature in each of the spaces on the ride sheet. She had no way of verifying whether the signature was that of the parent or guardian and certainly no way of authenticating the signature. None of the attendance information on the ride sheets was ever manually entered into any system within the District

Student Attendance/Lack of Attendance Records

When the District alerted our office to suspected improprieties with respect to Yonkers Union in April of 2014, it was based on a review of students who were attending both Yonkers schools and out of district schools and being transported by Yonkers Union. By cross-checking the available attendance records against the ride sheets, it was determined that Yonkers Union was over-billing the District. That initial review consisted of the 2103-14 school year and included students attending Yonkers Public Schools as well as students attending out of district schools. We soon learned that the attendance for students attending out-of-district schools (pursuant to IEPs) was not so easily accessible. One would think that the attendance for students

who were assigned to an out-of-district school would be monitored by the District just as closely as those attending in district. Unfortunately, that was not the case. For example, in school year 2012-13, 81 students utilized the taxi service through Yonkers Union and of those students 50 were attending out of district schools. With the assistance of the District's special education department, we were able to collect attendance for most of the out of district students.¹¹ The out of district trips were more expensive, costing as much as \$85 one way.

It became clear that as the Yonkers Union contract progressed, more and more inconsistencies were occurring. In 2009-10 there were a total of 68 students being transported by Yonkers Union at one point or another. Our review uncovered 159 student absences totaling \$8,055. Initially the District calculated the overbilling as one trip, assuming that Yonkers Union was to be paid on occasions when its driver showed in the morning but the student was sick or otherwise not attending school that day. They believed that on the PM trip was subject to overbilling. However, upon reviewing the contract, the trip was only to be billed if the student was actually transported to school.¹² So the initial calculation of \$8,055 was in actuality as much as \$16,000.

Each year of the contract brought more student absences and overbillings. In 2010-11 there were 42 students, 26 less than the previous year and a total of 267 absences. Overbillings for that year were estimated at \$8,499 only taking into account the afternoon or PM trips. In 2011-12 there were 48 students transported who accumulated 334 absences resulting in overbillings of approximately \$11,462. In 2012-13, the year the contract expense exploded to \$693,615, Yonkers Union transported 81 students who were absent 563 days. Overbillings for that year were calculated at \$23,144, which would likely be doubled based on round trips. Finally, in 2013-14, the last year of the contract, which only included billings through April of 2014, there were 90 students transported accumulating 617 absences. The overbilling for that year, including roundtrips, was \$33,002. Based on the foregoing, the District was bilked out of approximately \$150,000 to \$160,000 for the period of school year 2009-10 through April of 2014.

The troubling aspects of the investigation center on a complete lack of oversight and a failure to implement the most basic accounting of District resources within the transportation department. We find it incredible that the clerk who was assigned the task of reviewing and monitoring the invoices from Yonkers Union would never even spot check attendance records to verify if this relatively unknown company, who was providing a new service to the District for

¹¹ In one instance, we contacted Rye Lake BOCES, where a number of students attended and we were informed that daily attendance was not kept. We informed the District's Assistant Superintendent of Special Education and Pupil Support Services that such failure to keep daily attendance was unacceptable not only for our purpose of determining when or whether these students were actually transported, but more importantly to ensure the students safety and well-being. This resulted in an amendment to the contracts that the District enters into with out of district schools to require daily attendance reports sent back to the District on a weekly basis.

¹² Presumably, this is the reason that Yonkers Union and their drivers preferred to be contacted directly by the parents or guardians so as to avoid an unnecessary trip and in most cases bill for it anyway.

the first time, was in compliance with the contract. The fact that this clerk did not even have access to the District's attendance records is deplorable. In reviewing five years of ride sheets we found only a handful of sheets whereby the driver indicated that the student was not going to school on a given day. Over five years there were more than ten thousand ride sheets and it never once occurred to the District that Yonkers Union virtually never reported an absence.

The fact that no one was monitoring the attendance of the out of district students is unnerving. The vendor was permitted to submit invoices in bulk, 3 or 4 months at a time. All of this made for a breeding ground of corruption. Once Yonkers Union realized that they would not be questioned about whether students were actually transported, they never reported an absence. Why would they? They were getting paid. There were actually drivers who were told to leave the absences blank on the ride sheet, yet when they arrived at the District as backup to the invoices, those blanks were forged with parent/guardian signatures.

Yonkers Union not only defrauded the District by charging for days when students did not go to school, it also charged the District for multiple students attending the same out of district school. Pursuant to the contract, taxi service would be for 1-3 students per trip. For example, 3 students were attending the Summit School in Upper Nyack and pursuant to the contract the price per trip was \$65. The District was receiving invoices and paying Yonkers Union \$65 for each student or \$195 per trip (\$390 per day). On a few occasions, we found that Yonkers Union billed the District for the transportation of a student who was not even enrolled in the school.

Yonkers Police and the Westchester District Attorney Join the Investigation

Upon determining that there was some degree of criminality, we advised the District to terminate the relationship with Yonkers Union and we notified the Yonkers Police Department, who joined in the investigation. The YPD Detective Unit expended tremendous resources in interviewing parents of students, the drivers of Yonkers Union, and the owners of Yonkers Union, among many other potential witnesses. The IG and YPD jointly contacted the Westchester County District Attorney's Public Integrity Unit and a joint investigation was commenced. The IG shared all the information we had collected and the agencies worked together to obtain additional information and evidence that would not normally have been a part of the IG's investigation.

Investigation Unveils Corrupt Scheme Involving Bus Contracts

During the course of the investigation it had been suspected that Anna Sollozzo was receiving some type of financial benefit from Yonkers Union based on the blatant overbilling and the blind eye that the District had turned to it. This led the DA to subpoena Sollozzo's bank records. No direct link from Yonkers Union to Sollozzo was discovered, however, the DA did notice certain banking activity that was suspicious. The DA discovered that from September of 2012 through February of 2014, Sollozzo received over \$100,000 in cash from William Ahern,

the owner of A Plus Bus Company.¹³ With the assistance of YPD we gathered information related to the bus routes contracted for by A Plus. YPD conducted interviews of Ahern, Sollozzo and other parties to the investigation. It is worth noting again the amount of resources expended by the YPD detective unit because without their hard work this case may have languished.

The scheme that Sollozzo and Ahern concocted was to create phantom bus routes that would be assigned to A Plus. These routes were considered “activity buses,” which are essentially stand-by buses used to transport the District’s students to various athletic events and other extra-curricular activities. The particular routes assigned to A Plus were for the Nepperhan Community Center in conjunction with a “21st Century Community Learning Centers” grant program. The program did actually exist and students were transported to and from the program. However, based on interviews with the Nepperhan Community Center staff responsible for administering the grant, A Plus rarely, if ever transported the students. From the period of September 2012 through April of 2014, it is estimated that A Plus received \$280,000 based on the fraudulent routes.

With respect to the investigation of Yonkers Union, the DA has presently declined to prosecute based on the theory of grand larceny. They have charged Bianca Rodriguez, co-president of Yonkers Union, with three counts of criminal tax fraud and four counts of offering a false instrument for filing. In December 2015, she declined a plea deal and the matter is proceeding in Westchester County Court.

Anna Sollozzo pleaded guilty to Grand Larceny in the Second Degree, a class “C” Felony and Criminal Tax Fraud in the Third Degree, a class “D” Felony. On June 1, 2016, In Westchester County Court she was sentenced to two to six years in state prison. The judge signed an Order of Restitution for the City of Yonkers in the amount of \$280,000, which will be sought from Sollozzo’s co-defendant and owner of A Plus, William Ahern.

Ahern is currently facing charges of Grand Larceny in the Second Degree, a class “C” Felony and Rewarding Official Misconduct in the Second Degree, a class “E” Felony. That case is pending in Westchester County Court.

Conclusions and Recommendations

Throughout our investigation, we discovered a transportation department in disarray, void of leadership and unwilling or unable to perform the functions necessary to adequately safeguard District funds and the students entrusted to their care. Clearly, a lack of oversight allowed certain individuals to obtain positions they were unqualified to hold and once in those positions, they took advantage of a system that was susceptible to corruption.

¹³ Ahern also happened to be the former Director of Transportation for the Yonkers School District in the late 1990’s through the early 2000’s.

Initially, we found the bidding process for the car service contract to be woefully administered. Important documents were never filed with the bids that may have signaled problems with the potential vendors. It appears that the Transportation supervisor had inordinate influence in the selection process and once the vendor was chosen, that supervisor kept close tabs on the on the bills and assigned a clerk to process invoices. That clerk had no instruction to verify – even on a spot-check basis – whether the rides for which the district was being billed actually occurred.

Once Yonkers Union figured out that there was no verification of the students' attendance, there were virtually no invoices indicating an absence. Over a five year period there may have been a handful of absences reported on the invoices. This should have been a signal to the district as well.

The Transportation Department is responsible for an annual budget ranging from \$35 to \$40 million to transport thousands of students in and out of the district on a daily basis. One of the more troubling aspects of our investigation centered on allowing students in a vulnerable population (special education) to be transported by drivers that were never vetted by the District. We are fortunate that this report does not have to deal with any allegations of abuse or neglect of these students. Had the practice continued, one never knows. As a correlation to that issue, it is apparent that no one was keeping track of these students. A failure of communication between departments within the district was a key component of the scheme to defraud the district. A failure to track attendance of students attending schools out of the district also contributed to the problem.

No one, from central office administration down questioned the practice and policies of using a car service. Based on other reports issued by this office such lack of oversight was common. To be clear, these issues were taking place under a prior administration and today we notice more accountability and a willingness to work on improving those practices that fostered inefficiencies and often led to corruptive behavior.

Many of our recommendations have already been adopted. We noted that the contract with Yonkers Union was terminated immediately upon the discovery of the abusive overbilling practices. Furthermore, we recommended that the district stop using a car service to transport students. While the plan was to save money by using a car service, too many other factors imposed a risk, most notably the safety of the students. Today, the district is using bus vendors, who have been providing transportation services for years to transport students previously transported by car service.

When a child is placed out of district based on an IEP, the receiving school or institution was not required to provide attendance records to the district. This failure prevented our office from obtaining important information in a timely manner. In some instances, we never received attendance records. This is shocking at a number of levels not the least of which is the exorbitant

cost of educating a student out of district. We discussed this issue with the Assistant Superintendent in charge of Special Education and it was agreed that language would be added to the contract between the District and the receiving school or institution to ensure that the District would receive attendance records at regular and timely intervals.

Communication by and between the different departments within the District was also a major problem that led to the abuse of the system. It was this failure of communication that allowed the owner of Yonkers Union to have her own children driven to and from private schools for a five month period by vehicles she owned while billing the district. We have discussed this issue with the Transportation Department and they are in the process of establishing a protocol to improve communications.

We also discovered that high ranking employees in the Transportation Department had either previously worked for bus companies under contract with the District or had relatives working for those companies. We do not believe that all such relationships are inherently conflicted, however, they do pose questions of favoritism along with a potential for corruption. To address this issue, we recommend that all employees of the District's Transportation Department file financial disclosure forms. Perhaps a more comprehensive review of the financial disclosure requirements is appropriate but for the purposes of this report we find it important to include these individuals who, on an annual basis, are responsible for the assignment of millions of dollars of District work.

Currently, all bus contracts are extended year to year pursuant to New York State Education Law and regulations. Many of these contracts have been extended over a period of ten years or more. This means that the companies themselves have not been re-vetted or investigated with respect to their fitness to do business with the District. While it would be ideal to have those contracts rebid, at a minimum it is recommended that a procedure akin to the vendor background questionnaire be completed and a review conducted at least once every two years. This will allow the District to determine if the vendor has outstanding judgments against it, whether they are in compliance with current Labor and Workers Compensation laws and the like. At a minimum, such a review can determine a change in corporate structure or ownership.

Finally, it is recommended that the district implement a contract compliance monitoring function. In most cases this function is performed within a department by an employee familiar with the contract's terms and the vendors performing the services. Given our recent reviews, we feel strongly that, as it relates to the Transportation Department, such function should be performed by someone not required to deal with the vendors on a day to day basis. The potential for conflict may be minimal but we have found that on a case by case basis, determinations may vary. This was evidenced last year when the prior Transportation Director determined that one of the six bus vendors was not required to file a performance bond which was clearly a requirement of the contract.