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**Edward F. Stancik**  
Special Commissioner

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**Corruption Scandal in Community School District 29**

Special Commissioner of Investigation Edward F. Stancik, today released *Hijacked On The Technology Superhighway: The Fleecing of District 29*, which details a three-year multimillion dollar scheme to rig bids for the district's lucrative computer contracts by Celestine Miller – the former superintendent, Thomas Kontogiannis – the landlord of the building in which District 29 is housed, Ray Shain – an attorney who simultaneously worked for the landlord, for the District, and for Business Innovative Technology (BIT) the company that won the computer projects, and Kinson Tso – owner of BIT.

In the report released simultaneously with an announcement by Queens District Attorney Richard Brown, Commissioner Stancik describes how the scheme was hatched in 1996 when Miller “hired” Shain as an “unpaid” consultant on a project purportedly aimed at bringing computers to every school in the district. The real motive, however, was personal gain. Ignoring the required standard operating procedures and using phony bids, Miller and Shain guided the inflated \$1.2 million contract to Tso and BIT. In turn, Tso kicked back some of the profits to Shain and Kontogiannis who then gave Miller a share – cash in a paper bag.

According to the report, the conspirators successfully repeated their scam in 1997, upping the project to \$2.2 million and, once more, sharing the proceeds. However, when they tried to repeat the process for a third time in 1998, the Board of Education's Office of Purchasing Management (OPM) became involved and advertised for bids. A real bidder, Web Wide World (WWW), submitted the lowest price quote, but was disqualified for failing to meet a financial technicality. Once again, BIT obtained the contract, this time for \$2.9 million, and the profits continued to flow from Tso to Shain, Kontogiannis, and Miller. But WWW employees, suspicious of Shain's knowledge and behavior, complained to Commissioner Stancik's office which launched an investigation. He referred his findings to the office of the Queens District Attorney.

† **MORE** †

The Commissioner criticizes OPM for failing to keep a tight reign on the computer project and, instead, deferring to Miller and Shain. As he points out, officials never questioned the price paid to BIT or scrutinized the quality of the work. In fact, shortly after installation, it became clear that the end product was substandard. The equipment began to break and the promised maintenance by BIT has been poor to non-existent. Many computers remain idle while frustrated educators wait for repairmen who fail to show.

Over the course of the three-year scam, Superintendent Miller received payoffs in the form of cash, credit card payments, and political contributions. In connection with a failed campaign for the congressional seat vacated by the Reverend Floyd Flake, Miller amassed funds not only from Tso, but also from District 29 employees who owed their jobs to her. Commissioner Stancik has referred evidence concerning her campaign financing to the United States Attorney's Office for the Eastern District of New York and the New York City Conflicts of Interest Board.

Moreover, investigators from the Special Commissioner's office uncovered suspicious real estate deals involving the former superintendent, Kontogiannis, Shain, and others. This conduct is still under investigation.

In addition to recommending that action be taken to keep those charged today out of the school system, Commissioner Stancik suggested that OPM employees must become watchdogs and immediately report suspicious behavior or documents which tend to indicate misconduct. He also urged officials to spend the public Board of Education funds as carefully as they would their own. Moreover, he encouraged the Board's Division of School Facilities to review the lease arrangement for the district office.