

November 17, 2008

Hon. Joel I. Klein
Chancellor
New York City Public Schools
Department of Education
52 Chambers Street, Room 314
New York, NY 10007

Re: Darla Picozzi
Chante Johnson
SCI Case #2007-1451

Dear Chancellor Klein:

An investigation conducted by this office has substantiated that Darla Picozzi, a school aide assigned to the Second Opportunity Schools (“SOS”) program in Brooklyn, misappropriated more than \$27,500 in Department of Education (“DOE”) Small Imprest Payment Process (“SIPP”) funds by submitting false and unauthorized expense reimbursement claims between November 2005 and January 2007, while she was assigned to an SOS site at 271 Melrose Avenue.¹

This investigation began in April 2007, when High School Suspension Centers Principal Brenda Hollomon faxed a letter to the Office of the Special Commissioner of Investigation (“SCI”) reporting financial irregularities by Picozzi.² Hollomon said that Picozzi, who was responsible for generating payment for orders she placed on behalf of the SOS program, had received a large number of reimbursement payments. Hollomon estimated that Picozzi had been paid over \$10,000 in SIPP funds from July 2006 to January 2007.

SCI investigators interviewed Principal Hollomon who explained that she recently had become the principal of the SOS programs, after the former principal, Percy Thorne, retired. Hollomon said that she immediately transferred Picozzi from the Melrose Avenue site to Hollomon’s building at 631 Belmont Avenue because she felt that Picozzi was too powerful at the Melrose Avenue location. Hollomon added that she directed her

¹ Picozzi was not reassigned as a result of this investigation.

² The High School Suspension Centers include the SOS and the Office of Suspension Centers programs.

Assistant Principal (“AP”) of Organization Mairria Barry to conduct an audit of the SOS budget and expenditures.

Hollomon learned from Barry that Picozzi had received an unusual amount of reimbursements from SIPP purchases. Hollomon then directed Barry to prepare a spreadsheet of SIPP purchases for the 2006-2007 school year.³ Hollomon said that she was not comfortable with the amount of money reimbursed to Picozzi and requested documentation for the expenditures from SOS AP Brian Mayer who supervised Picozzi. Hollomon explained that, shortly thereafter, Mayer went out on long-term sick leave and did not respond to Hollomon’s request. Hollomon added that she had not approached Picozzi for the documentation. According to Hollomon, she did not know who authorized the reimbursements for Picozzi, but Budget Manager Tony Baranello could assist with the authorization codes.

SCI investigators interviewed Baranello who identified Mayer as the person who authorized the SIPP reimbursements for Picozzi.

SCI investigators met with AP Barry who confirmed that Principal Hollomon directed her to audit the SOS program finances. Barry spoke with both Mayer and Picozzi in order to obtain all of the records. Barry explained that Mayer instructed Picozzi to provide the SOS finance records, but Picozzi did not comply. Barry added that Mayer had gone on long-term sick leave and Barry had no further contact with him. Barry continued that she sent e-mail messages to Picozzi requesting the records. In response, Picozzi told Barry that Picozzi had brought all the records to the Belmont Avenue SOS office. Barry said that she prepared a spreadsheet from the SOS financial records in Galaxy and e-mailed it to Picozzi.⁴ Barry informed investigators that Picozzi never provided the requested documentation.

SCI investigators conducted the first of two interviews with AP Mayer who was on long-term sick leave for what he described as a “serious illness.” Mayer said that Picozzi sat directly across from him in the Melrose Street SOS office. Mayer added that, after Principal Thorne retired, AP Barry and School Aide Sasha Rincon came to Mayer’s office to review financial documents including Galaxy and SIPP records for the SOS program. Mayer informed investigators that he instructed Picozzi to assist them, but shortly after the meeting, he became seriously ill.

Investigators informed Mayer that a sampling of Picozzi’s SIPP reimbursements revealed that Mayer’s code was used as authorization. Mayer asserted that he neither

³ SCI was provided with a copy of the spreadsheet.

⁴ Galaxy is a financial program to fund various programs, personnel positions, per diem work, and per session hours. A copy of the spreadsheet was provided to SCI.

gave his code to Picozzi nor authorized her to use his SIPP/FAMIS authorization code.⁵ Mayer continued that, at his desk, he maintained a notebook with all his computer codes. Mayer reported that, since he had been on sick leave, he had spoken to Picozzi once to see whether Picozzi had provided Barry with the requested documents. Picozzi told Mayer that AP Barry had the boxes containing all the documents in Barry's office.

On June 2, 2007, the assigned investigator received an e-mail message from Barry with an attached spreadsheet containing more of Picozzi's SIPP reimbursement payments. The investigator amended the original spreadsheet to include these items which totaled \$19,680.72 for the period from July 12, 2006 to January 17, 2007.

In the first of two interviews with investigators from this office, held on July 26, 2007, Darla Picozzi confirmed that she was a school aide assigned to District 79 and had worked at the Melrose Avenue site in Brooklyn until Principal Thorne retired in January or February 2007. Shortly after that, she was sent to the Belmont Avenue site, also in Brooklyn, by newly assigned Principal Hollomon. Picozzi said that, at the Melrose location, she was responsible for pupil accounting and purchasing. Picozzi added that, at Melrose Avenue, Thorne assigned her to enter information into FAMIS for purchasing, to prepare purchase orders for contracted vendors, to obtain bids from non-contracted vendors, and to prepare and enter SIPP forms. Picozzi said that she also maintained and entered information into ATS.⁶ Upon her transfer to Belmont Avenue, Hollomon removed her from purchasing duties and she continued to perform pupil accounting.

Picozzi continued that, after Thorne retired, AP Barry came to Melrose Avenue and reviewed the purchasing records which Picozzi maintained. Picozzi acknowledged that Barry directed her to pack up the 2006-2007 purchasing records and transport them to Belmont Avenue. Picozzi claimed that the records were packed into four boxes and forwarded to Belmont Avenue where Picozzi believed they were in either Hollomon's office or Barry's office.

According to Picozzi, her SIPP reimbursement submissions were for expenditures which she made for her assignment. Picozzi claimed that she and Attendance Teacher Cynthia Atsaves were required to visit various District 79 school sites using their private vehicles. Picozzi added that she and Atsaves were reimbursed for that expense as well as for purchasing food and beverages for various meetings, such as attendance meetings. Picozzi asserted that she and Atsaves would combine their receipts and submit one request for reimbursement. Picozzi said that School Aide Chante Johnson occasionally accompanied Picozzi on various assignments and Picozzi would submit one SIPP request

⁵ FAMIS is an acronym for Financial Accounting Management Information System. FAMIS is the "automated financial system designed to link all financial accounting transactions from budget initiation to procurement and payment of final invoices." See "Using FAMIS for Purchasing and Payments" manual, page 11.

⁶ ATS is an acronym for "Automate The Schools," a computer program which tracks student attendance.

for their expenses. Picozzi told investigators that she would receive the SIPP reimbursement check and then pay what was owed to Atsaves or Johnson.

Picozzi continued that she submitted the SIPP form and receipts to either Thorne or Mayer for approval. Picozzi said that she entered the required information into FAMIS for SIPP and Thorne or Mayer would authorize the payments. Picozzi maintained that she did not have Thorne or Mayer's authorization code. Picozzi initially asserted that Thorne and Mayer evenly split the authorization of Picozzi's SIPP requests, but she later said that Mayer authorized most of the SIPP requests. Picozzi added that she received many reimbursements because it was very busy during the summer of 2006.

Picozzi informed investigators that it took seven to 10 days to receive a SIPP check which, at her instruction, was mailed to the Melrose Avenue site. Picozzi cashed the SIPP checks at Commerce Bank where she had a direct deposit account.

In the first of two interviews with investigators from this office, conducted on August 8, 2007, School Aide Chante Johnson said that she accompanied Darla Picozzi and Cynthia Atsaves a number of times to other sites under the direction of either former Principal Thorne or AP Mayer. Johnson added that she was told to save any receipts for expenses, such as gas and food, and to submit the documentation to Picozzi who combined the receipts of Atsaves and Johnson with her own and submitted one SIPP form for reimbursement. Johnson maintained that Picozzi would receive a SIPP check and pay Atsaves and Johnson their shares. Johnson could not say exactly how much she was reimbursed, but estimated it to be \$20 every two weeks. Johnson added that the amount could be higher or lower, depending on how much Johnson spent. Johnson asserted that Thorne and Mayer approved the SIPP reimbursements. Johnson reiterated that she never prepared a SIPP reimbursement form, but always gave her receipts to Picozzi.

SCI investigators interviewed Alternative High School Attendance Teacher Cynthia Atsaves who said that her assignment involved the investigation of students with excessive absences. Atsaves explained that she usually visited an assigned site to obtain the truancy and absence reports and then conducted an investigation of the absent student. Atsaves added that she covered 16 sites in the five boroughs and traveled every day. Atsaves reported that she knew Darla Picozzi professionally, but had never traveled to any Alternative High School locations with Picozzi or anyone else and had never pooled receipts for reimbursement with Picozzi or anyone else. Atsaves said that she submitted her travel and expense receipts to her supervisor, Kampta Persaud. Atsaves added that she submitted her time records to the payroll secretary at Lower East Side Preparatory High School, which was responsible for her payroll. Atsaves informed investigators that her SIPP reimbursement checks were forwarded to Lower East Side Preparatory High School.

SCI investigators met with Attendance Content Expert Persaud who said that he hired Atsaves as an attendance teacher and supervised her when he was Director of Attendance for District 79. Persaud confirmed that, on a monthly basis, Atsaves brought her travel expense log and an expense form to him. Persaud added that he reviewed and signed both forms, and Atsaves then submitted them to her payroll school to generate a SIPP check. Persaud informed investigators that Atsaves's payroll school was first the SOS office on Bushwick Avenue in Brooklyn and later became the Lower East Side Preparatory High School. Persaud explained that any expenses other than travel would have been submitted directly to Atsaves's payroll school and Persaud did not review that documentation.

SCI investigators interviewed Percy Thorne, the former principal for Alternative High Schools Second Opportunity Schools, who maintained an office at the Melrose Avenue site and supervised three other locations in Manhattan, the Bronx, and Queens. Thorne said that he had retired on February 1, 2007. Thorne acknowledged that Picozzi, a school aide at the Melrose Avenue location, was responsible for maintaining ATS and was involved in some purchasing from vendors. Thorne added that he had assigned AP Mayer to supervise the purchasing from vendors and to act as the liaison with the district.

Thorne could not recall signing, receiving, or authorizing SIPP reimbursement requests for Picozzi. Thorne did not recall Mayer signing, receiving, or authorizing SIPP reimbursement requests for Picozzi. Thorne did not recall Picozzi setting up meetings or purchasing food or other items for meetings at any of the sites he supervised. Thorne did not recall authorizing Picozzi to travel to other locations or sites and to submit receipts for reimbursements. Thorne also did not recall authorizing Picozzi to travel to other sites with Attendance Teacher Atsaves or School Aide Johnson. Thorne said that, on rare occasions, Picozzi might have been sent to another site to assist with an assignment, but Thorne did not authorize any funds to be reimbursed to Picozzi. Thorne added that Picozzi was a 10 month employee who also held a summer per session position for approximately four hours a day.

SCI investigators re-interviewed former SOS AP Mayer.⁷ Mayer reported that he returned from extended sick leave and visited his former office at Melrose Avenue around September 2007. Mayer said that he removed his personal items, but did not find the notebook which contained his codes for FAMIS and other databases.

Mayer continued that he never authorized any reimbursements for Picozzi and did not recall receiving any SIPP requests from Picozzi for reimbursement. According to Mayer, he did not recall Picozzi traveling to other school sites with Atsaves or Johnson and did not authorize her to do so. Mayer said that he never received SIPP requests from Picozzi for gas, travel, or food and that he did not authorize Picozzi to purchase food or any other items for events or meetings. Mayer added that payments for any food or

⁷ Mayer is currently assigned as an AP at the Queens Vocational School.

beverages purchased were made directly to the vendors. Investigators showed Mayer the numerous SIPP requests by Picozzi and he reiterated that he did not authorize them.

On February 7, 2008, SCI investigators re-interviewed Picozzi.⁸ The assigned investigator informed Picozzi that Thorne and Mayer each reported that Picozzi was not authorized to receive SIPP reimbursements and that Thorne did not recall receiving requests from Picozzi to receive reimbursements. The assigned investigator also informed Picozzi that Mayer said that Picozzi might have received authorization for one SIPP reimbursement for the purchase of Christmas decorations, but Picozzi was not authorized to receive reimbursements for the numerous SIPP requests that she made. The assigned investigator further informed Picozzi that Atsaves denied ever pooling receipts with her and allowing Picozzi to submit the receipts for SIPP reimbursement.

In response, Picozzi reiterated that Thorne and Mayer authorized Picozzi's trips to other sites and instructed Picozzi to submit receipts for reimbursement. Picozzi continued to assert that she submitted receipts to both Thorne and Mayer for reimbursement. Picozzi said that Mayer secured the SIPP reimbursement requests in a locked drawer in his desk. Picozzi continued to maintain that she purchased food at the other four sites at Mayer's direction.

According to Picozzi, Atsaves accompanied Picozzi on visits to the other four sites for meetings and pooled receipts with Picozzi to submit for reimbursement. Picozzi asserted that she went to the other four sites with Atsaves approximately two times a week for meetings with the other attendance school aides. Picozzi named Lolita Holly, Tracie Nicks, and Nancy Figueroa as District 79 employees who were at the meetings set up by Picozzi and Atsaves. Picozzi said that Atsaves submitted her receipts for gas and travel to Atsaves's supervisor, Kampta Persaud, but pooled the receipts for the food purchased at the meetings with Picozzi.

SCI investigators informed Picozzi that a search of the boxes at the Belmont Avenue site did not produce any of Picozzi's receipts or documentation. Picozzi responded that some receipts and documents also were left at the 797 Bushwick Avenue site after the move to the Melrose Avenue site.

SCI investigators searched the Bushwick Avenue location and did not find any files relating to District 79 and did not recover any SIPP documents for 2005 or 2006.

SCI investigators interviewed Paraprofessional Lolita Holly who said that she now was assigned to the Queens Middle Suspension Center for District 79, but previously had been assigned to the District 79 Queens Outreach Center at Myrtle Avenue. Holly reported that she had telephone contact with Picozzi regarding student attendance and transfer information. Holly said that she did not have weekly meetings with Picozzi and

⁸ Picozzi is currently assigned at a District 79 site at 19 Duryea Place, in Brooklyn.

did not recall Picozzi purchasing food at any meeting. Holly added that she once saw Picozzi at an end of year school function.

Holly continued that she met with Atsaves weekly on a professional level. Holly explained that Atsaves did not come for meetings at which food was served, but visited the Myrtle Avenue site for cases and records. Holly acknowledged that she knew District 79 School Aide Nicks, but did not have weekly meetings with her. Holly did not remember a school aide named Nancy Figueroa, but suggested that she might recognize her if she met her or saw her picture.

SCI investigators interviewed School Aide Tracie Nicks who said that she now was assigned to the Boys and Girls Republic Middle School for District 79. Nicks stated that she previously had been assigned to the Door, a District 79 location, on Broome Street in Manhattan. Nicks reported that her only interaction with Picozzi was by telephone and involved student attendance. Nicks added that she would fax attendance reports to Picozzi and Picozzi would fax student absence tracking reports to her. Nicks asserted that she did not have weekly meetings with Picozzi and Picozzi did not purchase food for any meetings.

Nicks did not recall ever meeting Picozzi during the school year, but possibly met her at an end of school year barbecue. Nicks reported that she met with Atsaves when Atsaves came to Nicks's work site. Nicks added that she knew Holly, but did not know Figueroa.

The assigned investigator spoke by telephone with Nancy Figueroa who confirmed that she had been a school aide assigned to the SOS on Lafayette Avenue in the Bronx.⁹ Figueroa said that she was assigned to a number of tasks, including attendance, student registration, and student transfers.

Figueroa acknowledged that she had heard of Darla Picozzi and Chante Johnson, but added that she did not know either of them personally. According to Figueroa, neither Picozzi nor Johnson ever came to Figueroa's site and neither purchased food for meetings. Figueroa said that any District 79 meeting which Figueroa attended was held at the Bushwick Avenue site in Brooklyn. Figueroa explained that her only interaction with Picozzi was receiving District 79 student information by telephone.

Figueroa reported that she knew Attendance Teacher Atsaves who visited Figueroa's site to conduct investigations. Figueroa remembered that Atsaves worked alone and she never observed Atsaves at the Lafayette Avenue site in the company of anyone else.

⁹ Figueroa reported that she last worked for the DOE in June 2007. Figueroa explained that, during the summer of 2007, she received a letter from District 79 informing her that she had been excessed. Figueroa added that she believed this meant she did not have a job in District 79 and, as a result, she did not return to work in September 2007.

The assigned investigator performed an analysis of the total amount of DOE SIPP payments received by Picozzi from November 2005 to January 2007, and determined that Picozzi received 121 DOE SIPP checks totaling \$27,596.98.

The assigned investigator reviewed the FAMIS user code and approval code entries for all of the SIPP requests for payment for Picozzi and determined that every entry into the FAMIS database had Picozzi's code as the user and AP Mayer's code approved every payment to Picozzi.¹⁰

On October 18, 2008, SCI investigators re-interviewed School Aide Chante Johnson in the presence of her attorney. Johnson now said that she did not go to other District 79 sites with Picozzi and Atsaves. Johnson asserted that she "sometimes" went to other sites with Picozzi at the request of Thorne or Mayer, but "rarely." Johnson maintained that the assigned investigator "misunderstood" Johnson's statements from the prior interview regarding going out with Picozzi and Atsaves. Johnson said that she did not go to meetings at other District 79 sites and meet with other District 79 personnel, such as Tracie Nicks or Nancy Figueroa. Johnson acknowledged that she spoke by telephone with personnel at other sites.

Johnson continued to claim that she requested reimbursements from the DOE through Picozzi. Johnson asserted that, approximately five times a year, she requested reimbursement for \$20 to \$30 each time, but it was for office parties and other functions held at the Melrose Avenue site. Johnson said that she pooled her receipts for decorations and other items with Picozzi to make it easier. According to Johnson, she did not get \$20 every two weeks from Picozzi and the investigator "misunderstood" Johnson's previous statement made during the first interview. Johnson continued to maintain that either Thorne or Mayer approved the reimbursements. Johnson did not recall paying for food for meetings at other District 79 sites.

Darla Picozzi misappropriated more than \$27,000 in SIPP money. It is the recommendation of this office that Picozzi's employment be terminated, that she be made ineligible for work with the DOE, and that this matter be considered should she apply for any position in the New York City school system in the future. In addition, the DOE should attempt to recover the money taken by Picozzi.

We are forwarding our findings to Kings County District Attorney Charles J. Hynes for whatever action he deems appropriate.

Chante Johnson lied to SCI investigators on two occasions. The first time she lied about attending meetings with Picozzi and Atsaves, meetings which never took place. The second time she lied about what she had told investigators at the first interview. It is the recommendation of this office that Johnson's employment be terminated, that she be

¹⁰ The investigator did not receive the approval reports for May 8, 2006, and June 1, 2006.

made ineligible for work with the DOE, and that this matter be considered should she apply for any position in the New York City school system in the future.

The Department of Education cannot continue to ignore the theft of thousands of dollars through the misuse of SIPP and other financial instruments such as the procurement card, known as a P-card. In February of this year, SCI issued a report detailing how two school secretaries – through misuse of SIPP, P-cards, and per session funds – were able to misappropriate more than \$200,000 from a school in the Bronx.¹¹ The report also pointed out that SCI has substantiated numerous investigations involving schemes similar to the ones employed at the Bronx school.

In our February report, SCI suggested a number of rather simple steps that could be taken to minimize the ability of corrupt employees to successfully exploit weaknesses in the DOE financial systems. We recommended that the DOE examine the controls currently in place to monitor these problem areas and report back to this office on proposed or implemented changes that will serve to lessen the ability of employees to steal large amounts of money over long periods of time.

In response, the DOE contacted SCI and reported that, as a result of issues raised in prior SCI investigations, the DOE was implementing procedural changes to address the misuse of SIPP, which was the focus of this investigation. The DOE also reported that it was examining ways to strengthen controls on the use of cards and per session activity.

We are forwarding a copy of this letter to the Office of Legal Services. Should you have any inquiries regarding the above, please contact First Deputy Commissioner Regina Loughran, the attorney assigned to the case. She can be reached at (212) 510-1426. Please notify First Deputy Commissioner Loughran within 30 days of receipt of this letter of what, if any, action has been taken or is contemplated regarding this report. Thank you for your attention to this matter.

Sincerely,

RICHARD J. CONDON
Special Commissioner
of Investigation for the
New York City School District

By: _____

Regina A. Loughran
First Deputy Commissioner

RJC:RAL:gm

c: Michael Best, Esq., Theresa Europe, Esq.

¹¹ See Karen Boucher and Renee Scriven, SCI Case #2005-3284.