

CITY OF NEW YORK  
THE SPECIAL COMMISSIONER OF INVESTIGATION  
FOR THE NEW YORK CITY SCHOOL DISTRICT

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**AN INVESTIGATION INTO MISCONDUCT  
IN COMMUNITY SCHOOL DISTRICT 7**

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Several individuals provided valuable assistance in the investigation and preparation of this report: Investigators Joseph Closs, Joseph Lamendola and William Morrison provided investigative support; Investigative Analyst Kevin Bliss followed related court proceedings; Special Counsel Leah Keith and Executive Counsel Suzan Flamm assisted in the writing of this report; and First Deputy Commissioner Robert Brenner, Deputy Commissioner Regina Loughran and Deputy Commissioner Karen Lupuloff provided overall case supervision and editorial direction.

## ADDENDUM

The official results issued by the New York City Board of Elections regarding the winning candidates in District 7 indicated that Dorothy Hudgens had been re-elected. Thereafter, the Board of Elections discovered a computer "software problem" which caused invalid ballots to be counted. As a result, Hudgens was not elected and Yolanda Millan was declared the ninth winning candidate in District 7. The other eight winning candidates remain the same.

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## I. INTRODUCTION

The parents of the children attending school in Community School District 7 might assume, quite naturally, that the priorities of the educational leaders in the District are fixed on the improvement of education there. Based on our findings, however, those who assume that the welfare of the schoolchildren comes first in District 7 are sadly mistaken.

Instead, the priorities of Community School Board 7 have more to do with politics, patronage and perquisites for Board members and their families and political allies than with education. It is a classic case of political back-scratching: Pedro ("Pete") Crespo, the superintendent selected by the members of the community school board (the "Board"), hires the family members of certain Board members and approves the purchase of expensive perquisites for Board members' use, while also organizing large parties in their honor.

In return, these Board members, or at least a majority voting bloc carefully cultivated by Superintendent Crespo, can be counted on to rubber-stamp his proposals and renew his contract. Everyone benefits from this arrangement, except, of course, the children of Community School District 7, whose educational needs are urgent.

At present, the academic prospects for these children appear bleak, as reflected by the District's 1995 test scores. Fewer than one in every three students was able to read at grade level, while only two out of every five were able to perform mathematics at grade level. These scores put District 7 close to rock-bottom in citywide rankings.<sup>1</sup>

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<sup>1</sup>Even the 1996 reading and math scores, released on June 20, 1996, continue to reflect the fact that only one out of every three children could read at grade level, while less than half are performing math at grade level.

This investigation looks beyond the test scores in order to determine what has gone wrong in District 7. We have closely examined the governance of the District as well as the conduct of the members of Community School Board 7. We have found that an inordinate amount of educational resources is devoted to patronage and perks. In one particular case of nepotism described fully in this report, children have been directly affected by the presence of an incompetent patronage hire -- a Board member's daughter -- whose behavior makes her completely unfit to work in a New York City public school. And yet Superintendent Crespo has looked the other way, failing to dismiss this employee for fear of losing a much-needed vote on the Board. In addition, our investigation revealed that many of these patronage hires are placed on the payroll of a temporary employment agency and are thereby protected from public disclosure and scrutiny.

Children are not the only ones suffering from misplaced priorities in District 7. Teachers and other educators also pay the price, quite literally, as they are repeatedly solicited to buy and sell tickets for parties organized by Superintendent Crespo and his associates, where Crespo has frequently named Board members, as well as himself, as the events' honorees. Educators wanting to get ahead in District 7 recognize the risks of not attending these events, and so many of them dutifully purchase tickets, sell tickets to others and attend the parties.

Crespo has taken further advantage of his position as superintendent by soliciting political contributions and receiving loans from several District employees. Our investigation found three District 7 employees who had given Crespo loans, in amounts ranging from \$1,000 to at least \$4,000. Still another four educators, three principals and an assistant principal, were asked by Crespo to make political contributions to local politicians. The soliciting of loans and political contributions is prohibited

by the New York City Charter's Conflict of Interest laws, precisely because of the inherent pressure that such solicitations place on subordinates.

Making matters worse, the members of Community School Board 7 have divided into factions so hostile towards one another that it is nearly impossible for them to focus in a positive way on educational progress for the District. Thus, Board meetings frequently erupt into shouting matches, decision-making is deadlocked, and the needs of the children are forgotten.

We begin this report with an examination of the recent history of the District, which provides the needed context within which to view the evidence of wrongdoing described in these pages.

## **II. BACKGROUND**

A majority of Community School Board 7 ("CSB 7") members selected Pedro Crespo as superintendent in July 1991. At that time, the nine members of the Board were Martha Rodriguez, Melvina Smith, Bynum Terry, Luis Perez, Carmen Arroyo, Dorothy Hudgens, Betty Medina, Gilberto Rivera and Marion Rose.

If District 7 was looking for a candidate with a proven record of solid educational achievement, it did not get one in Crespo. From 1985 to 1991, he was principal of P.S. 27, a District 7 elementary school which has long been one of the worst performing schools in the entire New York City public school system. In 1989, four years into Crespo's tenure, when just 19 percent of P.S. 27 students could read at or above grade level, the school was placed under registration review by the New York State Department of Education for failure to meet minimum state educational criteria. This 19 percent figure meant that an astounding four-fifths of the students at the school were failing to achieve grade level



performance in reading.<sup>2</sup>

By 1991, when the Board selected Crespo to become District 7 superintendent, P.S. 27's reading scores had dropped even further, to the point where only about 16 percent of its students could read at grade level. In an October 1989 report issued by the State Education Department, investigators attributed the school's poor test scores, in large part, to Crespo's failure to focus on the improvement of instructional programs.

Unable to help save one school, why was Crespo entrusted with the job of leading an entire school district out of educational failure? During recent interviews with CSB 7 members and others, not one person provided a compelling reason for Crespo's selection. The only reasoning articulated to us in support of choosing Crespo is that District 7 was in need of a change after more than seventeen years under its previous superintendent, Carmen Rodriguez, and Crespo was selected to be the agent of that change.

After being chosen as superintendent in 1991, Crespo faced a certain amount of turnover among the nine CSB 7 members. In 1992, then-board member Carmen Arroyo resigned her seat to become district leader in the Bronx's 73rd Assembly District, leaving the board with only eight members. The following year, however, Arroyo was reelected to CSB 7, when the 1993 community school board elections were conducted citywide.

The 1993 school board elections in District 7 attracted a meager 3,800 voters and resulted in a nine member board made up of Luis Perez, Carmen Arroyo, Gloria Tucker-Morrow, Dorothy

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<sup>2</sup>Since then, P.S. 27's scores have shown only marginal improvement and, for that reason, the State Education Department recently placed the school on its "Corrective Action List," requiring a complete redesign of the school's

Hudgens, Maximino Rivera, Marion Rose, Roberto Crespo (no relation to Pedro Crespo), Feliciano Ramirez and Martha Rodriguez. Arroyo was selected as Board president, but resigned again in February 1994, after she was elected to the New York State Assembly in a special election.

After Arroyo's second resignation in 1994, the remaining Board members could not agree on a successor for many months before finally selecting a replacement, parent leader Luz Molina. These events exacerbated tensions and in-fighting among the remaining Board members. Then, in September 1994, Board member Roberto Crespo resigned his seat on CSB 7 during an investigation that ultimately found that he did not reside in District 7.

After his resignation, Board members again could not agree upon a successor, forcing then-Chancellor Ramon Cortines to appoint three Board of Education ("BOE") officials as trustees to CSB 7 in order to break a three-month deadlock among the remaining eight members. The trustees selected Julia Sapp, a parent leader, to serve the remainder of Roberto Crespo's term. However, Sapp lost her seat on the Board in the recent May 1996 citywide school board elections. While she and two other incumbents lost their seats, six of the incumbents were reelected: Luis Perez, Marion Rose, Maximino Rivera, Dorothy Hudgens, Feliciano Ramirez and Martha Rodriguez. Also elected were three newcomers: Iris Fernandez, Shirley Matthew and Richard Izquierdo.<sup>3</sup>

The turmoil of the last several years has caused some of the members of CSB 7 to become bitterly factionalized and, in some cases, extremely hostile towards one another. The Board's public meetings have frequently erupted into shouting matches, with some members using profanity, making

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programs or face revocation of its school registration as a consequence.

<sup>3</sup>Fewer than 2,000 people voted in the May 1996 school board elections in District 7.

threats or throwing tape recorders before storming out of the room.

Certain CSB 7 members also have publicly charged one another with making death threats and being drunk at Board meetings. For example, Board members Marion Rose and Gloria Tucker-Morrow each accused the other of making death threats at a December 1994 CSB 7 meeting. Rose claimed that Tucker-Morrow said that "she was going to put a bullet in my head." In response, Tucker-Morrow called Rose a "liar" and stated that it was Rose who had made the threats. In the aftermath, Rose filed harassment charges against Tucker-Morrow and Board member Dorothy Hudgens. Meanwhile, Hudgens, Tucker-Morrow and current Board President Luis Perez accused Marion Rose of being drunk at that same December 1994 meeting where the trouble occurred.

Later, in January 1996, Board members Feliciano Ramirez and Martha Rodriguez filed an \$80 million lawsuit against Superintendent Crespo for accusing them of attempting to steal computers from the district office. Ramirez stated that Crespo made the allegations against him as part of a "personal vendetta" against Ramirez for not voting to renew Crespo's superintendent's contract.

The effects of the feuding and the resulting turmoil have been devastating: at a recent public hearing, at which Luz Molina, Martha Rodriguez and Feliciano Ramirez were the only members of CSB 7 who chose to testify, Ramirez, when asked how CSB 7 improved the quality of life for District 7's children, replied, "we are so divided, I can't say we try to improve it." With this statement, a CSB 7 member publicly admitted that attention to the welfare of the District's children has been lost in the midst of the political warfare.

For his part, Superintendent Crespo has navigated the chaos of the last several years with considerable political finesse. Rather than attempting to unite CSB 7 members around a common goal

of improving the quality of education for District 7 children, our investigation has found that Crespo has done just the opposite: he has exploited the divisions among Board members and curried favor with enough CSB 7 members to assure his continued control of the District. In fact, his willingness to hire family members and perform favors has not been limited to already-elected Board members. As this report will describe, Crespo also hired the relatives of two Board candidates, thereby courting potential supporters who might be in a position to join the voting bloc loyal to him.

In February 1994, the New York City Council released a highly critical report, *Frequent Fliers and Big Spenders: Community School Board Spending on Travel, Conferences and Meals*, in which it revealed that certain CSB 7 members, District 7 staff and school principals spent approximately \$500,000 on travel, conferences and meals in fiscal years 1992 and 1993, the highest amount of any of New York City's 32 school districts. Though CSB 7's extravagant spending on junkets and perquisites has since decreased significantly, this investigation found that CSB 7 still outspends other community school boards when it comes to collecting such personal rewards.

In the wake of the damaging fallout from the City Council's 1994 report, other published reports documented wasteful expenditures by CSB 7 members on luxury items. These reports, along with the continued poor educational performance of the District, led to the suspension of all nine CSB 7 members by Chancellor Rudolph Crew on February 12, 1996. CSB 7 was reinstated two months later by Bronx Supreme Court Justice Douglas McKeon, who ruled that the Chancellor's suspension was "arbitrary" and "capricious." The Chancellor has appealed the reinstatement, however, and CSB 7 remains suspended, pending resolution of his appeal.

This description of the tumultuous recent history of CSB 7 provides a context in

which to view the results of our investigation into District 7 as set forth in this report.

### **III. HOW SUPERINTENDENT CRESPO AND CERTAIN DISTRICT 7 SCHOOL BOARD MEMBERS PLACE THEIR INTERESTS AHEAD OF THE DISTRICT'S CHILDREN**

Our investigation revealed that Superintendent Crespo and a majority of the members of CSB 7 have placed their personal interests ahead of those of District 7's children. As the District's educational performance continues to lag behind most of the other community school districts in New York City, its funds and the energies of many of its leaders have been continually wasted on nepotistic hires and frivolous perquisites. We found that a majority of CSB 7 members were more concerned about getting jobs for their relatives and advancing their own personal desires than in turning around the perennially poor performance of the District's children.

#### **A. NEPOTISM AND PATRONAGE HIRING: BOARD MEMBERS' RELATIVES AND INDIVIDUALS WITH POLITICAL CONNECTIONS OBTAIN JOBS IN DISTRICT 7**

The negative impact of nepotism on the education system cannot be overstated. When employment decisions are based on familial, personal or political connections, merit and ability are overlooked and the individuals who are hired are frequently unqualified and incompetent.

Our investigation has shown that the offer of jobs has helped Crespo secure his position in District 7 and gain the votes of enough Board members to ensure the renewal of his contract. In addition, Crespo and the Board majority have been able to conceal these patronage hires from the public by placing them on the payroll of a temporary employment agency. Though Chancellor's

Regulation C-110 requires approval by a two-thirds vote of Board members when any member's relative has been offered district employment, we have found that this regulation was repeatedly evaded when Crespo placed Board members' relatives on the payroll of TempForce, a temporary employment agency in Brooklyn.

This section reviews nepotistic hiring practices in District 7 and how, in at least one case, Crespo's decision to hire a Board member's daughter resulted in the placement of an incompetent and unstable person among some of the youngest children in the district's schools, vividly illustrating the dangers of nepotism in an educational environment.

### **1. Barbet Boone**

On September 5, 1995, Crespo hired Barbet Boone, a daughter of long-time CSB 7 member Marion Rose, as a District paraprofessional, and placed her on the payroll of TempForce, a temporary employment agency in Brooklyn. One month later, on October 2, 1995, Boone was transferred onto the District payroll. This meant that in September, TempForce, rather than the BOE, carried Boone's name on its personnel roster and payroll. By using TempForce, Boone's District employment was initially concealed and Crespo was later able to slip her onto District 7's payroll without detection.

In order for Boone to work in District 7, the BOE's anti-nepotism regulations require that her employment be approved at a public Board meeting by two-thirds vote of Board members.<sup>4</sup> No such vote occurred. There was a curious vote approximately two years prior to her employment in the District when, on December 7, 1993, CSB 7 authorized the employment of "Ms. Rose" as a school aide in the District, as of January 1, 1994. However, there is no record in the minutes of the first name

of "Ms. Rose" or the location of the position where she would be working. District sources say that this vote was orchestrated by Marion Rose and then-CSB 7 secretary Luis Perez,<sup>5</sup> to ensure that any of Rose's three daughters could subsequently obtain work in the District. However it was done, this vote was not an adequate substitute for a public, two-thirds vote that should have occurred when Boone was hired in September 1995. No other vote concerning Boone's District employment has ever taken place.

By hiring Boone and initially placing her on the TempForce payroll, Crespo also violated BOE hiring rules for paraprofessionals. BOE regulations require that such positions be filled directly through the BOE's Paraprofessional Registry Unit and that the BOE's Division of Personnel authorizes the applicants' employment before they begin working in a school.<sup>6</sup> Crespo sought to conceal that he had hired Boone, to work as a school paraprofessional through TempForce, prior to obtaining BOE authorization. Thus, in October 1995, Crespo submitted documents to TempForce in which he falsely indicated that, as of September 1995, Boone had worked as a word processor at the P.S. 1 school office. In fact, interviews with P.S. 1 staff and a review of P.S. 1 records indicate that, as of September 5, 1995, Boone worked solely as a paraprofessional in a kindergarten class. In addition, BOE records indicate that Boone was not given authorization to work as a paraprofessional until September 21, 1995. Thus, Boone's initial placement on the TempForce payroll, as well as her employment as a

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<sup>4</sup>Chancellor's Regulation C-110, sec. 3.5.

<sup>5</sup>The Board secretary is selected by a vote of Board members, as are the Board president, vice president and treasurer. The secretary is responsible for taking minutes at Board meetings and other record-keeping activities.

<sup>6</sup>BOE Personnel Memorandum No. 459, dated April 30, 1991; BOE Personnel Memorandum No. 29, dated January 26, 1987.

paraprofessional at P.S. 1, was in clear violation of BOE regulations.<sup>7</sup>

Almost as soon as Boone arrived at P.S. 1, teachers, staff and parents began complaining about her behavior. Teachers wrote numerous complaints to P.S. 1 Principal Lillian Garcia, stating that Boone was insubordinate, undermined their authority, deliberately ignored instructions, took breaks at will, refused to help children and left them unattended, was extremely rude to parent volunteers and was disruptive in their classrooms. As a result of her actions, Boone was transferred to three different classes in her first month at P.S. 1 alone.<sup>8</sup>

Parents also complained about Boone to Garcia, writing that at the end of the school day as children were leaving the building, Boone repeatedly drove away at a high speed from her parking spot in front of the school, thereby endangering children crossing the street. Another parent complained that she had overheard Boone call a five year-old child a "motherfucker."

By late September, Boone was transferred to teacher Debra Cardoza's kindergarten class, her fourth assignment of the month. Once again, complaints immediately ensued that Boone ignored instructions, took unapproved breaks at will, was missing when she should have been watching children, and disappeared at the end of the school day before all of the children in her class had been picked up.

On Halloween day, a dispute between Boone and Cardoza arose after Boone brought cupcakes into the class even though Cardoza had previously told her that they were not going to have a Halloween party and would be painting masks instead. When Cardoza told Boone that she didn't want

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<sup>7</sup>BOE records also indicate that, for one day in April 1987, Boone worked in I.S. 193, a middle school in Bronx Community School District 12. We were unable to locate any other information indicating what Boone did there or why her employment only lasted one day.

<sup>8</sup>Boone was briefly placed in a fourth class in September 1995, but it was for bilingual students, and since she did



the cupcakes, Boone stated, "I don't care," and left.

Upon her return a few minutes later, Boone began yelling, in front of the children, "I don't care if you are the teacher, I'll do what I want." Cardoza stated that, at that point, she touched Boone's arm and asked her to come by her desk, where they could discuss the situation more quietly. Boone responded, "Don't touch me or I'll kick your ass," stormed out, and went to the local police precinct where she filed an assault complaint against Cardoza. Boone later told Garcia that Cardoza had "attacked" her, and was overheard by a number of teachers and staff angrily yelling that she and her family would be waiting for Cardoza, after school ended, with baseball bats.

If Boone had been just another school employee, her disruptive and insubordinate behavior at P.S. 1 would certainly have led to her dismissal. However, because she was the daughter of Marion Rose, who represented the fifth and deciding vote for his voting bloc, Crespo simply transferred Boone to another District 7 elementary school, P.S. 49, whose principal had not previously requested a paraprofessional. While Boone was simply moved to another school, Crespo directed Garcia to terminate Cardoza's employment, even though Cardoza insisted that she had done nothing wrong and was well respected by parents and staff. Principal Garcia eventually found a teaching position for Cardoza in District 8.

At P.S. 49, where Boone worked until May 31, 1996, her misconduct continued. Once again, teachers and staff filed written complaints against her, stating that she was insubordinate, failed to follow instructions and took unexplained absences. In one reported instance, a substitute teacher wrote that Boone had caused chaos in her classroom by repeatedly ignoring her instructions and allowing children

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not speak any other languages, she was transferred to yet another class.

to run wild.

According to P.S. 49 teacher Elisa Rodriguez, in whose class Boone was last assigned, Boone constantly mentioned that her mother was a Board member and that she intended to bring a variety of allegations against P.S. 49 Principal Susan Rubin to Crespo. P.S. 49 UFT Representative Steven Gross told investigators that all of the P.S. 49 staff were aware of Boone's behavior, and that if she were any other paraprofessional she would already have been removed from the school.

Consistent with the complaints that Boone is volatile and disruptive, in February 1996 she was arrested for obstructing governmental administration and resisting arrest, after ripping up a parking ticket and arguing with the police officer who had placed it on her car.

Boone's arrest should have had immediate consequences. According to Yvonne Joseph, Director of the BOE's Paraprofessional Registry Unit, it is standard BOE procedure, when a paraprofessional is arrested, to remove her from the district payroll pending a disposition of her case.

Once again, however, Boone was given special treatment. In April 1996, when Joseph's office was first notified of Boone's arrest, Marilyn Collona, a member of her staff, called District 7 payroll supervisor Carmen Fernandez to advise her that Boone should be removed from the District payroll pending a resolution of her criminal case. Fernandez responded that Crespo had requested that no action be taken against Boone because her arrest was for a minor offense. Joseph told investigators that, in her five years as director of the Paraprofessional Registry Unit, this was the first time a district had insisted on keeping a paraprofessional facing criminal charges on its payroll. Joseph further stated that she could not recall another instance when a superintendent directly intervened in this manner on

behalf of a paraprofessional facing suspension from the payroll following an arrest.<sup>9</sup> On May 31, 1996, Joseph's office unilaterally removed Boone from the District 7 payroll because her criminal case had still not been resolved.

Crespo's extraordinary involvement in Boone's hiring, as well as his intervention in keeping her employed in District 7, was due to the fact that Boone's mother, Marion Rose, was Crespo's fifth and deciding vote on CSB 7.<sup>10</sup> According to a number of confidential District sources, it was common knowledge that Crespo kept Boone on the District 7 payroll because he needed Rose's vote to secure his majority on CSB 7. Indeed, CSB 7 members interviewed in connection with this investigation repeatedly characterized Rose as a key "swing vote," crucial to Crespo's five-member majority. Moreover, Crespo never attempted to discipline Boone for any of her actions, adding to the appearance that Boone was protected by her mother's status as an essential ally of Crespo's.

## **2. Miguel Colon**

The case of Barbet Boone is not an isolated instance of a Board member's relative obtaining employment in District 7. Since February 1994, Miguel Colon, the stepson of Board member Maximino ("Maxi") Rivera, a member of Crespo's current majority on CSB 7, has been working as an office aide in the District 7 office. Colon admitted to investigators that he obtained his job through Rivera, after an interview with Crespo.

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<sup>9</sup>Bureau of Criminal Information and other court records indicate that the criminal charges against Boone are still pending.

<sup>10</sup>After investigating the complaints against Boone, investigators discussed her employment status with Crespo, who indicated that he was aware of the incident involving Boone and Cardoza and that he viewed Boone's arrest as "minor." We asked Crespo to review the voluminous complaint files about Boone at both P.S. 1 and P.S. 49, but have since received no response from Crespo. He declined to appear before this office to testify under oath without a grant of immunity.

As was the case with Boone, Colon's employment in District 7 was never brought before CSB 7 at a public board meeting for its required approval by a two-thirds vote.<sup>11</sup> Again, the two-thirds vote requirement was circumvented when Crespo placed Colon on the TempForce payroll. In addition, as he did for Boone, Crespo personally wrote to TempForce, in January 1994, requesting that Colon be placed on their payroll as a word processor. Lastly, all Board members are required to file an annual report with the BOE, disclosing all near-relatives working for the BOE. On Rivera's most recent disclosure report, for the 1994 calendar year, he failed to disclose Colon's employment in District 7.<sup>12</sup>

In addition, Rivera's sister-in-law, Esther Rivera, is also employed in District 7, as a paraprofessional in P.S. 43. CSB 7 never voted to approve her employment and Rivera also failed to disclose her employment on his BOE disclosure report.

### **3. Lonay Harris**

In 1992, Lonay Harris, a granddaughter of board member Gloria Tucker-Morrow, was hired by Crespo as a school aide at I.S. 162, a District 7 middle school. CSB 7 approved Harris's District employment by a unanimous 7-0 vote at the December 7, 1993 public meeting, at the same time as they approved the employment of "Ms. Rose." In Harris's case, however, she was identified by her full name. As was the case with Boone and Colon, Crespo personally wrote to TempForce to ask that

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<sup>11</sup>Chancellor's Regulation C-110, sec. 3.5 defines "relatives" whose district employment must be approved by a two-thirds vote as any "person who is related within the third degree of consanguinity or affinity" to any member of a community board. This language therefore includes any children, like Colon, related to the board member through blood or marriage. Minutes from a fall 1995 CSB 7 meeting indicate that a vote on Colon's employment was scheduled but was later tabled before it took place. We were unable to determine the reason why the vote did not occur.

<sup>12</sup>The BOE's disclosure report asks, "Do you or your spouse have any relatives who are related by blood, marriage or legal action employed by the City Board or any Community School Board?" Thus, Colon, the son of Rivera's wife, was a relative covered by this question. However, because Colon was on the TempForce payroll, even though he worked in the district office, Rivera could conceivably argue that he was not required to disclose his

Harris be placed on their payroll as a word processor.<sup>13</sup>

#### **4. Crespo Hires Relatives of Prospective School Board Members**

In addition to hiring the relatives of Board members whose votes he seeks, Crespo has attempted to secure future support on CSB 7 by hiring the relatives of at least two individuals who ran, or planned to run, for a seat on CSB 7 in the May 1996 school board elections. Natalie Torres, the daughter of CSB 7 candidate Domingo Torres, was hired by Crespo in October 1995 as a switchboard operator in the District 7 office. Domingo Torres is a school safety officer assigned to the District 7 office and a long-time associate of Crespo's.<sup>14</sup> Once again, Crespo personally wrote to TempForce on Natalie Torres's behalf, requesting that she be placed on their payroll as a word processor. Domingo Torres ran unsuccessfully as a write-in candidate for a seat on CSB 7.

In another such case, on January 10, 1996, Crespo hired Lisa Martinez Lopez to work in the District 7 office. Until recently, Lopez was the live-in girlfriend of Mario Hernandez, another CSB 7 candidate. At the time that Lopez was hired, Hernandez was gathering signatures on a nominating petition in order to run for a seat on CSB 7. He later declined to seek a position.

Also at the same time as Lopez was hired, Hernandez was busy, on Crespo's behalf, distributing tickets and flyers to a District 7 party held at the Lido, a restaurant and catering hall on City Island in the Bronx.<sup>15</sup> As was the case with Boone, Colon, Harris and Torres, Crespo personally wrote

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stepson's employment.

<sup>13</sup>Unlike Rose, Tucker-Morrow did disclose Harris's district employment in her BOE disclosure forms.

<sup>14</sup>Domingo Torres was previously a school safety officer at P.S. 27, where Crespo was principal from November 1985 to September 1991. At a July 20, 1995 CSB 7 meeting, Crespo stated that Torres "was my safety officer at P.S. 27 and the parents here from P.S. 27 know there is not a better school officer in the entire city."

<sup>15</sup>As will be discussed in section IV of this report, Hernandez hand-delivered tickets and flyers, to the January 19th Lido party, to each of the principals in the District's twenty-two schools. On the night of the event, Hernandez

to TempForce to ask that Lopez be placed on their payroll as a word processor.

## **5. Nilda Muñoz**

Nilda Muñoz, currently the principal of I.S. 151, a District 7 middle school with a history of serious academic deficiencies and violent incidents, obtained her principalship in March 1994, despite the fact that there were serious questions about her qualifications and ability. From 1989 to 1992, Muñoz was a member of Bronx Community School Board 12; that Board was the subject of an earlier investigation by this office, detailed in an April 1993 report, *Power, Politics and Patronage: Education in Community School District 12*. In the report, we described how members of CSB 12 used a well-oiled patronage system to dole out jobs in District 12, almost entirely without reference to the merits of individual applicants. Muñoz is cited in the report for repeatedly awarding District positions to campaign workers, relatives and other "loyal" individuals, as well as for using District 12 staff to chauffeur her to Bronx school districts where she dropped off her applications for principal positions.

Muñoz's chauffeured excursions to school districts in the Bronx paid her dividends in District 7. In September 1992, Crespo hired her as an interim acting assistant principal and an "itinerant supervisor" to several District 7 schools, and in April 1994, Muñoz was selected as principal of I.S. 151. If merit played a role in the selection of a principal for I.S. 151, then Muñoz's record should have disqualified her. According to BOE records, which Crespo and the CSB 7 members who voted for her presumably reviewed before her selection, Muñoz repeatedly failed assistant principal and principal licensing exams, most frequently because her written English was unsatisfactory. From June 1980 to

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was responsible for collecting tickets and money at the door of the Lido.

November 1988, Muñoz was rejected or failed the licensing tests on eight separate occasions.

It is unlikely that Muñoz overcame her poor test record during the interview process. Board members Dorothy Hudgens and Gloria Tucker-Morrow both described her interview before CSB 7 as "terrible"; Tucker-Morrow stated that she didn't think Muñoz was qualified and Hudgens, a member of CSB 7 since 1977, stated that Muñoz gave "the lousiest interview" that she had ever heard; as a result, neither Hudgens nor Tucker-Morrow voted for her.

Clearly, at the time Muñoz was chosen, there were serious questions about her qualifications. What is unclear, then, is why she was chosen. None of the Board members could provide an adequate explanation. What we do know is that at the time she was hired, Muñoz had known Crespo for fifteen years, and had listed a New York State Senator as a personal reference in her application for the position. Moreover, at least one Board member described a proposed deal whereby Muñoz was to be given the job in return for a vote to renew District 7 Deputy Superintendent Georgiana Kokason's contract.<sup>16</sup> None of these explanations provides a definitive answer. Each may have played a role, however, given the politicized atmosphere in District 7.

Since she began her tenure as principal of I.S. 151, Muñoz has been the subject of numerous complaints from I.S. 151 staff who allege that she is incompetent and that the school is "wild, unsafe and out of control." District records also indicate that Muñoz was reprimanded by Crespo for sending correspondence to parents containing numerous grammatical and spelling errors and using letterhead improperly referring to I.S. 151 as a "School of Law and Government." By March 1995, with

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<sup>16</sup>CSB 7 voted to renew Kokason's contract in January 1994; two months later, in March 1994, Muñoz was selected by CSB 7 for the I.S. 151 principalship.

complaints against Muñoz mounting, Crespo sent her to an intensive six-week "management and administrative retraining period," in order for her to be "groomed and have her skills upgraded."<sup>17</sup> Nonetheless, according to District 7 records, Muñoz failed to adhere to the school visitation schedule that was part of her retraining program.

At the end of the 1995 school year, Muñoz was the only one of the District's 22 principals who received an unsatisfactory rating from Crespo for the 1994-1995 school year. Tucker-Morrow told investigators that she believed Muñoz was "in over her head" and that she simply was not equipped to deal with the problems at I.S. 151. When Muñoz was named principal of I.S. 151, fewer than 20 percent of its students performed at or above grade level in math or reading.<sup>18</sup> During Muñoz's tenure, reading scores have dropped even further; in 1995, less than 15 percent of I.S. 151 students performed at an appropriate grade level for reading, while math scores improved only slightly.<sup>19</sup>

As these cases make clear, Crespo and certain Board members are more interested in using the District office as an employment agency than as an institution of learning. Moreover, Crespo and these Board members have used the TempForce payroll as a nepotism laundering machine, helping them to both conceal patronage hiring and render them unaccountable for their actions. Finally, because payments to TempForce were made from the portion of the District's budget that is allocated for expenses other than salaries, the funds spent on the TempForce employees could have instead been directed to District 7's classrooms. While suffering at the hands of dangerous incompetents like Boone

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<sup>17</sup>*Daily News*, March 10, 1995, p. 31. In that article, Crespo referred to I.S. 151 as "a less and less attractive place for parents to send their kids."

<sup>18</sup>I.S. 151 ranked 178th out of 183 city middle schools on its 1994 reading test scores.

<sup>19</sup>According to Muñoz, at one point last year, Crespo was apparently considering closing the school altogether;



or trying to learn without sufficient supplies or books, it is District 7's children who must ultimately pay the price for the nepotistic hiring practices perpetrated by Crespo and his allied Board members.

**B. WASTEFUL EXPENDITURES BY BOARD MEMBERS AND CRESPO**

As superintendent, Crespo has a great deal of authority over how a large portion of the District's \$62 million annual budget is spent. His responsibilities include deciding how much of the District's funding allotment will be allocated for the administration of the District office, as well as the amount to be designated for use by the community school board. In addition, with the exception of certain purchases made by Board members, either Crespo, Deputy Superintendent Georgiana Kokason or District 7 Business Manager Brigitte George must authorize all District expenditures of more than \$250, verifying that funds are available in the budget for the purchase, and that it is warranted and necessary to conduct an educational activity.

In a district where politics and personal remuneration have taken priority over the educational advancement of its children, our investigation found that Crespo regularly used his authority over District 7's budget to approve wasteful purchases by Board members that were hardly warranted or necessary for educational purposes. While these expenditures may not have technically violated BOE regulations, one must question both Crespo's judgment in choosing to authorize the expenditure of scarce BOE dollars on these purchases, and that of the Board members who chose to accept them, particularly in a District with some of the lowest reading and math scores in the city, where the funds could surely have been used for a more direct educational purpose.

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to date, it remains open and its sixth grade classes have been moved to another school in District 7.

In addition, Crespo repeatedly approved the expenditure of scarce BOE funds on costly items for himself and other District 7 employees, such as high-priced staff retreats and conferences at hotels like the Rye Town Hilton and the Thornwood Conference Center in Westchester, and lavish meals at local restaurants for certain District 7 employees, Board members, parents and others. Despite the fact that District 7 business records, including purchase orders, bids, attendance lists and invoices, were frequently missing and documents often were randomly attached to unrelated records, our investigation was able to uncover a number of questionable expenditures and other wasteful business practices.

### **1. Costly District Expenditures on Out-of-Town Travel and Meals**

After the New York City Council released a February 1994 report documenting District 7's expenditure of more than \$500,000 in fiscal years 1992 and 1993 on travel, out-of-town conferences and meals, the BOE issued new regulations placing a \$5,000 maximum cap on total spending by all Board members and limiting BOE employees to attendance at only one "discretionary" out-town-conference each fiscal year.<sup>20</sup> Nonetheless, in fiscal year 1995, BOE records indicate that CSB 7 exceeded the cap by spending approximately \$7,700 on out-of-town conferences.<sup>21</sup> This was the largest amount spent by any community school board during that year, a period when the entire New York City public school system faced severe budgetary constraints.

One particular out-of-town weekend retreat attended by six CSB 7 members and Crespo, just

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<sup>20</sup>The BOE regulations limit attendance at "discretionary" conferences but not at "essential" conferences. Discretionary conferences are defined by the regulations as including general purpose training, professional updates, refresher courses and professional or industry conferences covering a wide range of topics. Essential conferences "refer to training that districts require for a specific, immediate need or purpose or to comply with a mandated requirement, statute or regulation." BOE Memorandum, August 29, 1994, Re: Travel, Conference and Meeting Expenses.

<sup>21</sup>Over \$7,500 of that amount was used to pay a January 1994 hotel bill, discussed below, which went unpaid until

prior to the release of the City Council report in February 1994, merits special attention due to the sheer waste of scarce District 7 funds it represents. This retreat, which was not disclosed in the City Council's report, was held on January 13-16, 1994, and cost District 7 a total of more than \$26,000.<sup>22</sup> Crespo and six CSB 7 members spent those funds on an all-expenses-paid weekend at the Tarrytown Hilton in Westchester, a mere 30 minute drive from District 7, where they attended a two-and-a-half-day leadership training seminar by a company called Principle Centered Associates ("PCA"). (PCA's activities in District 7 are discussed in the following section.) Along with Crespo, then-CSB 7 President Luis Perez, CSB 7 members Marion Rose, Martha Rodriguez, Feliciano Ramirez and then-Board members Carmen Arroyo and Roberto Crespo attended the retreat.

Not only did Crespo and the CSB 7 members who attended the weekend retreat readily acquiesce to its initial price, but they also allowed District 7 to be charged for extra costs that greatly added to the weekend's already exorbitant price tag. First, due to poor planning, CSB 7 had to cancel the retreat originally scheduled for December 1993 and incurred a \$2,417 cancellation charge. Second, they permitted the District to be charged \$1,575 for the food and lodging of three Board members who did not attend the retreat, as well as \$1,050 for the food and lodging bills for two PCA trainers. Lastly, apparently unsatisfied with the meals the Tarrytown Hilton provided, the attendees spent \$117.62 during the weekend on additional food and beverages. Further, all attendees availed themselves of an extra night at the hotel and each had their own private room. In all, Crespo and the six CSB 7

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the fall of 1994.

<sup>22</sup>Besides the hotel payment, which was paid out of the 1995 fiscal year budget, the expenses for the weekend were paid out of the District's 1994 fiscal year budget.

attendees spent a total of more than \$7,500 at the Tarrytown Hilton alone.<sup>23</sup> All of these expenses were authorized by Crespo.<sup>24</sup>

In addition, Crespo has flouted the new BOE regulations that limit all BOE employees to attendance at no more than one out-of-town conference per year. Our investigation revealed that, since the new regulations were issued, Crespo has taken numerous out-of-town trips to discretionary professional conferences, where he has frequently stayed at luxury hotels. Since March 1994, Crespo has attended conferences in Orlando, Montreal, Ponte Vedra Beach (Fla.), San Diego, Gettysburg (Pa.), Uniondale (L.I.) and Albany; in fact, during the current fiscal year alone, he has attended five of these conferences.<sup>25</sup> Although certain conference sponsors have paid a portion of Crespo's expenses, District 7 has typically absorbed much of the costs, including occasional additional nights in a hotel both before and after the conference. Given District 7's poor academic performance during this period, one would expect the superintendent to focus all of his time and attention on the District. Instead, Crespo has spent far too much time and money travelling around the country attending these conferences, in violation of BOE regulations.

Crespo has also continued to authorize numerous costly staff conferences and meetings at hotels and conference centers in Westchester and Queens. These kinds of activities, according to BOE regulations, "must be conducted within city limits . . . unless there are unusual circumstances" and

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<sup>23</sup>For unknown reasons, board members selected the Tarrytown Hilton even though it was not the lowest bidder, in violation of BOE purchasing regulations. The Harrison Conference Center in Glen Cove, L.I., submitted a bid for \$169 per person, per day, for a total of \$6,084.

<sup>24</sup>The signature of Martha Rodriguez, then-CSB 7 treasurer, also appears on the District's purchase orders for the Tarrytown Hilton.

<sup>25</sup>At the San Diego conference, held in March 1996, Crespo received a \$4,000 award from the sponsor, the American Association of School Administrators, which also paid for his registration fee. Even so, Crespo's expenses

"[s]hould ordinarily be conducted at a nearby BOE location to avoid room rental, food and travel expenses."<sup>26</sup> Not only has Crespo chosen to ignore these regulations, he has also abdicated his responsibility, explicitly set forth in the Board's regulations, "to control expenditures and to ascertain that clear benefits will ensue to the educational program."<sup>27</sup>

Since June 1994, Crespo has authorized the expenditure of over \$32,000 on seven high-priced District 7 staff conferences, including three at the Thornwood Conference Center in Westchester, three at the LaGuardia Marriott Hotel in Queens, and one at the Rye Town Hilton in Westchester. For most of these conferences, no attendance records, minutes of meetings or programs of events could be located.<sup>28</sup>

In addition, although BOE regulations state that the serving of refreshments and/or meals is permitted only if "necessary to achieve the desired educational outcome of a meeting," and that "the cost should be kept to a minimum,"<sup>29</sup> Crespo, as well as Deputy Superintendent Georgiana Kokason, have frequently approved costly expenditures for meetings and other events held at local restaurants, including two meetings at Sammy's Fishbox Restaurant on City Island, in June 1994 and June 1995, totalling \$1,930 and \$1,570 respectively, and a \$444 luncheon workshop in December 1995 for staff

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for the trip, which were paid for by District 7, totalled nearly \$1,000, including two additional nights at his hotel.

<sup>26</sup>BOE Standard Operating Procedures Manual No. 3-91, para. 3.2.

<sup>27</sup>Standard Operating Procedures Manual No: 3-91, para. 1.8.

<sup>28</sup>It should be noted that state and federal grants, and not city tax-levy funds, were used to pay for a number of these conferences. In particular, several staff development conferences were funded through a New York State incentive grant that focuses on special education and which permits school districts to convene "QUIPP" ("Quality Improvement Program Plan") conferences for district personnel. The importance of these conferences is not challenged here; rather, it is Crespo's apparent willingness to spend exorbitant amounts of scarce tax dollars on these conferences, when BOE facilities are available free of charge.

<sup>29</sup>BOE Standard Operating Procedures Manual No. 3-91, para. 3.1.

members at Alex and Henry's Restaurant.<sup>30</sup> Crespo has also continued routinely to approve large catering expenses, many of which appear to violate BOE regulations for meals served at meetings.<sup>31</sup> It also appears that Crespo rarely avails himself of the food service provided by the BOE's own Office of School Food and Nutrition Services ("OSFNS"), which is offered daily to the District's children and is also available at low cost for any district function that requires catering. Though BOE regulations state that districts should attempt to obtain a bid from OSFNS before utilizing outside food services, during our review of District 7 business records, we found no evidence that the District regularly obtained such bids.

## **2. \$54,000 Spent On "Leadership Training"**

CSB 7 and Crespo did not just limit their waste of District funds to out-of-town travel and meals. Our investigation found that District 7 spent thousands of dollars of scarce District funds on "leadership training," which, given CSB 7's public disputes and intractable conflicts, appears to have been wasted.

Principle Centered Associates ("PCA") is a South Bronx organization that, until recently, was affiliated with the Covey Leadership Center of Provo, Utah, a national organization that provides leadership training programs and instructional materials based on the books of Steven Covey, the author of the best-selling self-help book, *The 7 Habits of Highly Effective People*. The president of PCA, Francisco Lugovina, is the former chairman of the New York State Mortgage Agency and the Bronx

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<sup>30</sup>In most instances, we were unable to determine who attended these events because the District failed to maintain any attendance sheets or other documentation.

<sup>31</sup>These regulations place a maximum of \$4.00 per person for breakfast, \$6.00 per person for lunch and \$15.00 per person for dinner.

Democratic Committee.

In November 1992, the central BOE entered into a \$980,000 requirements contract with PCA, authorizing local community school districts to use PCA's services if they had the budgetary funds to pay for the costs. From 1992 to 1994, with Crespo's approval, District 7 paid PCA at least \$54,000, ostensibly for a number of "personal leadership training seminars" that PCA provided to certain principals, assistant principals, teachers, CSB 7 members and parents; these expenditures were far greater than in any other district.<sup>32</sup> In section III of this report, we reviewed the most expensive seminar conducted by PCA, which took place in January 1994, when Crespo and six CSB 7 members took a two-and-a-half day retreat to the Tarrytown Hilton and paid PCA \$18,500 for its services.

Besides the highly questionable utility of District 7's large expenditures to PCA -- which certainly have not helped CSB 7 members or Crespo resolve their conflicts or become more effective educational leaders -- it appears that District 7 was significantly overcharged by PCA for its January 1994 seminar. According to the contract with the BOE, PCA was supposed to charge the District a rate of \$715 per person for the two-and-a-half day seminar; since only Crespo and six CSB 7 members attended, the District should therefore have been charged a total of \$5,005 plus a minimal amount for books and supplies. Yet District 7 paid PCA \$18,500 for the seminar which according to its invoice, was for the training of fifteen people. In addition, the seminar was supposed to include three hours of follow-up training for three months, which according to Board member Feliciano Ramirez was

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<sup>32</sup>An additional \$19,000 was paid to PCA by the BOE, of which \$3,500 was incurred by Community School District 4. However, because neither PCA nor District 7 could provide us with sufficient documentation for their expenditures, we were unable to establish whether any of the remaining \$15,500 amount was incurred by District 7.

never provided.<sup>33</sup> Nevertheless, on January 16, 1994, the last day of the seminar, then-CSB 7 President Arroyo wrote to District 7 Business Manager Brigitte George and directed her to expedite payment to PCA for the weekend seminar, stating that "the training covered by [the \$18,500] invoice has been completed." At the very same time, Arroyo was running for the New York State Assembly, and according to several District 7 employees, Lugovina was functioning as her campaign manager.

Neither District 7 nor PCA could provide us with sufficient supporting documentation for a large number of the seminars allegedly conducted by PCA. For many, the only records we were able to obtain were copies of the checks paid to PCA, which were provided by the New York City Comptroller's Office. Lugovina, Crespo and District 7 Business Manager Brigitte George told investigators that they could not find any documentation for nearly all of PCA's seminars, not even attendance records, when and where the seminars were held, or invoices documenting the cost of each seminar. The absence of these records, remarkable as it is, makes it impossible to determine whether many of these seminars actually occurred. When questioned by investigators, Lugovina blamed the missing records on former PCA vice president Jeffrey Silber, whom he claimed took all of the District 7 seminar information from a PCA computer before leaving PCA in 1995 and moving to Mexico. The absence of such records is a clear violation of the terms of PCA's contract with the BOE, which required PCA to maintain these records for six years.

### **3. Frivolous Perquisites for Board Members**

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<sup>33</sup>According to Chuck Farnsworth, the Covey Leadership Center's vice president for education, District 7 would have been charged between \$9,000 and \$11,000 for the January 1994 seminar if they had contracted directly with the Covey Leadership Center. Materials sent by the Covey Leadership Center, in response to a postcard in *The 7 Habits of Highly Effective People*, indicate that attendees of a two-and-a-half day leadership training seminar, to be held in July 1996 in New York City, would be charged a rate of \$1,095 per person.



The emphasis on personal gratification over fiscal prudence is further exemplified by the Board members' decision to accept certain perquisites approved by Crespo. Our investigation found numerous examples of Crespo approving frivolous purchases for Board members, including many in the months before CSB 7 voted to extend him a three-year contract in March 1994. For example, in October 1993, he approved the purchase of a \$100 pen for Feliciano Ramirez. In November 1993, Crespo approved a \$360 Wizard electronic organizer for Marion Rose, a crucial "swing vote" on the Board. Also in November 1993, Crespo approved a \$135 executive portfolio and two pens, worth \$250 and \$60, for Martha Rodriguez. In January 1994, Crespo approved a top-of-the-line \$650 Wizard electronic organizer for ally Luis Perez and a \$205 leather briefcase for ally Maxi Rivera.

In addition, in August 1993 Crespo authorized the payment of over \$1,200 to a professional photographer who took 5 x 7" portraits of each Board member which currently hang in the lobbies of each of the District's 22 schools.<sup>34</sup> Similarly, in October 1993 he authorized the purchase of \$665 worth of identification shields and cases for each board member, presumably so they could identify themselves as CSB 7 members to district security officers who requested proof of their identity and were unpersuaded by their photographs hanging in the schools.

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<sup>34</sup>It is worth noting that, in the fall of 1993, several board members purchased a number of frivolous items for themselves without obtaining Crespo's approval. For example, Feliciano Ramirez purchased a \$499 labeling system and a \$300 electronic organizer for himself. BOE regulations give board members the authority to make certain expenditures without the approval of the superintendent.

#### 4. Unsalaries Public Servants Collect Salaries

Like many other members of community school boards throughout New York City,<sup>35</sup> members of CSB 7 have turned their unsalaried positions into paid employment, albeit a modest \$125 per month. In District 7, eight of the nine Board members are collecting \$125 per month and referring to it as a "stipend," while the current board president, Luis Perez, is collecting \$200 per month as a "stipend" for his service. According to BOE regulations, Board members are not entitled to stipends, only reimbursement for actual out-of-pocket expenses. With the acquiescence of the BOE, the members of CSB 7 have converted these funds into an automatic monthly salary.

According to New York State law, individuals who are elected to a community school board serve a three year term "without compensation."<sup>36</sup> BOE regulations permit community school board members to be reimbursed for up to \$125 in out-of-pocket expenses each month without having to produce receipts to verify their expenditures. When board members seek reimbursement for more than \$125, they must submit receipts supporting the entire amount.<sup>37</sup> Likewise, school board presidents may be reimbursed for up to \$200 each month, but must also submit receipts in order to recover a greater amount. Regardless of the amount, board members are required to itemize their out-of-pocket expenses on a monthly "Personal Expense Summary Voucher" and certify that their request for reimbursement is for "out-of-pocket expenses incurred by me in the performance of my official duties as a Community School Board Member."

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<sup>35</sup>In our April 1996 preliminary report, *Corruption in Community School District 9*, we noted that CSB 9 members were also collecting these funds and referring to them as "stipends."

<sup>36</sup>New York State Education Law, sec. 2590-c(1).

<sup>37</sup>*Id.* They are required, however, to maintain supporting documentation, including receipts, substantiating all of

As we found in other districts, CSB 7 members treat the \$125 expense account as a stipend to which they are entitled every month, regardless of whether they have actually incurred any out-of-pocket expenses. This office reviewed District 7 records covering approximately 2 1/2 years and discovered that each month Board members failed to submit the "Personal Expense Summary Voucher"; instead they submitted a BOE form entitled "Authorization For Imprest Fund Expenditure" for the maximum amount, without listing what those expenses were.<sup>38</sup> By doing so, members of CSB 7 routinely claimed the maximum monthly amount without listing their out-of-pocket expenses or certifying that those expenses were incurred during the performance of their official school board duties. We reviewed approximately 270 such forms, and found that each member's submission was always the same: \$125 a month, with the Board president -- Carmen Arroyo, Feliciano Ramirez and Luis Perez were each president during the time period we reviewed -- claiming \$200.

Where the imprest authorization forms ask for the purpose of the expenditures, CSB 7 members have typically written in only the word "stipend" or have left the line blank. Certain central BOE records covering these transactions also describe the payments as stipends. Central BOE officials acknowledge that they are fully aware that in many community school districts local board members ask for and receive \$125 in expenses each month, even though they may not have incurred out-of-pocket expenses for that amount. In District 7, these payments to the members of CSB 7 add up to a total of \$14,400 a year.

While the members of CSB 7 are clearly treating their expense accounts as a small monthly

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their expenditures.

<sup>38</sup>BOE officials stated that the district business manager is supposed to reject any reimbursement requests that

salary, it is apparent from a review of their bills from restaurants, caterers and other merchants that they are charging some of their actual out-of-pocket expenses to other budget accounts. In doing so, CSB 7 members are taking money that could be used in District 7 classrooms and using public service positions for private profit.

### **C. HINDERING PARENTAL INVOLVEMENT**

Parental involvement should be a primary goal of any educator or administrator. Our investigation revealed that Crespo has instead created roadblocks for the District's parents, suspending one school's Parent Association and the District's Presidents' Council and holding secret meetings with select CSB 7 members.

In January 1995, citing bylaw problems, Crespo suspended the Parents Association ("PA") at P.S. 40 and ordered the school's principal to bar parent leaders from using the parent room in the school. This action was later reversed by the central BOE. Similarly, in December 1995, again citing bylaw problems, Crespo suspended District 7's Presidents' Council, which consists of PA presidents from each school, stating that the Council "ceased to function." Alerted once again, the central BOE reversed this decision as well, informing Crespo that the suspension was unauthorized and contrary to Board regulations encouraging greater parental involvement. Neyda Franco, then-PA president at P.S. 40 and recently appointed by Chancellor Rudolph Crew to a panel of trustees currently overseeing District 7 following CSB 7's suspension, told investigators that Crespo routinely attempts to undermine parent leaders and has tried to retaliate against those parents who disagree with him.

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are not accompanied by the "Summary of Expenses" voucher.

Parents were further cut out of the process when Crespo and certain Board members began holding secret meetings to discuss official Board business. In fact, at one of the meetings where they agreed to select a particular person for a principalship, the Board violated both Chancellor's Regulation C-30 and the New York State Open Meetings Law.<sup>39</sup> One board member, who described the meetings on the condition that his name not be used in a public report, stated that he attended three secret meetings in the spring of 1995, one at the home of Gloria Tucker-Morrow and two at the home of Dorothy Hudgens. Hudgens acknowledged having one such meeting at her home, although she contended that Crespo appeared "unexpectedly" with Luis Perez, while Tucker-Morrow also admitted that another such meeting was held at her home, at which she took notes.

The Board member who described these three meetings stated that Crespo was present at all of them, as were Board President Luis Perez, Maxi Rivera, Hudgens and Tucker-Morrow, who took notes. He stated that during one of these meetings, the Board members agreed to vote for Francisco Acevedo to become principal of I.S. 184 and Anthony Warner to become an assistant principal at I.S. 151; both Acevedo and Warner were later selected for the positions. Tucker-Morrow also confirmed that they spoke about Acevedo and Warner filling these positions during one of the meetings. The board member who asked that his name be kept confidential further asserted that he believed he was included in the meetings because Crespo and his allies needed a fifth vote. Once it became clear that he would not vote with them, Crespo refused to approve any of the projects that he was interested in starting, and he was no longer invited to the meetings.

These meetings, held in secret at a Board member's home, to which only five of the nine CSB

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<sup>39</sup>N.Y. Public Officers Law, Art. 7.

7 members and Crespo were invited, and at which assistant principal and principal candidates were discussed and selected, are obviously anti-democratic and are exactly the kind of backroom deals that BOE regulations are designed to prevent. Chancellor's Regulation C-30, which was specifically devised to involve parents, educators and other interested parties in the selection of principals and which explicitly sets forth an open three-tiered selection process, was clearly circumvented by these meetings. Furthermore, these secret meetings violated New York State's Open Meetings Law, which prohibits the convening of private meetings, attended by only a quorum of the members of a public body, at which official public business is discussed.<sup>40</sup>

#### **D. CRESPO SOLICITS AND ACCEPTS LOANS FROM SUBORDINATES**

In addition to indulging certain Board members' patronage and personal interests, Crespo has repeatedly imposed on District 7 personnel in order to advance his own personal interests. There is perhaps no better demonstration of Crespo's use of his position for personal gain, as well as his willingness to impose improperly upon his subordinates, than his acceptance of loans, ranging from \$1,000 to at least \$4,000, from three District subordinates. Crespo's receipt of these loans is in direct violation of the New York City Charter's Conflict of Interest provisions, which bar public servants from engaging in financial relationships with their subordinates.<sup>41</sup> Crespo sought these loans despite a salary of over \$107,000 per year.

Moreover, in each case the person who engaged in a financial transaction with Crespo subsequently received a substantial benefit. After Crespo borrowed at least \$4,000 from teacher Iris

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<sup>40</sup>Id.

Rodriguez, he created a word processing position for her daughter in a District school. After Crespo borrowed \$1,000 from Deputy Superintendent Georgiana Kokason, he gave her a positive evaluation and recommended to CSB 7 that they renew her contract. And after borrowing \$1,000 from P.S. 5 principal Jose Graciano, Crespo authorized a \$1,300 ten-day trip, paid for by District 7, for Graciano to attend an educational conference in San Juan, Puerto Rico.

### **1. Crespo Borrows At Least \$4,000 From Teacher Iris Rodriguez**

In January 1993, Crespo borrowed at least \$4,000 from P.S. 27 teacher Iris Rodriguez. Crespo knew Rodriguez from his days as principal of P.S. 27, where she taught under his supervision until July 1991, when he became superintendent. According to Rodriguez, Crespo called her at home and asked her for a \$4,000 loan, which she agreed to lend him. The next day, Rodriguez gave Crespo a \$4,000 check. Rodriguez told investigators that Crespo paid her back in installments over the next several months.<sup>42</sup>

In March 1994, a little more than a year after the loan was made, Crespo hired Rodriguez's daughter, Vanessa Cartagena, as a word processor at P.S. 40, a District elementary school. In fact, in December 1993, Crespo personally wrote to the BOE, asking for approval to create a word processing position for Cartagena in the District's early childhood program.<sup>43</sup> The hiring of Cartagena after Rodriguez gave Crespo a \$4,000 loan, creates the appearance that Cartagena obtained her

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<sup>41</sup>New York City Charter sec. 2604(b)(14).

<sup>42</sup>The bank records we have reviewed indicate that on January 26, 1993, Rodriguez wrote a \$4,000 check to Crespo. From March 1993 to October 1993, bank records indicate that Crespo gave Rodriguez a total of \$6,200. We have not yet determined an explanation for this discrepancy. Our investigation into these transactions is continuing.

<sup>43</sup>Brenda Cartagena, another daughter of Rodriguez, also works in District 7; she was hired in 1986 as an educational assistant at P.S. 29. Neither Brenda Cartagena nor Vanessa Cartagena were placed on the TempForce payroll.

position as a result of Crespo's gratitude to her mother for the loan.

## **2. Crespo Borrows \$1,000 From Deputy Superintendent Kokason**

In early 1994, District 7 Deputy Superintendent Georgiana Kokason loaned Crespo \$1,000.<sup>44</sup> At that time, according to Kokason, she and Crespo were discussing his financial difficulties when she offered to lend him \$1,000.<sup>45</sup> She told investigators that after her conversation with Crespo, she went to an automatic teller machine to withdraw the money, but could only obtain \$500 at one time, forcing her to go back a second time that day in order to withdraw an additional \$500. Kokason stated that Crespo repaid the loan in March 1994. In early January 1994, at approximately the same time that Kokason gave Crespo the loan, he gave her a positive evaluation and recommended that CSB 7 renew her contract.<sup>46</sup> On January 11, 1994, CSB 7 followed Crespo's recommendation and gave Kokason a new three-year contract.

## **3. Crespo Borrows \$1,000 From Principal Jose Graciano**

We further substantiated, through interviews as well as a review of bank records, that Crespo received a \$1,000 loan from P.S. 5 principal Jose Graciano. Bank records indicate that in March 1993, Crespo gave Graciano a \$1,000 check, approximately the same time as he was repaying Iris Rodriguez for her loan. When initially questioned by investigators, Graciano said he was "90 percent certain" that the \$1,000 Crespo had given him was to repay a loan, but claimed that he could not

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<sup>44</sup>Notably, Kokason only admitted loaning the money to Crespo when confronted with copies of bank records indicating that Crespo had given her a \$1,000 check, thus evincing some knowledge that the loan was inappropriate.

<sup>45</sup>Kokason claimed that Crespo never asked her for a loan and that she simply decided to offer him one. Regardless, Crespo's acceptance of the loan from Kokason was in violation of the City Charter's Conflict of Interest laws prohibiting financial relationships between a public servant and a subordinate.

<sup>46</sup>Because all necessary bank records have not yet been obtained, it is unclear whether Kokason loaned Crespo \$1,000 before he gave her a positive evaluation. Our investigation into the transactions between Kokason and



remember the circumstances of the transaction. Then, after speaking to Crespo and apprising him of our inquiry, Graciano said that he could not explain why Crespo had given him a \$1,000 check. This evidence, in the absence of any credible alternative explanation for the \$1,000 check, suggests that the money was indeed a loan.<sup>47</sup>

After Graciano lent \$1,000 to Crespo, he received certain generous benefits, courtesy of Crespo. In June 1993, just three months after Crespo gave Graciano \$1,000, Crespo selected him to attend an educational workshop for aspiring superintendents in Albany. One month later, again with Crespo's approval, Graciano attended an all-expenses-paid ten-day conference in San Juan, Puerto Rico that cost the District over \$1,300. Our investigation into the transactions between Graciano and Crespo is continuing.

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Crespo is continuing.

<sup>47</sup>While our investigation suggests that the transaction between Crespo and Graciano was, in fact, a loan, it would have violated the City Charter's Conflict of Interest prohibitions against financial transactions between a public servant and a subordinate, even if it had been a gift.

#### **IV. PRINCIPALS AND STAFF SOLICITED FOR CONTRIBUTIONS TO POLITICAL CAMPAIGNS AND TO BUY AND SELL TICKETS TO PARTIES RUN BY CRESPO**

Previous investigations by this office have demonstrated that in certain school districts where politics and patronage hiring take precedence over decisions based on educational needs, educators are routinely pressured to attend fundraisers and other political events.<sup>48</sup> In addition, past investigations have revealed that district resources and personnel are frequently diverted to the organization of these events, and that often the funds they generate disappear.

In District 7, educators and administrators are not only solicited by Crespo for personal loans, they are also forced to work in an environment in which solicitations for political contributions are commonplace, as are invitations to attend fundraising events for candidates for political office. In addition, District educators and administrators have been repeatedly solicited to buy and sell tickets to parties run by Crespo out of the District 7 administrative office. These parties frequently honored certain CSB 7 members, selected by Crespo, as well as Crespo himself. Although our investigation into the whereabouts of the funds raised at the parties is continuing, we disclose this portion of our findings because Crespo's involvement in every aspect of these events has been consistently described by numerous witnesses, and the coercive effect of his solicitations upon his subordinates is sufficiently clear.

##### **A. CRESPO SOLICITS POLITICAL CONTRIBUTIONS FROM DISTRICT 7 EMPLOYEES**

Four District 7 employees told investigators that Crespo asked them to make contributions to

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<sup>48</sup>See, e.g., *Preliminary Report: Corruption in Community School District 9*, April 1996; *From Chaos To Corruption: An Investigation Into The 1993 Community School Board Election*, December 1993; *Power, Politics and Patronage: Education in Community School District 12*, April 1993.

candidates for elective office. Retired I.S. 151 Principal Robert Balogh told investigators that several years ago, when he was principal of I.S. 151, Crespo asked him if he would make a contribution to the campaign of a Bronx Congressman.<sup>49</sup> Three other district administrators, two of whom are principals and one an assistant principal, described Crespo's solicitations on the condition that their names not be used in a public report. One principal told investigators that several years ago, Crespo called him at home to ask if he would make a \$100 contribution to the school board campaign of Board President Luis Perez.<sup>50</sup> The second principal told investigators that in the summer of 1993, she received two or three phone calls from Crespo and his secretaries at her home, first to invite her to a fundraiser for a person running for the City Council, and then reminding her about the event as the date drew closer.<sup>51</sup> She attended the event and stated that many other District principals were also there. Finally, the assistant principal stated that during the summer several years ago, Crespo called him at home to invite him to a party for a person running for political office, and asked if he was interested in buying a ticket. When he told Crespo that he could not attend the party, Crespo asked if he would like to make a campaign contribution instead; the assistant principal did not do so.

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<sup>49</sup>We found no evidence that the Congressman in question was aware of the solicitation.

<sup>50</sup>Although the New York State Election Law requires disclosure of school board members' campaign contributions, itemization of each contribution is only necessary if the total amount of contributions is more than \$1,000. As of April 11, 1996, only Marion Rose and Martha Rodriguez had filed such records for the 1993 school board elections. Since Perez failed to do so, it is unclear whether he received campaign contributions from District employees.

<sup>51</sup>We found no evidence that the candidate was aware of the solicitation by Crespo.

**B. THE LIDO PARTIES: DISTRICT EMPLOYEES REPEATEDLY SOLICITED BY CRESPO'S STAFF TO ATTEND AND SELL TICKETS**

In addition to requests for political contributions, our investigation revealed that District 7 employees were repeatedly asked to attend and sell tickets to parties usually billed as being held by "The Friends of District 7," which were actually organized by Crespo and his staff and run out of the District 7 administrative office. Records obtained by this office indicate that since May 1992, District 7 employees have been asked to attend and sell tickets to eleven such parties at the Lido, a catering hall and restaurant on City Island in the Bronx.<sup>52</sup> Typically, attendees were charged between \$55 and \$75 per ticket, and the festivities included dinner, an open bar and dancing. At Crespo's direction, these events have previously honored four CSB 7 members allied with Crespo.<sup>53</sup> Among other things, the parties served as a means for Crespo to promote a particular Board member or allied District employee, while also providing him with a highly visible way of gauging the loyalty of District employees.

Our investigation shows that the Lido parties were run by Crespo and his staff out of the District 7 administrative office on District time and using District funds. The parties first began only after Crespo became superintendent; the first one, honoring Deputy Superintendent Georgiana Kokason, was held in May 1992. When Crespo decided to hold a party, he typically called the Lido and spoke with either its owner, Pietro Mellampe, or one of its managers, Delmo Platonio and Rose Marie Delfalco; with them, Crespo selected a date, the food and entertainment, and the per-person price that the Lido would

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<sup>52</sup>Of the eleven parties, seven have been held since March 1994 and three were held between September 1995 and January 1996. Another was scheduled for March 1996 but was apparently cancelled after CSB 7's suspension in February 1996.

<sup>53</sup>It has been four years since any member of the current minority faction on CSB 7 was selected by Crespo to be an honoree at one of the Lido parties.

charge. For each of the parties, either Crespo or Awilda Cordero, a receptionist in the District office, signed a contract with the Lido staff. For many of the parties, Nydia Rodriguez, Kokason's secretary, created a flyer announcing the event on her District computer and used District copying machines to print the flyers that were later distributed to District principals; on other occasions, Crespo arranged with Fred Daris, the District 7 Arts Coordinator, to have the flyers and tickets created and printed at a local print shop, using District funds to pay the printer. For certain parties, Crespo formed a committee, usually consisting of several principals and District employees, to help with certain details of the events, such as selling tickets, publicity, seating arrangements and obtaining plaques for honorees.

Crespo chose the parties' honorees, which have previously included current Board members and allies Luis Perez (honoree at two parties), Marion Rose and her daughter Charisse Rose,<sup>54</sup> Dorothy Hudgens, Maxi Rivera, as well as Deputy Superintendent Georgiana Kokason, District Business Manager Brigitte George, and even Crespo himself.

Investigators interviewed principals at each of the District's 22 schools, as well as many members of their staff, and each provided essentially the same account of how the Lido parties were organized and the manner by which employees were solicited. An envelope addressed to each principal containing ten tickets, along with flyers announcing the event, was left in each school's mailbox at the District office or hand-delivered to the school by a District office employee.<sup>55</sup> The flyers, which principals were supposed to post around the school, requested that checks be made payable to the

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<sup>54</sup> According to flyers distributed for the party in her honor, Charisse Rose is a recording artist who performs with a musical group called Changing Faces.

<sup>55</sup> For one occasion, the most recent Lido party held on January 19, 1996, Mario Hernandez, mentioned earlier in sec IV, delivered the tickets to each school.

Lido. When the date of the party neared, Crespo's secretaries tried to drum up attendance by calling principals to see how ticket sales were progressing. A principal who asked that her name not be used in a public report stated that in the fall of 1995, Crespo called her and asked if she would be attending a party honoring CSB 7 President Luis Perez. According to another witness, who also asked that her name not be used in a public report, Crespo called a principal himself and told her that he had heard that she wasn't attending the January 19th party and thought that it was "quite unusual." Principals delivered the checks, cash and any unsold tickets to one of Crespo's or Kokason's secretaries, who then gave them to Crespo.<sup>56</sup> On a few occasions, when one of the secretaries was unavailable, District staff gave their checks directly to Crespo.<sup>57</sup>

Between 125 and 200 people, including numerous District 7 principals and employees, attended each of the "Friends of District 7" Lido parties. Crespo was typically the master of ceremonies at the events, frequently greeting partygoers at the door and delivering a speech and a plaque to each of the honorees. At the end of the night, Lido staff dealt exclusively with Crespo in order to settle the Lido's bill. Lido owner Mellampe and managers Platonio and Delfalco told investigators that after the party was over, Crespo came into the restaurant office and paid the bill mainly with dozens of checks made out to the Lido by partygoers and also with some cash. Mellampe, Platonio and Delfalco stated that they generally charged Crespo between \$30 and \$48 per person, compared with the \$55 to \$75 that Crespo charged attendees. Nonetheless, they asserted that Crespo often did not have enough

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<sup>56</sup>Several principals told investigators that they threw away any unsold tickets.

<sup>57</sup>P.S. 5 principal Jose Graciano and P.S. 27 teacher Iris Rodriguez, both of whom engaged in financial transactions with Crespo, were also actively involved in selling tickets to a number of Lido parties. P.S. 30 principal Aida Rosa was also frequently mentioned by District employees as an active ticket-seller to these events.

funds to pay the entire bill, and that there was frequently a remaining balance of several hundred dollars, which they usually agreed to carry over to the next "Friends of District 7" party. According to Awilda Cordero and Mario Hernandez, who helped Crespo with the most recent party held on January 19, 1996, there was never any surplus money from the parties, due to the large number of people who attended for free, including the honorees, their families and friends, as well as the additional costs of a disc jockey, flowers and plaques.<sup>58</sup>

At a March 19, 1996 hearing in Bronx Supreme Court, pursuant to a lawsuit brought by CSB 7 challenging their suspension by Chancellor Crew, Crespo testified, under oath, that his office did not run the Lido events and that they were organized by "various organizations or committees, ad hoc people who come together for a moment in time, recognize somebody and go home." Nevertheless, documents from the latest party, held on January 19, 1996, directly contradict Crespo's assertions and provide irrefutable proof that he was fully in charge of this event. These records, all of which contain Crespo's handwriting,<sup>59</sup> document which District 7 employees were buying and selling tickets to the party. They include a hand-written list entitled "Contact Person," listing the names of the principals and assistant principals at each of the District's 22 schools and the numbers printed on the ten tickets given to each of them; a hand-written sheet containing the names of the "January 19th Committee" members who helped Crespo with the event, as well as the BOE pay dates for the month of January 1996; a chart of District 7 schools listing their principals and staff, with hand-written notations as to the number

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<sup>58</sup>Because all of the bank records from these transactions had not yet been obtained prior to the release of this report, this aspect of our investigation is continuing.

<sup>59</sup>Crespo's handwriting on these documents was verified by, among other people, Deputy Superintendent Kokason.

of tickets sold at each school; and, lastly, a hand-written seating chart for the January 19th party, including the tables for each school and the names of certain attendees. These are the only records we have been able to obtain with respect to the organization of the Lido parties, as Crespo and his secretaries told investigators that no other documents exist.

Aida Rosa, the longtime principal of P.S. 30, a District 7 school where approximately 75 percent of the students cannot read or perform math at grade level, is an example of how District 7 employees can advance their careers by attending the parties and helping Crespo with their organization.

Rosa was frequently mentioned by District 7 employees as being one of the principals most actively involved in helping Crespo sell tickets and generate interest in the Lido parties. In addition, Rosa acknowledged to investigators that she herself helped organize two Puerto Rican-theme parties at the Lido in the fall of 1995, and that she has attended almost every District 7 party held at the Lido over the last several years. In fact, Crespo selected Rosa as an honoree for a November 1994 Lido party. At the January 1996 Lido party, during a conversation that was surreptitiously videotaped, Rosa admitted that her skills were not in education but in politics:



It's politics. It's politics. In order to be a principal what you need is the art of dealing with people. You don't have to have a lot of knowledge either. OK? 'Cause I don't have a lot of knowledge. They know. Yo no se mucho, pero [I don't know a lot, but] I get along with people.

By Rosa's own self-evaluation, she does not have a lot of knowledge, but does have political skills. Yet political skills have done little to ease the continuing educational crisis at P.S. 30. The District 7 principals we interviewed regarding the Lido events would only discuss them on the condition that their names not be used in a public report.<sup>60</sup> One principal stated that her attendance at the parties "couldn't hurt her career, it could only help" and that the few District employees who did not attend "stood out" to Crespo. Others stated that while no one explicitly stated that they were required to attend or sell tickets, they nonetheless felt that they were either "expected" to attend, or that it was their "understanding" that they had to go, or that if they did not attend, it would hurt their career. Another principal stated that one of Crespo's secretaries, Vicki Santiago, explicitly told her that the Lido parties were a "good thing to go to." An additional witness stated that, while at the District office, she overheard Board President Luis Perez angrily remark that if principals and other District employees failed to attend a party at the Lido in his honor, "They'll be sorry."

By organizing these events with the assistance of his staff, repeatedly sending flyers and tickets to principals and other subordinates, and further asking them to sell tickets to others, Crespo sent an implicit but clear message that their attendance could be rewarded and that non-attendance could harm their careers. District staff, especially untenured principals, could hardly avoid the obvious message:

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<sup>60</sup>Investigators interviewed each of the District's twenty-two principals, as well as numerous assistant principals, teachers and other staff members.

failure to attend a party might cost them career advancement. Even tenured principals, knowing that Crespo controlled their budgets, programs and staffing, were keenly aware that if they did not attend the parties or sell tickets to others, Crespo had the means at his disposal to punish them. The reluctance of principals and other District 7 employees to allow their names to be used in this report in connection with these parties makes clear their fear of retribution from Crespo and his allies on CSB 7.

The New York City Charter's Conflict of Interest provisions prohibit public servants from soliciting subordinates to attend events like the Lido parties, precisely because any subsequent decisions they make will appear to be compromised or actually may be compromised. Indeed, the evidence shows that District 7 employees justifiably believed that they would be rewarded for their participation in the Lido parties or punished if they did not attend. Thus, these events, symptomatic of the patronage mill that District 7 has become, clearly have a negative impact on the morale of well-meaning District employees. Aware that their chances for career advancement may be based upon reasons having nothing to do with educational merit, they cannot help but be demoralized or driven away to another district or school system, and their performance in the classroom may ultimately suffer. Given that District 7 is in an educational crisis, its children deserve nothing less than the most talented people available, and they are entitled to have every decision made with their best interests in mind. This is simply not possible when the career advancement of educational staff is based upon presence at parties, ticket-selling abilities and personal or political connections.

## **V. CONCLUSION & RECOMMENDATIONS**

The children of District 7 have been poorly served by a community school board and a superintendent who have used their extraordinary power over jobs and budget to benefit themselves personally and politically. The consistent failure of the District's leaders to place the educational needs of the children first is all the more striking when one considers that it is one of the worst performing districts in the city and that it has a greater percentage of failing schools than any other district in the New York City public school system. It will take strong action for District 7 to overcome its abysmal record of academic performance, waste and mismanagement.

### **A. Recommendations Concerning Individuals**

We recommend that Superintendent Pedro Crespo be immediately removed from his position and that his employment with the BOE be terminated. We are referring evidence concerning Crespo's misconduct to the Bronx County District Attorney's Office and to the New York City Conflict of Interest Board.

We found that members of Community School Board 7 circumvented BOE regulations to obtain District employment for their relatives, held secret meetings, collected frivolous perquisites and wasted thousands of scarce dollars on expensive travel, out-of-town conferences and meals. Six of the current members of Community School Board 7 were recently reelected to serve another three-year term beginning on July 1, 1996. All six of these Board members participated, in varying degrees, in misconduct described in this report and all presided over the educational decline of District 7. It is therefore our recommendation that the Chancellor pursue all legal remedies available to him to ensure that none of these individuals are seated on Community School Board 7.

The evidence described in this report demonstrates that Barbet Boone obtained her paraprofessional position in District 7 in violation of BOE regulations and that she has repeatedly engaged in inappropriate behavior that is completely unsuitable for employment with the BOE. Although Boone was removed from the District payroll on May 31, 1996 pending the disposition of criminal charges, we recommend that her removal be permanent and that she be placed on the BOE's "Invalid Inquiry List," to prevent her from obtaining employment with the BOE at a future date.

This investigation established that Principle Centered Associates, a vendor with a city-wide contract with the BOE, failed to comply with its contractual obligation to maintain proper records of its services with New York City Community School Districts. We recommend that Principle Centered Associates be barred from further business activities with the BOE unless or until it is in compliance with its contractual obligations.

#### **B. Systemic Recommendations**

This report demonstrates once again the dangers of allowing elected officials to inject politics into the hiring and budgetary decisions in the schools. In too many districts, the political ambitions of adults, not the educational needs of children, drive educational decision-making.

We have previously made recommendations to remove politics from education decisions, such as mandating that school hiring be made by professional educators in close coordination with parents, prohibiting school board members from interfering with those decisions. Many thoughtful legislative proposals on school board reform have been made since, most incorporating all or part of our earlier proposals, but no legislative package has yet made its way into law. We cannot stress too strongly that the ultimate solution to the type of corruption, misconduct, and waste we found in District 7 lies in

comprehensive school board reform enacted by the New York State Legislature. The time for tinkering has long passed. We urge New York State's elected officials to work together with city, educational, and parent leaders to pass this desperately needed reform.

Our investigation described how, by placing their relatives on the payroll of a temporary employment agency, Board members were able to circumvent the BOE's anti-nepotism and disclosure regulations. This loophole must be closed. We therefore recommend that the BOE broaden its anti-nepotism and disclosure regulations so that they explicitly apply to all employees of temporary employment agencies who work in BOE facilities. In addition, we recommend that an appropriate person in District 7 be required to report to the BOE any employees of temporary agencies who are currently working in District 7 and certify that their hiring is in compliance with all BOE regulations.

We revealed in this report, as well as in our April 1996 preliminary report, *Corruption in Community School District 9*, how Board members are treating their \$125 per month expense account as a stipend to which they deem themselves entitled every month, even though BOE regulations state that Board members are only entitled to be reimbursed for actual out-of-pocket expenses. We also found that central BOE officials are fully aware that, in many community school districts, Board members are being reimbursed for \$125 in expenses each month, even though they may not be entitled to that amount. We recommend that the BOE enforce these regulations and require a specific itemization of all such monthly out-of-pocket expenses from each Board member before processing these payments.