

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

25 Broadway, 8th floor, New York, New York 10004

Telephone: (212) 510-1400

Fax: (212) 510-1550

www.specialcommissioner.org

EDWARD F. STANCIK
SPECIAL COMMISSIONER

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Custodian Uses Board of Education Funds To Finance Personal Expenses

The Custodian for Manhattan's School of the Future, Steven J. McGuire, used some time-honored schemes from the past to pay for his personal pursuits, including gambling trips to Atlantic City, with Board of Education ("BOE") funds, according to Special Commissioner of Investigation for the New York City School District Edward F. Stancik.

In a letter to Chancellor Harold Levy, released today, Stancik reported that McGuire used his custodial bank account, held jointly with his wife, essentially as an interest-free credit line for his personal needs. The Special Commissioner found that over a three-and-a-half year span concluding in August 2000, McGuire's "balance" of BOE dollars used for his own purposes reached as high as \$57,000. He wrote checks on the account for his American Express bills, his property taxes, and his hotel fees at Caesar's Palace in Atlantic City. McGuire periodically deposited funds to "pay down" his balance.

McGuire's scheme succeeded because while the BOE does audit custodial purchases, it does not audit custodial bank accounts. Stancik originally criticized the practice of allowing custodians to commingle the funds from their custodial accounts with their personal accounts in his 1992 report *A System Like No Other: Fraud and Misconduct by New York City School Custodians*. McGuire was named in that report for "wife-swapping," the practice of custodians hiring each others' wives to evade nepotism rules. Despite a New York City Comptroller's report in 1996 criticizing the BOE for not cracking down on custodial account abuses, the BOE has not aggressively enforced the ban on commingling.

Stancik recommended that McGuire be fired and that the guidelines on commingling be strictly enforced. He further recommended that the BOE audit the custodians' bank accounts.