

March 17, 2009

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

**Re: Philip Portelli, Paul Azzopardi,  
Mary Mortenson, Lorraine Velasquez  
SCI Case No. 2008-3747**

Dear Chancellor Klein:

An investigation conducted by this office has substantiated that Philip Portelli, a Department of Education (“DOE”) custodian assigned to West Side High School (“WSHS”) in Manhattan, created a “no show” job in the name of a friend, Paul Azzopardi, to enable them to steal more than \$99,000 in DOE funds. Although Azzopardi did not work at the school, paychecks were issued in his name from the WSHS custodial payroll from 2006 through 2008. Most of the proceeds of these checks were taken by Portelli, who shared a portion of the cash with Azzopardi. Portelli also granted overtime compensation to custodial workers even though they performed no extra work, and he demanded – and in one instance received – cash kickbacks from those receiving the unearned premium pay. We have further determined that Mary Mortenson, whom Portelli employed as a payroll secretary, and who was aware of Portelli’s illicit arrangement with Azzopardi, repeatedly granted herself compensation to which she was not entitled by: 1) paying herself for nearly 50 lunch hours without authorization; 2) paying herself for at least six days when she did not appear at WSHS; and 3) in one instance, multiplying her hourly pay by two and one-half times the regular rate for a seven-hour shift. Finally, we have determined that Lorraine Velasquez, whom Portelli employed as a night cleaner at the school, regularly left before the end of her shift, but nevertheless received full compensation.<sup>1</sup>

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<sup>1</sup> Portelli was reassigned to an office of the DOE Division of School Facilities as a result of this investigation. Mortenson and Velasquez are still assigned to WSHS.

In September 2008, a confidential source ("CS A") visited the Office of the Special Commissioner of Investigation ("SCI") and met with investigators. He made three general allegations concerning the custodial staff of WSHS: (1) Portelli has a custodial helper on the payroll named Paul Azzopardi, who does not actually work at the school, and Portelli takes Azzopardi's salary; (2) Portelli pays Mary Mortenson a full-time salary as a custodial helper/secretary, although she works only five hours on one day per week; and (3) Part-time custodial helper Lorraine Velasquez does no work at the school.

After his initial complaint, CS A returned to the SCI office at the request of investigators and provided further details. He said that he has been working on the custodial staff at WSHS for approximately two years. According to CS A, when he first started working at the school, he noticed a paycheck in the name of Paul Azzopardi. Portelli told CS A that Azzopardi was "not real" and that Portelli was keeping the money from the paychecks in Azzopardi's name. CS A said that Portelli once complained about having to pay taxes on the income attributed to Azzopardi.

CS A further told investigators that after he worked at WSHS for approximately six months, Portelli credited him with numerous hours of overtime for which he did no work. CS A said that Portelli told him at the time to give him \$300 from the overtime proceeds and keep the remainder; CS A did as requested. The investigators examined DOE payroll records for the approximate period during which CS A said he was paid unearned overtime. The records show that for one four-week period in 2006, CS A was credited with 170 overtime or "premium" hours (valued at \$4,335), and that in the succeeding two weeks he was paid for 74 such hours (valued at \$1,887).

With respect to Mortenson, CS A said that she appeared at the office one day per week for approximately five hours to attend to the payroll. However, she was paid for a full work week, plus overtime. CS A reported that because she was in charge of the payroll, Mortenson was aware of Portelli's scheme concerning the paychecks issued in Azzopardi's name.

Concerning Velasquez, CS A told investigators that she appears at work at the beginning of her scheduled shift, but only stays for a short period of time. According to CS A, Velasquez lives in an apartment near WSHS. He said that she returns home after punching in at the beginning of her shift, and comes back to the school only to punch out at the end of her scheduled tour.

CS A reported that Portelli also was employed as a superintendent of three private apartment buildings, including Portelli's residence on East 88<sup>th</sup> Street in Manhattan. CS A said that Portelli sometimes sent a custodial employee (whom he identified by name) to clean the apartment buildings during his WSHS work shift.

SCI investigators obtained custodial payroll data for WSHS (including canceled paychecks, P.O.1s and timecards) from Robert Dreyer, the DOE Director of Facilities for District 3.<sup>2</sup> The records indicated that Portelli and Azzopardi live within one block of each other on East 88<sup>th</sup> Street in Manhattan.<sup>3</sup> Some of the canceled checks payable to Portelli and Azzopardi were cashed at North Fork Bank (now (and hereinafter) “Capital One”). By subpoena, SCI investigators obtained records from Capitol One indicating that Portelli had four accounts at the bank. Also in response to a subpoena, a Capitol One employee confirmed that Azzopardi had no accounts at the bank, or at its predecessor.

Investigators discovered that a number appearing with the endorsement on some of the Azzopardi checks actually was assigned to a Portelli account at Capital One. Most of the canceled checks payable to Azzopardi contained the same New York State Driver License number, which proved to belong to Portelli.

### **Azzopardi**

SCI investigators visited the address on East 88<sup>th</sup> Street listed for Azzopardi in the payroll records. His name appeared on a mailbox, and a sign in the lobby identified him as the superintendent of the apartment building. Two residents leaving the building separately confirmed that Azzopardi was the superintendent. One resident provided the investigators with a mobile telephone number for Azzopardi. An investigator called the number and a male who identified himself as Azzopardi answered. He stated that he worked Monday through Thursday from 8:00 a.m. to 4:00 p.m. as a handyman at a building at 50 East 89<sup>th</sup> Street, and that after 4:00 p.m., he works as the superintendent of the building at which he resides. Azzopardi did not mention anything concerning employment at a DOE school.

SCI investigators subsequently interviewed Azzopardi at his residence on East 88<sup>th</sup> Street. Asked about his employment, he described the two jobs and work schedules in a manner consistent with his earlier account on the telephone. Investigators asked if this was the extent of his employment. Azzopardi responded affirmatively, and then changed his answer and said that he worked at a school on the West Side. However, he could not tell the investigators the name of the school or its location. He said that he worked for Custodian Philip Portelli “a couple of times per week” and that his hours varied. Investigators continued to inquire about Azzopardi’s work schedule at WSHS and how it comported with his two jobs in the residential buildings. When told that no one at the school has seen him, Azzopardi varied from his original answer, and admitted that he did “not work there in an official capacity.”

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<sup>2</sup> “P.O.1s” are DOE custodial payroll reports signed and certified by custodians and submitted to their superiors. Investigators asked Dreyer if he received any complaints concerning Portelli. He replied that about two months earlier he received an anonymous call from a female who said that Portelli was using money improperly and buying things with custodial funds which he should not. Dreyer said that he did not report the complaint to SCI, but instead asked Portelli if he had recently fired anyone, or had any disgruntled employees. According to Dreyer, Portelli replied in the negative.

<sup>3</sup> Investigators visited the address listed in the records for Azzopardi and found his name on a mailbox in the lobby.

Azzopardi explained to investigators that he was a friend of Portelli and that their families in Malta were also acquainted. He said that sometime in late 2006 while he and Portelli were out to dinner with their wives, Portelli proposed putting him on the custodial payroll as an “on call” employee at \$400 per week. Azzopardi said that he subsequently performed some minor tasks including snow removal and painting “two or three times,” but that he had not been to the school for one and one-half years. He conceded that there was no such position in the DOE custodial system as an “on call employee” who was compensated whether or not he appeared for work. Azzopardi said that he never punched a timecard at WSHS nor signed one presented to him by Portelli. He said that beginning in December 2006 he was paid by check. Investigators showed him canceled custodial paychecks in his name in chronological order. Azzopardi said that he endorsed the first five of these checks and cashed them at the HSBC Bank where he has an account.<sup>4</sup> He examined the checks dated after May 3, 2007 and declared that the endorsement signatures were not his. Azzopardi stated that sometime in May 2007, Portelli told him that he would not receive a check thereafter, but that Portelli would pay him \$400 in cash each pay period for being “on call.”<sup>5</sup> Investigators asked Azzopardi who was responsible for paying taxes on the income payable to him. He responded that he paid the taxes, and he provided the investigators with a copy of his 2007 tax return. Attached to it was a W-2 form from the DOE stating that he had earned \$37,571.33 from the DOE custodial payroll for calendar year 2007, and this sum and its source were entered on the tax return. Asked if it occurred to him that he was paying taxes on income he did not receive, Azzopardi said that he knew that Portelli was taking a cut of the income, but he had not realized how much.

Azzopardi acknowledged that he knew that what he and Portelli did was wrong, but that his friend was giving him cash without requiring work, and there was “no way” Azzopardi would refuse it. Azzopardi added that Portelli, who lives about a block away from his apartment, usually visited him at home around payday and gave him \$400 in cash.

### **Portelli Solicits Kickbacks for Unearned Overtime**

SCI investigators interviewed the custodial employee whom CS A identified as having worked for Portelli at a private apartment building while on the WSHS custodial payroll. The custodial employee (“CS B”) also requested that his identity remain confidential. He stated that on November 12, 2008, Portelli advised him that he added 12 hours of overtime to his paycheck, and that he marked the previous day’s schedule to reflect the 12 hours. CS B said that he did not work the previous day, and told Portelli this at the time. According to CS B, Portelli replied, “It’s already done – don’t worry about it. Just give me \$350 when you get your paycheck.” CS B said that overtime was paid in a separate check from salary, and he provided an (uncashed) overtime check to

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<sup>4</sup> The five checks were dated December 14, 2006, March 8, March 22, April 19 and May 3, 2007.

<sup>5</sup> Azzopardi produced a set of keys given to him by Portelli which he said were to WSHS. Azzopardi said that he had never been to WSHS after school hours. The investigators took possession of the keys.

investigators. It reflected 70 overtime hours, including the 12 hours which CS B said he did not work.

CS B also reported that on November 10, 2008, Portelli told him that if anyone asked if Paul Azzopardi worked as a cleaner in the school, he should respond affirmatively, and say that Azzopardi was currently on vacation. CS B said that he worked daily until 3:00 p.m., and some overtime on weekends, but had never seen Azzopardi, and only saw his name on a blank timecard in the rack by the timeclock. Asked about Mortenson, CS B replied that she never worked more than one or two days in a (two-week) pay period.

Following up on CS A's report, investigators asked CS B if he worked outside the school at Portelli's direction during his scheduled shift at WSHS. He replied that from 2006 until September 2008, he and another cleaner whom he identified sometimes went to apartment buildings at Portelli's direction to do some cleaning and rubbish removal. CS B said that during their scheduled shifts, he and the other cleaner would take Portelli's truck, go from WSHS to three buildings, perform the work at his direction, and return to the school. CS B said that he did this because he was afraid that Portelli might fire him if he refused. CS B described the three buildings: 1) Portelli's residence on East 88<sup>th</sup> Street; 2) an apartment house on 130<sup>th</sup> Street and Adam Clayton Powell Boulevard; and 3) an apartment building over a dry cleaning shop on West 22<sup>nd</sup> Street between Seventh and Eight Avenues. Finally, CS B said that in July 2008, he borrowed \$1,500 from Portelli, and that the balance on this loan was \$500 as of November 2008.

WSHS Principal Jean McTavish corroborated CS B's account concerning his unearned overtime. On November 25<sup>th</sup>, McTavish informed investigators that for two days during the previous week, CS B, who usually was pleasant toward her, acted in an unusual manner and avoided her. McTavish said that she approached CS B and asked what was wrong. He replied that Portelli paid him for 12 hours of unearned overtime, and told him not to worry about it, and to keep the money. According to McTavish, CS B further stated that he did not want the money for time he did not work, and she advised him not to cash the overtime check. Investigators showed McTavish photographs of some of the (listed) WSHS custodial staff. She recognized photos of Velasquez and Mortenson. When shown a photo of Azzopardi, McTavish stated that she had never seen him working at WSHS.

### **Portelli**

SCI investigators interviewed Portelli at WSHS where, he said, he has been custodian for the last three and one-half years. He added that he also worked part-time on the custodial staffs at three other DOE high schools – The Julia Richman Complex, The George Washington Complex, and Stuyvesant. Portelli said that there were seven employees on the WSHS custodial staff, and recited their names, including Azzopardi, Mortenson and Velasquez. He said that Azzopardi was a “handyman-cleaner” who worked Monday through Friday from 1:00 p.m. to 10:00 p.m. In response to the

investigators' queries, Portelli claimed that Azzopardi had been working at WSHS for approximately two years, and that he first met him when he interviewed for the job. Portelli was then confronted with information that Azzopardi did not actually work at WSHS, and was shown canceled paychecks in Azzopardi's name which contained Portelli's license and bank account numbers, and endorsements resembling Portelli's handwriting. Portelli then admitted that he had forged Azzopardi's signature on the checks, and that the license and bank account numbers were his own.

Portelli admitted that he was previously acquainted with Azzopardi, and that sometime in early 2007 they both came up with the idea of putting Azzopardi on the custodial payroll without him appearing for work. Portelli said that he cashed the Azzopardi checks and split the proceeds with him. Portelli explained that after he cashed the checks he visited Azzopardi at his apartment and paid him in cash. The custodian maintained that he shared the tax liability as well. Portelli told investigators that he was willing to reimburse the DOE for all the money he had stolen.

Concerning Mortenson, Portelli said that she was responsible for payroll. He stated that she currently worked a part-time schedule, five days per two-week pay period. Portelli was shown Mortenson's timecards and the portion of the DOE P.O.1s which reflected her reported time on which her compensation was based. The P.O.1s showed a far greater number of hours than the timecards. Portelli acknowledged that he signed the paychecks, but said that he trusted Mortenson to handle the account, and if there was any time theft going on, he was unaware of it. Responding to investigators' queries, Portelli denied that Mortenson kicked back any cash to him, or that he allowed her unearned compensation in exchange for remaining quiet about having a "no show" employee on the payroll.

Asked about Velasquez, Portelli told investigators that she was a good worker whom he had recently promoted to night supervisor. He said that the promotion caused some resentment among the night workers. Portelli denied allowing Velasquez to punch in, leave the school, and return to punch out at the end of her scheduled shift.

Investigators observed a timeclock in Portelli's personal office on which the lock was broken enabling one to remove the cover and manipulate the time stamp.<sup>6</sup> They asked Portelli if he manipulated the clock to mark the timecard in Azzopardi's name. Portelli declined to answer, and ceased to cooperate with the investigators thereafter. The investigators' visit to WSHS coincided with payday, and Portelli and Mortenson were allowed to complete the payroll under the investigators' observation. They noticed on the computer screen a custodial earnings report indicating that Azzopardi had worked every day of the previous two weeks for a total of 172 regular hours and 92 overtime hours. The investigators requested that Mortenson print a copy of the report, and she responded that this could not be done without also printing a corresponding paycheck in

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<sup>6</sup> This was in addition to a timeclock in the main portion of the custodial office with an apparently functioning lock.

Azzopardi's name. The investigators directed her to do so and to mark the check "VOID." Portelli protested and said that the report was merely an estimate of "possible earnings." Asked how a person who did not work in the school could have any "possible earnings," Portelli did not respond. The investigators took possession of the report and of the timecard in Azzopardi's name. The timecard had no entries which corresponded with the report.<sup>7</sup>

Within a few days of interviewing Portelli, an SCI investigator was contacted by Timothy George, the DOE Director of Facilities for Manhattan. George said that after Portelli was reassigned as a result of this investigation, the custodian told him that he had stolen \$80,000 from the DOE and wished to pay it back. The following day, CS B informed an investigator that Portelli's father telephoned him and said that he was coming to the school to return a snowblower which belonged to the DOE.<sup>8</sup>

SCI investigators obtained all of the W-2s in Azzopardi's name from the DOE custodial payroll records for WSHS. They were issued for calendar years 2006 (\$1,169.09), 2007 (\$37,571.33) and 2008 (\$60,547.96) and show that a total of \$99,288.38 in DOE funds was paid in Azzopardi's name.

### **Mortenson**

Investigators interviewed Mary Mortenson at WSHS. She said that she had been the custodial secretary at the school for two and one-half or three years, and that she currently worked part-time. Mortenson reported that on alternate weeks she worked two-day and three-day work weeks, and that her hours had been 7:00 a.m. to 5:00 p.m. but, more recently, were 9:30 a.m. to 4:30 p.m. She said that she was mainly responsible for payroll.

Mortenson was shown a photo of Azzopardi, and said that she had not seen him in person, but recognized Azzopardi from the photo in his personnel file. She said that she knew Azzopardi worked evenings at WSHS based on his timecard. Asked if she had seen Portelli manipulate the timeclock, Mortenson said that she had seen him do so numerous times, but did not know which card or cards he punched. She acknowledged that she did not report this conduct. Investigators asked Mortenson about a discrepancy between the (greater) number of hours entered for her on the P.O.1 than those shown on her timecard for the pay period September 19 – October 16, 2008. She initially stated that she had recently taken a lot of vacation and sick leave. Advised that such leave was already accounted for, Mortenson said that she recently took approximately seven days of

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<sup>7</sup> On the day investigators interviewed Portelli at WSHS, Robert Dreyer, his supervisor, appeared at the school. Investigators advised Dreyer of the allegations against Portelli, and of their discoveries. Dreyer conferred by telephone with Timothy George, the DOE Director of Facilities for Manhattan, and then advised the investigators that Portelli would be reassigned.

<sup>8</sup> CS B subsequently telephoned the investigator and confirmed that a snowblower was, in fact, returned to WSHS.

vacation which were not indicated on her timecard. She said that this information was not required to be noted on timecards, but was recorded for each employee on DOE form P.O. 66.

Mortenson denied that Portelli gave her unearned compensation in exchange for not reporting a “no show” employee, and further denied that she was aware of such a scheme. She also denied that she was paid for hours she did not work.

After examining her time and compensation records, investigators returned to WSHS to interview Mortenson. She was shown a directive from Portelli obtained from her personnel folder in which it was stated that Mortenson was to take her lunch hour (i.e., that she was not to be compensated for lunch). Mortenson was then advised that her timecards and earnings reports for 2008 showed nearly 50 occasions in which Mortenson was paid for lunch. She replied that Portelli allowed her to be paid through lunch, and that she was unaware that this was not permitted. Mortenson was also informed that the records showed that for April 21, 2008 she arranged to be paid at double time and one-half for the workday. She said that she had no recollection of the date or circumstances. Mortenson was shown two timecards in her name for the same pay period, which ended on December 11, 2008. One such card, retrieved from a folder in Portelli’s private office, had 11 dates punched on it. The second card, retrieved from the rack next to the timeclock in the main custodial office, had only two dates punched. Mortenson said she had no explanation for the card with 11 dates, and denied that she was responsible for it. Asked why Portelli might do this, she initially claimed not to know. Mortenson then said that she thought that Portelli was trying to increase her pay in the expectation that she would kick back a portion to him in cash. She explained that sometime in October 2008 Portelli told her that he would put (unearned) overtime pay in her paycheck if she would kick back half of the gain. Mortenson said that she did not agree to the scheme. Told that it was unlikely that Portelli would propose such an arrangement “out of the blue,” Mortenson said that on about six or seven occasions between 2007 and 2008 when she was absent from work to care for her son, Portelli punched her in and out so she would be paid as if she had appeared at WSHS. She claimed to not recall the specific dates.

Mortenson was asked again about Azzopardi, and ultimately admitted that she knew that he did not appear for work at WSHS. She explained that although some bills from vendors had not been paid, checks had been issued in Azzopardi’s name, and that she questioned Portelli about the matter. According to Mortenson, he replied that she should not worry about it, and to mind her own business. She admitted that she had seen Portelli use the (broken) timeclock in his office to mark Azzopardi’s timecard, and added that she had seen Portelli do this on occasion with the timecards of all the custodial staff – except her own. She said that she did not report Portelli because she feared she would lose her job. She further stated that when she was two or three months pregnant, she complained to Portelli of morning sickness, and he gave her a key to his private room and suggested that she lie down. She did so, and he later appeared in the room and sat with her. According to Mortenson, Portelli groped her and tried to persuade her to have sex.



She said that she left the room, but continued working through the end of her shift. Mortenson said that she told her husband what occurred, but she never reported Portelli's conduct. She said that soon after the incident, Portelli changed her hours and hired a second secretary, which Mortenson took to mean that she would be forced from her job. She said that her hours were subsequently reverted to her prior arrangement.

Mortenson told investigators that after they interviewed Portelli at WSHS on December 11, 2008, he gathered the custodial workers and announced that he was "in trouble" and that he was "going to jail." She said that Portelli told the staff that if investigators asked whether Azzopardi worked at the school, they were to respond affirmatively. Mortenson added that since Portelli was removed from WSHS, he was phoning the cleaning personnel and harassing them on an almost daily basis.

An examination of payroll and compensation records for Mortenson showed that she was paid \$151.83 per day, or \$21.69 per hour. She admitted that she did not appear at work on six or seven days for which Portelli punched her timecard to indicate her presence. Six days of Mortenson's compensation is valued at \$910.98. As to her unauthorized lunch compensation, the records showed 46 such instances, with a total value of \$997.74. Mortenson's inflated compensation for April 21, 2008 was \$227.74 above her authorized pay.

### **Velasquez**

Custodial payroll records confirmed that Velasquez lives on Columbus Avenue, less than one block from WSHS. Investigators interviewed her at the school. She said that she began her job in June 2008. Her shift at the time of the interview was 6:00 p.m. to 10:00 p.m.; prior to December 11, 2008, she worked from 3:00 p.m. to 10:00 p.m. She was shown a photo of Azzopardi and said that she had seen a photo of him before, but had never seen Azzopardi in person. Velasquez added that she had one conversation with Portelli concerning Azzopardi; on December 11, 2008 (after investigators interviewed Portelli), he told her that he was in trouble, and that he had stolen money from the DOE by having a "no show" employee on the payroll.

Velasquez was asked about allegations that she regularly punched in, left the school, and returned only in time to punch out. She denied that she did so, and admitted only that her daughter, a middle school student, regularly visited WSHS after school to do her homework. Velasquez said that she often left WSHS to escort her daughter home, but always returned within five minutes. Asked if there were instances in which she left the school early and did not return, she said that on Halloween 2008, she became ill at work and went home before noon. Her timecard for October 31, 2008 indicated that she worked from 5:29 a.m. to 2:36 p.m., and contained nothing to show that she was sick or had left early.<sup>9</sup>

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<sup>9</sup> Custodial payroll records showed that Velasquez was paid for eight hours plus one hour of overtime for this date.

Investigators subsequently interviewed Michael Howe, a custodial cleaner at WSHS since August 1999. He was shown a photo of Azzopardi, and said that he had not seen the person depicted. He said that he had recently heard that Portelli had a person named "Paul" on the payroll illegally. Howe recalled that he had seen that name listed on a work schedule as a handyman in the custodial office and asked Portelli about it. Howe said that he was told not to worry about it. According to Howe, he previously held the position of handyman until Portelli informed him that he did not have the money to pay him the salary for that title. Howe reported that Portelli recently telephoned him and told him that if questioned by investigators, he should report that Paul worked at the school. Portelli also told Howe to inform investigators that all his overtime compensation was legitimate. Howe admitted to the investigators that approximately three years ago, Portelli gave him compensation for two or three hours of overtime for which he did not work. Howe reported that he cashed the check, and that no similar incidents had occurred since. Consistent with his colleagues' accounts, Howe said that on December 11, 2008, Portelli informed them that he was in trouble for stealing money, and that they should tell investigators that "Paul" worked at the school.

Questioned about Velasquez, Howe said that she constantly left WSHS before the end of her shift. He said that he had observed her timecard "magically" punched out when appearing at work the following day. Asked if she could have returned to the school, Howe said that he was the last worker in WSHS at night, that he actually closed and locked the building, and that he would have noticed had Velasquez returned.

### **Conclusion and recommendations**

Philip Portelli admitted to SCI investigators, his supervisor, and his custodial workers that he regularly stole from the DOE payroll with Paul Azzopardi, who was a custodial employee in name only. Azzopardi also admitted to participating in the scheme. DOE payroll records show that they stole nearly \$100,000 over three calendar years. Portelli also demanded kickbacks from his employees in exchange for unearned overtime compensation. He regularly forged DOE checks and timecards, which were used in his false compensation schemes. Portelli directed custodial employees to perform work at private apartment buildings while being paid by the DOE. Portelli also allowed favored employees – Mortenson and Velasquez – to be paid for time away from their jobs at WSHS. We recommend that Portelli's employment be terminated, that he and Azzopardi be made ineligible for work with the DOE, and that this matter be taken into consideration should either seek employment with the DOE or any of its affiliates in the future.

Mary Mortenson initially lied to investigators before admitting to her knowledge of Portelli's scheme with Azzopardi. By her admission, she was paid for six days on which she did not appear at work, and for regularly drawing pay through her lunch hour without authorization. Her unwarranted DOE pay was nearly \$1,900. Her account that Portelli sexually harassed her lacks credibility. Neither she nor her husband made any contemporaneous report of the matter, and Mortenson told investigators about it only

when she was being called to account for unearned pay. We recommend that Mortenson's employment be terminated, that she be made ineligible for work with the DOE, and that this matter be taken into consideration should she seek employment with the DOE or any of its affiliates in the future.

Lorraine Velasquez clearly lied to investigators. Notwithstanding her denials, she was regularly observed by colleagues leaving before the conclusion of her scheduled shift and, with Portelli's complicity, received unearned compensation. We recommend that Velasquez's employment be terminated, that she be made ineligible for work with the DOE, and that this matter be taken into consideration should she seek employment with the DOE or any of its affiliates in the future.

We are referring this matter to New York County District Attorney Robert M. Morgenthau for whatever action he deems appropriate.

Some of the conduct described herein also may have violated Chapter 68 of the New York City Charter administered by the New York City Conflicts of Interest Board.

We are sending a copy of our report and of our recommendations to the Office of Legal Services. Should you have any inquiries concerning this matter, please contact Deputy Commissioner Gerald P. Conroy, the attorney assigned to this case. Please advise Deputy Commissioner Conroy within 30 days of receipt of this letter what, if any, action has been taken or is contemplated with respect to Philip Portelli, Paul Azzopardi, Mary Mortenson, and Lorraine Velasquez. Thank you for your attention to this matter.

Sincerely,

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

By: \_\_\_\_\_  
Gerald P. Conroy  
Deputy Commissioner

RJC:GPC:gm

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