

December 11, 2012

Hon. Dennis M. Walcott
Chancellor
New York City Public Schools
Department of Education
52 Chambers Street, Room 314
New York, NY 10007

Re: William Cole
Barry Jay (a.k.a. Barry Jerkowicz)
Lynn Harold
Monica Rhodas-Campagna
Robert Weiner
Stephen Vigilante
Joseph Iacoviello
Peter Lombardo
Paul Ringel

SCI Case #2011-2019

Dear Chancellor Walcott:

An investigation conducted by this office has substantiated that several IBM consultants, working under a contract with the New York City Department of Education (“DOE”) to provide technical services for the DOE’s Internet Protocol Digital Video Surveillance project (“IPDVS”) located at 2 MetroTech Plaza (“MetroTech”) in Brooklyn, misused DOE time and property while assigned to the DOE. In addition, this investigation has determined that numerous DOE employees, all supervisory members of the IPDVS team, were aware, or should have been aware, of potential wrongdoing committed by the IBM consultants and failed to adequately supervise them or to report their actions.¹

¹ No DOE employees were reassigned as a result of this investigation.

This investigation began on April 25, 2011, when the office of the Special Commissioner of Investigation for the New York City School District (“SCI”) was contacted by a Confidential Source (“CS-1”) who alleged that three IBM consultants assigned to the IPDVS program, Monica Rhodas-Campagna, Barry Jay (a.k.a. Barry Jerkowicz), and Lynn Harold, were engaged in numerous acts of misconduct including: conducting personal business on DOE time, theft of DOE purchased electronic equipment some of which was later sold on eBay, and working on DOE time and equipment from home. CS-1 further alleged that their IBM IPDVS Project Manager, William Cole, was aware of the misconduct.

In May 2011, SCI investigators spoke with CS-1 who stated that he had previously informed Joseph Iacoviello, DOE Director of Enterprise Development Implementation and Vendor Management of the Division of Instructional and Information Technology (“DIIT”), that Rhodas-Campagna, Harold, and Jay were “stealing time.” That same month, the time keeping records of all DOE consultants, including Rhodas-Campagna, Harold, and Jay, were placed on the CyberShift system.² CS-1 further stated that William Cole, the IPDVS project manager for IBM, was aware of the activities by Rhodas-Campagna, Harold, and Jay and “covered for them.” CS-1 informed investigators that he and a second Confidential Source (“CS-2”) had previously notified DOE’s IPDVS Project Manager Paul Ringel, and project supervisors Iacoviello, Chief Technology Officer Enterprise Technology Services and Solutions for DIIT Stephen Vigilante, and Chief Operating Officer for the Office of School and Youth Development (“OSYD”) Robert Weiner about the misconduct by the IBM consultants.³

During a second interview, later in May 2011, both CS-1 and CS-2 provided SCI investigators with further information regarding potential wrongdoing by Rhodas-Campagna, Harold, and Jay. Among the additional allegations were that Rhodas-Campagna had used her DOE computer for personal work and had taken a trip to Canada in December 2010 while clocked in on DOE time, and that DOE surveillance cameras and equipment, which had been removed and replaced at DOE facilities, were regularly taken by Harold and Jay and later sold on eBay.

In June 2011, SCI investigators spoke with Stephen Vigilante who stated that he had been informed by Iacoviello a few weeks earlier that there had been complaints of time abuse and potential conflicts of interest against Harold and Rhodas-Campagna.

² CyberShift is a web-based, automated time and attendance system that maintains time records and implements the DOE’s time and attendance rules for annual and hourly administrative employees. Among other things, the system records the daily attendance, tracks absences, and applies the DOE’s time keeping rules and regulations. According to William Mardenborough, DOE Administrator of Financial Security, he was directed by Janine Maisano, Director of Procurement for the DOE, to place all outside consultants working for the DOE on the Cybershift system in May 2011.

³ At the beginning of the investigation, Vigilante was the Deputy Chief Information Officer (“CIO”) of DIIT. Paul Ringel retired from the DOE effective July 1, 2012.

Vigilante acknowledged that he did not report the allegations to SCI or any other investigative entity, but rather had tried to “look into it” himself. When asked by investigators what steps he had taken, Vigilante stated: “I can’t remember how I looked into it,” but that he intended to “follow up.” Vigilante also stated that he had notified his superior, Robert Weiner, about the allegations but that Weiner was skeptical about the claims. Vigilante told investigators that he had spoken with Ringel about Rhodas-Campagna’s December 2010 timecard which indicated that she had been present at the MetroTech facility while she was, in fact, visiting Canada. The timecard had been approved and signed by Ringel. Vigilante told investigators that Ringel had no explanation for why he had signed the card, and that he had verbally reprimanded Ringel for the error. Vigilante further stated that he would create a written reprimand for Ringel’s file.⁴

SCI investigators spoke with Joseph Iacoviello several times between June and September 2011. Iacoviello told investigators that approximately six months earlier, several IBM consultants on the IPDVS team had been converted to full-time DOE employees. Iacoviello stated that, shortly thereafter, he began to hear complaints from both sides. Iacoviello stated that in either February or March 2011, he received a complaint alleging that Rhodas-Campagna had performed work for her private company, Design Martians, while on DOE time. Iacoviello stated that, in response to the allegation, he spoke with Ringel who told Iacoviello that he was aware that Rhodas-Campagna had her own company but he had no proof that she was doing work for Design Martians while on DOE time. Iacoviello also stated that he had been informed that Rhodas-Campagna, Harold, and potentially others, were conducting DOE work from remote locations using a computer program called “LogMeIn” (“LMI”) which allowed individuals to access DOE computers from remote locations thereby compromising the DIIT “closed” computer system. Iacoviello stated, unequivocally, that consultants were not allowed to work from home, that neither he nor anyone else at DIIT had ever given a consultant permission to load the software onto a DOE computer, and that he had specifically informed Rhodas-Campagna that “it was not allowed.” Iacoviello further stated that he questioned Ringel about Rhodas-Campagna’s trip to Canada for which Ringel had no explanation. Finally, when asked about DOE equipment being removed from the MetroTech facility by IBM consultants, Iacoviello stated that an inventory process was being put together and that he had informed Ringel that “nothing goes home or they will be fired.”⁵ When asked why he had not previously reported these issues to SCI, Iacoviello told investigators that he “didn’t call because [he] didn’t think it was an issue,” and later added that it had slipped his mind.

⁴ Although there is no indication that a written reprimand was ever added to Ringel’s DOE personnel file, he is said to have received a verbal reprimand at that time.

⁵ According to numerous sources interviewed during the course of this investigation, a more stringent inventory process was implemented at the MetroTech facility beginning in approximately September 2011.

Investigators spoke to Paul Ringel on several occasions between June and December 2011.⁶ During the course of the interviews, Ringel told investigators that he began hearing complaints in early 2011 after several IBM consultants became full-time DOE employees. According to Ringel, there were numerous cross-complaints involving current and former IBM consultants including allegations of time abuse and theft of older “salvaged” DOE-owned video components which were later, allegedly, sold on eBay. Ringel said that, in response to the complaints, he met with IBM Project Manager William Cole and both decided that they would meet to discuss any future problems, as Cole had made it clear that he managed the IBM consultants and Ringel was responsible for DIIT. Ringel said that at one point, he had attended a meeting at DOE headquarters, with Iacoviello, Vigilante, and Robert Weiner, during which all of the allegations and complaints were discussed, and all parties were notified of the current complaints. When asked about the removal of DOE equipment, Ringel stated that Barry Jay had been taking DOE equipment to his house since approximately 2004. Ringel further stated that Weiner was aware that Jay had removed equipment, and that Weiner had told him that Jay would take DOE video equipment to his home in New Jersey for repair and to “cannibalize” the equipment for future use. Ringel stated that the older equipment had been described by Weiner as “junk” which Ringel was directed to “throw out.” According to Ringel, Vigilante had asked him whether there was a list of the items that Jay had taken to his home. Ringel responded that he did not have a list primarily because Jay had been “doing this since the beginning.” Ringel recalled seeing “stuff wheeled out and wheeled back in” by Jay and others, and told investigators that “as the supervisor of the program, I was negligent in not keeping papers of items leaving the DOE.” Ringel further stated that there had been no system of inventory at the MetroTech facility, which Ringel conceded was his fault. However, Ringel insisted that since SCI had begun this investigation, “nothing goes out or comes back without me knowing about it and I sign the form.”

Ringel stated that he was aware of the allegation that Lynn Harold had been selling old DOE camera lenses and other DOE equipment on eBay, and said that he had heard the complaint that Rhodas-Campagna had gone to Canada on a date in December 2010, when her timecard indicated that she was working at the MetroTech facility. Ringel conceded that he had signed Rhodas-Campagna’s timecard for the December date, but insisted that he “thought [his] job was to make sure that the timecards matched the time sheet,” not to actually supervise clock-in and clock-out.⁷ Ringel told investigators:

⁶ Ringel officially retired from the DOE effective July 2012, but according to the DOE, was no longer working for DIIT after January 2012, and used his accumulated leave time during that six-month period.

⁷ During a follow-up conversation in July 2011, Iacoviello told SCI investigators that the time keeping policy had been that original timecards were collected by Cole and retained by IBM, while DOE kept copies of the timecards. Iacoviello further stated that DIIT had no inventory list for removed or obsolete DOE equipment, adding that “Ringel and his group decided what was obsolete.” Iacoviello assured investigators that, since the beginning of this investigation, he had verbally notified everyone in DIIT to return all DOE equipment.

“I never questioned anyone’s timecard,” then conceding that he had “made some managerial errors.” Later, Ringel was asked to clarify and stated that in 2009 or 2010, it became his responsibility to check IBM consultants’ timecards with their time sheets. Ringel told investigators that, thereafter, he would merely sign the timecards and time sheets and then give them directly to Cole. Ringel insisted that Rhodas-Campagna never spoke to him about vacation days or going to Canada. Finally, Ringel was asked about the installation of LMI software by IBM consultants and stated neither he, nor anyone else, to the best of his knowledge, had ever given the consultants permission to install the LMI software.

In September 2011, SCI investigators spoke with DIIT Computer Tech Supervisor Peter Lombardo who recalled that, approximately one year earlier, he was present in the DOE supply room at MetroTech with Lynn Harold and William Cole while Harold was “cleaning out the supply room” of new camera lenses. According to Lombardo, Harold stated “I’m going to sell them on EBay,” to which Cole responded: “I don’t hear nothing. I don’t hear nothing.” Lombardo stated that Ringel had always ordered supplies, but “all of a sudden” DIIT was doing an inventory and suddenly Jay was coming in with boxes of equipment which he said had been stored in his basement at home for years. Lombardo also informed investigators that he was aware that Jay, Harold, and Rhodas-Campagna abused time, but alleged that Rhodas-Campagna was the worst. He recalled that a few days before Christmas 2010, Rhodas-Campagna was not present at the MetroTech facility and Harold told him that she was in Canada.

In October 2011, investigators interviewed Robert Weiner whose OSYD position requirements included overseeing the IPDVS program. Weiner told investigators that the IPDVS program was directly supervised by Ringel, but added that he had kept in regular contact with Ringel, Lombardo, Cole, Jay, Harold, and Rhodas-Campagna, until she went on maternity leave. Weiner described for investigators the process by which old video equipment was replaced with new IPDVS equipment stating that a work order would be produced by either Jay or Cole, and ultimately approved by Weiner. The job would then be assigned to a sub-contracted electrician for on-site equipment removal and installation. Weiner explained that before installing new IPDVS equipment at a school site, most of the old video equipment would be removed and “scrapped,” and that the obsolete, or “legacy,” equipment was to be turned over to the DOE Division of School Facilities (“DSF”).⁸

⁸ In September 2011, the School Construction Authority (“SCA”) amended its Standards for Internet Protocol Digital Video Surveillance manual, version 6.0, to, among other things, more clearly address the use, removal, and disposal of legacy equipment. The updated manual does address the issue of integrating some existing legacy equipment with the newer IPDVS equipment. However, the manual barely addresses unused legacy equipment, and only states that equipment which is not integrated, “must be specified for removal from the building at the completion of the IPDVS installation.”

Weiner told investigators that he had heard the allegations, primarily from Iacoviello, about Jay and Harold taking DOE equipment to their home and selling it on eBay. According to Weiner, the allegations were “preposterous,” but he told Iacoviello that they had to be investigated regardless. Weiner initially told SCI investigators that he did not believe that Jay had ever taken DOE equipment to his home in New Jersey. However, later in the interview, Weiner corrected himself and told investigators that he did recall Jay telling him that he repaired DOE equipment at home. Regardless, Weiner insisted that it was not a recognized practice to take equipment home for any purpose and that, if Jay had done so, it was not with Weiner’s blessing.

In November 2011, SCI investigators received records which had been requested from eBay regarding items sold on an eBay account listed to Lynn Harold and Barry Jay. Among the items sold on the account were Panasonic video camera lenses and copies of a Norton Ghost computer program.⁹ SCI investigators contacted one of the eBay subscribers who had purchased a camera lens from Jay and Harold’s eBay page. The buyer told investigators that he had maintained several e-mail messages with the seller and would forward them to SCI. A review of the forwarded messages revealed that the seller of the Panasonic lenses was Lynn Harold.¹⁰

In January 2012, SCI investigators interviewed Monica Rhodas-Campagna, who stated that she had been an IBM subcontractor through the consulting firm Collabra from 2007 through July 2011.¹¹ Rhodas-Campagna told investigators that she had installed LMI software on her DOE computer in approximately December 2010, allowing her to remotely access her workplace computer from her home network which she did often. Rhodas-Campagna stated that she had discussed installing the software with Cole, but that Cole “didn’t say yes and he didn’t say no.” Rhodas-Campagna admitted that she regularly would check her Design Martians e-mail account and website while at work, but denied ever doing “full on work” on her personal projects while on DOE time. When asked about the December 2010 date when she was signed in at MetroTech, but was allegedly in Canada, Rhodas-Campagna admitted that she did go to Canada at that time, but insisted that she conducted DOE work from her home computer before leaving, and went with the knowledge and approval of William Cole. Rhodas-Campagna further stated that Paul Ringel “didn’t care whether [she] worked from home or not,” and that Ringel and her entire team were aware that she was going to Canada.

⁹ Information received from eBay regarding Jay and Harold’s account revealed that Harold sold numerous Panasonic WV-CW474/484 AutoIris Varifocal 3.8-8mm lenses. In February 2012, investigators interviewed electrician George Ellanis of Ellanis Cabling Solutions, a subcontractor used to perform on-site removal and installation of equipment for the IPDVS program. Ellanis confirmed that the Panasonic lenses which were being sold on Harold’s eBay site were the same make and model as he often used for the IPDVS project.

¹⁰ In one message, dated July 15, 2009, Harold told the buyer of a Panasonic lens: “only 58 left, let me know if you need more.”

¹¹ Rhodas-Campagna’s last day of work for the IPDVS program was July 7, 2011.

In May 2012, SCI investigators interviewed William Cole who stated that, until recently, there had not been any inventory system in place at the DOE facility at MetroTech. Cole also told investigators that he was aware that Barry Jay would keep DOE equipment at his home in New Jersey, estimating that at any given time Jay might have between five and 10 DOE video cameras at his home. Cole stated that he was aware that both Rhodas-Campagna and Lynn Harold had LMI software loaded on their DOE computers which allowed them to access the DOE system from home. Cole recalled once receiving a telephone call from Rhodas-Campagna during which she asked him to “click something” on her work computer allowing her to remotely access the device from home. Cole told investigators that he vaguely remembered something about Rhodas-Campagna taking a trip to Canada, but could not recall the details. Finally, Cole stated that he was aware that Lynn Harold took equipment from the MetroTech site and sold it on eBay, but asserted that the only item he knew about was the Norton Ghost software which he insisted had been purchased through the IBM procurement system rather than purchased by the DOE.¹² When asked about the proceeds from the eBay sale of the Norton software, Cole stated that he believed Harold had kept the money.

In June 2012, SCI investigators interviewed Lynn Harold in the presence of her attorney.¹³ Harold stated that she had never conducted private business while working on DOE time, and denied having abused her DOE time in any other fashion. Harold told investigators that her husband, Barry Jay, often would remove DOE property from the MetroTech facility for repairs, and that this was done with the knowledge of her IBM and DOE supervisors. Harold further stated that, until recently, there had been no inventory system at the facility. When asked whether she had sold equipment from the MetroTech facility on eBay, Harold stated that she had, indeed, sold both Norton Ghost software and Panasonic video lenses on eBay but insisted that the items she sold had been discarded at the facility, and were items that she believed had been purchased by IBM and not the DOE. When asked about the proceeds from the eBay sales, Harold said that she had kept the money in her personal account, but indicated that she believed it would be used, at some point, to purchase something for “the team.”¹⁴

Due to a serious and on-going medical condition, and at the request of his attorney, Barry Jay was not interviewed by SCI investigators during the course of this investigation.

¹² In June 2012, representatives for IBM provided SCI investigators with documents showing that IBM consultants at the MetroTech facility had purchased 22 copies of the Norton Ghost software through the IBM procurement system in December 2005. The documents specifically indicate that the software was purchased for the DOE system and the request was authorized by Cole.

¹³ In October 2011, SCI investigators were present when Iacoviello had a brief conversation with Lynn Harold at which time she stated that she had installed LMI software on her DOE computer in September 2011.

¹⁴ During her interview with SCI investigators in June 2012, Harold stated that she and Jay were both out on extended medical leaves from their IBM positions as of December 2011. However, according to the DOE, the contracts of both Harold and Jay were terminated by the DOE in January 2012.

In September 2012, SCI received a box of documents from the Life Safety Director at MetroTech containing the original property removal slips from the DOE facility covering the period of time between 2007 and 2012. Each removal slip, a copied form on DOE letterhead, contained open blocks for entry of: Date, Time, Office, Items Removed, Reason for Removal, Name of Bearer of Material, Destination, and Printed and Signed Name of Office Supervisor Authorizing Removal. Of the thousands of slips covering all DOE offices at the facility, SCI investigators identified approximately 266 directly related to the IPDVS program. A review of those documents demonstrated that the system, at least until the IPDVS team members became aware of the SCI investigation into the program, was imperfect, and that the forms regularly contained spotty, inaccurate, or vague information. For example:

- Approximately 164 of the slips contained William Cole's name in the supervisor box, but approximately 14 of those slips did not have a supervisor's signature and, notably, the handwriting of Cole's name was noticeably different on many of the forms.
- At least one slip, containing Cole's name as Authorizing Supervisor, identified Barry Jay as removing a "cardboard box" with the destination listed as "home."
- A slip, also listing Cole's name as Authorizing Supervisor, identified Barry Jay as removing "cameras" for "repair" with the destination listed as the "Southern Office."
- A slip authorized by Cole identified Jay as removing an unidentified object (although the form had the words "camera supplies and parts" written in and then lined through) with the destination listed as "home office."
- A slip with Cole's authorization signature listed Lynn Harold as removing unidentified objects with the destination listed as the "parts depot."
- A slip with Cole's authorization signature listed Jay as removing "IPDVS equipment and misc. cameras" with the destination listed as "Home Office."
- A slip with Cole's authorization signature listed Jay as removing "4 Bosch 126/211DN" for "repair" with the destination listed as "Southern Lab – Marlboro." Another, similar form, listed the destination as the "Southern Warehouse."
- A slip with Paul Ringel's authorization signature listed Jay as removing an "ancient Bosch housing" with the destination listed as "Barry's basement for fabrication."
- A slip with the removal time listed as "IDK," and the name of the supervisor scribbled and unreadable, with a phone number reading "ABCDEF," showed an unreadable name removing "office equipment" to a destination listed as "a school."

IBM Consultants Lynn Harold and Barry Jay, and former IBM Consultant Monica Rhodas-Campagna, misused DOE time and property while working for the DOE as consultants. The DOE should review its contract with IBM for applicable and appropriate disciplinary action against those consultants involved in these schemes who are still working for the DOE IPDVS program. In addition, the DOE should review and revise its protocol for supervising outside consultants on DOE contracts to ensure that there are no future repetitions of similar issues. Furthermore, the DOE should seek to recover all funds and property improperly paid to or retained by these consultants.

Paul Ringel, Joseph Iacoviello, Stephen Vigilante, Peter Lombardo, and Robert Weiner, all supervisory members of the IPDVS team, were aware, or should have been aware, of potential wrongdoing committed by the IBM consultants. Their lax oversight of the program and its consultants contributed to an atmosphere which enabled the consultants to act in an inappropriate manner. Although many of the deficiencies have been addressed by the DOE since the beginning of this investigation, their initial failure to properly supervise, stop, or report the actions by the IBM consultants demonstrated a lack of appropriate oversight. It is the recommendation of this office that the DOE take appropriate disciplinary action against these supervisors which could include termination of employment.

The Chancellor must insist upon direct supervision of outside consultants by DOE employees. Allowing outside consultants to usurp the supervisory role of DOE employees is an open invitation to defraud the DOE. One clear example of this involved Ross Lanham, a computer consultant who stole millions of dollars from the DOE.¹⁵ This occurred, in part, because DOE supervisors deferred to Lanham, rather than supervising him. It is disconcerting that Vigilante and Iacoviello, two of the DOE employees who questioned Lanham's conduct and ended his scheme, turned a blind eye to these IBM consultants whom they were charged with supervising.

¹⁵ In March 2012, Lanham was convicted on all four counts of an Information which had charged him with theft of federal funds and multiple counts of wire fraud. Lanham surrendered to begin his prison sentence on December 7, 2012. (SCI Case # 2008-4446)

We are sending a copy of this letter to the Office of Legal Services. We also are referring our findings to the Kings County District Attorney for whatever action he may deem appropriate. Should you have any inquiries regarding the above, please contact Special Counsel Daniel Schlachet, the attorney assigned to the case. He can be reached at (212) 510-1418. Please notify Mr. Schlachet within 30 days of receipt of this letter of what, if any, action has been taken or is contemplated concerning this investigation. Thank you for your attention to this matter.

Sincerely,

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

By: _____

Regina A. Loughran
First Deputy Commissioner

RJC:RAL:DIS:gm

c: Courtenaye Jackson-Chase, Esq.
Laura Brantley, Esq.