

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

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**VIA ELECTRONIC MAIL**

October 3, 2023

Hon. David C. Banks  
Chancellor  
New York City Public Schools  
Department of Education  
52 Chambers Street, Room 314  
New York, NY 10007

Re: BT Supplies, Inc.  
SCI Case #: 2023-1487

Dear Chancellor Banks:

An investigation conducted by this office has substantiated that BT Supplies, Inc. (“BT Supplies”), a subcontracted vendor of Strategic Distribution, Inc. (“SDI”) – the New York City Department of Education’s (“DOE”) main supplier of Personal Protective Equipment (“PPE”) – delivered expired supplies to DOE schools on numerous occasions.<sup>1</sup>

**I. Investigation & Findings:**

A. Initial Complaint & Allegations

The investigation began when the office of the Special Commissioner of Investigation for the New York City School District (“SCI”) received a complaint from [REDACTED]. [REDACTED] reported SDI for vendor misconduct, asserting a potential conflict of interest between SDI and their subcontracted supplier, BT Supplies. [REDACTED] alleged that while performing due diligence on matters related to SDI, he discovered that [REDACTED], was a principal at BT

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<sup>1</sup> SDI remains a contracted DOE vendor, however, SDI has ceased using BT Supplies as a subcontractor. There were no problem codes assigned to either vendor during this investigation.

Supplies. ██████████ provided investigators with information about a lawsuit involving BT Supplies that ██████████ found while researching SDI.<sup>2</sup>

██████████ also filed his own complaint with SCI, alleging a conflict of interest between GSI – who supplies SDI with PPE – and BT Supplies. He reported that he believed ██████████ the owner of GSI, also owned BT Supplies.<sup>3</sup> ██████████ added that both GSI and BT Supplies delivered expired PPE products, such as wipes and sanitizers, to schools – which he received confirmation of from several of DSF’s Deputy Directors.

██████████ also alleged that ██████████ reviewed a contract between GSI and the New York State Office of General Services (“OGS”), and ██████████ discovered that GSI charged the OGS less for the same PPE products that it sold to the DOE. ██████████ provided SCI with documents ██████████ compiled, which included an OGS PPE contract award notification for BT Supplies and a comparison between a BT Supplies price sheet for the OGS and rates charged to the DOE. Per ██████████ in mid-December 2022, after DSF discovered that the OGS’s prices were significantly lower than DOE’s current catalog pricing for the same items, they raised the pricing issue to SDI. Subsequently, SDI deactivated all PPE items provided by BT Supplies in January 2023.<sup>4</sup>

## B. Investigation

Investigators then met with ██████████ ██████████ and ██████████ to discuss their allegations against SDI and BT Supplies. In this interview, ██████████ told investigators that the DOE contracted with SDI for

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<sup>2</sup> Investigators performed a preliminary database search for any association between ██████████ and BT Supplies, but none was found. Subsequently, investigators separately interviewed ██████████ and ██████████. Both individuals asserted that BT Supplies never employed anyone who worked for SDI, including ██████████. Additionally, ██████████ and ██████████ explained to investigators that while ██████████ was mentioned in a lawsuit that a company called Virgin Scents filed against BT Supplies, she was later removed from the filing without prejudice. Per ██████████ during the discovery process, her name appeared in an email between her and BT supplies in which she discussed BT Supplies doing business with SDI. Consequently, her name was included in error. The allegations of a conflict of interest and misconduct against ██████████ and SDI were investigated and unsubstantiated.

<sup>3</sup> Based on ██████████ and ██████████ statements, and a database search conducted for associations between ██████████ and SDI, investigators unsubstantiated claims that ██████████ was involved in the business affairs of SDI, other than as the owner of BT Supplies – a SDI subcontracted vendor. ██████████ ownership of both GSI and BT Supplies was determined not to be a conflict of interest.

<sup>4</sup> In his interview with investigators, ██████████ asserted that the prices that SDI charged the DOE for supplies were negotiated and agreed upon by both parties. ██████████ further stated that SDI does not contract with OGS, and that the contract that ██████████ referenced was between the OGS and BT Supplies. As SDI is a private entity, that engages in a limited business relationship with BT Supplies, the pricelist BT Supplies provided the OGS is irrelevant to SDI’s pricing for services it provided to the DOE. ██████████ maintained that any price differential between what the OGS paid and what the DOE paid was based on volume and other factors. ██████████ also spoke with investigators and confirmed SDI did not have a contract with the OGS, rather BT Supplies did. She explained that at the time SDI first subcontracted with BT Supplies, BT Supplies was the only available vendor of sanitizer and disinfectant products, and the prices were fair. While ██████████ acknowledged that at times SDI made between a 10 to 15% markup on products supplied to the DOE, sometimes there was no markup due to the DOE contract price and the open market price of certain items. ██████████ stated that she raised concerns to BT Supplies about pricing, and the vendor told her that some of their customers received lower prices due to purchasing large quantities of products that were then “drop-shipped” – meaning the entire product load was sent to one facility and the buyer was responsible for distribution, thereby lowering BT Supplies costs for manpower, gas, tolls, and vehicles. Claims that SDI charged the DOE more than the OGS for PPE were unsubstantiated.

custodial supplies, tools, and the majority of PPE that the DOE used; in-turn, SDI subcontracted with BT Supplies. According to ██████ GSI was BT Supplies parent company, and both were owned by ██████ ██████ stated that he was generally satisfied with the services that SDI provided to the DOE. ██████ then explained that BT Supplies delivered expired disinfectant wipes and hand sanitizer to several schools. When DSF asked BT Supplies to replace the items, they sent supplies that were also expired. Napolitano asserted that SDI was identifying expired items that BT Supplies would collect and replace. While ██████ acknowledged that supplying expired items to DOE schools may have been a mistake and inadvertent, BT Supplies did not act in a manner that rectified the issue, instead continuing to supply expired PPE. According to ██████ and ██████ DSF put \$670,000 in payments to SDI on hold until the expired hand sanitizer and wipes were picked-up and replaced by SDI.<sup>5</sup>

Subsequently, investigators inspected hand sanitizer and disinfectant wipes delivered by BT Supplies to five different DOE schools – Bushwick High School, Public School (“P.S.”) 093K, P.S. 040X, P.S. 440R, and Elias Bernstein Intermediate School 7. They confirmed that BT Supplies delivered expired items to the schools. Investigators also determined that custodial staff at these schools did not properly inventory the stock, or store items in an orderly fashion, resulting in items expiring on the shelves before they could be used.

Investigators then interviewed ██████ who served as SDI’s VPO for two years, and oversaw SDI’s contract with the DOE. ██████ stated that in February 2023, ██████ and ██████ contacted him to inform him that BT Supplies delivered expired items to DOE schools. The three men agreed that SDI would assume responsibility for collecting and replacing the expired items. Per ██████ SDI searched for all deliveries of hand sanitizer and disinfectant wipes at over 500 schools dating back to July 2022, and identified 150 schools that received expired products. At the time of his interview, ██████ told investigators that the expired supplies were collected from all but five schools and completion of these efforts was expected to occur within the week. Since this incident occurred, SDI terminated their relationship with BT Supplies and found new vendors to supply PPE for SDI’s contracts with the DOE. ██████ also informed investigators that SDI implemented a new policy that required their employees to conduct product inspections at their vendors’ warehouses and check expiration dates on items slated to be delivered to DOE schools.

In her interview with investigators, ██████ confirmed her role at SDI included bringing in new businesses and finding new vendors to supply SDI with hard-to-find products. She asserted that several years earlier, she and a few other SDI employees met BT Supplies employees at a trade show. When COVID-19 started to spread, she called BT Supplies, who were able to fill orders for hand sanitizer, disinfectant wipes, and other PPE. ██████ arranged for SDI to subcontract with BT Supplies, sending product orders to BT Supplies who then sourced the needed products and delivered them to DOE schools. To investigators, ██████ explained that SDI became aware that BT Supplies delivered expired items in February 2023, and they held meetings to determine how to rectify the situation. SDI assumed responsibility for collecting the expired items and securing new vendors to supply the replacement products. ██████ reiterated ██████ statements to investigators, declaring that SDI terminated its

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<sup>5</sup> By April 2023, SDI nearly completed this process.

relationship with BT Supplies and created a quality assurance team to check vendor's warehouse for expired products.

## **II. Conclusion & Recommendation:**

Based on the above facts, SCI substantiated that BT Supplies provided expired PPE and sanitary supplies to DOE schools. Even after the DOE conducted a spot check and determined that BT Supplies made deliveries of expired PPE to 150 schools, BT Supplies failed to correct their mistake, and replaced the expired hand sanitizers and disinfectant wipes with other expired supplies. SDI has already terminated its relationship with BT Supplies and no longer subcontracts with BT Supplies for DOE orders, nonetheless, the DOE should make every effort to avoid entering into direct or indirect contracts with BT Supplies in the future. Before renewing any contracts with SDI, the DOE should also ensure that SDI has indeed created a quality assurance team.

In addition, SCI's investigation revealed that DSF custodial engineers failed to keep a proper inventory record identifying the delivery dates of new supplies, and they failed rotate their stock of items to ensure usage prior to expiration dates. Therefore, we offer the following Policy and Procedure Recommendation:

1. The DOE Division of School Facilities should create and implement a policy stipulating that custodial engineers, or their designee, must document the delivery date and expiration date for all supplies when the supplies are first delivered to a school.
2. The DOE Division of School Facilities should ensure that custodial engineers, or their designee, follow a "first in, first out" policy regarding expirable goods.

Please respond in writing within 30 days of receipt of this letter as to any action taken regarding BT Supplies or the recommendations made herein. We are sending a copy of this letter to the DOE Office of Legal Services. Should you have any inquiries regarding the above, please contact me at (212) 510-1418 or [DSchlachet@nycsci.org](mailto:DSchlachet@nycsci.org).

Sincerely,

ANASTASIA COLEMAN  
Special Commissioner of Investigation  
for the New York City School District

By: /s/ Daniel I. Schlachet  
Daniel Schlachet  
First Deputy Commissioner

AC:DS:cl

cc: Elizabeth Vladeck, Esq.  
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