

November 14, 2006

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

Re: Henry Barrett, Herbert Bradley, Frank Franchi,
Simon Kocovic, Kenneth Loeffler, Rickey
Lombardi, Vernon Marshall, William Mulvihill,
Rivington Powery, Robert Schmiedel, Fidel Seara,
Joseph Spargimino, and Robert Stiles – **Custodians**
Barry Drucker, Gerard Frederico, Allen Tuckman,
and Steven Yastrub – **Vendors**
SCI Case #2003-1655

Dear Chancellor Klein:

An investigation conducted by this office has substantiated cases against Department of Education (“DOE”) custodians, vendors, and vendor employees. During the period from 1999 to 2003, 13 DOE custodians repeatedly submitted Plant Operations expenditure forms (“PO2s”) with false and fraudulent bids, thus violating DOE bidding requirements. It also was determined that vendors Allen Tuckman and Gerard Federico established companies and used them in a scheme to assist custodians in circumventing the DOE’s bidding requirements for the purchase of custodial supplies. Barry Drucker, Tuckman’s salesman, provided invoices for supplies that were never delivered to a custodian. The custodian and Drucker then split the payment for the fictitious supplies. The letterhead from a company owned by Steven Yastrub, Tuckman’s sales manager, frequently was used on false bids submitted to the DOE.

In June 2002, the DOE Auditor General forwarded findings of a calendar year 2000 audit of Custodian Joseph Spargimino, assigned to IS 281 in Brooklyn, which revealed that claimed cleaning supply purchases were supported by improper invoice and bidding documentation. The

office of the Special Commissioner of Investigation (“SCI”) conducted an investigation which substantiated that, between 1999 and 2001, Spargimino submitted PO2s to the DOE along with false and fraudulent written and phone bids for the purchase of cleaning supplies.

SCI expanded the investigation in June 2003, when we learned that Allen Tuckman was affiliated with three companies which sold products, or supplied bids and price quotations to Spargimino. Upon closer examination, we discovered the schemes involving Tuckman, some of his employees, a vendor associated with Tuckman, Spargimino, and the 12 additional custodians named in this report.

The DOE Bidding Requirements

Beginning in July 1999, custodians were required to comply with the DOE’s competitive bidding requirements on the purchase of custodial supplies. The bidding rules specify, in part, that for supply purchases between \$251 and \$5,000 a custodian must: solicit three bids via telephone; receive actual, detailed, responsive bids from at least two vendors; and document the bids on a Bid Summary Form. Supply purchases over \$5,000 require the solicitation of three written bids and receipt of actual, detailed, responsive bids on company letterhead from at least two vendors. Bid Summary Forms, as well as any purchase invoice, regardless of the dollar value, must be attached to the corresponding PO2 when it is filed.

Allen Tuckman and Steven Yastrub

During the Spargimino investigation, Allen Tuckman appeared at SCI accompanied by his attorney who invoked his client’s constitutional right against self-incrimination and reported that Tuckman would not answer any questions. While present at this office, the attorney accepted a *subpoena duces tecum* addressed to Tuckman for records relating to Industrial Distributors, Inc. (“IDI”), I.L.C. Environmental, Inc. (“ILC”), and Janitorial Depot, Inc. (“JDI”).¹ Tuckman and his salesman, Gerard Federico, also provided false bids to custodians using the letterhead of Cove Sales Corporation (“Cove Sales”), owned by Steven Yastrub, a Tuckman employee. While employed by Tuckman, and without Tuckman’s knowledge, Federico started his own companies – Royal Supply Co. (“Royal”), Excel Supply Co. (“Excel”), Allied Chemical and Supply Co. (“Allied”) and General Distributors (“General”) – to sell supplies to DOE custodians. Federico also supplied custodians with fake bids from Steven Lipkin & Company (“SL&C”).

According to New York Department of State records, IDI filed for incorporation on April 9, 1985. The name and address for receiving process was registered as Allen Tuckman, 64-04 136th St., Flushing, NY 11367. The Dun & Bradstreet (“D&B”) report for IDI listed Alan [*sic*] Tuckman as president, and noted other addresses for the business, including 175 East 2nd Street, Huntington Station, NY 11746, and PO Box 670189, Flushing, NY 11367. IDI sold

¹ SCI investigators had previously learned that Tuckman owned these three companies which supplied three written bids to custodians.

cleaning supplies to the wholesale market, and had annual sales of approximately \$4,500,000, according to D&B.

In addition, the State records and bank documents showed that JDI was owned and operated by Allen Tuckman. JDI was incorporated in New York State on July 19, 2000. No officers or owners were listed on the certificate of incorporation, but the address of the corporation was noted as 175 East 2nd Street, Huntington Station, NY 11746, the same location listed for IDI. The D&B for JDI reported the same office address as the certificate of incorporation, but did not include the names of owners or officers and did not rate the company, because of the limited information provided by JDI. Bids and invoices provided to DOE custodians by JDI listed a Post Office Box address for JDI. When SCI subpoenaed the JDI bank records, investigators observed that Allen Tuckman signed the checks drawn on the JDI account. Furthermore, over \$50,000 in JDI checks were written by Tuckman payable to himself, or to his supply company, IDI.

ILC was the third business that Tuckman and Federico used to submit purported competitive bids. ILC was incorporated in New York State on October 1, 1999. The certificate of incorporation did not name any officers or owners, and the address of the corporation was listed as 144-22 Melbourne Ave., Flushing, NY. As was the case with JDI, the ILC bank records revealed that Allen Tuckman signed the checks drawn on the ILC account. Tuckman wrote over \$222,000 in checks from the ILC account payable to himself, or to his supply company, IDI.

Many of the losing written bids submitted by Tuckman's companies JDI and ILC bore signatures in the names of "Stacey Stephens" for JDI and "Pat Garrutti" for ILC. The investigation determined that both Stacey Stephens and Pat Garrutti were fictitious persons. Extensive database searches were conducted for both names, and no Department of Motor Vehicles, credit, or asset records were located. SCI also subpoenaed all employment records for Stephens and Garrutti. On April 15, 2004, Tuckman's attorney advised an SCI attorney that his client possessed no information or documentation regarding the items demanded in our subpoena that related to Pat Garrutti and Stacey Stephens.²

In addition to the three companies listed above, Tuckman and Federico used an outside vendor, Cove Sales, to provide competitive bids and conduct additional fraudulent or incomplete transactions with custodians. A review of checks drawn on the IDI bank account found a series of payroll checks payable to Steven Yastrub. Cove Sales, Yastrub's company, was a frequent losing bidder for supply purchases made by custodians from IDI, ILC, or JDI or from Gerard Federico's companies.

² The SCI attorney sent Tuckman's attorney a letter in which she memorialized their conversation about the Garrutti and Stephens subpoena.

On June 30, 2003, Steven Yastrub was interviewed under oath at SCI and admitted that he had owned Cove Sales since 1977. Yastrub described Cove Sales as a family business and said that, for the last four years, he had been the company's sole employee. Yastrub described his position with Cove Sales as a manufacturer's representative. Yastrub added that he worked for any number of companies as a middleman who dealt with manufacturers and distributors.

Yastrub claimed that he received requests over the phone for price quotes from individuals whom he did not know and, although he did not intend to do business with the callers, he mailed them written bids on Cove Sales stationery. Yastrub also maintained that he did not keep a copy of the quote or any other records when he mailed a bid. At SCI's request, Yastrub reviewed a number of price quotes on Cove Sales stationery addressed to custodian Joseph Spargimino. According to Yastrub, he did not recognize Spargimino's name and he never prepared or submitted a bid or price quote for Spargimino or IS 281. When Yastrub was advised that there were a number of bids on Cove Sales stationery for light bulbs and related lighting materials, Yastrub responded that his company never dealt with those types of products and he never worked for any manufacturer of such products. According to Yastrub, he had never done business with the DOE or its predecessor, the Board of Education ("BOE").

Yastrub described Allen Tuckman as a friend and acknowledged that Cove Sales had dealt with and continued to deal with IDI. Yastrub was aware that IDI sold products to the BOE and the DOE. Yastrub said that he had a business relationship with Allen Tuckman and did not socialize with him. Yastrub conceded that Tuckman had access to copies of Cove Sales letterhead because Yastrub had past business dealings with Tuckman where he used company stationery. Yastrub also acknowledged that he had known Barry Drucker "for years" and that Drucker was a salesman at IDI.

Further investigation determined that tax documents and paychecks issued by IDI stated that Steven Yastrub received wages from IDI from 2001 to 2003. IDI payroll records revealed that Yastrub was a sales manager for Tuckman at IDI. In addition, Tuckman paid Cove Sales over \$25,000 in "consulting fees" in 2002 and 2003.

Gerard Federico's Companies

On January 8, 2001, SCI investigators interviewed Federico concerning another investigation involving bid-rigging by custodians and other vendors.³ At that time, Federico informed the investigators that he was the owner of Royal Supply and that he was a part owner of Excel Supply. Ultimately, we determined that Federico used no less than five different companies, which he either owned or was associated with, in order to defraud the DOE through a system of false ordering which provided custodians with multiple "independent" bids for purchases.

³ SCI Case #2000-3543.

On March 5, 2004, in response to an SCI subpoena, Federico's attorney provided copies of the business certificates for General and Allied. These documents, both dated August 21, 2000, and filed in Westchester County, were signed by Gerard Federico and indicated that he was transacting business under the names General and Allied.

On March 16, 2004, in response to SCI subpoenas, Federico's attorney provided Federico's Individual Income Tax Returns for the years 1999 through 2002. An examination of the tax returns revealed that Federico reported that he was the proprietor of Royal, Excel, General, and Allied.

SCI subpoenaed the bank records of SL&C, in May 2004, after investigators observed losing bids submitted to custodians by SL&C, along with the winning bids submitted by Federico's various companies. SL&C also submitted winning low bids to custodians accompanied by losing bids from Federico companies.

Although SL&C was not one of his companies, Federico apparently took advantage of the actual owner and used SL&C for his own benefit. In an interview with SCI investigators, Steven Lipkin said that he formed SL&C, located at 188 East Post Road, Suite 202, White Plains, NY 10601, in 1996 or 1997 as a financial consulting firm, but added that the company stopped doing business in 2001. Lipkin, an accountant, reported that he was the sole owner of SL&C, had never made any supply sales to New York City public school custodians, and had never provided any price quotes or bids to custodians. Furthermore, Lipkin said he had never authorized, or had knowledge of, Gerard Federico or anyone else using SL&C letterhead for custodian supply sales invoices. Lipkin also never authorized, or had any knowledge of, Gerard Federico or anyone else providing bids or price quotes to custodians.

Lipkin informed investigators that he did not have any business records or documents regarding supply sales to custodians, that he never delivered supplies to custodians, and never picked up supplies for delivery to custodians. Lipkin described Gerard Federico as a friend whom he had known for thirty years. According to Lipkin, he never received any income from Federico, and never was in business with Federico. Lipkin was aware that Federico sold supplies under the company names Royal and possibly General.

Lipkin reported that, in 1998 or 1999, Federico told him that he needed to use Lipkin's business address in Westchester because he could not use a Post Office Box address. Federico informed Lipkin that he was going to set up a "doing business as" ("DBA") company, using SL&C's 188 East Post Road address. Lipkin said he agreed to allow Federico to use SL&C's address for a DBA, but added that he never actually saw the DBA name.

Investigators showed Lipkin a series of checks drawn on custodial bank accounts payable to SL&C and deposited with a stamp endorsement into Lipkin's account. Lipkin admitted that he – or possibly Federico – deposited those checks into Lipkin's business account, but Lipkin claimed that he always wrote a check payable back to Federico or Royal for the exact amount deposited. Lipkin reiterated that he did not know that Federico was using SL&C to sell supplies to custodians and he did not authorize Federico to do so. Lipkin could not remember why the checks from custodians were written as payable to SL&C.

Lipkin was given the names of a number of custodians who wrote checks to his company including Powery, Barrett, Lombardi, Marshall, Loeffler, Stiles, and Schmiedel. Lipkin said he did not know any of these custodians and he did not do any business with any of them.

Barry Drucker

Custodian Herbert Bradley colluded with IDI salesman Barry Drucker in fashioning his competitive bids for purchases from Tuckman companies. During the portion of the investigation relating to Bradley, the custodian implicated himself and Drucker in additional fraudulent schemes.

In an interview with SCI investigators, Bradley admitted that, in November 2000, he told Drucker that he needed to replace the tires on his truck. Thereafter, Drucker accompanied him to a tire shop, where Drucker arranged for Bradley to have four new tires installed on his truck. Bradley estimated the total cost of the tires to be \$800. Bradley understood that Drucker was going to bill Tottenville High School for custodial supply items that would not be shipped to cover the cost of the tires. Bradley believed that the undelivered items were billed on IDI invoices, but he was not certain. Bradley also stated that he understood that Drucker intended to bill the school for items in excess of the \$800 cost of the tires because Drucker indicated he was going to "get his cut." Bradley said that he did not know how much Drucker billed Tottenville High School for this scheme.

According to Bradley, sometime during 1998, Drucker suggested that Bradley write a check payable to Jo Anne's Discount Store ("Jo Anne's") in Brooklyn. Drucker then would cash the check and they would split the cash. Bradley agreed to that plan and he wrote a check to Jo Anne's. Bradley did not remember the exact amount, but believed it was around \$1,500. Drucker apparently cashed the check and they split the money. Bradley estimated that he and Drucker did this approximately five times between 1998 and 2000, and all of the checks were issued to Jo Anne's. No merchandise was ever received by Tottenville High School from Jo Anne's, Bradley admitted. The scheme was completed when Bradley submitted the falsified invoices from Jo Anne's as proof to the BOE that he expended the money for supplies.

IDI salesman Barry Drucker refused to cooperate with this investigation.

The Custodians

The evidence regarding each custodian is described below:

- **Rivington Powery** (retired from the Petrides School on Staten Island) submitted 16 PO2s between July 1999 and March 2002, detailing 42 purchases from companies owned by or related to Tuckman or Federico totaling \$112,075.75. Powery made 33 purchases, totaling \$73,867.75, from Tuckman companies.⁴ Nineteen of Powery's purchases from Tuckman were supported by two competitive losing written bids from companies owned by or related to Tuckman.⁵ One purchase from Tuckman was supported by one written bid from Tuckman company ILC. Thirteen purchases from Tuckman companies were supported by Bid Summary Forms. Ten of the 13 Bid Summary Forms listed both competitive phone bids made by companies owned by or related to Tuckman.⁶

Three of the Bid Summary Forms listed a phone bid made by custodial supply companies owned by Robert Ferramosca, Altrust Associates and Alchemy Industries. Ferramosca was arrested by SCI investigators and FBI agents on May 5, 2005, along with nine DOE custodians, after an SCI investigation determined that Ferramosca and the custodians stole DOE funds through widespread bid-rigging, short shipping, and kickbacks.⁷ Ferramosca pleaded guilty in the Eastern District of New York on January 21, 2006, to theft of DOE funds and was sentenced to six months in jail and \$590,666 in restitution.

Powery made nine purchases from supply companies owned by or related to Gerard Federico totaling \$38,208.⁸ Five purchases were supported by Bid Summary Forms listing two competitive phone bids from companies owned or related to Tuckman or Federico, and one purchase was supported by a Bid Summary Form listing one company owned by Federico, Excel.⁹ Three of Powery's nine purchases from Federico were supported by written bids. Two of the three purchases were supported by two competitive written bids from companies owned by Federico.¹⁰ One purchase from Federico was supported by a written bid from a company related to Tuckman and Federico, SL&C.

When questioned by SCI during the investigation involving Robert Ferramosca, Powery stated that it was his Fireman who selected the vendors, did all the ordering, and prepared the forms.¹¹ Powery claimed that he signed the forms only because they required his

⁴ IDI, ILC, and JDI.

⁵ IDI, ILC, JDI, and Cove Sales.

⁶ IDI, ILC, and Cove Sales.

⁷ SCI Case #2001-1005.

⁸ Royal, General, Allied, and SL&C.

⁹ IDI, Cove Sales, General, and SL&C.

¹⁰ General, Allied, Excel, and Royal.

¹¹ The Fireman admitted that he did the ordering for the school, but asserted that he was not involved in the criminal scheme.

signature. Powery, who has retired, was made ineligible for future employment with the DOE as a result of his involvement in the Eastern District investigation.

- **Herbert Bradley** (retired from Tottenville High School on Staten Island) submitted at least 11 PO2s between July 2000 and December 2001, detailing 35 purchases from the three companies owned by Allen Tuckman – IDI, ILC, and JDI – totaling \$119,206.35. All 35 of Bradley’s purchases from Tuckman were supported by two losing competitive written bids from the companies owned by or related to Tuckman.¹²

On August 6, 2003, SCI investigators interviewed Bradley who admitted that the written competitive bids for his purchases from Tuckman’s companies, including ILC, JDI, and Cove Sales, were provided to Bradley by IDI salesman Barry Drucker. Bradley said that he believed the ILC and JDI purchases were shipped by IDI. Bradley also admitted that he never solicited bids from, and did not know, Pat Garrutti, whose name appeared on numerous ILC bids and telephone price quotes, or Stacey Stevens, whose name was noted on numerous JDI bids and price quotes, or Steven Yastrub, whose name was noted on the Cove Sales bids.

As a result of the findings of a prior investigation conducted by SCI and the New York State Attorney General’s office, Herbert Bradley was arrested on December 11, 2001, and charged with crimes relating to his participation in a school window-cleaning kickback scheme.¹³ On February 15, 2002, Bradley pleaded guilty to Official Misconduct and was sentenced to three years probation and a \$1,000 fine. Bradley, who retired, was made ineligible for future employment with the DOE.

- **Rickey Lombardi** (remains assigned to IS 180 in the Bronx) submitted 12 PO2s between January 2000 and March 2002, documenting 27 purchases from companies associated with Tuckman or Federico, totaling \$68,254.79. Lombardi made 16 purchases, totaling \$37,254.80, from Tuckman companies.¹⁴ Seven of these purchases were supported by competitive written bids from companies owned or related to Tuckman.¹⁵ Nine of Lombardi’s purchases from Tuckman were supported by Bid Summary Forms each listing two competitive phone bids from companies owned or related to Tuckman.¹⁶ Lombardi made 11 purchases, totaling \$30,999.99, from companies owned or related to Federico.¹⁷ One purchase from Federico was supported by written bids from Federico companies Royal and Allied. Nine of Lombardi’s purchases from Federico were supported by Bid Summary Forms listing two competitive phone bids from companies owned or related to Tuckman or Federico.¹⁸ One purchase was supported by a Bid Summary Form listing a phone bid from a Federico company, Excel.

¹² IDI, ILC, JDI, and Cove Sales.

¹³ SCI Case #1999-1451.

¹⁴ IDI, ILC, and JDI.

¹⁵ IDI, ILC, JDI, and Cove Sales.

¹⁶ IDI, ILC, JDI, and Cove Sales.

¹⁷ Royal, Allied, General, and SL&C.

¹⁸ IDI, ILC, Cove Sales, Allied Royal, and SL&C.

- **Vernon Marshall** (remains assigned to PS 57 in Manhattan) submitted 13 PO2s documenting 28 transactions with Tuckman or Federico companies between September 1999 and December 2001, totaling \$19,278.10. Marshall made 22 purchases, totaling \$15,879.90, from Tuckman companies.¹⁹ Twenty-one of these purchases were supported by Bid Summary Forms listing at least one Tuckman owned or related company as a competitive bidder.²⁰ One purchase from Tuckman was supported by written bids from companies owned or related to Tuckman or Federico.²¹ Marshall made six purchases from Federico companies General and Royal, totaling \$3,398.20, all supported by Bid Summary Forms listing competitive phone bids by at least one company owned by Tuckman or Federico.²²
- **Robert Schmiedel** (remains assigned to MS 201 in the Bronx) submitted 13 PO2s detailing 16 transactions with Tuckman or Federico companies between February 2000 and August 2002, totaling \$26,997.45. Schmiedel made 11 purchases, totaling \$18,295.40, from Tuckman companies.²³ Five of the purchases from Tuckman were supported by competitive written bids from Tuckman owned or related companies.²⁴ Six of Schmiedel's purchases from Tuckman were supported by Bid Summary Forms listing two Tuckman owned or related companies as competitive bidders. Schmiedel made five purchases totaling \$8,702.05 from Federico owned companies.²⁵ The five purchases were supported by Bid Summary Forms listing at least one Tuckman or Federico owned or controlled company as a competing bidder.
- **Henry Barrett** (remains assigned to the American Sign Language High School in Manhattan) submitted 11 PO2s from November 1999 to May 2003, for 17 purchases from Tuckman or Federico totaling \$15,785.05. Eleven purchases, totaling \$8,029.80, were made from the Tuckman company IDI. All but one of the IDI purchases were supported by Bid Summary Forms listing at least one Tuckman or Federico company as a competitive bidder. One of the IDI purchases was supported by two written bids from Tuckman companies.²⁶ Barrett made six purchases totaling \$7,755.25 from Federico companies.²⁷ These purchases were supported by Bid Summary Forms listing competing phone bids from at least one Federico associated company, SL&C, or Tuckman company, IDI and ILC.

¹⁹ IDI, ILC, and JDI.

²⁰ ILC, JDI, and Cove Sales.

²¹ ILC and Cove Sales.

²² IDI, ILC, Allied, General, and Royal.

²³ IDI, ILC, and JDI.

²⁴ ILC, JDI, and Cove Sales.

²⁵ Royal, Allied, and General

²⁶ Cove Sales and ILC.

²⁷ Royal, Allied, and General

The investigation also determined that Barrett engaged in personal business with Gerard Federico. On October 2, 2003, Barrett sold a “single family residence/townhouse,” 1,248 sq. ft., at 217 Pierce Street, Staten Island, NY, to Federico for \$161,500. According to relevant records, Federico obtained a \$129,200 conventional loan from Merrill Lynch Credit Corp. for the purchase.

- **William Mulvihill** (retired from the Bayard Rustin Educational Complex in Manhattan) submitted eight PO2s from September 1999 to October 2001, for nine purchases from Tuckman or Federico, totaling \$12,114.25. Four purchases, totaling \$6,159.60, were made from Tuckman companies IDI and ILC. The four purchases were supported by either competing written bids from Tuckman companies, ILC and JDI, or by Bid Summary Forms quoting prices from companies owned or controlled by Tuckman – JDI, ILC, and Cove Sales. Mulvihill made five purchases, totaling \$5,954.65, from Federico companies.²⁸ All five purchases were accompanied by Bid Summary Forms with at least one price quote from Federico companies, Allied and Excel, or Tuckman companies.²⁹
- **Joseph Spargimino** (remains assigned to IS 281 in Brooklyn) submitted PO2s in 2000 and 2001, for 11 purchases, totaling \$12,048.90, from a Tuckman company, IDI. Spargimino’s IDI purchases were supported by written and phone bids from companies owned or controlled by Tuckman.³⁰

Spargimino claimed to have purchased cleaning supplies from a company called Bella, Inc. (“Bella”). The investigation determined that the company’s actual name was Bella Coffee, Inc. and was headed by Dennis Fabella.³¹ Spargimino made three purchases from Bella supported by losing bids from two companies – PBA, Inc. (“PBA”) and Venator, Inc. (“Venator”). In July 2001, Spargimino made a \$2,322.01 purchase from Bella, accompanied by purported competitive written bids from PBA and Venator. In July 2000, Spargimino made a \$3,747.45 purchase from Bella, again supported by two losing written bids from PBA and Venator. In July 1999, Spargimino made a \$635.20 purchase from Bella supported by a Bid Summary Form which indicated that Spargimino obtained phone bids from PBA and Venator. Spargimino also made one purchase from Bella in December 2000, for \$1,371.60 supported by a Bid Summary Form indicating that Spargimino obtained a phone bid from PBA. Spargimino’s purchases from Bella totaled \$8,076.26.

²⁸ Royal, Allied, and General

²⁹ ILC, Cove Sales, and IDI.

³⁰ ILC, JDI, and Cove Sales.

³¹ An attorney representing Fabella advised an SCI attorney that his client would not agree to be interviewed unless he was granted immunity. Informed that immunity would not be conferred, Fabella’s attorney responded in writing that Fabella declined to be interviewed and invoked his Fifth Amendment constitutional right against self-incrimination.

Investigators discovered that PBA, Inc. actually related to an architectural and design company called PBA Designers & Planners, Inc. According to its Chairman and Chief Executive Officer, William J. Palmer, the company had never bid on or been asked to supply a quote for any New York City public school system project, and he did not know Spargimino. Palmer added that PBA had never been in the commercial cleaning and supply business. When shown a PBA bid submitted by Spargimino, Palmer advised that he had never seen it before and the stationery bearing his company's name was not authentic.

John Griesling, the Director of Security for Foot Locker, Inc., the company that had acquired the Venator Group, stated that Venator had never been in the commercial cleaning and maintenance supply business and that the bid submitted to the DOE by Spargimino had not been prepared by or provided to the custodian by anyone at the company.³²

- **Frank Franchi** (remains assigned to IS 174 in the Bronx) submitted seven PO2s between October 2000 and October 2001, detailing 12 purchases totaling \$10,970.94 made from companies owned by Tuckman or Federico. Franchi made eight purchases, totaling \$6,430.31, from Tuckman companies.³³ Three of these eight purchases were supported by two competitive written bids from companies owned or controlled by Tuckman.³⁴ The five other purchases from Tuckman were accompanied by Bid Summary Forms listing competitive phone bids. Four of the five Bid Summary Forms listed phone bids from two other companies owned by or related to Tuckman.³⁵ One Bid Summary Form listed a phone bid from a Federico owned company, Royal. Franchi made four purchases, totaling \$4,540.63, from companies owned by Federico – Royal, General, and Allied – all supported by Bid Summary Forms containing at least one competitive phone bid from a company owned or related to Tuckman or Federico.³⁶
- **Kenneth Loeffler** (remains assigned to JHS 216 in Queens) submitted six PO2s in 2001, and one PO2 in July 2002, detailing ten purchases totaling \$8,772.45 from Tuckman companies IDI and ILC. All ten purchases had written competitive bids or Bid Summary Forms with at least one price quote from companies owned or controlled by Tuckman.³⁷

³² The fraudulent paperwork submitted by Spargimino indicated that Venator was located in the Woolworth Building at 233 Broadway in Manhattan. The building's Director of Operations, Vincent Baffa, informed investigators that the Venator Group, Inc. had vacated its offices in the building in 1999.

³³ IDI and ILC.

³⁴ ILC, JDI, and Cove Sales.

³⁵ ILC, JDI, and Cove Sales.

³⁶ Allied, IDI, Royal, and SL&C.

³⁷ ILC, JDI, and Cove Sales.

- **Robert Stiles** (remains assigned to PS 133 in Queens) submitted three PO2s in 2001, for three purchases totaling \$3,782.40, from a Tuckman company, IDI. Two of the purchases were supported by competing written bids from Tuckman companies ILC and JDI. One purchase was supported by a Bid Summary Form listing companies owned or controlled by Tuckman – IDI and Cove Sales.
- **Simon Kocovic** (remains assigned to the Wings Academy High School in the Bronx) submitted four PO2s between December 1999 and October 2001, for four purchases from Tuckman or Federico totaling \$4,822.65. One purchase for \$374.30 was made from a Tuckman company, IDI, with competitive written bids from other Tuckman companies.³⁸ Three purchases, totaling \$4,448.35, were made from two Federico companies, Royal and General, supported by Bid Summary Forms quoting prices from at least one Tuckman owned or related company – IDI, ILC, and Cove Sales – or Allied, a Federico company.
- **Fidel Seara** (remains assigned to JHS 8 in Queens) submitted four PO2s in 2001, for six purchases from IDI, totaling \$6,082.10. All six purchases included written bids, or Bid Summary Forms with competitive price quotes, from Tuckman owned or controlled companies.³⁹

In May 2004, this office referred its findings to the United States Department of Justice Antitrust Division.

Recommendations

It is the recommendation of this office that the following custodians be terminated from employment with the DOE, be made ineligible for future work, and that these findings be considered should any of them apply for a position in the New York City public school system or its related facilities in the future: Henry Barrett, Frank Franchi, Simon Kocovic, Kenneth Loeffler, Rickey Lombardi, Vernon Marshall, Robert Schmiedel, Fidel Seara, Joseph Spargimino, and Robert Stiles.

It is the further recommendation of this office that former custodian William Mulvihill, who has retired, be made ineligible for future work with the DOE, and that these findings be considered should he apply for a position in the New York City public school system or its related facilities in the future.

In addition, former custodians Herbert Bradley and Rivington Powery should remain ineligible for work with the DOE and these findings should be considered should either apply for a position in the New York City public school system or its related facilities in the future.

³⁸ ILC and JDI.

³⁹ JDI, ILC, and Cove Sales.

It is also the recommendation of this office that vendors Barry Drucker, Gerard Frederico, Allen Tuckman, Steven Yastrub, and any company with which any of them are affiliated – not limited to those named here – be denied business with the DOE and the City of New York.

We are forwarding a copy of this letter and of our report concerning this investigation to the Office of Legal Services. Should you have any inquiries regarding the above, please contact First Deputy Commissioner Regina Loughran, the attorney assigned to the case. She can be reached at (212) 510-1426. Please notify First Deputy Commissioner Loughran within thirty days of receipt of this letter of what, if any, action has been taken or is contemplated regarding 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:gm

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