

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON OVERSIGHT AND INVESTIGATIONS

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B E F O R E:

VINCENT J. GENTILE
Chairperson

COUNCIL MEMBERS:

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A P P E A R A N C E S (CONTINUED)

[gavel]

CHAIRPERSON GENTILE: Now my mic is not on. Look at that. I'm worried about everybody else's mic. Good afternoon and welcome to the preliminary budget hearing for the Committee of Oversight and Investigations and the preliminary mayor's management report hearing. Today we will be discussing both the budget and the preliminary mayor's management report, the PMMR for fiscal 2014 for the New York City Department of Investigation. I'm joined here this morning at the moment while we have more members joining us as we go on but I'm joined here this morning by member of the committee Council Member Rory Lancman. Thank you for being here. I'm also joined by our staff our, our expert budget analyst Elle Nay [sp?], our council Shannon Mennengal [sp?] and our policy analyst Jennifer Mentallo [sp?]. So we'll begin. The Department of Investigation promotes and maintains integrity and efficiency in government operations. Through its inspector general and other investigative staff the department investigates and refers for prosecution city employees and contractors engaged in corrupt or fraudulent activities or unethical conduct.

2 Investigations made involving the agency officer of
3 the city as well as those who do business with or
4 receive benefits from the city. The department
5 provides the mayor with recommendations for
6 corrective actions, to assist the, the agencies in
7 the design and interpretational strategies to limit
8 opportunities for criminal misconduct and waste.

9 The fiscal 2015 preliminary budget for the DOI is
10 25 million dollars, three million dollars greater
11 than its fiscal 2014 adopted budget. The Department
12 city funded budget is increased by 2.9 million
13 while it's non-city funds have increased by 239
14 thousand. The three million dollar increase in city
15 funds represents funding for the new NYPD inspector
16 general unit. During the course of a fiscal year
17 the department's budget typically has a large
18 fluctuation in its non-city funding especially in
19 federal funds. It also tends to have a large amount
20 of intracity[phonetic] funding that supports the
21 work of the agency inspectors general. There's
22 always an important function that is crucial to the
23 health and wellbeing of the city and its residents.
24 We will discuss the changes to DOI's budget since
25 the fiscal 2014th, for 2014 adoption as well as

2 overall functioning activities in the year. We'll
3 talk about what projects and activities the
4 department has been negating and examining some of
5 its PMMR performance indicators. So I welcome our
6 new commissioner, Commissioner Mark Peters to your
7 first budget hearing and my first budget hearing as
8 a, as Chairman. I thank you for coming and
9 certainly you may begin but before you do let me
10 just introduce another member of the committee who
11 has joined us Council Member Helen Rosenthal. Thank
12 you. You may begin. Thank you.

13 COMMISSIONER PETERS: Thank you. Good
14 afternoon Chairperson Gentile, members of the
15 Committee on Oversight and Investigations. Thank
16 you for the opportunity to address the committee
17 considering three topics. First the Department of
18 Investigations preliminary budget for fiscal year
19 2015, second the impact this agency has had over
20 the past year, and third the innovative plans my
21 staff and I have to advance the agency and further
22 safeguard this city against corruption, fraud,
23 waste, and abuse. I firmly believe that government
24 is a powerful vehicle to improve New Yorker's
25 lives. But first government must operate in an

2 honest and efficient manner. DOI plays a key part
3 in achieving that role. We get the facts to expose
4 and stop corruption fraud waste and abuse. We drill
5 into city processes to identify and fix systems
6 that underperform or fail to serve New Yorkers. We
7 educate the city and the public on why
8 anticorruption measures are essential to a strong
9 municipal government. The breath of the agencies
10 work and the spectrum of those investigations
11 reflect DOI's dynamic and unique role. I've seen
12 this first hand. Since taking office on February
13 18th our hard hitting investigations have already
14 lead to further positive results. In just the last
15 24 days alone DOI investigations have underscored
16 the urgent need for the city board of elections to
17 change the way it does business which DOI spoke
18 about before this very committee just two weeks
19 ago, resulted in a significant prison sentence for
20 a former bookkeeper at the Kings County Public
21 Administrator's Office for his involvement in a 2.6
22 million dollar embezzlement scheme involving the
23 estates of decedents, recovered stolen wages for
24 iron workers after exposing the city school's
25 contractor that had submitted false payrolls to

2 hide the theft, and led to the arrest of four city
3 correction officers charged in an assault and false
4 report scheme involving an inmate, conduct that
5 undermines the safety of our city's jails. This
6 work shows you the array of issues that DOI manages
7 on a daily basis. Our cases illuminate all too well
8 that when those of us in government fail to
9 adequately protect taxpayer funds and establish
10 internal controls New York City is the victim. To
11 be an effective watchdog DOI has developed a
12 comprehensive strategy, one that goes beyond the
13 arrest and includes looking at the big picture;
14 analyzing city procedures to see if they're
15 effective and sharing lessons learned so the
16 corruption does not metastasize. Identifying issues
17 before they become problems is a vital part of
18 DOI's successful role within government. That
19 strategy is so important that, that where we can we
20 are integrating a more proactive approach to
21 identify and address concerns before they become
22 crimes. As I outlined to the city council during my
23 confirmation hearing DOI will continue in its
24 preemptive approach by actively reviewing city
25 procedures and internal controls to identify and

2 fix flaws that create opportunities for corruption.

3 On this effort we've already begun. DOI saved
4 significant funds with its monitoring efforts in
5 connection with the rapid repair program. The
6 monumental citywide initiative after hurricane
7 Sandy to repair damaged homes. DOI work with
8 integrity monitors to double check whether the
9 various vendors were appropriately billing the city
10 and doing the work they were contracted to do. We
11 are continuing similar monitoring efforts as the
12 next phase proceeds. DOI is monitoring a 500
13 million dollar capital project at NYCHA to detect
14 issues with contractors and conduct a risk
15 assessment and tighten up on compliance including
16 reviewing documents related to prevailing wages.
17 These efforts will help NYCHA realize the maximum
18 value of its plans and improve its buildings and
19 enhance the living conditions of all residents. DOI
20 is already in conversations with various agencies
21 and city officials to identify the programs and
22 policies that are right for our review. I look
23 forward to working with those officials and with
24 this council to make sure that the city's new
25 agenda moves forward in the most efficient and

2 honest way possible. Our work on these projects and
3 others demonstrates the preventive services both
4 strengthen accountability and pay for themselves in
5 dollars saved and in reinforcing the confidence New
6 Yorkers have in their municipal government. The
7 establishment of an independent inspector general
8 for the police department is part of that effort.
9 This new unit under DOI's jurisdiction will take a
10 systemic look at the NYPD's policies and how to
11 strengthen the police department's relationships
12 with New Yorkers. In fact creating a robust and
13 knowledgeable NYPDIG unit has been a significant
14 focus of my attention since becoming commissioner.
15 I'm pleased to report that we're moving forward.
16 I've been meeting the wide array of individuals in
17 groups including members of the city council to
18 gather input. I will be reporting back to the city
19 council on April 1st on the Unit's budget, how it
20 will be structured and whom I have chosen to be the
21 inspector general. Our numbers for this fiscal year
22 through the end of January give you a statistical
23 glimpse at DOI's workflow. For instance in the
24 first seven months of fiscal year 2014 the number
25 of complaints streamlining into DOI when compared

with the previous year increased by seven percent. Likewise since the last fiscal year our outreach through corruption prevention lectures also increased by more than half. And the agency significantly reduced the amount of time it takes to complete an average investigation which means more investigative resources can be refocused on the steady flow of incoming complaints. In calendar year 2013 DOI made more than 800 corruption related arrests, closed 1,200 investigations and presented a record high of more than 700 corruption prevention lectures. I want to emphasize however that we should not attach too much importance to these types of statistics. Some of these numbers will likely diminish as we focus on cases that have broader impact and undertake detailed reviews of internal controls that lead to enhanced procedures. To that end and to bring into context those numbers let me give you some background of the agency. DOI has oversight of about 300 thousand city employees in 45 city agencies. Dozens of boards and commissions, the Office of the Special Commissioner of Investigation for the New York City School District which monitors the Department of

2 Education's 135 thousand employees. The office of
3 the Inspector General for the New York City Housing
4 Authority, the Office of the Inspector General for
5 the New York City School Construction Authority,
6 and as of this year the Independent Office of the
7 Inspector General for the New York City Police
8 Department. We have a broad mandate. DOI can
9 investigate any agency, officer, elected official,
10 or employee of the city, and those doing business
11 with the city. We can also investigate any entity
12 or individual that receives benefits from the city.
13 Our staff is a network of investigators, auditors,
14 attorneys, digital forensic specialists, analysts,
15 and administrative personnel. And we have a squad
16 of NYPD detectives assigned to us as well. With the
17 passage of Local Law 70 last year the DOI
18 Commissioner is solely empowered to select and
19 oversee the Independent NYPDIG including the scope
20 and direction of that unit's investigations. DOI
21 has power to issue subpoenas, take testimony under
22 oath, and issue reports of our investigative
23 findings. We also forward our findings to federal
24 and state prosecutors which can result in arrests.
25 We refer to the city's Conflicts of Interest Board

2 and other agencies who make disciplinary or
3 administrative decisions and under the city charter
4 we serve as the investigative arm of the city's
5 Conflict of Interest Board. DOI also serves
6 critical functions within the city including
7 conducting checks on companies and principals that
8 do business with the city to help agencies
9 determine if they have companies that can be
10 awarded city contracts. In calendar year 2013 DOI
11 conducted nearly 41 thousand of these vendor
12 checks. DOI also conducts background investigations
13 of individuals selected to work for the city in
14 decision making or sensitive positions. Last year
15 we conducted approximately 2,000 background
16 investigations. In addition the agency
17 fingerprinted more than 9,800 individuals who work
18 with children, seniors, and in shelters as required
19 by law. In fiscal year 2014 so far our
20 investigators have led, investigations have led to
21 more than 30 million dollars in restitution, fines,
22 forfeiture, and other financial recoveries to the
23 city. That is more than DOI's total budget. On
24 criminal corruption cases where DOI finds that city
25 funds have been stolen we work with prosecutors so

2 that the city can be made whole. The half billion
3 dollar recovery from the city time investigation is
4 the best example of this effort and ultimately
5 helped plug the city's budget gap. Well I'm going
6 to give you another example of the ongoing
7 importance of this effort though. In 2002 major
8 corruption investigation uncovered city task
9 assessors who lowered assessed values in return for
10 bribes costing the city millions in lost tax
11 revenue. This investigation resulted in criminal
12 convictions and significant restitution to the city
13 that is continued to this day. The case alone has
14 generated approximately 19 million to the city
15 including nearly 400 thousand received this current
16 fiscal year. All of these statisticals [phonetic]
17 are, statistics are particularly remarkable given
18 DOI's budget, staffing levels, and resources. At
19 this time and given our present resources every
20 inspector general must oversee multiple agencies.
21 For example the same inspector general team now
22 oversees the Department of Correction, the Fire
23 Department, the Taxi and Limousine Commissioner,
24 the Department of Sanitation, as well as two other
25 agencies. Similarly the same team that oversees the

2 Human Resources Administration also has charge of
3 the Administration for Children Services, the
4 Department of Homeless Services and its shelter
5 system as well as five other agencies. Each team
6 must therefore balance a rapid fire pace of
7 incoming daily complaints, long term issues, and
8 complex problems. Inspector generals have had to
9 make tough decisions to prioritize issues of
10 concern and triage what gets looked at when. Given
11 that demanding case load enhancing our proactive
12 efforts can only be achieved with additional
13 professional staff so DOI can conduct deep dives
14 reviewing internal controls, policies, and
15 procedures so corruption does not find fertile
16 ground. Our investigative cases demonstrate the
17 meaningful impact DOI has had on the city.
18 Integrating more proactive measures will take
19 resources to do the job right. And doing the job
20 right benefits the city in the savings and
21 efficiencies we uncover through our proactive
22 reviews and in the confidence all New Yorkers have
23 in government and government programs. I firmly
24 believe that given the resources such front end
25 investigating will amply pay for itself. Actually

it's not just a belief. DOI has demonstrated this benefit. Data matching was identified early on by the NYCHAIG as a way to catch potential fraud by individuals attempting illegally reside in public housing. After conducting an investigation that matched death records with records of NYCHA tenants we identified individuals who were posing as deceased NYCHA tenants in order to reside in NYCHA apartments. We work with the city's housing authority to implement a review at the front end that would identify deceased tenants and ensure that others were not illegally occupying their apartments. NYCHA is now integrated this check into the agency's recertification process and DOI continues to monitor it. To quantify that result for you; in calendar year 2013 as a result of this effort 700 Section 8 vouchers were recaptured by NYCHA and more than 1.1 millions recouped. So far this year more than 200 vouchers have been recaptured. As you can see there's both a monetary and human benefit. Funds were recovered and at the same time when affordable housing is such a scarce commodity individuals came off a waiting list and obtained housing because of this proactive measure.

2 Similar data matching checks have been integrated
3 as a result of DOI working with other agencies to
4 spot unemployment fraud for example. These are
5 powerful examples of why controls on the front end
6 are important. DOI's preliminary expense budget for
7 fiscal year 2015 is two point, 25 point million
8 dollars consisting of 19.3 million that supports
9 approximately 256 full time staff positions and
10 55.8 million for other than personnel services such
11 as supplies, equipment and space. Included in the
12 19.3 million for personnel services is 4.1 million
13 in other city funding such as funding for
14 memorandum understanding with six agencies that
15 support 66 positions. There are about 180 other
16 staff members who work for us through various
17 arrangements with other city agencies including at
18 the Office of the Special Commissioner of
19 Investigations for Schools and the Office of the
20 Inspector General for NYCHA. Many of these city
21 agencies have experienced particular corruption
22 issues over the year and have given DOI funding for
23 staff positions to assist in our integrity efforts.
24 We're grateful for this essential support. The wide
25 ranging work that DOI does and that I have reported

2 to you today could not be accomplished without this
3 assistance. Let me also explain how forfeiture
4 funds play a role in what DOI is able to do. DOI
5 works with prosecutors to ensure that stolen city
6 funds are returned to the city. Federal criminal
7 law also allows the proceeds of criminal activity
8 to be forfeited to the federal government and
9 shared with investigated agencies to support law
10 enforcement activities. DOI is a beneficiary of
11 these federally funded, federally regulated funds
12 and has shared some of them with other city
13 agencies. In fiscal year 2014 DOI awarded two
14 million to the NYPD for the purchase of investment,
15 investigative equipment. DOI is also using some of
16 these funds to work with the Department of City
17 Wide Administrative Services to establish and
18 online corruption prevention training program that
19 will be accessible to all city employees. These
20 forfeiture funds however are temporary and finite
21 and can only be used for certain law enforcement
22 related purposes. They're strictly governed by
23 federal guidelines and cannot be used to fund
24 salaries for permanent staff positions. These funds
25 have been instrumental in helping DOI improve a

2 number of essential functions not provided for in
3 its budget, specifically updating its digital
4 infrastructure, investigative resources, providing
5 training for DOI investigators, and training for
6 lawyers at DOI and other city agencies, and
7 supporting DOI's public outreach efforts to educate
8 city employees and the public about its
9 anticorruption mission. The fiscal year 2015
10 preliminary budget represents a three million
11 dollar increase from the previous year's adopted
12 budget. This increase is solely a place holder for
13 the new NYPDIG unit which is currently under
14 development. Let me also briefly update this
15 committee on the office of the special commissioner
16 of investigation for the New York City school
17 district. The unit was created in June of 1990 with
18 a mandate to investigate criminal activity and
19 other wrong doing occurring within the city's
20 school system. The special commissioner is a deputy
21 to the DOI commissioner independent of the City
22 Department of Education. And the chancellor, and
23 SCI is authorized to investigate and make
24 recommendations concerning any issue which impacts
25 the integrity of the city schools. Richard J.

2 Condon a former New York City police commissioner
3 and former criminal justice coordinator has held
4 the position of special commissioner of
5 investigation since July 2002 and grateful for his
6 continued work going forward. In 2013 SCI received
7 a record high number of complaints, more than 4,300
8 and opened 791 investigations including 233
9 involving an allegation of sexual misconduct. Since
10 January 2013 SCI publically released 10 reports
11 detailing SCI's investigations including one
12 documenting a no show principal of PS106 in Queens
13 who received an annual salary of 128,200 dollars
14 yet was frequently absent or late from work.
15 Another investigation in 2013 SCI joined the office
16 of the United States Attorney for the southern
17 district of New York and the Office of the New York
18 State Controller to uncover a fraudulent scheme
19 involving a vendor with the city's schools who was
20 arrested and pleaded guilty. As part of the plea
21 agreement the vendor will pay back more than 2.1
22 million dollars to the City Department of
23 Education. I hope my testimony today demonstrates
24 the wide reaching impact of our work and the impact
25 our work has on the city. We follow the facts to

2 stop fraud. We pull back stolen tax dollars. We
3 analyze city operations to find out where the
4 controls are adequate and where corruption can
5 penetrate. Tax dollars lost corruption, fraud,
6 waste, and abuse cannot be sent on a, spent on
7 essential needs such as classrooms for children or
8 the hiring of additional city police officers,
9 firefighters, or inspectors. These are tangible
10 consequences of not taking preventive steps against
11 corruption and waste. At this time I'd be happy to
12 take your questions. Thank you.

13 CHAIRPERSON GENTILE: Thank you

14 Commissioner and thank you for that expansive
15 statement. I just want to remind, I don't know if
16 there are any members of the public actually out
17 there, but if you are and you'd like to testify
18 please fill out a sheet with the Sargent of Arms.
19 Okay. And before we continue I do want to recognize
20 three other members, council members that have
21 joined us; Council Member Costa Constantinides,
22 Council Member Chaim Deutsch right, and Council
23 Member Brad Lander. Thank you. Okay Commissioner I
24 guess get ready to, as, as a newcomer this may be
25 the first time and only time you get a chance to

2 step outside the agency and to do an overall
3 analysis of how it's been run prior to your
4 command. So let's not pass up this unique
5 opportunity. You told us about the broad mandate of
6 DOI so as the new commissioner can you provide your
7 initial assessment of the agency operations.

8 COMMISSIONER PETERS: Sure. With the
9 obvious opening caveat that this is, I'm still
10 counting it in days...

11 CHAIRPERSON GENTILE: Right.

12 COMMISSIONER PETERS: ...this is day 19.

13 [laughter]

14 COMMISSIONER PETERS: Sort of raising
15 small children for a while you know how many days
16 old they are, then weeks, then months, then years.
17 So having said that on the whole it is in fact a
18 very well-functioning agency. There clearly are
19 things that can and, and will be done differently
20 because I believe that we are going to change the
21 focus slightly to more proactive work. But having
22 said that the quality of the line level staff, the
23 attorneys, the investigators, the direct
24 supervisors, and even frankly the senior staff on
25 the whole is excellent. I am very, very lucky to

have come into a position here where my predecessor put together what is really an excellent staff. So I don't believe that there is a need for wholesale staffing changes because I think in fact the staff is very good. Having said that I will say that it is a staff because of budget cuts. The head count at one point at DOI was about 650. The head count as I told you now is about 400. So we have two-thirds the headcount that we once did. And while we can all talk about doing more with less and cutting fat and whatever other euphemisms we want to use at the end of the day two-thirds as much staff is two-thirds as many investigations, two-thirds as much oversight, two-thirds as much money recovered to the city, two-thirds as much fraud recovered. And what I have seen is that while we do a terrific job there is simply not the time given those resources to do some of the broad based let's take a look at this agency as a whole rather than what's respond to what we were told went wrong yesterday. I'm not saying that none of that is done, some of it is done but we could and should do more of that and there's simply a, not, there are finite hours in the day.

2 CHAIRPERSON GENTILE: So are you
3 suggesting then because of the smaller size of the
4 agency that your priorities will have to change
5 somewhat in how you go forward?

6 COMMISSIONER PETERS: I am committed to
7 doing the kind of proactive work that needs to be
8 done. I am hopeful and I am meeting with, obviously
9 we have been meeting with OMB, I am here before
10 this council, I'm hoping that when the budget
11 process finishes that there will be some additional
12 resources to achieve those priorities. How much we
13 have in additional resources will shape some of the
14 difficult decisions that we'll then have to make
15 about where do we take a proactive look and where
16 do we not, which investigations do we take to
17 their, to their full extent and which don't get
18 done as quickly. But my hope and in, I'm meeting
19 with the mayor's, I'm meeting with OMB, I am here
20 today and of course will be here as often as all of
21 you want me. And my hope is that when we get
22 through this process there will be sufficient
23 resource of, resources to do that proactive work.

24

25

2 CHAIRPERSON GENTILE: Can you identify
3 any area that is not funded that you would, would
4 like to see funded at this point?

5 COMMISSIONER PETERS: Sure.

6 CHAIRPERSON GENTILE: Obviously the, the
7 increase in funding we know we've, we've, you've
8 talked about that but the areas that are currently
9 not funded that you would want to see funded?

10 COMMISSIONER PETERS: Sure. Obviously
11 increases in funding I've just talked about. For
12 example there was at the agency for a number of
13 years a fraud prevention unit that essentially was
14 not looking at a particular agency but was looking
15 at broader tasks. That unit got eliminated a number
16 of years ago in budget cuts. Whether in
17 restructuring it is best to reconstitute that or do
18 that through the existing system is something that
19 I'm not sure of yet. It's something that I'm
20 thinking about and something that I'm meeting with
21 the senior staff about. But that kind of work we do
22 some of it, we don't do nearly as much of it. And I
23 believe that is the kind of work that needs to be
24 fund, that, that additional funding would let us
25 do. We brought in as I said 30 million dollars in

2 restitution of forfeiture funds for this fiscal
3 year alone which is five million dollars more than
4 our total budget. If we were to you know increase
5 that amount even by 10 percent that would pay for
6 two new squads. That would allow us to go from four
7 squads to six simply through that. Again the exact
8 structure of this is something that we are all
9 working on. But clearly additional funds and
10 additional resources would let us do more of these
11 proactive looks at agencies to see where we can see
12 internal controls that ought to get fixed
13 beforehand.

14 CHAIRPERSON GENTILE: Might we see that
15 in an executive budget?

16 COMMISSIONER PETERS: You would... I am
17 talking to OMB about this. I am obviously talking
18 with this committee about this. I think it's a
19 little early... In fairness the executive budget
20 isn't out yet, it isn't, it isn't due yet.
21 Everybody is talking. There are clearly many, many
22 needs on the city. I am, I don't believe I've ever
23 met a commissioner in all of my 25 years doing this
24 kind of thing who ever thought he was adequately
25 funded or she was adequately funded. I recognize

2 that there are lots of pressing needs from lots of
3 agencies. I think part of the, bluntly part of the
4 reason that we're, that I'm here now is so that we
5 can begin to discuss with the council as well as
6 with OMB what it is that more funds could do so
7 that you as a council in the mayor's office can
8 begin to evaluate where, where funding is best.

9 CHAIRPERSON GENTILE: Let's take a look
10 now...

11 COMMISSIONER PETERS: I'm putting my
12 best foot forward here with you now.

13 CHAIRPERSON GENTILE: Absolutely. And 19
14 days right so...

15 COMMISSIONER PETERS: 19 days.

16 CHAIRPERSON GENTILE: Right. Let's just
17 take a look at the way the department budget is set
18 up because it's somewhat confusing manor. If you
19 look at DOI's budget it's, it's done by program
20 area divided into agency operations and inspector
21 general. Can you, can you just describe just
22 briefly the, the, the differentiation there?

23 COMMISSIONER PETERS: Sure. Essentially
24 there are three ways. There are roughly 420 people
25 walking around 80 Maiden Lane doing investigations

2 roughly. Roughly 250 of them are paid for by DOI
3 and roughly 180 of them are paid for directly by
4 other agencies okay... through MOUs. So there is an
5 MOU for example with NYCHA in which NYCHA agrees to
6 hire 45 people, NYCHA agrees to pay for 45 people
7 but the Department of Investigations hires them,
8 they report to, they report to me, we hire them, we
9 supervise them, but NYCHA, they're actually on
10 NYCHA's budget line. If you looked at that paystub
11 it would say NYCHA on it someplace.

12 CHAIRPERSON GENTILE: Is that what's
13 represented by the intracity[phonetic] funds?

14 COMMISSIONER PETERS: No, that's now.
15 I'm doing it... that's 180. Of the 250 about 60 of,
16 most of those people are direct DOI employees,
17 that's part of our budget, that's the 19 million
18 dollar number... right... where there's 19 million.
19 Then the IG number okay is there are about 66 staff
20 who are... again, they are DOI employees, they're
21 walking around 80 Maiden Lane doing work but
22 they're funded through MOUs with agencies in which
23 the agency agrees to give money back to the city,
24 the city then credits to DOI so that they get their
25 paychecks as DOI. The money flows through DOI but

2 in fact that money is the result of an MOU with an
3 agency. So really there are three ways that you can
4 be walking around 80 Maiden Lane. You can be one of
5 the hundred and some odd people who are DOI
6 employees. You can be one of the 60 some odd people
7 who are DOI employees but your budget money is the
8 result of an MOU in which an agency essentially
9 agreed to give a piece of its money to us for us to
10 spend. Or you could actually be an employee of
11 another agency where there's an MOU in which the
12 agency says we'll hire whoever you choose and
13 they'll just go work for you... Does that help?

14 CHAIRPERSON GENTILE: It, it helps from
15 the point of explanation but it's still very
16 difficult to determine that for looking at, at the
17 budget numbers. And so I guess what, what the point
18 here is and it's just not with this agency but in
19 general trying to get a better sense of
20 transparency of what's actually happening budget
21 wise for the agency. For example even in addition
22 to what you just told us it's my understanding that
23 the PS appropriation for the inspector general,
24 generals is found actually in the agency operation
25

2 numbers and not represented on the budget line for
3 the inspector generals. Am I correct about that.

4 COMMISSIONER PETERS: Well I'm now
5 looking at, and, and the, the preliminary 2015,
6 preliminary budget numbers. And if you look at
7 those there's a line probably getting more policy
8 wonkish [phonetic] than you want to me to be. Stop
9 me when I, stop me when I go over the edge...

10 CHAIRPERSON GEENTILE: That's fine.

11 COMMISSIONER PETERS: ...of, of wonkdom
12 [phonetic]. There's a line oh oh one called
13 personnel services...

14 CHAIRPERSON GENTILE: Right.

15 COMMISSIONER PETERS: ...for 15 million
16 149, 149 thousand 420 dollars. That is money that
17 the city gives to DOI that DOI spends to hire
18 employees, directly our budget. Below that is line
19 oh oh three, it's called inspector general PS and
20 that's 4,142,885 dollars. That is money that is
21 given to DOI by the city as a result of MOUs with..
22 [pause] as a result of MOUs with various agencies.
23 As a result of those MOUs those agencies agree that
24 some money that would otherwise be in their budget
25 comes over to our budget and we get to spend that

2 as we see fit within all the usual parameters.
3 That, in total, comes to 19,292,000 dollars, and
4 292 thousand dollars. That's the personnel budget
5 for DOI not including the 180 staff who are not on
6 our budget but in fact report to us.

7 CHAIRPERSON GENTILE: Well you can see
8 how confusing it is to try to figure this out by
9 looking just... [crosstalk]

10 COMMISSIONER PETERS: ...imagine what it,
11 what I've been going through for the last 19 days
12 council member.

13 [laughter]

14 CHAIRPERSON GENTILE: And, and to, to
15 complicate this more the, the units of
16 appropriation for person, personal service is in
17 the agency operation lumps in personnel for
18 commission to combat the police corruption Special
19 IG to the DOI, New York City Marshall's, technical
20 support, you name it. All those are lumped together
21 so that you don't, we don't really know how that
22 breaks out and how many are in any one of these
23 different aspects of, of DOI. So it, I, I'm, this,
24 and you're new and, and we're certainly looking at
25 ways to be more transparent, the, in the budget. Is

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2 there any way in the future that these lump sums
3 and this, this, this sort of maze of how an
4 employee gets to be a DOI can be made more
5 transparent in the future?

6 COMMISSIONER PETERS: Sure, I can do it
7 right now. Let's see. I can do some of it right
8 now. I'm looking for my notes. I apologize that I
9 don't have this all off the top of my head.

10 UNKNOWN FEMALE: [off mic] 19 days and
11 you don't...

12 [laughter]

13 COMMISSIONER PETERS: Right, and I don't
14 have it all exactly on the top of my head. So for
15 example I said to you there are 180 staff who are
16 quote on loan close quote...

17 CHAIRPERSON GENTILE: Mm-hmm.

18 COMMISSIONER PETERS: ...from other
19 agencies. That includes 34 paid for by the school
20 construction authority, 64 who are at the special
21 schools investigated, paid for by the board of
22 education, 43 paid for by NYCHA, nine paid for by
23 the NYPD, one paid for by the Department of
24 Probation, six by the Department of Correction,
25 five by HPD, two by DIFTA, two by DCAS, one by the

2 Department of Finance, and one by BSIU, I'm sorry
3 11 by BSIU. So of the 178 who, those 178 people are
4 paid for by those agencies but they work for us.
5 Separately there are now 256 people budgeted
6 directly by us. That's the 15 million and the four
7 million put together. And those are directly DOI
8 employees who work at you know starting with me
9 down to Deputy Commissioners, Associate
10 Commissioners, Inspectors General, investigators,
11 lawyers, etcetera. So that, does that help?

12 CHAIRPERSON GENTILE: It, it does, it
13 does by the explanation but are these budgeted head
14 counts clear from the budget numbers we're looking
15 at?

16 COMMISSIONER PETERS: Clear... I think
17 they are... I think that they actually are in this
18 sense. As I said the budget that there's 25 million
19 dollars, well actually let's take other than
20 personal services out of it right. There's 19
21 million dollar, a little over 19 million dollars
22 allocated to DOI that's in many ways it's worth
23 just thinking about the personnel services, the
24 inspector general as a lump. That's in total 19
25 million dollars that goes, that felt like goes into

2 DOI's bank account as it were. I understand that in
3 fact agencies don't have bank accounts. ...that goes
4 into the bank account that pays for roughly 250
5 staff doing all sorts of things. That's, the, the
6 phrase inspector general that's used in the
7 budgeting is kind of a misnomer. It's not
8 particularly paying, it, it's a misnomer. It's just
9 a way of differentiating for the budget people how
10 much of this is money that once upon a time we
11 decided that DOI ought to just have to be DOI and
12 how much is money that various agencies have agreed
13 ought to come out of their budget otherwise and
14 come on over to us because they recognize that
15 there's a need for us to do some of the things we
16 do so they can run their agencies well. But that
17 total 19 million is money that gets spent on
18 roughly 250 staff at DOI, that includes the
19 inspectors general in the four units who are
20 overseeing all 45 city agencies. That includes the
21 investigators who are doing all of that. That
22 includes all the support staff, the supervisor
23 staff etcetera. Then separately there's the 180
24 staff at the agencies that I delineated for you. I
25 don't know that there is a break down in the 19

million of which agency these things go to. And the reason is that some of that 19 million probably could be. In other words I could say there are the, there are two inspector generals at squad one. Squad one is looking at the Department of Correction, at the Department of transportation, at the Fire Department, at various other agencies. So I could say look those inspectors general are basically doing these agencies' work. And therefore, right, but then there are people like me for example. You could in theory say that every agency is getting a bit of my time. Some agencies more than others but that's conversation for different day. But there's not a specific within that 19 million, there's not a specific breakdown agency by agency because that's the budget for DOI as a whole. And indeed resources shift. If there are serious concerns about an agency in one squad and there are less concerns about an agency in another squad will certainly grab people from one place to do work in other. We will value and we won't be rigid about it.

CHAIRPERSON GENTILE: So, so there's, there is no way at any given period that we, we

2 would know how many investigative support staff are
3 assigned to a particular inspector general because
4 they move all the time?

5 COMMISSIONER PETERS: Oh no, okay. They...
6 Yes. There are two things we... We have four squads
7 with, each with two inspectors general and a
8 certain number of investigators and I could
9 absolutely get to you a list of how many
10 investigators and other support staff are in each
11 of those four squads. I could provide that to this
12 committee, I could probably provide it to this
13 committee by the end of the day but so that my
14 staff doesn't have a heart attack give me a day or
15 so. But we could certainly provide to you that.

16 CHAIRPERSON GENTILE: Would it also be
17 reflected in, in an organizational chart? Would
18 that, would that be something that would be
19 instructive to us?

20 COMMISSIONER PETERS: Sure, the
21 organizational chart will just show you that there
22 are inspectors general on these squads. It doesn't
23 then list... you know there's not... the, the, the
24 chart itself doesn't list all 400 employees. It
25 would end up with being a much bigger chart. There

2 is certainly an organizational chart for the agency
3 although I will tell you that I have made some
4 changes already and so my, I, I would beg your
5 forbearance on not producing in a work chart in the
6 next week because I am in fact making some changes.
7 But for example we could certainly say to you there
8 are four squads, each squad has the following city
9 agencies, and each squad has you know the following
10 you know breakdown of staff. I could certainly
11 provide that to this committee. I'd be happy to do
12 that.

13 CHAIRPERSON GENTILE: If you would just
14 as a...

15 COMMISSIONER PETERS: Sure.

16 CHAIRPERSON GENTILE: ...matter of just
17 trying to make this a little bit more transparent
18 as, as we're looking over the numbers.

19 COMMISSIONER PETERS: Right, absolutely.
20 I'd be happy to do that.

21 CHAIRPERSON GENTILE: I, I'll, I'll just
22 move on because there are some, we have three or
23 four...

24 COMMISSIONER PETERS: Sure. [crosstalk]
25 and let me clarify just one more thing. The money,

2 the, the four million inspector general money that
3 comes from particular agencies and so we do track,
4 there are internal documents that track all of
5 that. It's not as though it, it's purely fungible
6 money but for the purposes of talking here today
7 think about that as one group and think about the,
8 the on loan employees as another. But yes I'm happy
9 to get you that information.

10 CHAIRPERSON GENTILE: I would appreciate
11 that. Thank you Commissioner. Let me quickly just
12 ask you a little bit about the new IG unit for the
13 NYPD.

14 COMMISSIONER PETERS: Mm-hmm.

15 CHAIRPERSON GENTILE: You have, you have
16 put the headcount at 30. Have you determined how
17 that staff breaks out?

18 COMMISSIONER PETERS: Sure. The 30 head,
19 the three million dollars and 30 head count is a
20 place holder. That's not a, that, that is simply a
21 number because when the, when OMB created the
22 preliminary budget we didn't know the answer. There
23 had to be a place holder. We were creating
24 functionally a new agency. I am having
25 conversations with OMB right now. I believe that, I

2 am confident that number probably will be higher
3 than 30, how much higher is something that we are
4 working on now and something that we're working
5 with the mayor's office on. As you know on or
6 before April 1st I will be presenting to the
7 council both the name of the person that I have
8 selected to be the police inspector, well the
9 person to run the day to day operations of the
10 Police Inspector General. ...the laws wrote it
11 functionally makes me the Police Inspector General
12 and then requires that I pick somebody to do the
13 day to day operations. That person's name and an
14 organizational chart and staffing plan I have to
15 provide to this council, will provide to this
16 council on or before April 1st. The number of staff
17 will probably be larger than 30. Exactly how many
18 is something that we are working on right now. We
19 have had in addition to countless meetings we have
20 had multiple meetings with members of the council
21 including many members here. We've had multiple
22 meetings with community organizations, with civil
23 rights organizations, with law enforcement
24 investigations. We have had conversations with
25 people who do this kind of work in other cities.

2 All of this is going into creating an
3 organizational plan. I anticipate that when we are
4 done there will obviously be an addition to senior
5 staff investigators who can do investigation work
6 on the ground, there will be people who can do data
7 analysis, there will be outreach staff, and of
8 course as the law requires there'll be an intake
9 staff. And we are now working on the exact number
10 of people we need for each of these and the exact
11 structure. And that's something I look forward to
12 presenting to the council on or before the first.

13 CHAIRPERSON GENTILE: So three million
14 dollars is also a place holder?

15 COMMISSIONER PETERS: Yes.

16 CHAIRPERSON GENTILE: It is?

17 COMMISSIONER PETERS: Yes.

18 CHAIRPERSON GENTILE: Okay. So it could
19 be more than that?

20 COMMISSIONER PETERS: It probably will
21 need to be more.

22 CHAIRPERSON GENTILE: Okay.

23 COMMISSIONER PETERS: Yes.

24 CHAIRPERSON GENTILE: And is it, is it
25 based off of anything that exists now like the, the

2 budget of commission to combat police corruption
3 or, is...

4 COMMISSIONER PETERS: Mm-hmm.

5 CHAIRPERSON GENTILE: ...is that the
6 parameter that you use for this?

7 COMMISSIONER PETERS: Well the, the,
8 there are several parameters that we use, none of,
9 the, the problem is none of them are perfect. There
10 is... the ones that we look to, we look, we look to
11 some extent at the special commissioner for
12 investigation for the school system. And that
13 special commissioner has a certain amount of staff
14 and a certain budget. We look that as a matter of
15 parameters. Chicago has a independent police IG. It
16 is not a perfect match for ours because they also
17 have some functions that are now being done by the
18 CCRB but, and that has about 90 staff and a budget
19 of I believe about eight million. But as I said
20 some, they do some things that are done by the CCRB
21 so it is not a perfect match. The CCRB is obviously
22 not a perfect match although I point out that they
23 have over 100 staff. SCI is not a perfect match
24 because in some ways they are, although they've got
25 a much bigger system there are I think 135 thousand

employees at the Board of Education there are 36 thousand police officers. But the statutory mandate is broader for the police IG. So none of these is a perfect match. We've used the best learning from all of them to see how much time and resources it took to do particular tasks and then putting that into the organizational chart. Sadly there's not sort of, there's, there's, we are really... and when I say we I mean everybody in this room because this started with all of you, we are all collectively putting together something absolutely new never done before and that's why it, you know we need, we need the time to put, to come up with the exact numbers.

CHAIRPERSON GENTILE: So you're saying that it, it, very well it's likely to look different than the other IG offices?

COMMISSIONER PETERS: It will certainly look different from other IG offices in the United States. Many, many of the IG offices in other parts of the United States seem to have an amalgam of both what we think of as the CCRB functions and the police IG functions which is to say that they are the main sort of civilian ability to look at

2 individual police misconduct cases as well as to
3 think about policy and broader systemic patterns.
4 Here we have the CCRB and I don't believe that the
5 new NYPDIG should be trying to replicate what the
6 CCRB does nor should be trying to replicate what
7 the IAB does. Indeed I think quite wisely this
8 council when you pass the bill mandated that there
9 are reporting functions from IAB and from the CCRB
10 to me so that they have to report to me on a
11 variety of issues. We don't need to replicate their
12 work. We need to then take that, take the
13 individual cases each of them are doing, look at
14 patterns, and make determinations where do we now
15 need to go based on patterns that we're seeing to
16 look at more systemic combat.

17 CHAIRPERSON GENTILE: ...sure there are
18 going to many more questions in this area
19 Commissioner so I'm going to ask my colleagues to,
20 allow my colleagues the opportunity to ask
21 questions now and just remind everybody that it is
22 a budget hearing so let's try to keep on as much to
23 that topic as possible. We'll start off with
24 Council Member Rory Lancman.

2 COUNCIL MEMBER LANCMAN: Thank you and
3 good afternoon. I, I want to...

4 COMMISSIONER PETERS: Good afternoon.

5 COUNCIL MEMBER LANCMAN: ...ask you about
6 your testimony regarding the, the, the numbers of
7 arrests and investigations potentially diminishing
8 as you quote focus on cases that have broader
9 impacts and undertake detailed reviews of internal
10 controls that lead to enhanced procedures.

11 COMMISSIONER PETERS: Mm-hmm.

12 COUNCIL MEMBER LANCMAN: What does that
13 mean exactly? Are resources going to be diverted
14 from conducting these in, investigations of, of
15 what I would describe as primary, potentially
16 criminal, corrupt activity in favor of broader
17 policy reviews or, or internal controls in terms of
18 preventive measures? And how do you, how do you
19 strike the right balance?

20 COMMISSIONER PETERS: Sure. Very
21 carefully is the answer. That's, it's a great
22 question, something that I have been, I and a lot
23 of the senior staff have been struggling with for
24 the last 19 days, maybe the senior staff for
25 longer. And let me try to give you an example and

this is going to be a little opaque because I'm obviously, I, I don't want to discuss the details of ongoing investigations and ongoing agencies. But one of the things that we have to think about is if there is an agency that has considerable contact with New Yorkers and we right now are doing, are able, are doing investigations that lead to 50 arrests a year of low level staff at this agency who have engaged what I would describe as low level crimes demanding 500 dollars from a member of the public to do, to perform a service that they are supposed to perform anyway. Clearly that's illegal, clearly there's something we need to aggressively pursue. The question then becomes are we, but also let us assume that this same agency and this is not a hypo... none of, none of what I'm talking about is hypothetical but I'm being deliberately vague for what I sure you'll appreciate are good reasons. Let us assume however that there are also some broader systemic issues at this agency that have caused it on a much broader level not to deliver efficiently the whole sale services the agency was set up to deliver okay. So the question then becomes we can't clearly stop prosecuting the low level violators,

we will not stop prosecuting the low level violators, but are we better served by having another 50 arrests of low level violators knowing that no matter how many times you do that in this particular agency there will always be more. Are we better served by next year having 50 more arrests or are we better served next year by having 40 arrests but also by doing a report that says here are some broader systemic problems in the delivery of whole sale services that lead to some deeper more high level changes at the agency such at the agency is more broadly providing services in a better more efficient manner to people. Now are we better off with no arrests? Absolutely not. Are we better off with going from 50 to 10? Now I am making numbers up, obviously not. Are we better off going from 50 to 40 but also delivering a better quality... helping that agency deliver, you know fix the delivery mechanisms? Again it is a case by case determination but it may well be that we are better off making that decision. If we do we will end up delivering better services and everybody will be better off but on the other hand there will be 40

2 arrests not 50 and so the number goes down. Does
3 that help you.

4 COUNCIL MEMBER LANCMAN: It does yes.
5 And you know I appreciate that you're not fooling
6 us or, or trying, or fooling yourselves that you're
7 able to do both with the resources that you have.
8 At some point will you be able to quantify how much
9 resources, additional resources you would need in
10 order to be able to do both, to sustain the basic
11 bread and butter corruption investigation
12 prosecution etcetera cases that the numbers tell us
13 are at least a level of corruption or problems that
14 are out there? And then on top of that to add some
15 resources to do the kinds of investigations, and
16 reports, and analysis that would put better systems
17 in place so that you lower arrests over time, not
18 because you weren't devoting the resources
19 necessary to the arrestable conduct but because
20 there were fewer, there was, there was fewer, less
21 conduct?

22 COMMISSIONER PETERS: Sure. And, and let
23 me be clear. There will never be a time where we do
24 not do the basic level of corruption investigations
25 no matter what right. So we're not, as I said would

there ever be a time where I say in my hypothetical example let's go from 50 to zero or even 50 to 10 or 20? No, never, absolutely not. We are talking about changes at the margins. So I just want to be clear. Nobody is talking about any kind of pullback in aggressive enforcement. There will be no pull back in aggressive enforcement, period, full stop. Having said that yes, we are in the process of working through now and talking with the mayor's office what we think is necessary to do all of this. I hope that the next time I'm before this council about the budget to be able to talk about it in greater detail. I would also say that, the number 50, and again please let's be clear, this now I really am giving you just hypothetical numbers to make the matt, to make sense. That number 50 is not because there are only 50 crimes committed. If this agency's budget were doubled I don't know that we would double the number of arrests but right... there are always going to be a certain number of crimes, not just the DOI can investigate but that, if you added another 10 thousand police officers you would see the number of tickets issued go up too. So let's understand

2 that that number 50 is in and of itself a decision.
3 It is not because there are only 50 incidents going
4 on.

5 COUNCIL MEMBER LANCMAN: So in, in that
6 same way of thinking can you describe what work you
7 do and what cooperation you engage in with the city
8 controller's office for example because he seems
9 to, your, your, your, your, your mandates and
10 responsibilities seem to overlap, at least where it
11 comes to unearthing systematic failures or, or
12 controls. And I know at the state level Attorney
13 General Schneidman remain in control of DiNapoli
14 have partnered in some areas to get some...

15 COUNCIL MEMBER LANCMAN: Mm-hmm.

16 COMMISSIONER PETERS: ...some results...

17 COMMISSIONER PETERS: Yeah, I...

18 COUNCIL MEMBER LANCMAN: ...something
19 you're considering.

20 COMMISSIONER PETERS: Sure I... the answer
21 is not only am I considering it I have a meeting
22 with Comptroller Stringer just this, just earlier
23 this week.

24 COUNCIL MEMBER LANDER: Mr. Chairman I
25 can vouch for them because I saw them having lunch

together at Woolworth Tower Kitchen so he's not,
he's telling the truth.

COMMISSIONER PETERS: Thank you. Yes.

CHAIRPERSON GENTILE: If every lunch at
Woolworth tower though is, was about policy this
city would be a lot better...

COMMISSIONER PETERS: Well the...

CHAIRPERSON GENTILE: ...better off...
[crosstalk] [laughter] That doesn't necessarily
mean anything.

COMMISSIONER PETERS: Right, well in
this instance, in this instance it does. I will
tell you that we had a meeting, and we had lunch in
part to discuss the fact that we need to coordinate
our efforts. Indeed even in that meeting we
discussed one particular investigation that he and
I are both looking at and talked about getting our
staffs together to do that particular
investigation. We've also talked about setting up a
regular set of meetings between our agencies on a
regular basis so that we're not both doing the same
thing on parallel tracks. Yes, it is absolutely...

COUNCIL MEMBER LANCMAN: It's just if...

2 COMMISSIONER PETERS: ...got to be done
3 and will be done.

4 COUNCIL MEMBER LANCMAN: ...yeah, I'll
5 just conclude. If there, if there's a way for you
6 to formalize that, institutionalize that and, and
7 so that each agency or each organization you know
8 benefits from the, the efforts of, of the other it
9 would you know produce, produce better results
10 overall.

11 COMMISSIONER PETERS: I completely agree
12 and as I said we, we have that meeting and we
13 agreed on exactly that.

14 COUNCIL MEMBER LANCMAN: Thank you very
15 much.

16 CHAIRPERSON GENTILE: Thank you
17 Councilman Lancman. As far as I, I know there is no
18 other group, there's no public that have signed up
19 so this is really the only panel we have. So we've
20 not set any time limits on, on questions but, so I
21 just ask you just to be cognoscente of, of the
22 number, we have three other council members to ask
23 questions. And before we get to the next Council
24 Member I do want to recognize Council Member Inez
25 Dickens who has joined us and you do have a

2 question, okay we'll put you on the list. Our next
3 question will be Council Member Helen Rosenthal.

4 COUNCIL MEMBER ROSENTHAL: Thank you
5 very much. I guess the obvious question is who paid
6 for lunch?

7 [laughter]

8 COMMISSIONER PETERS: We split the bill.

9 COUNCIL MEMBER ROSENTHAL: Brad, you
10 want to confirm that?

11 COUNCIL MEMBER LANDER: I was at a
12 different table. To be clear I wasn't having lunch
13 with them so I can't...

14 COUNCIL MEMBER ROSENTHAL: Okay.

15 COUNCIL MEMBER LANDER: ...vouch for who
16 paid.

17 COUNCIL MEMBER ROSENTHAL: So my
18 questions are really are from the perspective of
19 this being a budget hearing and trying to wrap my
20 head around the budget, understanding the budget
21 and helping the council make sure that we're
22 confident that your agency is sufficiently funded.
23 So the first thing would be you know you're talking
24 about getting to know the different categories and
25 how you, how you think about organizing the agency.

2 You know I don't know how much time you've spent
3 with the budget codes and how information is
4 reported externally. It's not really transparent at
5 all having worked at OMB for a very long time I
6 know that it's not transparent and then some ways
7 it's meant not to be. But it would be helpful if
8 moving forward you would consider having some staff
9 work with us and maybe with Mindy Tarlow at the
10 whatever that... operations...

11 COMMISSIONER PETERS: Mm-hmm.

12 COUNCIL MEMBER ROSENTHAL: ...to think
13 about how to organize the way that you reflect the
14 spending so that the city council could better
15 understand and the public would better understand
16 how the money is spent in your agency by topogaria
17 [phonetic] rather than by PS and you know. It's...
18 you know by how it's funded rather than you know
19 how we all really want to meaningfully look at it.

20 COMMISSIONER PETERS: Mm-hmm.

21 COUNCIL MEMBER ROSENTHAL: And really
22 with the intention of having heard your testimony
23 and agreeing with you that it seems to make a lot
24 of sense to increase the funding.

25 COMMISSIONER PETERS: Thank you.

2 COUNCIL MEMBER ROSENTHAL: That was a
3 yes.

4 COMMISSIONER PETERS: I... oh, that was a
5 thank you to we should increase the funding. Yes,
6 I'm happy to do that. I'm, this entire agency is
7 premised on the idea that you know disclosure is,
8 is better and solves lots of ills. I'm happy to do
9 it. I think that we need to be careful when we talk
10 about who the money is being spent that you know
11 much of it, most of it is obviously being spent on
12 salaries. And it's, we can certainly provide and
13 will provide you know the list of where the IGs are
14 on the squads. There are obviously other people who
15 do other things at the agency. I'm happy to, you
16 know to work with the council to get you all of
17 that information. It's never quite as neat and
18 perfect as one might assume...

19 COUNCIL MEMBER ROSENTHAL: Understood.

20 COMMISSIONER PETERS: ...for all those
21 reasons.

22 COUNCIL MEMBER ROSENTHAL: I worked at
23 OMB.

24 COMMISSIONER PETERS: Okay. But yeah
25 we're happy to... [crosstalk]

2 COUNCIL MEMBER ROSENTHAL: I get it. And
3 so the first question I have is when you mentioned
4 that your number of FTs went from 650 down to 400
5 or roughly...

6 COMMISSIONER PETERS: Roughly.

7 COUNCIL MEMBER ROSETHAL: so some of
8 those must, is some of it due to contracting out
9 services probably?

10 COMMISSIONER PETERS: I think actually
11 probably not.

12 COUNCIL MEMBER ROSENTHAL: Really?

13 COMMISSIONER PETERS: The, the number
14 has gone down over a period time over about ten to
15 12 years. And it was mostly the result of a variety
16 of budget cuts over the last bluntly 15 years. We
17 do contract out but the way that works is not
18 through city, not usually through city funding but
19 rather in two ways. Certainly contractors who do a
20 lot of work for the city and who the city views it
21 as a essential to keep them working for the city
22 because they're only so many people who have both
23 the skillset and the, and the person power to
24 undertake certain projects. However they also have
25 had integrity issues. And so what will happen is

because we can't, we don't want to completely debar them because there are only so any people who can do the work. Instead we say fine you may continue to work for the city but you must pay for an outside monitor to monitor what you're doing so we know that you're doing it properly and you're not... They then... in other words what will happen is that DOI will then hire the monitor, hire the monitoring firm. The monitoring firm reports to us. They do all the work to our satisfaction but they send a bill over to that contractor. And I believe there are 21 of those monitors right now. I could be off by a number or two. There are occasionally instances where government money pays for that, for example the, the 500 million dollar NYCHA Bond B that I referenced in my testimony. There's money from that that was allocated specifically to pay for, for monitoring firms because it's, it's just such a huge undertaking and there have been some other examples of that. But most of the time it's the private contractor paying his own, his or her own monitoring fees.

COUNCIL MEMBER ROSENTHAL: So at which point then, the two, the loss of 250 staff really

2 is a substantive, it means you're doing, you're not
3 doing chunks of work hypothetically

4 COMMISSIONER PETERS: Right, as... right,
5 as I said the, there used to be a you know a, an
6 entire unit devoted only to you know fraud
7 prevention, you know not specific agencies.

8 COUNCIL MEMBER ROSENTHAL: Right, okay.

9 COMMISSIONER PETERS: That's, that's
10 gone. There, you know the same inspector general
11 who, same as... squad that is looking at the
12 Department of Corrections is also looking at the
13 Fire Department, at the Department of
14 Transportation, at Taxi and Limousine Commission,
15 and at several other agencies because what happens
16 is...

17 COUNCIL MEMBER ROSENTHAL: Better get to
18 work. I'm just kidding. And then...

19 COMMISSIONER PETERS: I sent my first
20 email at 4:20 a.m. today.

21 COUNCIL MEMBER ROSENTHAL: Okay,
22 alright. So do you contract out the background
23 checks? The, I notice that the, it's in the
24 detailed report it said that DOI background checks
25 our contract... [crosstalk]

2 COMMISSIONER PETERS: We, we have a
3 background, we have a unit that does that. It is...
4 it is under... It is, like most of our units,
5 understaffed. But we have a unit that does that.

6 COUNCIL MEMBER ROSENTHAL: And then also
7 has some contract services... [crosstalk]

8 COMMISSIONER PETERS: I believe there
9 are some contract services that also do that on
10 specific projects. But there is a, there's a staff
11 of, there, there are a staff of people who handle,
12 who handle that stuff yes.

13 COUNCIL MEMBER ROSENTHAL: And I noticed
14 that...

15 COMMISSIONER PETERS: Indeed they finger
16 printed me you know before they would let me start
17 my job.

18 COUNCIL MEMBER ROSENTHAL: Oh. I notice
19 that there's a line called city time funds and
20 there were, it was like eight people, half a
21 million dollars, what's that, is that like follow-
22 up, like closing out city time or...

23 COMMISSIONER PETERS: Actually what that
24 is that DOI recovered half a billion dollars for
25 the city as a result of city time.

2 COUNCIL MEMBER ROSENTHAL: Thank you on
3 behalf of New York City.

4 COMMISSIONER PETERS: I, I, I accept
5 your thanks but my predecessor Commissioner Gill
6 Hearn really deserves the credit for that. It was,
7 it was a remarkable bit of work by her and her
8 team, many of whom are still here. There was money,
9 some, most of that money did not you know... Sadly
10 for DOI we didn't get to keep what we recovered. I,
11 I've told the Mayor's Office that if they would
12 just let me have you know ten percent of what we've
13 recovered in the past they could not fund us beyond
14 that but they have not accepted that deal. But some
15 additional money from the, from the city time
16 recoveries was allocated back to DOI to do certain
17 work both related to city time and frankly related
18 to other things as well. That was just a function
19 of we brought in 500 million dollars and they said
20 a small amount of that could be sent back to the
21 agency to do certain things.

22 COUNCIL MEMBER ROSENTHAL: Oh so again
23 the way it's listed here is just funding source...

24 COMMISSIONER PETERS: Yes.
25

2 COUNCIL MEMBER ROSENTHAL: ...not by the
3 work that...

4 COMMISSIONER PETERS: Correct.

5 COUNCIL MEMBER ROSENTHAL: ...you're
6 doing.

7 COMMISSIONER PETERS: That is correct.
8 That's listed by funding source.

9 COUNCIL MEMBER ROSENTHAL: That's
10 confusing.

11 COMMISSIONER PETERS: As I said imagine
12 my last 19 days.

13 COUNCIL MEMBER ROSENTHAL: Right. On
14 page nine of your testimony you talk about your,
15 your work in doing investigation at the schools.
16 Does that also apply to the SCA, the School
17 Construction Authority?

18 COMMISSIONER PETERS: School
19 Construction Authority also reports the, the School
20 Construction Authority is an interesting
21 organization with interesting reporting lines
22 because the head of the School Construction
23 Authority is tech... head of the School Construction
24 Authority IG has a dual report. She reports to the
25 head of the School Construction Authority and she

2 also reports to me. It's a historical anomaly based
3 on the School Construction Authority itself having
4 been pulled out of what was then, I keep calling it
5 the Board of Education alum aware of the fact that
6 it hasn't been for a decade, I'm showing my age. It
7 was pulled out of that many, many years ago and
8 it's a historical structure that no longer reflects
9 the fact that we in fact have a Department of
10 Education. So that person has a dual report but
11 they deliver a report to me and you know and
12 Inspector General Detoda [sp?] and I talk. They do
13 a chunk of work on those things.

14 COUNCIL MEMBER ROSENTHAL: So this is a
15 non-budget question then. But then to the extent
16 that we have in my district I hear every day from
17 school principals about construction contracts
18 being bloated and the work never getting done. Is
19 that something where...

20 COMMISSIONER PETERS: You should call
21 me.

22 COUNCIL MEMBER ROSENTHAL: Thank you.

23 CHAIRPERSON GENTILE: Okay. Also want to
24 recognize that we've been joined by Council Member
25 Daniel Dromm. Thank you for joining us. And our

2 next questioner will be Council Member Chaim
3 Deutsch.

4 COUNCIL MEMBER DEUTSCH: Thank you Chair
5 and thank you for pronouncing my name... [static]
6 Thank you. I just, so I first I want to
7 congratulate you Commissioner on your, your new job
8 and I think I was one of the first people to tweet
9 out your new position so...

10 [laughter]

11 COUNCIL MEMBER DEUTSCH: I know that
12 you, you have oversight on DOE.

13 COMMISSIONER PETERS: Mm-hmm.

14 COUNCIL MEMBER DEUTSCH: We spoke about
15 it before. And how was it chosen on who you have to
16 oversight on to investigate? Like for example
17 charter schools, does that fall under your, the
18 guidelines.

19 COMMISSIONER PETERS: Yes, essentially
20 the law says that we have oversight of any city
21 agency Board Authority, anything that gets city
22 money. The, the best way to think about this is if
23 you get city money directly or indirectly either
24 because it's allocated to you by the budget or
25 someone who it's allocated to then gives it to you

2 we have oversight authority; every city employee,
3 every person who has a contract with the city,
4 every person who receives city benefits of any
5 sort, we have jurisdiction over all of them.

6 COUNCIL MEMBER DEUTSCH: Okay great,
7 great. I think I'm going to Council Member Dromm,
8 Chair of the Education walked in after I signed in
9 so I'm going to let Council Member maybe if he
10 wants to continue those questions. So thank you
11 very much.

12 COMMISSIONER PETERS: Thank you.

13 COUNCIL MEMBER DEUTSCH: Yeah.

14 CHAIRPERSON GENTILE: Council Member we,
15 we do have Council Member Brad Lander who has been
16 waiting so I think we're going to do that first
17 okay.

18 COUNCIL MEMBER LANDER: Thank you...
19 [static] Mr. Chairman and... [static]

20 CHAIRPERSON GENTILE: And, and
21 Councilman Dromm we'll put you on the list yeah...
22 [static] Okay.

23 COUNCIL MEMBER LANDER: Thank you Mr.
24 Chairman. Commissioner it's wonderful to see you
25 here. And I want to start by saying thank you. Just

2 in your short 19 days I've talked to, I've had the
3 chance to talk to you myself. I've talked to a lot
4 of other people who have talked to you so I know
5 how seriously you're taking... standing up the NYPD
6 Inspector General Unit and really doing it mindful
7 on the one hand to the law that the council passed
8 and really understanding why we did those things
9 but also thinking about how to make it be
10 successful and, and be thoughtful and it's, it's
11 very encouraging to see. So I, I'm glad to see it
12 and I will, it's a budget hearing and you've said
13 that by April 1st which is what the law says you'll
14 have your nominee and some additional information
15 on the kind of structure of the office. So I look
16 forward to getting that and we'll ask those
17 questions after you do. And one thing I will just
18 underline from your testimony for, for other
19 members and the public... I don't remember the exact
20 number but you serve the function for other
21 agencies in some ways that IAB serves for the NYPD
22 in terms of rooting out individual acts of, focused
23 on CCRB on, on misconduct but fraud and corruption...
24 [crosstalk]

25 COMMISSIONER PETERS: Mm-hmm.

2 COUNCIL MEMBER LANDER: And IAB has an
3 enormous number of staff, more than the DOI in
4 total.

5 COMMISSIONER PETERS: They have 700.

6 COUNCIL MEMBER LANDER: So you know,
7 there's, there's a certain amount of, you know I
8 don't want to say not to worry but I just want...
9 [static] for people in relationship to the
10 comparison to other agencies and comparison to
11 other functions that that function is not suffering
12 in any way... [static] very important function. Now I
13 guess one question. I assume you're talking to the
14 NYPD as you figure out how to stand up this office.
15 On the one hand it's separate from them but for
16 things like budget they're going to have to figure
17 out what resources they need to relate to you and I
18 think they've expressed... [crosstalk]

19 COMMISSIONER PETERS: Certainly. And let
20 me just also underline your point. There is, we do
21 serve the, the quote IAB function for most of the
22 city agencies. And there is absolutely no doubt
23 that that function is being done, is being done
24 properly, is being done aggressively. That is at
25 the end of the day that is the first task of DOI.

And it is the task that regardless of resources we will pursue absolutely aggressively. The question then becomes there are other things that we can do that will make this a better city many of which we are doing and some of which we can do better and do more of given the resources so... But there's never the underlying you know making sure that people who are stealing from the city get caught. I, no one could ever say to you no one will ever steal from the city again. It's, it, there are 300 thousand city employees the law of averages being what it is. Having said that, that is being done aggressively, it will always be done aggressively. That is the first place that resources go and will always go. On your question yes I've had several conversations with Police Commissioner Bratton about the IG function. He and I have been talking, he and I will continue to talk. Clearly he has a you know great interest in the issue clearly while on the one hand this is independent from the police department, it needs to be looking at the police department, that doesn't mean that there isn't a need to be talking to the police department. I am talking to Commissioner Bratton. Once this is set

2 up my staff, the independent, the, the IG and, and
3 my staff, his staff, her staff will be talking with
4 Commissioner Bratton's staff on a very regular
5 basis.

6 COUNCIL MEMBER LANDER: And I think, I
7 think I've heard in as part of the budget that
8 they're, you know one of the things they're trying
9 to figure out is, and, this is, you know I think
10 about the monitor as well as about the...

11 COMMISSIONER PETERS: Mm-hmm.

12 COUNCIL MEMBER LANDER: ...NYPDIG what
13 resources they'll need to commit to...

14 COMMISSIONER PETERS: Right.

15 COUNCIL MEMBER LANDER: So those
16 conversations... going forward. Two more quick
17 questions. It's great to hear you talk as you did
18 in your confirmation hearing about doing more
19 proactive work. We get our, our, our staff prepare
20 for us not only the budget documents but the MMRs,
21 the Mayor's Management Report documents.

22 COMMISSIONER PETERS: Mm-hmm.

23 COUNCIL MEMBER LANDER: And you know I,
24 those were set before your tenor so they don't
25 reflect those goals. And...

2 COMMISSIONER PETERS: Mm-hmm.

3 COUNCIL MEMBER LANDER: ...I think when
4 you have time some point past day 19 it'll be
5 interesting to reflect on how you want to adjust
6 the mayor's management report to, you know to track
7 those things. They're not, it's, you have a hard
8 agency for providing the most useful data...

9 COMMISSIONER PETERS: Mm-hmm.

10 COUNCIL MEMBER LANDER: You're driven by
11 the facts and the investigation and not by alright
12 we're going to get X, Y, or Z done but all of, you
13 know currently they, the MMRs actually have the
14 agency projected to do fewer corruption prevention
15 work and less written policy and procedure
16 recommendations than in the past. So when you get
17 around.

18 COMMISSIONER PETERS: Yeah, I, I, I
19 will... [crosstalk], I will tell you that, right,
20 we're... In all honesty after 19 days I'm not a, you
21 know I'm not quite there yet.

22 COUNCIL MEMBER LANDER: For sure. So
23 this wasn't a it should be done already, just a
24 recommendation for the future. And then my last
25 question and this does go to you know resources.

2 Toward the end of the last administration there was
3 a lot of focus at city hall on, on use of data and
4 the administration really ramped up its ability to
5 kind of look at data across the city and identify
6 patterns. And I'm guessing that in law enforcement
7 there's also you know a developing state of the art
8 and the ability to use, to use data that's
9 available to identify patterns and find anomalies
10 and problems. Is that something that you found at
11 the agency that the agency's got, that it needs to
12 have stronger, that it could tap the mayor's office
13 of data analytics, or that you need on your own...

14 COMMISSIONER PETERS: That kind of
15 statistical work is really key in modern law
16 enforcement. You know one of the things I talked
17 about is you, you can't use forfeiture funds for,
18 for, basically for salaries and such. But one thing
19 we've been able to do is we have put together some
20 computer analytics. We are starting to do some of
21 that. It is a very important thing. We are starting
22 to do it. We are going to be doing more. We now
23 have access to some because of these forfeiture
24 funds we're going to have access to some better
25 computer capabilities that will let us do more of

2 that kind of looking at stuff. So we are absolutely
3 ramping up on that, yes.

4 COUNCIL MEMBER LANDER: Alright, I look
5 forward to hearing...

6 COMMISSIONER PETERS: Yeah.

7 COUNCIL MEMBER LANDER: ...over time how
8 that goes and how we can be supportive of it
9 because that also especially seems like something
10 over time that'll help find patterns that achieves
11 money savings as well for the long term...

12 [crosstalk]

13 COMMISSIONER PETERS: Absolutely.

14 COUNCIL MEMBER LANDER: ...so. Thank you.

15 COMMISSIONER PETERS: Right. And, and
16 again some of that has been done already. It was
17 the, I mentioned the work at NYCHA. We now have,
18 I'll give you one more example. It used to be that
19 if somebody was getting, was receiving unemployment
20 benefits and then you know started city or state
21 service that it could take several months for those
22 two entities to tell each other and the for the
23 unemployment benefits to be cut off, if the person
24 didn't come forward voluntarily. That is now, we
25 now have a computer system that virtually instantly

does that. Well that's two to three months of unemployment benefits saved. So we are doing that kind of stuff.

COUNCIL MEMBER LANDER: Good, good. Thank you very much. Thanks again and we'll look forward to April 1st and to seeing, seeing where you are by whatever day that will be and thanks for your work so far.

COMMISSIONER PETERS: Thank you.

COUNCIL MEMBER LANDER: Thank you Mr. Chairman.

COMMISSIONER PETERS: Thank you.

CHAIRPERSON GENTILE: So that system is up and running on the unemployment benefits... [crosstalk]

COMMISSIONER PETERS: Yes, that is, that is now up and running.

CHAIRPERSON GENTILE: Great, okay, great. Okay, Commissioner our next questioner will be Council Member Inez Dickens.

COUNCIL MEMBER DICKENS: Thank you so much Chair. And good afternoon Commissioner. It's good seeing you and again congratulations.

COMMISSIONER PETERS: Thank you.

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2 COUNCIL MEMBER DICKENS: I wanted to ask
3 you on page three of your testimony you said that
4 DOI is monitoring the 500 million dollar capital
5 improvement project at NYCHA.

6 COMMISSIONER PETERS: Mm-hmm.

7 COUNCIL MEMBER DICKENS: Also on page
8 four you have oversight of, with the Office of the
9 Inspector General over NYCHA is that correct?

10 COMMISSIONER PETERS: Mm-hmm.

11 COUNCIL MEMBER DICKENS: Alright, so
12 that means you are not only monitoring the capital
13 improvement project you have oversight of the
14 budget and totality for NYCHA, I want... [crosstalk]

15 COMMISSIONER PETERS: Yes.

16 COUNCIL MEMBER DICKENS: Alright because
17 the city council has been unable to get answers in
18 the past as it relates to the budget for NYCHA so I
19 was just wondering...

20 COMMISSIONER PETERS: Yes.

21 COUNCIL MEMBER DICKENS: ...if we could do
22 better with asking you questions about in the
23 future.

24 COMMISSIONER PETERS: I, [crosstalk] I
25 hope you will.

2 COUNCIL MEMBER DICKENS: Alright. Thank
3 you so much.

4 COMMISSIONER PETERS: Please do.

5 COUNCIL MEMBER DICKENS: Now that, with
6 such results is monitoring on that capital
7 improvement what can your office actually do about
8 such agency abuse where you're finding that, that
9 they're not maximizing on contracts or risk
10 assessment? I'm not talking about individuals, I'm
11 now talking about the agency abuse. And what is the
12 fiscal impact for FY15's budget including the
13 number of employees that your office would have to
14 use and if you're monitoring results in cost
15 savings will you continue to monitor to ensure that
16 how that savings is effectively used?

17 COMMISSIONER PETERS: Yes, yes, yes, and
18 yes. But yes and, and I think that the answer's yes
19 to each of those pieces but let me amplify on it.

20 COUNCIL MEMBER DICKENS: Mm-hmm.

21 COMMISSIONER PETERS: Right now there
22 are 43 staff working, there are 43 staff in the
23 NYCHA Inspector General's Office who report to us
24 paid for by NYCHA but we hire them, we supervise
25

2 them, they work for us, there is a NYCHA inspector
3 general.

4 COUNCIL MEMBER DICKENS: Oh, but they're
5 paid for by NYCHA.

6 COMMISSIONER PETERS: They are paid for
7 by NYCHA but we hire them, we, we... They're paid for
8 by NYCHA but they work for me. We hire them. We
9 supervise them. We give, we direct their work. They
10 work under the direction of a NYCHA inspector
11 general who is hired by me, serves at my pleasure,
12 and who takes direction from me.

13 COUNCIL MEMBER DICKENS: But is paid by
14 NYCHA.

15 COMMISSIONER PETERS: The salary is paid
16 by NYCHA. There is a memorandum of understanding
17 between us, between DOI and NYCHA which is, which
18 boiling down a lot legalese and, and many, many
19 pages of...

20 COUNCIL MEMBER DICKNES: Mm-hmm.

21 COMMISSIONER PETERS: ...stuff that...
22 [crosstalk] lawyers insisted on... This essentially
23 says we're going to hire these people. Once we hire
24 them we'll give you the names and you'll put them
25 on your payroll. They are monitoring... and this,

this sort of goes back to the trying to be proactive. They are, and there have been in fact, even in just the last few days a number of reports issued about issues at NYCHA. Sitting here now I can't evaluate those reports for you because A, they just came out and B, I just got here. But I can tell you that I have already had meeting with the NYCHA inspector general. I expect to be meeting with him on a very, very regular basis. And six months from now I expect to be able to talk a lot more fluently about what we're seeing and what can be done. Understand there is also now a new administration at NYCHA. And I've spoken with the new chair of NYCHA. She and I both agree that there is work we can do together. I, I think, so I think we need to appreciate that in fact this is my 19th day, I believe it's her 11th day. So between... [crosstalk] between the two of us, between the two of us we haven't quite hit a full month yet.

COUNCIL MEMBER DICKENS: Mm-hmm.

COMMISSIONER PETERS: But we have been speaking. I expect to be working with her. And I expect that over the coming months we will begin to

2 work with her and collectively we will be able to
3 make some of the changes that we need.

4 COUNCIL MEMBER DICKENS: Since the
5 council has had difficulty is it possible, and I
6 don't know, ask my chair, is it possible that
7 reports could be generated that is given to this
8 council that would indeed give us an idea of how
9 effective the, the financing that the city council
10 has had to put in. And with this million dollar
11 capital improvement, not just that but ongoing is
12 it possible that we could have reports generated
13 that would allow us to observe what is actually
14 going on with the spending?

15 COMMISSIONER PETERS: That's, the
16 answer's yes. Obviously there are aspects of what
17 we do that are not public for all the obvious
18 reasons. Having said that I absolutely expect to be
19 in a position to report back, to not only be able
20 to talk with NYCHA but in, at, at the appropriate
21 moment to be able to report back to this committee
22 and to this council on what we're finding. You know
23 I assume and I've said this to the chair that on a
24 regular basis we will be talking and I will be
25 coming before this committee to talk about things

2 that we're seeing as it's appropriate to make them
3 public. Because obviously where you have ongoing
4 investigations you don't want to talk about them
5 for any number of reasons both involving safety and
6 integrity of the investigations. But I expect that
7 that is something we'll be doing.

8 COUNCIL MEMBER DICKENS: Alright, thank
9 you so much Commissioner.

10 CHAIRPERSON GENTILE: And Council Member
11 with, with that kind of report may be the basis for
12 our own investigation as, as a, as a council and
13 the committee. Right. Thank you Council Member.
14 Thank you very much. Alright and our, our final
15 questioner is Council Member Daniel Dromm.

16 COUNCIL MEMBER DROMM: Okay. Thank you
17 very much. I actually didn't think I was going to
18 come into this hearing with too many questions to
19 be honest with you. But then Council Member Deutsch
20 opened the door of opportunity there. And so it
21 made me begin to think a little bit about your role
22 in terms of the Department of Education. I'm the
23 Chair of the Education Committee in the City
24 Council as well. And then I looked through your
25 testimony. Also I'm sorry I was getting here late

2 but I had a, a parent meeting earlier today and I
3 was at that. But in your testimony I did note that
4 the Special Commissioner for Investigations is a
5 deputy to you, am I correct?

6 COMMISSIONER PETERS: That is correct,
7 yes.

8 COUNCIL MEMBER DROMM: Right. So and
9 OSI, the Office of Special Investigations is that
10 an internal unit within the Department of Ed.?

11 COMMISSIONER PETERS: Yes.

12 COUNCIL MEMBER DROMM: And so complaints
13 that go to OSI are of the nature, corporal
14 punishment, things like that that don't rise to a
15 level of criminality.

16 COMMISSIONER PETERS: It's a bit more
17 nuance than that. There are... The Special
18 Commissioner of Investigation has the right to come
19 and investigate any of these things, many of them
20 the Special Commissioner's Office sends back to OSI
21 because they do not, they do not rise to the level
22 that makes sense to use SCI's resources on.

23 COUNCIL MEMBER DROMM: So would it be
24 fair to say that all complaints go before the
25 Special Commissioner for Investigations and then

2 are referred back to OSI, to OSI or is a internal
3 decision made within the Department of Ed.? Or, or
4 does OSI receive complaints and then refer them...

5 COMMISSIONER PETERS: Well OSI
6 certainly, certainly OSI... certainly OSI receives
7 complaints directly I'm not, it's not the case that
8 every...

9 COUNCIL MEMBER DROMM: Mm-hmm.

10 COMMISSIONER PETERS: ...person who has a
11 complaint goes to SCI, people go to OSI, they go to
12 lots of different places.

13 COUNCIL MEMBER DROMM: Mm-hmm.

14 COMMISSIONER PETERS: There is a system
15 in place by which OSI is in form where... two things
16 happen one, complaints will sometimes go to SCI, to
17 my deputy, and SCI will determine this is more
18 appropriate for OSI and they will send them over to
19 OSI. There is also a mechanism by which OSI can
20 say, and should say, and will say to SCI we
21 received the following complaint you know do you
22 want to look at it or do you want us to do it?

23 COUNCIL MEMBER DROMM: Mm-hmm. Okay. So
24 thank you for that.

25 COMMISSIONER PETERS: Sure.

2 COUNCIL MEMBER DROMM: And are charter
3 schools also required to cooperate with either OSI
4 and/or SCI?

5 COMMISSIONER PETERS: Charter schools
6 like every entity that receives city money must
7 cooperate with the Commissioner of Investigation.
8 SC, the head of SCI is my deputy and therefore they
9 must cooperate with him.

10 COUNCIL MEMBER DROMM: So if a parent
11 has an allegation of corporal punishment in a
12 charter schools and let's say severe corporal
13 punishment, would that come before the special
14 commissioner or how would that, what is that
15 relationship like there? Does it go to OSI? Has
16 there ever been a case like that as a matter of
17 fact?

18 COMMISSIONER PETERS: Whether there's
19 been a case like that I honestly cannot tell you.

20 COUNCIL MEMBER DROMM: Mm-hmm.

21 COMMISSIONER PETERS: I'll, I'll use my,
22 my, I'm only here 19 days get out of jail free card
23 on that one.

24 [laughter]

25

2 COMMISSIONER PETERS: Certainly SCI has
3 the ability to investigate issues relating to
4 waste, corruption fraud, and abuse at any entity
5 that receives public funds. Obviously it is not
6 however an educational policy or unlike the police
7 IG who has been specifically tasked with looking at
8 policy questions SCI is looking at you know the...
9 It, it is looking at illegalities in the school
10 system.

11 COUNCIL MEMBER DROMM: So has your
12 office, SCI, has your office or SCI ever done any
13 oversight of the Department of Ed. in general and
14 specifically of charter schools?

15 COMMISSIONER PETERS: Has the SCI ever
16 done...

17 COUNCIL MEMBER DROMM: Right, because
18 you said, in your, in your testimony as well that
19 you wanted to look at things a little bit more
20 front ended and proactive as well. Has any type of
21 front ended or proactive oversight of the DOE
22 and/or charter schools ever occurred?

23 COMMISSIONER PETERS: I am not aware of
24 any sort of concerted systemic let's look at this
25

2 issue of the board that... excuse me, of the
3 Department of Education.

4 COUNCIL MEMBER DROMM: That's okay I'm,
5 I'm from...

6 COMMISSIONER PETERS: I, I grew up...

7 COUNCIL MEMBER DROMM: ...the old Board of
8 Ed. days too.

9 COMMISSIONER PETERS: Yeah, I grew up in
10 an earlier time. I'm not aware of specific front
11 ended investigations at the Department of
12 Education. As I said SCI is not, and I do want to
13 differentiate this, a, an educational policy...

14 COUNCIL MEMBER DROMM: Right.

15 COMMISSIONER PETERS: ...entity. So there
16 is, it would not be, it would not be the case that
17 SCI or my office would be saying either we have
18 this view. You know, we are not, we have no view on
19 common core. We have no view on those issues.
20 That's not, that, I just want to carefully say
21 that's not...

22 COUNCIL MEMBER DROMM: Mm-hmm.

23 COMMISSIONER PETERS: ...what we do.
24 Right, we're looking...

25 COUNCIL MEMBER DROMM: So...

2 COMMISSIONER PETERS: ...at our people you
3 know misspending...

4 COUNCIL MEMBER DROMM: Right, so if
5 there was an issue let's say of the use of
6 nonprofit status which I guess in New York all
7 charters are nonprofits.

8 COMMISSIONER PETERS: Right.

9 COUNCIL MEMBER DROMM: And the way that
10 in which they conduct themselves for political
11 purposes or whatever would that fall under your
12 purview?

13 COMMISSIONER PETERS: Certainly. If
14 there was an allegation that any not-for-profit
15 receiving city funds, is not chargeable, if there
16 is an allegation that a not-for-profit entity
17 receiving city funds is engaged in improper
18 political activity that is something that the, that
19 the Department of Investigation has the right to
20 and indeed has the obligation to investigate.

21 COUNCIL MEMBER DROMM: And did you say
22 if there was ever an allegation on that? Or...
23 [crosstalk]

24 COMMISSIONER PETERS: If there was a, if
25 there is a credible allegation...

2 COUNCIL MEMBER DROMM: Mm-hmm.

3 COMMISSIONER PETERS: ...let me, right.

4 COUNCIL MEMBER DROMM: And, and you've...

5 [crosstalk]

6 COMMISSIONER PETERS: If there is a
7 credible... [crosstalk]

8 COUNCIL MEMBER DROMM: ...never looked at
9 that proactively though?

10 COMMISSIONER PETERS: Yes, if there is a
11 credible allegation...

12 COUNCIL MEMBER DROMM: Mm-hmm.

13 COMMISSIONER PETERS: ...made to us that a
14 not-for-profit entity of any sort has, that
15 receives city funds is engaged in improper
16 political activity that is something that we could
17 and would investigate.

18 COUNCIL MEMBER DROMM: And you've never
19 looked at that proactively though, whether charter
20 schools have engaged in any of that?

21 COMMISSIONER PETERS: I'm not aware of
22 any specific investigation in that regard.

23 COUNCIL MEMBER DROMM: So just to
24 elaborate on that a little bit further. Do you have
25 oversight over provision of services by nonprofits

2 and/or charter schools? And, and obviously you do
3 over the Department of Ed.

4 COMMISSIONER PETERS: Sure to the... Yes,
5 to the extent of making sure the services, that the
6 services are being provided, provided properly in
7 the quantity and quality contracted for, not over,
8 is it a good idea.

9 COUNCIL MEMBER DROMM: Right.

10 COMMISSIONER PETERS: We don't get to
11 say we think it's a good a idea to have this not-
12 for-profit and to fund it to do these things.

13 COUNCIL MEMBER DROMM: Mm-hmm.

14 COMMISSIONER PETERS: But we do get to
15 say having, you know the city council had... and the
16 mayor having allocated a million dollars to this
17 not-for-profit to provide these services we
18 certainly then get to make sure that the not-for-
19 profit is providing those services. We don't
20 however of course get to say do we think it's a
21 good idea to do that. That's, that's a policy
22 decision and we don't do policy.

23 COUNCIL MEMBER DROMM: Alright.

24 [static]
25

2 COUNCIL MEMBER DROMM: One, okay, one
3 two... I, I actually, I don't have too many more
4 questions for you right now. It's interesting to
5 hear this because it's kind of clarified for me a
6 little bit questions that I had and I appreciate
7 your, your, your help with that. Thank you.

8 COMMISSIONER PETERS: Thank you.

9 CHAIRPERSON GENTILE: Okay, and Council
10 Member we can always have him back right.

11 COMMISSIONER PETERS: [off mic] Yes...
12 [crosstalk]

13 CHAIRPERSON GENTILE: Okay.

14 COUNCIL MEMBER DROMM: [static] That
15 would be a great idea Mr. Chair because I do want
16 to look at some of the, the issues and I didn't
17 bring them up here about OSI and SCI. I touched on
18 them a little bit but I have other questions but
19 because of...

20 CHAIRPERSON GENTILE: Sure... [crosstalk]
21 ...budget.

22 COUNCIL MEMBER DROMM: ...this being
23 right...

24 CHAIRPERSON GENTILE: Right.
25

2 COUNCIL MEMBER DROMM: ...a budget hearing
3 I didn't...

4 CHAIRPERSON GENTILE: Right.

5 COUNCIL MEMBER DROMM: ...bring them up.

6 CHAIRPERSON GENTILE: Exactly. And you
7 know we, we could talk about that at you know in,
8 in doing a future type of presentation.

9 Commissioner I just want to, and with a couple
10 question... First I want to ask one question on the
11 PMMR... indicated that complaints were up, well four
12 percent during the first four months and your
13 testimony says seven percent over the, the seven
14 month period that...

15 COMMISSIONER PETERS: Mm-hmm.

16 CHAIRPERSON GENTILE: ...compared to last
17 year. And so that's a significant, I would think a
18 significant increase. Does that... I guess A, do you
19 expect the trend to continue or B, does, do you
20 foresee any impact on the budget if that happens?

21 COMMISSIONER PETERS: As to the first, I
22 honestly do not know. Generally these things tend
23 to move in one direction. As a general rule when
24 investigative agencies see complaints go up unless
25 there's a particular unique cause, XYZ happened and

2 suddenly there were a lot of complaints brought in.
3 Absent that you know things tend to move up, not
4 down. I certainly expect that once the NYPDIG is up
5 in place they'll be a vastly expanded number of
6 complaints simply because of that office. As to the
7 budget implications obviously every time there's an
8 increase in complaints it requires additional staff
9 time to process those complaints to the extent that
10 some of those complaints are, you know more valid
11 complaints commit it takes additional staff time to
12 you know investigate those.

13 CHAIRPERSON GENTILE: Right. I would
14 imagine as you say once the IG for the NYPD is in
15 place you might have to address that, that issue on
16 the intake end.

17 COMMISSIONER PETERS: Yes.

18 CHAIRPERSON GENTILE: Right, okay.
19 Talking about, you, you mentioned a lot about
20 revenues and part of those revenues are the, are
21 the fees and the fines and, and the other areas
22 that you collect marshal fees I suppose. I'm just
23 curious, how are those, or do you know how are
24 those fees set?

2 COMMISSIONER PETERS: Sure. The marshal,
3 the marshal fees, marshals are not as you know paid
4 for by the city of New York, marshals are
5 technically independent contractors. They, so for
6 example like marshal will, you know if a police
7 officer writes a parking ticket a car is illegally
8 parked the marshal will go and tow the car,
9 actually now they boot the cars but once upon a
10 time they would tow the cars. And the marshal then
11 collects the fine for illegal parking and also gets
12 to charge you a fee to get your car back. The
13 marshals remit to the city 4.5 percent of their
14 fee. They remit the fine and 4.5 percent of their
15 fees. So it's set by statute. We get not only the
16 fine but only 4.5 percent of their fees. The rest
17 is theirs, is their compensation for doing the
18 work.

19 CHAIRPERSON GENTILE: How do you do, how
20 do you set fees for background checks and
21 fingerprinting and things of that nature?

22 COMMISSIONER PETERS: There's a set fee
23 and I will tell you honestly I don't know whether
24 that is set by regulation or statute. I can get
25 back to you on that. It is obviously not a, I mean

if you look at the numbers, you know the...

[crosstalk]

CHAIRPERSON GENTILE: It's not...

[crosstalk]

COMMISSIONER PETERS: ...the finger
printing fee...

CHAIRPERSON GENTILE: Right.

COMMISSIONER PETERS: ...you know is
projected to be 300 thousand dollars.

CHAIRPERSON GENTILE: Right.

COMMISSIONER PETERS: The background
investigation fee is... give me 500 thousand dollars
and a city budget of 58 billion...

CHAIRPERSON GENTILE: Right.

COMMISSIONER PETERS: It's, it's...

CHAIRPERSON GENTILE: I'm just curious
are, are, do you know if there are actually, the
fees are, are, reflect the actual cost or they're
just set by statute or...

COMMISSIONER PETERS: Right. As I said I
honestly, and I apologize for this, I don't know
whether they're just set by statute or regulation.

CHAIRPERSON GENTILE: Right.

2 COMMISSIONER PETERS: But I'll get back
3 to you on it.

4 CHAIRPERSON GENTILE: Okay.

5 COMMISSIONER PETERS: Do they cover the
6 entire cost? First of all the money doesn't go... We
7 don't get to keep all [crosstalk] that money, it
8 goes into the city coffers. So, so by definition it
9 doesn't. A quick guess is that you know 800
10 thousand dollars probably doesn't entirely cover
11 the piece of DOI that does that work given a 25
12 million dollar budget. So I expect it probably
13 doesn't cover the full budget.

14 CHAIRPERSON GENTILE: Okay, great. Do
15 you see any further opportunities to bring, to
16 bring revenue into the city budget?

17 COMMISSIONER PETERS: To be honest from
18 these kinds of things, fees from marshals and such
19 I think that the amount of time and intellectual
20 capital it would take to increase, to increase the
21 money would not justify the increase of money even
22 if we spent a great deal of time. For example it's
23 a very time intensive process to, we could have
24 pointed, the mayor could appoint as many as 41 more
25 marshals. There are 41 open spots. It is a very

2 time consuming process to select marshals because
3 they have to be qualified, they have to be
4 financial, you know have sufficient financial
5 support etcetera. My guess is that the intellectual
6 capital that it would take to do that, to increase
7 some of these other things would not justify the
8 maybe million, extra million dollars we would bring
9 in in the city budget of, of 58 billion. It's
10 probably, there are probably better ways. The more,
11 the more important money coming in is from
12 restitution, the 30 billion this year.

13 CHAIRPERSON GENTILE: Right.

14 COMMISSIONER PETERS: This fiscal year.

15 CHAIRPERSON GENTILE: Right.

16 COMMISSIONER PETERS: That's really
17 where we have the opportunity to bring money in is
18 by in doing, that's, that, that's the better way to
19 look.

20 CHAIRPERSON GENTILE: Well we don't
21 anticipate any other city time revenue coming in
22 right?

23 COMMISSIONER PETERS: I'm, I'm... much as
24 it would be nice to deliver half a billion dollars
25 to the city coffers this year I do not anticipate

2 another city time. But part of the reason frankly
3 for wanting to do the proactive work that I talked
4 about is the best way to prevent another city time
5 is to put controls in place before it happens
6 rather than trying to, rather than arresting people
7 and recouping the money afterwards.

8 CHAIRPERSON GENTILE: Right, agreed,
9 agreed. Let me ask you also that since the adoption
10 of the fiscal, fy four, 14 budget the DEP has
11 provided about 260 thousand dollars in PS and OTPS
12 spending for three new personnel to aid in a
13 special investigation. Are you able to discuss with
14 the Committee the nature of the investigation and
15 the funding level that was given?

16 COMMISSIONER PETERS: I, I'd rather not
17 do that right at this moment...

18 CHAIRPERSON GENTILE: Okay.

19 COMMISSIONER PETERS: If that's okay Mr.
20 Chairman.

21 CHAIRPERSON GENTILE: Okay, okay great.
22 Back in, two weeks ago when we met on the Board of
23 Elections, I'll just finish up with this question,
24 I told you I'd probably follow up at the hearing,
25 this hearing. I asked you about the staffing and

2 the funding for the IG, the IG for the Board of
3 Elections. And the fact that I believe you told me
4 there were about seven investigators...

5 COMMISSIONER PETERS: Six.

6 CHAIRPERSON GENTILE: Six, six
7 investigators covering an agency, the BOE at, with
8 about, only about 350 full time employees.

9 COMMISSIONER PETERS: Mm-hmm.

10 CHAIRPERSON GENTILE: And I, I asked you
11 then, and I said I'm going to ask you again if you
12 think that's somewhat excessive in terms of your
13 staffing for a staff of overseeing an agency of 350
14 full timers?

15 COMMISSIONER PETERS: I think that, and,
16 and, and we should be mindful that that staffing
17 level was set in fact by the city council and by
18 the, and by the prior mayor, investigations tend to
19 have a lifetime. And when you start things up and
20 you start looking at something new it tends to be
21 more resource intensive than once you have things
22 going. I think that... therefore right now I think
23 that it is appropriate because the Board of
24 Elections it is something new as I said in my
25 testimony before we have not received the kind of

cooperation we would like to receive. I would point out you know your co-chair at that hearing said that he wanted a corrective action plan within 30 days. We had asked for one as I pointed out at that hearing by February 25th. We still do not have that, today is March 13th. We will see whether we have that and whether you and Co-Chair Kallos have it at, on March 28th which would be 30 days from that hearing. So at the moment I don't believe that's an inappropriate use of resources because we are starting. Is it my goal that several years from now we have made serious progress in fixing this problem such that we could have a conversation but whether those resources are better spent elsewhere? Yes, but right now the cost, right now because we are starting it needs, it needs the sort of full weight of a, of a squad.

CHAIRPERSON GENTILE: So you don't foresee it... Well I, I guess you foresee it staying about that level in the near future.

COMMISSIONER PETERS: I do, I do although if we received a well thought out corrective action plan and we saw all of the steps in that corrective action plan listed out with

2 deadlines and they were all met we certainly could
3 be having a different conversation a year from now.
4 On the other if we don't have a corrective action
5 plan of the type that professionals doing this
6 consider to be valid I don't know that... we'll be
7 able to have that... well I will always be happy to
8 have this, have any conversation with you at any
9 time but I don't know that the conversation would
10 end differently a year from now.

11 CHAIRPERSON GENTILE: Alright, great.
12 Not seeing any public sign up. Let me just finish
13 off by saying, just reviewing with, for you what
14 we've talked about in terms of what you have said
15 you would provide to us at some point. Obviously by
16 April 1st you'll have the name of the NYPDIG.

17 COMMISSIONER PETERS: Mm-hmm.

18 CHAIRPERSON GENTILE: That certainly is,
19 that's a, a date certain. And the configuration or
20 anticipated configuration of the unit for the IG...

21 COMMISSIONER PETERS: Mm-hmm.

22 CHAIRPERSON GENTILE: ...of the NYPD. Also
23 the breakdown of staffing of, of the existing IG
24 units both number of attorneys, investigators,
25

2 support staffs, etcetera, if you can get that to us
3 that would be appreciated.

4 COMMISSIONER PETERS: Sure, we will have
5 that next week.

6 CHAIRPERSON GENTILE: And the
7 information on the NYCHA spending as Council Member
8 Dickens just spoke about, the particular spending
9 on, particularly this council's allocated funding.

10 COMMISSIONER PETERS: Mm-hmm.

11 CHAIRPERSON GENTILE: If you can...

12 COMMISSIONER PETERS: We will be happy,
13 that will take, as I said we are just starting
14 that...

15 CHAIRPERSON GENTILE: Okay.

16 COMMISSIONER PETERS: ...so that, that
17 will take somewhat longer. But we, but I agree with
18 you that it, it's a worthwhile though...

19 CHAIRPERSON GENTILE: Great.

20 COMMISSIONER PETERS: ...and we will be
21 doing that.

22 CHAIRPERSON GENTILE: And just as we
23 were just talking about how fees are established in
24 particularly by regulating statute...

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2 COMMISSIONER PETERS: I will get back to
3 you on that...

4 CHAIRPERSON GENTILE: Right.

5 COMMISSIONER PETERS: ...absolutely.

6 CHAIRPERSON GENTILE: Okay, great. Well
7 Commissioner I appreciate it and you only had to
8 use your get out of free, jail free card once or
9 twice to...

10 [laughter]

11 COMMISSIONER PETERS: Thank you very
12 much.

13 CHAIRPERSON GENTILE: Excellent, thank
14 you so much. And thank you for being with us today.

15 COMMISSIONER PETERS: Thank you.

16 CHAIRPERSON GENTILE: Okay. This hearing
17 is adjourned.

18 [gavel]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date April 09, 2014