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November 30, 2012

Dennis Rosen  
Chairman  
New York State Liquor Authority  
80 South Swan Street, 9<sup>th</sup> Floor  
Albany, New York 12210-8002

Re: NYS IG 1237-004-2008

Dear Chairman Rosen:

In April 2012 the Inspector General obtained information indicating that New York State Liquor Authority (SLA) Investigator [REDACTED] engaged in personal business with an SLA licensee with whom she interacts as part of her official duties. I am writing to advise you of the results of our investigation of this matter.

During an initial interview on April 16, 2012, Inspector General's investigators specifically asked [REDACTED] who is assigned to SLA's Buffalo office, about her interactions with [REDACTED] an owner and operator of bars in the Rochester area. While [REDACTED] described her numerous contacts with [REDACTED] and his bars in conjunction with her SLA responsibilities, she did not mention any non-official business activity with [REDACTED].

On April 23, 2012, [REDACTED] asked to speak again with the Inspector General's investigators. At that time, [REDACTED] stated that she and her husband raise livestock for their own consumption and occasionally for friends. She related that in the summer of 2011, [REDACTED] called and asked if she would raise a pig for him to buy, which she agreed to do. When asked by investigators why she did not mention the agreement in her previous interview, George admitted that she should have disclosed the matter as it constitutes a conflict of interest.

According to [REDACTED] she bought the pig for [REDACTED] in October 2011 and sent it to a butcher in March 2012. [REDACTED] stated that [REDACTED] picked up the meat from the butcher, but has not paid her the \$210 she is owed.

While raising the pig for [REDACTED], [REDACTED] disclosed the arrangement to her supervisor, SLA Investigator [REDACTED], who advised that the transaction presented a conflict of interest. [REDACTED] told the Inspector General's investigators that she then attempted to find another buyer for the pig, but was unsuccessful. [REDACTED] admitted that she proceeded with the sale to [REDACTED] despite [REDACTED]'s admonition. When interviewed, [REDACTED] confirmed [REDACTED] disclosure; however, [REDACTED] stated that [REDACTED] later falsely claimed to have called [REDACTED] and canceled the agreement.

The Inspector General is referring this matter and these findings to SLA, to both review [REDACTED] conduct and take appropriate disciplinary action. The Inspector General also recommends that SLA review its policies as they relate to outside activities and employment and conflicts of interest. The Inspector General further recommends that on an annual basis all SLA staff be provided with copies of SLA policies as they relate to outside activities and employment and conflicts of interest, and that SLA staff annually file with SLA administration written acknowledgments of their receipt, review and understanding of these policies.

Please provide information concerning SLA's review and actions, including copies of any revised policies, within 45 days of the date of this letter. Should you have any questions regarding either SLA's implementation of the Inspector General's recommendations or SLA's response to this letter, please feel free to contact me at (518) 474-1010.

Sincerely,

[REDACTED]  
Catherine Leahy Scott  
Acting Inspector General