



NEWS RELEASE

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DiNAPOLI AND FISCH: STATE PRISON SYSTEM FOOD OPERATIONS A HOT BED FOR CORRUPTION Meals and Gifts Traded for Millions in State Purchases

The former director of the State Department of Corrections' (DOCS) prison food production operation and his staff routinely traded favors and gifts with favored businesses that were rewarded with millions of dollars in state purchases, according to a report released by State Comptroller Thomas P. DiNapoli and Inspector General Joseph Fisch. DiNapoli and Fisch have forwarded the findings of their report to the Oneida County District Attorney's Office and the State Commission on Public Integrity.

"Corruption should never be tolerated on any level," DiNapoli said. "But the abuses we discovered here, at a state criminal justice agency, committed at a time when New York's taxpayers are finding it harder and harder to make ends meet, are beyond the pale. And all of this mushroomed in a culture of acceptance at DOCS. We're referring our findings to law enforcement and public integrity officials."

"Once again, we witness another distressing spectacle by this public official who did not hesitate to violate the law and his oath of office in order to reap personal reward and benefits," Inspector General Joseph Fisch said. "For 13 years, Dean enjoyed free parties and picnics while not only steering \$2.5 million in business to favored vendors, but to vendors who are prohibited from doing business in New York State."

DiNapoli's and Fisch's audit and investigation centered on Howard Dean, the former director of the Food Production Center, and his staff. Among the findings:

- In violation of the state public officers' law, for at least 13 years, Dean and other DOCS staff were provided free meals by at least two vendors – Global Food Industries (GFI) and Good Source – that had \$2.5 million annually in purchases with the Food Production Center.
- Dean directed Sysco Food Services to use these two vendors as suppliers, thereby guaranteeing them \$1.7 million annually in business with DOCS.

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- Sysco's purchase of products from the South Carolina-based GFI at Dean's direction helped Dean and GFI skirt around New York State Finance Law which prohibits state agencies from doing business directly with companies that reside in states, like South Carolina, that discriminate against NYS businesses.
- Likewise, Dean directed NYS Industries for the Disabled, a preferred source of state purchases, to purchase products from GFI, again allowing GFI to make money off of state purchases contrary to the law. GFI made \$796,000 annually through this arrangement.
- Dean and his staff solicited free food and donations from vendors for an annual Christmas party and a three-day-long annual picnic. Any left-over moneys were deposited in an employee benefit fund and used for food production center employee benefits throughout the year, including morning bagels.
- Vendors often bid on donated items with proceeds going to the employee benefit fund. All Correctional Services employees, including those at the highest levels of the organization, were invited to the picnic at no cost. Management should have questioned how such an event could be hosted by a state agency at no cost to employees or their families.
- DiNapoli's auditors found no documentation demonstrating that millions of dollars in purchases were based on open competition. In fact, one favored vendor was tipped off about the potential missing ingredient essential in the production of cheese sauce the Food Production Center wished to utilize. Because none of the other vendors had this inside information, the favored vendor received the state's business.
- Internal controls that might have prevented Dean from engaging in this conduct were virtually non-existent at DOCS. One supervisor, Russell DiBello, former Correctional Services Chief Fiscal Officer, stated that he saw no need to monitor Dean – despite that Dean managed a \$55 million budget – because he received no inmate complaints about food.

DiNapoli and Fisch have recommended that DOCS officials institute safeguards to ensure these abuses don't occur in the future, and assist the Oneida County District Attorney and the State Commission on Public Integrity as needed. State law requires the DOCS commissioner to report to the Governor, Comptroller and leaders of state legislative committees what corrective action the department has taken, and if action is not taken, why.

A copy of the report can be found at: [http://www.ig.state.ny.us/pdfs/DOCS Boss Took Favors & Gifts for \\$2.5 Million In No-Bid Contracts.pdf](http://www.ig.state.ny.us/pdfs/DOCS_Boss_Took_Favors_&_Gifts_for_$2.5_Million_In_No-Bid_Contracts.pdf)

DOCS is responsible for the confinement and habilitation of approximately 58,000 inmates held at 67 state correctional facilities across the state.