



NEWS RELEASE

From New York State Inspector General
Catherine Leahy Scott

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STATE CONTRACTOR TO PAY MORE THAN \$3 MILLION IN PENALTIES FOR ILLEGAL AND COVERT OUTSOURCING OF MILLIONS OF FINGERPRINT RECORDS TO INDIA FOR DATA ENTRY

Capital Region Tech Company Violated Strict Confidentiality Requirements in Handling of 22 Million Fingerprint Records Containing Social Security Numbers and Other Personal Information

ALBANY – New York State Inspector General Catherine Leahy Scott and Attorney General Eric T. Schneiderman today announced that an Albany-area tech company and its principals will pay more than \$3 million in fines for violating State contract security protocols by outsourcing millions of fingerprint records containing sensitive personal information to a company in India for data entry. The fingerprint records, all predating 2009, contained sensitive personal information including signatures, social security numbers and dates of birth. The outsourcing was not authorized and violated contract provisions in which the majority of the labor hours on the project must be performed by individuals with disabilities.

Following an investigation by Inspector General Leahy Scott and Attorney General Schneiderman, detailed in a [report](#) the Inspector General released today, Focused Technologies Imaging Services, LLC, of Menands, and its co-founders Charles Tobin and Julie Benware, will pay a total of \$3.1 million in penalties and fees to the State under an agreement with the Attorney General for violating the State's False Claims Act. The agreement settles all allegations of wrongdoing.

“This Capital Region company entered into a covert and unauthorized outsourcing that swelled its profits while disregarding its commitment to employ individuals with disabilities, as required by its contract with the State. In doing so, the company circumvented virtually all contract provisions governing the handling of sensitive records to which they were entrusted,” said **Inspector General Leahy Scott**. “I will use all the resources at my disposal to relentlessly pursue State contractors who violate the law, and I thank Attorney General Eric Schneiderman and his office for their partnership in bringing this matter to justice.”

“The agreement announced today sends a clear message: if you are a government contractor and you illegally ship jobs overseas, you will be held accountable,” said **Attorney General Schneiderman**. “Contractors have an obligation to follow the law and keep the promises they make to the State of New York.”

The investigation by Inspector General Leahy Scott found that Focused Technologies, through the New York State Industries for the Disabled (“NYSID”), was contracted in 2008 by the State Division of Criminal Justice Services (“DCJS”) to convert 22 million paper fingerprint records that had been maintained in a DCJS

warehouse into scanned and indexed digital computer files. The \$3.45 million contract required that Focused Technologies only use employees that pass a DCJS criminal background check, allow only its employees access to the records, perform all the work for the contract in a secure DCJS facility, and allow none of the records to be copied, removed or transmitted from that facility. Also, as a “Preferred Source” contract facilitated by the non-profit NYSID, Focused Technologies was mandated to use individuals with disabilities for more than 50 percent of the labor hours needed to complete the contract. By outsourcing the work to India, Focused Technologies fell far short of that requirement.

In late 2008, Tobin and Benware covertly subcontracted with a data entry company in Mumbai, India to handle the work indexing the information on each of the fingerprint records. They began secretly copying fingerprint card scans onto a portable external computer hard drive and transmitted those scans to the company in India each evening from their corporate offices near Albany. This went on for nearly a year during which time approximately 16 million fingerprint record scans were transmitted to the company in India for processing. The data entry company in India, where none of the workers went through criminal background checks with DCJS, performed more than a third of the entire contract’s work and charged Focused Technologies a total of \$82,000.

The investigation uncovered no evidence that any of the information from the fingerprint records was re-disclosed beyond the outsourcing to India, and the company in India that did the data entry cooperated with the investigation and asserted it destroyed all of the records it received. The investigation also determined that DCJS imposed proper safeguards for handling sensitive records in its contract with Focused Technologies, and had no knowledge that Focused Technologies circumvented these safeguards and outsourced the work to India.

The fingerprint records, which include social security numbers, signatures, dates of birth and reasons the fingerprints were taken, among other personal information, were maintained by the State Division of Criminal Justice Services and included records of individuals whose fingerprints were taken where employment or a professional license required a criminal history background check, as well as those of individuals charged with crimes.

Additionally, Focused Technologies, at Tobin’s direction, filed fraudulent quarterly employment reports during the contract with both DCJS and NYSID that were meant to detail all labor hours worked on the contract, but made no mention of the work being done in India and falsely showed that more than half of the work was being done by individuals with disabilities. Inspector General Leahy Scott’s investigation determined that only 31 percent of the project’s work was completed by individuals with disabilities.

The agreement with Attorney General Schneiderman’s office requires that Focused Technologies will be required to retain an “Independent Monitor” at its own expense for the next five years to ensure its compliance with the agreement as well as its compliance with any government contracts entered into. Also, any “Preferred Source Program” contracts that Focused Technologies may enter into with the State, at least 69 percent of the labor hours will be performed by individuals with disabilities rather than the standard 50 percent.

Under the State’s “Preferred Source Program,” companies meeting certain criteria may receive preference over other companies in winning contracts or doing business with the State.

Inspector General Leahy Scott thanked NYSID for their assistance with the investigation and thanked Attorney General Schneiderman and his office for their assistance with the investigation and for finalizing an appropriate settlement in this matter.

A copy of the report and settlement agreement may be obtained by clicking [here](#).

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