



STATE OF NEW YORK  
OFFICE OF THE STATE INSPECTOR GENERAL

**Final Report**  
**August 6, 2007**

**Investigation Finds Canal Corporation Employee**  
**Misused State Property for Personal Purposes**

SUMMARY OF FINDINGS/RECOMMENDATIONS

Although the investigation by the Office of the State Inspector General did not substantiate the allegation of improper denial of citizens' request to lease a vacant lot from the New York State Canal Corporation, it did establish that Canal Corporation Permit Coordinator Luigi Anelli misused State property and time for personal purposes. The Inspector General recommends that the New York State Thruway Authority and the Canal Corporation review Anelli's conduct for consideration of disciplinary action. It is also recommended that the New York State Thruway Authority and the Canal Corporation amend their policies and procedures regarding the documentation of the use of State motor vehicles by its employees to require the operator of the vehicle to record the purpose of travel, destination, and mileage.

ALLEGATION

The Inspector General's Office received an allegation that certain individuals who tried to lease a State-owned vacant lot on the Seneca Canal System for their recreational use were told by Luigi Anelli Jr., the Canal Corporation Permit Coordinator in the Syracuse Office, that they could not lease the lot unless "you know how to play the game."

SUMMARY OF INVESTIGATION

The Canal Corporation, a subsidiary of the New York State Thruway Authority (NYSTA), oversees the New York Canal System, which comprises the Erie, Oswego, Champlain, Cayuga, and Seneca Canals, as well as a number of Northern Reservoirs, or "feeder lakes." The Canal System was previously under the authority of the New York

State Department of Transportation (DOT), until transferred to the NYSTA in 1992. In addition to the waterways, the Canal Corporation owns areas of shore land along its canals and lakes. The Canal Corporation has made shore land available to various public and private users through the issuance of permits or leases, which had also been the practice of DOT prior to the 1992 transfer.

The allegation included information that Anelli had been “playing favorites” with the issuance of leases, and that Anelli had indicated to persons interested in leasing Canal Corporation land that a lease could be obtained only if those making the request had a “political connection” or “paid someone off.”

Investigators thereafter interviewed Canal Corporation officials about the rental process for vacant Canal lots. Steven Sweeney, the Canal Corporation’s Temporary Canal Engineer for the Syracuse Division, told this office that at the present time the Canal Corporation generally rents only those lots that have structures on them, not vacant lots. The Canal Corporation will rent a vacant lot only if it is adjacent to a lot having a structure, and if the party requesting to rent the vacant lot is the person already renting the adjacent property with the existing structure. Sweeney explained that this policy is intended to avoid having temporary shelters such as tents placed on vacant lots.

A Canal Corporation official confirmed the aforementioned Canal Corporation’s policy regarding vacant lots. The official also told this office that all permit applications must be accompanied by a non-refundable \$25 fee. When the permit application fee is collected in the Canal Corporation’s Syracuse Office, the money and the application are sent to the Canal Corporation’s Albany Office. The decision whether to grant the permit is made at the Albany Office. According to the official, all subsequent fees and rental payments are billed from Albany and payment is sent by the lessor directly to the Albany Office. Consequently, Anelli does not have direct access to fees paid for leases.

This Office learned that the Syracuse Office receives many calls from persons at the offices of the Town of Mentz requesting to speak with Anelli during State business hours. Anelli is a Councilman on the Town of Mentz Common Council. We also obtained evidence that Anelli frequently leaves the Canal Corporation office in the morning in a State motor vehicle and is gone all day without any ostensible justification. In addition, we obtained evidence that when Anelli is in the Canal Corporation office, he spends most of his time on the phone conducting personal business. Further, Anelli is a musician, and evidence showed that he also spends significant amounts of time during the work day speaking on both a State phone and his personal cell phone with fellow band members and persons with whom he is seeking to book musical engagements.

Our investigation confirmed that Anelli had been suspended by the Canal Corporation for three months in 2006 for misusing his Internet privileges on his State computer. A review of e-mails we obtained indicates that Anelli used his State computer during the State workday to conduct Town of Mentz business and business relating to his musical activities.

Although Canal Corporation officials provided this office with evidence that Anelli was conducting personal business during his State work hours, none of them had any information to suggest that Anelli mishandled lease fees owed to the Canal Corporation.

Given the allegations that Anelli may be misusing a State vehicle, this office monitored the movements of the State car regularly used by Anelli on six days. On three of the six days of use, the vehicle was parked in the vicinity of the Mentz Town Hall for a portion of each day. Additionally, during the six days, the vehicle made several stops at Anelli's home, as well as at a BJ's Wholesale Club, and at a post office located in Auburn. The vehicle also made several stops at locations in Weedsport, Syracuse, Cayuga, and Port Byron. On one day, the vehicle traveled to the vicinity of a Wal-Mart store in Herkimer. Most of these locations are not in the vicinity of Canal Corporation property.

Investigators with this office interviewed Anelli, who described his job as "land use management." According to Anelli, he is responsible for approximately 1,000 properties along the Canal. His job requires him to occasionally leave the office and inspect property locations. In order to accomplish this, he uses a State vehicle that is kept at the Syracuse Division Headquarters. Anelli said that he does not use the vehicle to commute from his residence, but uses it when he needs it, adding that another NYSTA engineer also uses this State vehicle. When asked, Anelli said that there are no records maintained regarding his use of the State vehicle.

This office reviewed the Thruway Authority/Canal Corporation policy on vehicle usage, which revealed that there is no provision requiring staff to record mileage, destination, purpose of travel, or other relevant information in a log book. Another Canal Corporation employee and a Thruway Authority official confirmed that the current policy does not require Canal Corporation employees to maintain vehicle usage records.

When Anelli was asked by investigators if he ever conducted Town of Mentz business on State time, he responded that he would occasionally drop something off at the Mentz Town Hall, but otherwise did not conduct town business on State time. As mentioned above, surveillance by this office showed Anelli's Canal Corporation vehicle parked in the vicinity of the Town of Mentz offices on three out of the six days in which surveillance was conducted. Moreover, Anelli's explanation that he sometimes drops things off at the Mentz Town Hall conflicts with the surveillance, which placed the vehicle parked nearby on three separate days for 18 minutes; 2 hours, 38 minutes; and 1 hour, 6 minutes. Additionally, we later interviewed the employee who shares Anelli's State vehicle, and determined that he had not used the vehicle on any of the days in question.

Anelli said that he is a part-time councilman for the Town of Mentz and also plays in a band called Nine Mile Creek. Anelli was asked if he had reported his outside employment to the Canal Corporation. He stated that he had reported the councilman position but not the band job. (Canal Corporation Policy 25-2-03C, "Outside Activities

and Honoraria – Canal Corporation,” would not require that Anelli report the band activity.) When asked, Anelli said he had received a notice from his employer regarding what he could and could not do during his work day, but said he did not recall any specifics of the document.

Anelli recognized his signature on a New York State Thruway Authority/Canal Corporation Bureau of Personnel “Conditions for Outside Activity” that was dated January 31, 2006. Among other requirements, the document states, “The outside activity shall not involve the use of Thruway Authority/Canal Corporation personnel, resources, materials, equipment, facilities, telephones, office supplies, postage, photocopying, computers, or computer programs or data bases.”

When asked if he ever used State computers or phones to conduct Town of Mentz business, Anelli replied, “No.” Anelli, however, conceded that his State e-mail address is the only e-mail address that he uses. We showed Anelli copies of several e-mails that had been received by him on his State computer. The e-mails contained information regarding Town of Mentz business as well as his musical activities. Anelli offered no explanation for his conducting these activities on his State computer.

Asked how many calls per year he made or received on his State telephone that were related to Town of Mentz business, Anelli responded, “Maybe half dozen.” However, the Inspector General’s Office’s analysis of Anelli’s telephone records for 2006 (a year in which Anelli worked only nine months due to his 3-month suspension) showed 40 phone calls to and from the Mentz Town Hall. Anelli was asked what number he provides to the Town of Mentz, should they need to contact him during the day. He replied that they would call him either at home or on his personal cell phone. Investigators then told Anelli that they had called the Mentz Town Hall and asked for a phone number for Councilman Anelli, to which the clerk provided Anelli’s State telephone number. Anelli claimed that he had never told the Mentz Town Clerk, or anyone else, that they could contact him at his State job.

## FINDINGS/RECOMMENDATIONS

The allegation that Canal Corporation Permit Coordinator Luigi Anelli improperly denied permission to rent a vacant lot on Canal Corporation property was unsubstantiated.

Nonetheless, this investigation determined that Anelli used Canal Corporation phones and computers to conduct activities relating to his outside employment as a Town of Mentz councilman and as a musician. This investigation also determined that he used a State vehicle for personal use. The results of this investigation are being referred to the New York State Thruway Authority and the Canal Corporation for review and consideration of appropriate discipline against Anelli.

This office also recommends that New York State Thruway Authority and the Canal Corporation examine its policies and procedures regarding the documentation of the use of State motor vehicles by its employees, and make the appropriate revisions to require the operator of the vehicle to record, at a minimum, the purpose of travel, destination and mileage.