



# NEWS RELEASE

From New York State Acting Inspector General  
**Catherine Leahy Scott**

FOR IMMEDIATE RELEASE:  
July 18, 2012

---

## DEPARTMENT OF PUBLIC SERVICE EMPLOYEES ACCEPTED OVER \$7,000 IN GIFTS FROM REGULATED ENTITY

*Two Employees Shared Confidential Information  
With Regulated Entity*

Acting State Inspector General Catherine Leahy Scott today released an investigative report which found over a period of eight years employees of the New York State Department of Public Service accepted more than \$7,000 worth of gifts from regulated utilities. In addition, two employees were found to have shared confidential information with an outside consultant.

New York State's Department of Public Service ("DPS") is the administrative arm of New York's Public Service Commission, which regulates utility companies operating in New York State. The Safety Section of DPS oversees electric, gas and water utilities, and is responsible for monitoring and inspecting the construction, operation, and maintenance of gas and hazardous pipelines to ensure that safety standards are met.

The Inspector General's investigation revealed that DPS Safety, Electric, Gas and Water Section staff, including both supervisory and engineer-level employees, received gifts from regulated utilities in the form of meals and golf games. Two employees in particular, Supervisory Engineer Joseph Klesin and Utility Engineer 3 Carlos Ortiz, collectively received gifts valued at nearly \$2,700. These gifts included almost 30 games of golf.

The Inspector General's investigation also revealed that Klesin and DPS Safety Section employee Steve Blaney, Chief of Gas Petroleum Safety, disclosed confidential information to a utility company. The utility company to which the improper disclosure was made was implicated in a 2008 Queens County gas explosion accident investigation. The Inspector General's investigation found an internal draft copy of an accident investigation report had been shared with a utility consultant.

Acting Inspector General Scott said, "Laws and policies are in place to ensure that New York State business is conducted without compromise by personal interests and improper influence. Individuals charged with these crucial responsibilities have a statutory duty to avoid any

conflicts of interest. By accepting these gifts and disseminating confidential information, these employees breached this duty.”

The Inspector General’s report recommends that DPS institute mandatory ethics training for all employees, particularly with respect to conflicts of interest, the acceptance of gifts by state employees and the sharing of confidential information. The Inspector General’s report also recommends that DPS’s policies, as they relate to confidential information, be strengthened, and that protocols be established for sharing documents with outside entities and employees.

In response to the Inspector General’s investigation, DPS initiated disciplinary action against Blaney, Klesin and Ortiz. Klesin and Ortiz have resigned. The utility company which provided gifts to DPS employees has reached a settlement regarding potential violations of the New York State Public Service Law, and has agreed to pay over \$1.6 million as a result of these improper gifts. The settlement is subject to the Commission’s approval at its August 2012 meeting.

The Inspector General has referred this report to the New York State Joint Commission on Public Ethics for appropriate action.

The Inspector General’s report can be viewed [here](#).

###

Additional releases available at [www.ig.ny.gov](http://www.ig.ny.gov)  
For more information contact (518) 474-1010