



# NEWS RELEASE

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

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## **NEW YORK STATE INSPECTOR GENERAL FINDS CRIMINAL CONDUCT, KICKBACKS, NEPOTISM, ABUSE OF VEHICLES AND CREDIT CARDS AT ROOSEVELT ISLAND OPERATION CORPORATION** *Inspector General's investigation results in two guilty pleas and systemic changes to RIOC Policies and Procedures*

Three executives of the Roosevelt Island Operating Corporation were engaged in misconduct ranging from steering contracts to relatives and taking kickbacks from them, using RIOC vehicles for personal use, chronic absenteeism, and inappropriate expenses including the use of RIOC funds for unauthorized meals, according to a [report](#) released today by New York State Inspector General Catherine Leahy Scott.

Inspector General Scott's investigation, which covered the years 2007 to 2012 focused on Fernando Martinez, then Vice President of Operations for RIOC, former President/Chief Executive Officer Leslie Torres, and former Chief Financial Officer Steven Chironis. As a result of the investigation, all three no longer work for RIOC.

Additionally, as a result of the Inspector General's investigation, Martinez pleaded guilty to charges associated with contract steering and kickbacks. He was ordered to pay approximately \$86,000 in restitution to the state and sentenced to six months incarceration. An associate, Javier Ramos, was ordered to pay \$7,500 for his part in the scheme.

"As my investigation of RIOC makes clear, illegal and unethical behavior was common at the very top of RIOC's executive chain of command," said Inspector General Scott. "Officers charged with governing and delivering services to residents and businesses on Roosevelt Island used RIOC to enrich themselves, family and friends to an astonishing degree. This may not have occurred had there been effective oversight at RIOC."

Charlene M. Indelicato, President and Chief Executive Officer of RIOC said: "RIOC can best represent and deliver important services to the people who live and work on Roosevelt Island only when we maintain a high degree of integrity, accountability and transparency in government. This is why I am very pleased with Inspector General Scott's completed investigation and grateful for the guidance and recommendations her report provides to ensure past mistakes and misconduct are not repeated."

The Inspector General's investigation revealed that Martinez received kickbacks for steering a contract to Bright Cleaning Solutions (BCS), Ramos's company, in November 2008 for shoreline cleanup. He steered another contract to BCS in September 2010 for an office renovation project and received \$9,390.

Additionally, Martinez utilized a brother-in-law's printing company for RIOC projects and hired a second brother-in-law for the position of Parks and Recreation Manager in violation of state ethics policy and

RIOC's anti-nepotism directive. Following the Inspector General's discoveries, Martinez resigned his RIOCI employment in December 2012.

Former President/CEO Torres violated RIOCI policy by utilizing a RIOCI vehicle for commuting and personal travel. In addition, she inappropriately charged expensive meals to her RIOCI credit card, with one lunch costing \$355. Finally, Torres was consistently absent from RIOCI's offices, instructing staff to keep her office lit while she was away. She resigned in September 2012.

Former CFO Chironis tacitly approved Torres's misuse of the RIOCI vehicle, and miscalculated her taxable fringe benefit in violation of federal law and state policy. He also permitted Torres to inappropriately charge meals to her credit card, incorrectly classifying them as "business expenses" in violation of RIOCI policy. In fact, Chironis and Martinez engaged in the same misuse of their RIOCI credit cards shortly after Torres began doing so. Chironis resigned his RIOCI employment in August 2013.

Inspector General Scott also found that since May 2011, RIOCI has not had an internal control officer, as required by the Public Authorities Law. This position is charged with safeguarding RIOCI's assets, checking accounting data, and ensuring RIOCI is adhering to its own policies.

Inspector General Scott recommended that RIOCI:

- Follow state procurement laws and strengthen its own policies;
- Review all procurements, monitor credit card usage to ensure conformance with RIOCI policy, and issue credit cards only to employees whose daily activities require them;
- Designate an internal control officer; and
- Ensure vehicles are used appropriately and consistently with RIOCI's vehicle use policy.
- Take measures to recoup moneys improperly spent by RIOCI employees

Inspector General Scott reviewed her report with RIOCI's new management, which has agreed to take corrective action, including:

- Instituting stronger, more effective oversight measures of state procurement law to prevent unauthorized procurement and strictly bar nepotism;
- Incorporating layers of review and reconciliation of procurements made by RIOCI personnel;
- Retrieve and discontinue all credit cards used by RIOCI personnel who made unauthorized purchases and act to recoup those purchases from the cardholders;
- Recruitment of an internal control/compliance officer; and
- Revision of the vehicle use policy to reflect state policy which strictly prohibits personal use of vehicles and requires travel logs be maintained for each vehicle.

In addition, RIOCI has issued demand letters for reimbursement of inappropriate expenditures.

Inspector General Scott thanked Manhattan District Attorney Cyrus R. Vance, Jr. for prosecuting the Martinez and Ramos cases, and for assisting in the investigation.

RIOC was created in 1984 as a public benefit corporation to assume responsibility for the development and operation of Roosevelt Island, a 147-acre state owned island property that sits on the East River between the New York City boroughs of Manhattan and Queens. RIOCI is governed by a nine-member board.

A copy of the Inspector General's report can be found [here](#).

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