



# NEWS

From the Office of the New York State Inspector General  
**Joseph Fisch**

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## **State Fair Funds Squandered, Possibly Stolen, Inspector General Finds**

An investigation by New York State Inspector General Joseph Fisch determined that former State Fair Director Peter Cappuccilli, Jr. diverted state funds worth \$78,000 for personal use, squandered an additional \$870,000 in state money on lavish parties, holiday cards and two daughters' weddings, and falsified or removed records, which could lead to charges of felony grand larceny and tampering with public records.

The two-year investigation uncovered no-bid contract abuse, more than \$829,000 in payroll hires of friends and relatives, plus \$720,000 in free tickets to politicians, State Police, and others. The 138-page report released today concluded that Cappuccilli, 59, wielded "unchecked control" over the Fair from 1995 to 2005 and repeatedly abused his position for personal gain. Cappuccilli refused to be questioned by the Inspector General and stated through his attorney that, if subpoenaed, he would assert his Fifth Amendment privilege against self incrimination.

"Mr. Cappuccilli treated state coffers like his own, then falsified or discarded invoices to cover his misdeeds," Inspector General Joseph Fisch said. "This was flagrant, chronic abuse. He owes an accounting to New Yorkers which will only be satisfied by the reimbursement of a substantial amount of money." The Inspector General forwarded his report to the Attorney General.

In addition to Cappuccilli, the Inspector General determined that the current State Fair and Department of Agriculture and Markets officials violated State Finance Law designed to protect public funds in its no-bid contracts with concert promoter Live Nation in 2008 and Rhode Island "Fight Night" promoter Classic Entertainment and Sports, Inc. in 2009.

The Fair, held for 12 days from late August to early September, is one of the largest in the country, with a million attendees and annual revenue of more than \$16 million. Current Fair Director Daniel O'Hara was appointed in 2007.

Specifically, the Inspector General determined that:

1. Fair admissions were subject to widespread abuses for more than a decade, with \$720,000 in free tickets handed over to politicians, relatives of fair employees, State Police and others. Fair management, particularly under former Marketing Director Joseph

LaGuardia, gave away more than \$280,000 in alleged concert “reviewer” tickets that actually went to friends and family. Over eight years, the State Police received approximately \$200,000 in complimentary concert tickets. From 2006 to 2008 and Fair employees were given over \$240,000 worth of free concert tickets. Employees also received free parking passes and admission for their families.

2. Cappuccilli cost New Yorkers more than \$73,000 for his daughters’ weddings in 2002 and 2004. He misused employees’ time to drain and refurbish a pond, build staircases, plant flowers, hang decorative lights and install a fountain. Cappuccilli also cancelled or blocked adjacent rentals, including the \$17,000 B Jam country music concert, for a total revenue loss of \$61,000 so the adjacent fairgrounds would be quiet for the wedding.
3. Cappuccilli engaged in a series of improprieties with his friends Ronald Rescignano and William Jackson, the Fair caterers. The caterers cut Cappuccilli a \$23,000 break on a \$43,000 wedding reception. This was after Cappuccilli used state resources to upgrade the caterer’s banquet room and excused their contractual obligation to spend \$83,000 on Fair property upgrades. Cappuccilli also boosted the Fair’s modest 60-employee holiday parties to \$20,000 events for 800 guests with open bar. Rescignano falsified invoices to conceal the true cost, undercharging the state \$16,000 as a “favor” to Cappuccilli.
4. Cappuccilli violated New York’s Public Officers Law and engaged in nepotism and cronyism by paying out more than \$830,000 in salaries to hire the family and friends. Most egregiously, he hired his friend Timothy Kuhl, who was paid nearly \$200,000 for what bore the characteristics of a “no-show” job. Kuhl earned money for eight months even after he’d moved to North Carolina and was working another full-time job.

More than 40 relatives of Fair employees were hired from 1995 and 2006, in what LaGuardia dubbed “a family venture.” In addition to LaGuardia’s three children, the Fair also employed former Business Manager Richard Guanciale’s wife and three daughters, who were paid \$53,000 in part-time work from 1995 to 2007. The Inspector General also found that Guanciale and former Sales Account Executive Linda Ryan stole and destroyed SIM cards from their state-assigned cellular telephones, which could constitute grand larceny.

5. Under both Cappuccilli and current Fair Director Daniel O’Hara, the State Fair and the Department of Agriculture and Markets flagrantly violated state procurement law. Specifically:
  - From 2002 until 2009, the State Fair used Progressive Expert Consulting, Inc. (PEC) to provide substandard Internet service without soliciting any competitive bids. Cappuccilli allowed PEC to install equipment and collect vendor fees without a written contract or legally-required approval from the State Comptroller. In addition, he never sought the Fair’s \$19,000 portion of PEC revenue.

- The State Fair's "emergency" need to award a \$600,000 no-bid contract with Live Nation to book music acts for the 2008 Fair was self-created by Fair and Agriculture and Markets executives and could have been avoided by proper planning.
- The State Fair awarded an unlawful, no-bid \$127,000 contract to Rhode Island promoter Classic Entertainment and Sports, Inc. for a 2009 boxing match. The event was a financial failure that drew just 962 fans to the 17,000-seat grandstand and resulted in a loss of more than \$126,000.

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