



STATE OF NEW YORK  
**OFFICE OF THE INSPECTOR GENERAL**  
**OFFICE OF THE WELFARE INSPECTOR GENERAL**  
**OFFICE OF THE WORKERS' COMPENSATION FRAUD INSPECTOR GENERAL**

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**LETIZIA TAGLIAFIERRO**  
INSPECTOR GENERAL

August 18, 2020

Basil Seggos, Esq.  
Commissioner  
New York State Department  
of Environmental Conservation  
625 Broadway  
Albany, New York 12233-0001

Kelly Cummings  
Chairperson  
New York State Olympic  
Regional Development Authority  
Olympic Center  
2634 Main Street  
Lake Placid, New York 12946

Re: NYS IG 2326-029-2018

Dear Commissioner Seggos and Vice Chairperson Cummings:

On July 5, 2018, the Office of the New York State Inspector General received a complaint alleging possible wrongdoing with respect to the online sale of equipment by the New York State Olympic Regional Development Authority (ORDA). Specifically, the complaint

alleged that a used electric motor had been posted for sale for \$8,200 on Craigslist, a classified advertisements website, with its location and point of contact listed as ORDA's Gore Mountain Ski Center (Gore), contrary to State procedures regarding the disposal of surplus equipment and property.

The Inspector General investigated this allegation to determine the circumstances surrounding the sale; whether the motor was owned by ORDA or by the New York State Department of Environmental Conservation (DEC), which previously operated GORE, and if proper procedures had been followed with the sale of the motor.

The investigation found that in July 2018, a seller posted a used Sabina/General Electric 400 horsepower electric motor for sale on Craigslist for \$8,200 and identified the location of the motor as [REDACTED] the location of Gore. The item was identified as a "Ski Resort/Lift Motor." Later in July 2018, a seller identified as [REDACTED] posted the same electric motor for sale on eBay for \$7,895 and also identified the location of the motor as North Creek. The Inspector General reviewed eBay's transaction history for [REDACTED] and found the account is associated with Gore's facilities manager. Numerous transactions have been conducted under this account for the sale of items including snowmobile parts and barcode readers, and the purchase of items including automobile brake pads, headlights, and tires, among other things. Of note, the seller was not identified as ORDA, DEC, or New York State in either advertisement. Neither advertisement resulted in a sale during the pendency of this investigation.

Neither DEC nor ORDA was able to confirm which entity had originally purchased the ski lift motor that was offered for sale. However, according to Gore's facilities manager, the ski lift motor that was offered for sale had been in service since approximately 1987. If his estimation is accurate, the motor was likely purchased by ORDA years after DEC transferred control of Gore to ORDA. If the motor was ORDA's property and determined by ORDA to be no longer useful, the motor could be sold pursuant to ORDA policy.

As you know, agreements entered into in 1982 and thereafter transferred control of the operation, management, and equipment of three ski facilities—Gore, Whiteface Mountain Ski Center (Whiteface), and Belleayre Mountain Ski Center (Belleayre)—from DEC to ORDA. Pursuant to these agreements, DEC requires ORDA to obtain its written approval prior to selling or removing any transferred equipment and personal property. In the event the agreements were terminated, the ski centers' equipment and personal property would revert back to the possession and control of DEC. Although the agreements do not explicitly address if DEC or ORDA is to receive revenue derived from any DEC-approved sale of transferred ski center equipment and personal property, the Whiteface and Belleayre agreements generally authorize ORDA to receive revenues generated by the operation of the facilities. ORDA staff interviewed by the Inspector General had no recollection of ever seeking DEC's approval for the sale of transferred equipment or personal property or determining if revenue realized from a sale should be received by ORDA or New York State's general fund.

Additionally, two State laws govern the sale of surplus personal property held by State agencies and authorities, respectively. New York State Finance Law section 167 governs the

disposal of equipment and personal property owned by State agencies. It requires that such equipment or personal property be transferred to another agency, retired (e.g., sold, discarded, scrapped, etc.), or transferred to the New York State Office of General Services (OGS) for reuse by other State agencies or sale. All proceeds from these sales must be deposited to the State's general fund. New York State Public Authorities Law section 2897 authorizes public authorities to dispose of property "for not less than the fair market value of such property by sale, exchange, or transfer, for cash, credit, or other property . . . upon such other terms and conditions as the contracting officer deems proper . . . ."

ORDA has established policies and procedures to dispose of its surplus equipment and personal property.<sup>1</sup> According to ORDA's policy in place during the pendency of this investigation, the manager at each of its venues may choose a method that is reasonably expected to result in the best price or maximum benefit to ORDA. The policy provides a number of methods, including seeking competitive bids, negotiating a private sale, donating to other State or non-profit agencies, trading property for new purchases, and scrapping or parting-out equipment. All revenue generated by such sales is realized by the ORDA venue that held the property. According to its policy, ORDA's chief financial officer must approve such sales and its Finance Office must prepare an invoice of sale and collect any proceeds. ORDA advised it often sells surplus equipment and property by using eBay. ORDA further advised that all such sales since 2010 are logged in a spreadsheet and any revenue realized from these sales is either held in an ORDA PayPal account and used to purchase needed goods and equipment or transferred to ORDA's Finance Office.

According to [REDACTED], the system administrator for DEC's Maintenance Management System, DEC conducts a bi-annual inventory of ORDA property with a value exceeding \$40,000. This inventory list is provided by DEC to the New York State Office of General Services. Chevalier also advised that DEC inventory lists Gore, Whiteface, and Belleayre assets below \$40,000 in value as "Inactive-Transferred to ORDA." However, the investigation found that ORDA fails to track its assets and disposal (i.e., sold, scrapped, destroyed, and/or donated) of the same. Although ORDA maintains a spreadsheet of all eBay sales of its surplus equipment and personal property, ORDA does not maintain a comprehensive and centralized inventory of its equipment, personal property and real property and the status of those assets from acquisition to disposal.

Given the above, I recommend that DEC and ORDA review the aforementioned agreements as well as relevant law, policies, and practices and resolve ambiguities with respect to the ownership and disposal of assets. This resolution should clarify any requirements for notification and approval as well as determine which party would be entitled to proceeds from the sale of any transferred equipment and personal property. Additionally, ORDA should create and maintain a comprehensive and centralized inventory of its assets.

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<sup>1</sup>ORDA has advised the Inspector General that it is currently drafting an updated Property Disposition Policy.

Please advise me of the action taken by your agency in response to this recommendation within 45 days of the date of this letter. If you require further information, please contact Deputy Inspector General James R. Davis at 518.474.1010.

Sincerely,



Letizia Tagliafierro  
Inspector General

Cc: Thomas Berkman, Esq.  
DEC Deputy Commissioner and General Counsel

Michael Pratt  
ORDA CEO and President