NEW YORK STATE | Offices of the Inspector General

LUCY LANG
Inspector General

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November 7, 2024

Robert J. Rodriguez
President and Chief Executive Officer
Dormitory Authority of the State of New York
515 Broadway
Albany, NY 12207-2964

Re: NYSIG 1652-058-2023

Dear President and CEO Rodriguez:

In June 2023, the Dormitory Authority of the State of New York (DASNY) referred to the Office of the New York State Inspector General a complaint regarding [redacted] Inc. ([redacted] a Lindenhurst, New York contractor. Specifically, DASNY alleged that [redacted] a subcontractor on a DASNY project, may have submitted false invoices to DASNY to receive reimbursement above actual costs incurred.

By way of background, in 2022, Sea Breeze General Construction, Inc. (Sea Breeze), the general contractor on a DASNY project at Queens College, retained [redacted] as a subcontractor to complete HVAC work. A change order issued during the project necessitated [redacted] to hire a crane company, [redacted] Crane, LLC ([redacted] to complete its work. Because the crane work was performed in the context of a change order, [redacted] invoiced [redacted] directly. [redacted] then submitted the following three invoices to DASNY via Sea Breeze totaling $138,000, purportedly the same invoices [redacted] received from [redacted] for the crane work:

- Invoice dated September 27, 2022, for $46,500
- Invoice dated October 4, 2022, for $45,000
- Invoice dated October 5, 2022, for $46,500

Upon receipt of the invoices from Sea Breeze, DASNY identified the crane costs as suspiciously high, alerted the Inspector General of the apparent fraud, and suspended further payments to [redacted] on this project.

The Inspector General's investigation, which included a review of relevant bank records, contractor submissions, and DASNY records, found that [redacted] had, in fact, submitted altered invoices to Sea Breeze. Records obtained by the Inspector General from [redacted] showed that [redacted] provided the following three invoices to [redacted] totaling $105,000:

- Invoice dated October 5, 2022, for $35,000
- Invoice dated December 1, 2022, for $35,000
- Invoice dated January 8, 2023, for $35,000

The Inspector General found that the invoices [redacted] submitted to DASNY via Sea Breeze were doctored to increase the billed amount by a total of $33,000. I addition, the invoices were altered to reflect far less detail than the true [redacted] invoices, which were itemized.

DASNY commendably identified the potential fraud before full reimbursement had occurred and, accordingly, the State avoided paying for the fraudulently overbilled amount.

The Inspector General referred this matter to the Suffolk County District Attorney's Office, which declined prosecution. As such, I recommend that DASNY review the findings of this investigation, evaluate the responsibility of [redacted] as a State contractor, and determine if [redacted] should be disqualified from future DASNY contracts.

Please advise this office of any action taken by DASNY in response to this referral within 45 days of the date of this letter. If you require further information, please contact Deputy Inspector General Ken Michaels at [redacted].

Sincerely,

Lucy Lang
Inspector General

cc: R. Nadine Fontaine, Esq.
General Counsel