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## **MAYOR MICHAEL R. BLOOMBERG ANNOUNCES REFORMS AT DEPARTMENTS OF FINANCE AND BUILDINGS**

Mayor Michael R. Bloomberg today announced comprehensive reforms aimed at ending corruption in the Departments of Finance (DOF) and the Department of Buildings (DOB). Buildings Commissioner Patricia J. Lancaster, Finance Commissioner Martha E. Stark, and Department of Investigation (DOI) Commissioner Rose Gill Hearn joined Mayor Bloomberg in the Blue Room at City Hall for the announcement. In the past eight months, the two agencies have been the subject of criminal investigations. At the time of the indictments at both agencies, Mayor Bloomberg immediately charged DOI Commissioner Rose Gill Hearn to work with DOB and DOF to plot strategy to mitigate corruption and graft at the two departments.

“New Yorkers are entitled to the efficient delivery of quality City services and agency employees must carry out their duties professionally and honestly,” Mayor Bloomberg said. “These coordinated reform measures will greatly enhance our efforts to rout out corruption in these important agencies, improve the administration of municipal services, and repair the public’s trust in City government. By simplifying the property assessment process, increasing the safety of our buildings, and fighting corruption, the Departments of Investigation, Finance, and Buildings are clearly demonstrating this Administration’s commitment of accountability to the people of New York City.”

On February 25, 2002, eighteen current or former New York City Tax Assessors employed by the New York City Department of Finance, Property Division, Real Property Assessments Unit were arrested on federal racketeering, bribery and mail fraud charges. A joint investigation by the New York City Department of Investigation, the U.S. Attorney for the Southern District of New York and the Federal Bureau of Investigation revealed that the assessors accepted more than \$10 million in bribes over a thirty-five year period to change the assessed values of almost 600 properties. The scheme is estimated to have cost New York City approximately \$40 million annually since tax year 1997/1998 and an undetermined amount in previous years.

On June 25, 2001, DOI and United States Attorney for the Eastern District announced the filing of charges against a total of nineteen DOB employees, including eighteen current and former DOB Plumbing Inspectors, and one former DOB Boiler Inspector, for extorting bribes in exchange for providing inspection approvals on plumbing projects throughout New York City. Between the early 1990s and 2001, the inspectors extorted cash payments totaling hundreds of thousands of dollars. In exchange for bribes, the inspectors in many instances approved plumbing work without performing an inspection at all.

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Today, the Joint Task Force formed by DOF and DOI to combat corruption released their preliminary report. The Preliminary Report contains 23 specific recommendations to make DOF's policies and procedures clear and easy to understand and to eliminate corruption risks in the Real Property Assessments Unit. The recommendations include:

- Ending the use of individualized income and expense statements (so-called "I&E Statements") from property owners to determine values of multi-unit apartment buildings, commercial and other income-generating properties;
- Substituting publicly available, reliable, objective, independent data to determine assessment values;
- Redesigning assessors' work processes to eliminate opportunities for inappropriate contact with property owners and their representatives;
- Implementing a comprehensive field time accountability system for assessors;
- Randomly reviewing assessments;
- Requiring assessors to complete financial disclosure forms;
- Providing hand-held computers to record field operations;
- Improving security on Real Property Assessment Division (RPAD) databases and systems;
- Assigning management of the Computer Assisted Mass Appraisal System (CAMA) to Finance's Management Information System division;
- Educating the public about the assessment process;
- Extensive study of the best practices used in other jurisdictions;
- Review of the appellate process governing Real Property assessments in New York City;
- An examination of the legal framework supporting the property tax;
- Legislation needed to implement reforms.

Over the next several months, the Joint Task Force will meet with the assessors' union, property owners, tenants and members of the legal community, elected officials, other government agencies, and the general public to work out details of the recommendations in the Preliminary Report. A Final Report is planned for early 2003.

"Our recommendations will minimize the risk of corruption by taking the mystery out of the assessment process, overhauling the way assessors work and are managed, expanding the role of the Department Advocate and Internal Auditors' Unit, and using handheld technology to increase accountability and efficiency," Commissioner Stark said.

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“The reforms outlined in this report represent a serious attempt to fix a system that has been badly broken for years,” Commissioner Gill Hearn said. “With common-sense changes and continued cooperation between Finance and DOI, we will make this system fair and understandable for all New Yorkers.”

Also announced today by Commissioner Hearn and Commissioner Lancaster is a plan to audit all divisions of DOB. The staff of DOI’s Inspector General’s Office will be augmented by two investigative positions to be funded from DOB’s budget. Any information relating to possible criminal activities that the audits might uncover will be referred immediately and confidentially to DOI’s Inspector General for DOB for investigation.

Immediately following the indictments of DOB personnel, Commissioner Lancaster implemented the following reforms to weed out corruption:

- Initiated clear and concise training, which will remove any uncertainty as to criminal behavior
- Screening all new hires utilizing background checks and integrity profiles, thereby weeding out potentially vulnerable or suspect candidates.
- Encouraging and facilitating the use of employee information that leads to corruption detection.
- Starting a Double-Check and Spot-Audit unit. This will implement systemic audits of every functioning unit. This regular monitoring for conformance with procedures will turn up any inconsistencies, indicating operational problems that could also lead to corruption. Double-checks and spot-audits will also promote quality control, authenticate inspection results, and be a deterrent to off-site corrupt activity.

“The process of ending corruption at the DOB must be vigilant and on-going, said Commissioner Lancaster. “The Mayor has charged me with ridding my agency of the corrosive power of corruption and today’s rolling audit program announcement is another tool we will use to fulfill this mission.”

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