



Department of Investigation

Press Release

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DDC EMPLOYEE ARRESTED FOR USING PHONY NYS TAX RESALE CERTIFICATE TO EVADE SALES TAX ON \$2,500 IN PERSONAL PURCHASES SCAM

EDWARD J. KURIANSKY, Commissioner of the Department of Investigation (DOI), today announced the felony arrest of LEONARD PESL, a City Department of Design and Construction (DDC) construction project manager, for submitting a fraudulent New York State tax resale certificate and a bogus DDC letter of authorization to a Queens electrical supply vendor in order to evade paying \$211 in State sales taxes on 28 items of lighting equipment worth \$2,567, which he purchased for his own use in 1998 and 1999.

According to Commissioner Kuriansky, the New York State Department of Taxation and Finance allows a tax-exempt governmental agency, such as DDC, to issue the State resale certificates, known as New York State Local Sales and Use Tax Resale Certificates (ST-120), to enable the agency to make tax-free purchases of goods or services and not pay the State's 8.25% sales tax on them. DDC, in turn, authorizes certain of its employees, whose job responsibilities include making purchases of goods and services on behalf of the City, to provide the State resale certificates in connection with particular purchases.

Commissioner Kuriansky said the investigation began in February 2000, when DDC notified DOI that the agency had obtained, anonymously, a copy of an invoice reflecting a tax-free purchase by PESL.

The investigation disclosed that PESL submitted, in December 1996, a State tax resale certificate, and, in January 1997, a purported DDC letter of authorization, to Graybar Electric Company, Inc., an electrical supply firm at 21-15 Bridge Plaza North in Long Island City, Queens. On the State tax resale certificate, according to the Criminal Complaint, PESL falsely indicated that DDC, not PESL himself, would be the purchaser of record for merchandise which PESL would obtain from Graybar. In addition, it was learned that DDC did not issue a letter of authorization to PESL, who signed both documents and falsely indicated on them that his official DDC job title was "Engineering Audit Officer," a DDC job title which does not exist.

The investigation further revealed that Graybar kept on file both the State tax resale certificate and the purported DDC letter of authorization, and, between October 20, 1998, and October 25, 1999, relied on them to waive payment by PESL of \$211 in State sales taxes on 28 items, mostly lighting equipment, costing a total of \$2,567, which PESL allegedly bought for his own use.

PESL, 59, of 69-84 60th Avenue in Maspeth, Queens, a DDC construction project manager earning an annual salary of \$54,024, was hired by the City on May 5, 1972. He will be suspended without pay. He was charged with Falsifying Business Records in the First Degree, and Issuing a False Certificate, both Class E felonies,

and New York State Tax Law, Article 37, Section 1817 (m) Sales and Compensating Use Taxes, and Official Misconduct, both Class A misdemeanors. If convicted, he faces up to 4 years in prison.

Commissioner Kuriansky expressed his sincere appreciation to DDC Commissioner Kenneth Holden and members of his staff, and State Department of Taxation and Finance, Revenue Crimes Bureau Director Joseph Brooking, for their cooperation and assistance in the investigation.

The investigation was conducted by Ronald P. Calvosa, DOI's Inspector General for DDC, and members of his staff, including Deputy Inspector General Victoria Abad-Curran, Assistant Inspector General John Bellanie, and Special Investigator Marc Weisenfeld.

The case is being prosecuted by the Office of Queens County District Attorney Richard A. Brown. Assistant District Attorney Yvonne Creque, under the supervision of the DA's Integrity Bureau Chief James Liander, is assigned to handle the matter.

Members of the public are reminded that a complaint is merely an accusation and is not evidence of guilt. Every defendant is presumed innocent and is entitled to a fair trial in which it is the government's burden to prove guilt beyond a reasonable doubt.