

June 3, 2010

Hon. Joel I. Klein  
Chancellor  
New York City Public Schools  
Department of Education  
52 Chambers Street, Room 314  
New York, NY 10007

Re: Albert Attoh  
SCI Case #2007-0536

Dear Chancellor Klein:

An investigation conducted by this office in conjunction with the Office of the Inspector General of the United States Department of Education ("OIG US DOE") and the United States Attorney's Office for the Southern District of New York ("USAO SDNY") has substantiated that Albert Attoh and others, who are not New York City Department of Education ("DOE") employees, stole \$644,313.69 from a DOE Small Item Payment Process ("SIPP") account at JPMorgan Chase. The defrauding of the DOE took place during the period from October 2003 through February 2007.<sup>1</sup>

This investigation began in February 2007, when DOE Division of Financial Management and Reporting Director Patrick Toner reported to the Office of the Special Commissioner of Investigation ("SCI") that the December 2006 bank statement for a DOE SIPP account at JPMorgan Chase ("Chase") reflected numerous transactions listed as an Electronic Funds Transfer ("EFT") against that DOE account. Toner said that the DOE did not authorize electronic debits from that account.

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<sup>1</sup> On April 16, 2010, Albert Attoh was sentenced to 364 days in a Federal prison and ordered to pay \$275,188.67 in restitution. Attoh's sentence also included two years of Probation upon his release from prison.

During the course of the next several months, SCI investigators met or conferred with a number of officials at the DOE, Chase, Washington Mutual Bank, the New York City Department of Finance ("NYC DOF"), the New York City Comptroller's Office ("NYC Comptroller"), the OIG US DOE, and the USAO SDNY.

In interviews with DOE officials, SCI investigators learned that the DOE account used to perpetrate the fraud was one of two SIPP accounts at Chase which covered the entire DOE school system and it was limited to purchases of less than \$500. However, there was no limit to the amount of money that could be used to pay bills by an EFT, because the DOE had not blocked the use of EFT from any DOE bank accounts, some of which had been established before EFT existed.

DOE officials explained that the fraudulent transfers dated back to October 2003, began with relatively small amounts, increased significantly starting in November 2004, and continued until the discovery of the fraud in February 2007.<sup>2</sup> At that time, DOE officials blocked the use of EFT on the two accounts. DOE officials said that the SIPP accounts were not reconciled on a monthly basis, but when they were, the DOE employees who conducted the reconciliation believed the charges were legitimate. The SIPP accounts were subsequently moved from Chase to the NYC DOF.

In interviews with Chase officials, SCI investigators learned that, although there was a \$500 limit for purchases from the account, there was no amount limit for an EFT and, because the DOE had not blocked the use of EFT, any amount could be electronically debited from the account.<sup>3</sup> Chase officials acknowledged that, at the time the account was opened in 1990, EFT was not in existence. A Chase official said that the bank would be able to go back 60 days and recover approximately \$130,000 debited from the DOE account.<sup>4</sup>

A Chase official explained that the bank was alerted to the scheme by an unidentified woman who reported that someone was trying to pay bills using the DOE SIPP account. Chase provided investigators with a summary list of companies which had electronically debited funds from the DOE account.<sup>5</sup>

The assigned SCI investigator contacted the office of the NYC Comptroller and an official there put him in contact with officials at the NYC DOF. The SCI investigator explained the details of the investigation to the official and the DOF subsequently blocked all DOE bank accounts from using an EFT.

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<sup>2</sup> Of the nearly \$650,000 stolen over the more than three year period, approximately \$130,000 was taken in the 60 days before the fraud was discovered.

<sup>3</sup> The account could only be used to pay bills. All that was needed was the account number and the bank routing number.

<sup>4</sup> The actual amount recovered was \$128,228.49.

<sup>5</sup> Chase and the DOE provided SCI with all documents requested in connection with this investigation.

In May 2007, the assigned SCI investigator contacted an OIG US DOE special agent and requested assistance in identifying the person involved in an unauthorized electronic debit from the DOE SIPP account, made on December 1, 2006, in the amount of \$1,388.72, which was a payment to a student loan. The following month, the OIG US DOE special agent provided information about an individual who had been identified as a subject of the investigation.<sup>6</sup>

SCI investigators and an OIG US DOE special agent met with the identified subject and her husband who provided details about their involvement in the scheme, the names of other participants, and the name of the person who headed the scheme. That individual, Albert Attoh, gave the subject and other participants in the scheme the account and routing information to use for bill payments and, in return, required them to give him cash payments upon request. The subjects used the DOE account to pay the balance due on a student loan and to pay bills, including invoices for purchases at The Home Depot, Lowe's, and Exxon Mobil.

During July and August 2007, investigators were able to obtain photos and other information about Attoh. In September 2007, SCI investigators obtained a copy of a check containing Attoh's name, address, and telephone number, which had been written in an attempt to use the DOE SIPP account. In December 2007, the assigned SCI investigator obtained Chase statements for the DOE SIPP account.

On July 11, 2008, pursuant to an arrest warrant obtained by the USAO SDNY, investigators from the OIG US DOE arrested Albert Attoh. On March 3, 2009, Attoh pled guilty to Bank Larceny.

On April 16, 2010, a Federal District Court Judge in the Southern District of New York sentenced Attoh to 364 days in Federal prison and ordered him to pay \$275,188.67 in restitution to the New York City Department of Education through SCI. Attoh also received two years of Probation to be served upon his release from prison.

It is difficult to understand how the DOE accumulated years of account statements, reflecting hundreds of thousands of public dollars spent to pay bills, but did not review them. A cursory examination would have shown that the charges were not normal school expenses.

This is not the first time that SCI has found serious lapses in fiscal oversight within the DOE. Just last year, SCI reported substantiated findings about a clerk assigned to the unit then known as the Division of Assessment and Accountability who was able to steal more than \$60,000 because no one looked at statements which reflected that he

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<sup>6</sup> This subject was not charged and was not a DOE employee.

June 3, 2010

made thousands of dollars worth of personal purchases, including flying his family around the world.<sup>7</sup> Last month, SCI issued another report which pointed out the lack of financial oversight in a number of DOE schools.<sup>8</sup>

It is once again the recommendation of this office that the DOE take whatever steps necessary to address these serious and continuing problems.

We are forwarding a copy of this letter and of our report concerning this investigation to the Office of Legal Services. Should you have any inquiries regarding the above, please contact First Deputy Commissioner Regina Loughran, the attorney assigned to the case. She can be reached at (212) 510-1426. Please notify First Deputy Commissioner Loughran within 30 days of receipt of this letter of what, if any, action has been taken or is contemplated regarding this investigation. Thank you for your attention to this matter.

Sincerely,

RICHARD J. CONDON  
Special Commissioner  
of Investigation for the  
New York City School District

By: \_\_\_\_\_  
Regina A. Loughran  
First Deputy Commissioner

RJC:RAL:gm

c: Michael Best, Esq.  
Theresa Europe, Esq.

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<sup>7</sup> SCI Case #2007-0414.

<sup>8</sup> SCI Case #2008-3112.