

2022 Annual Report

Office of the MTA Inspector General

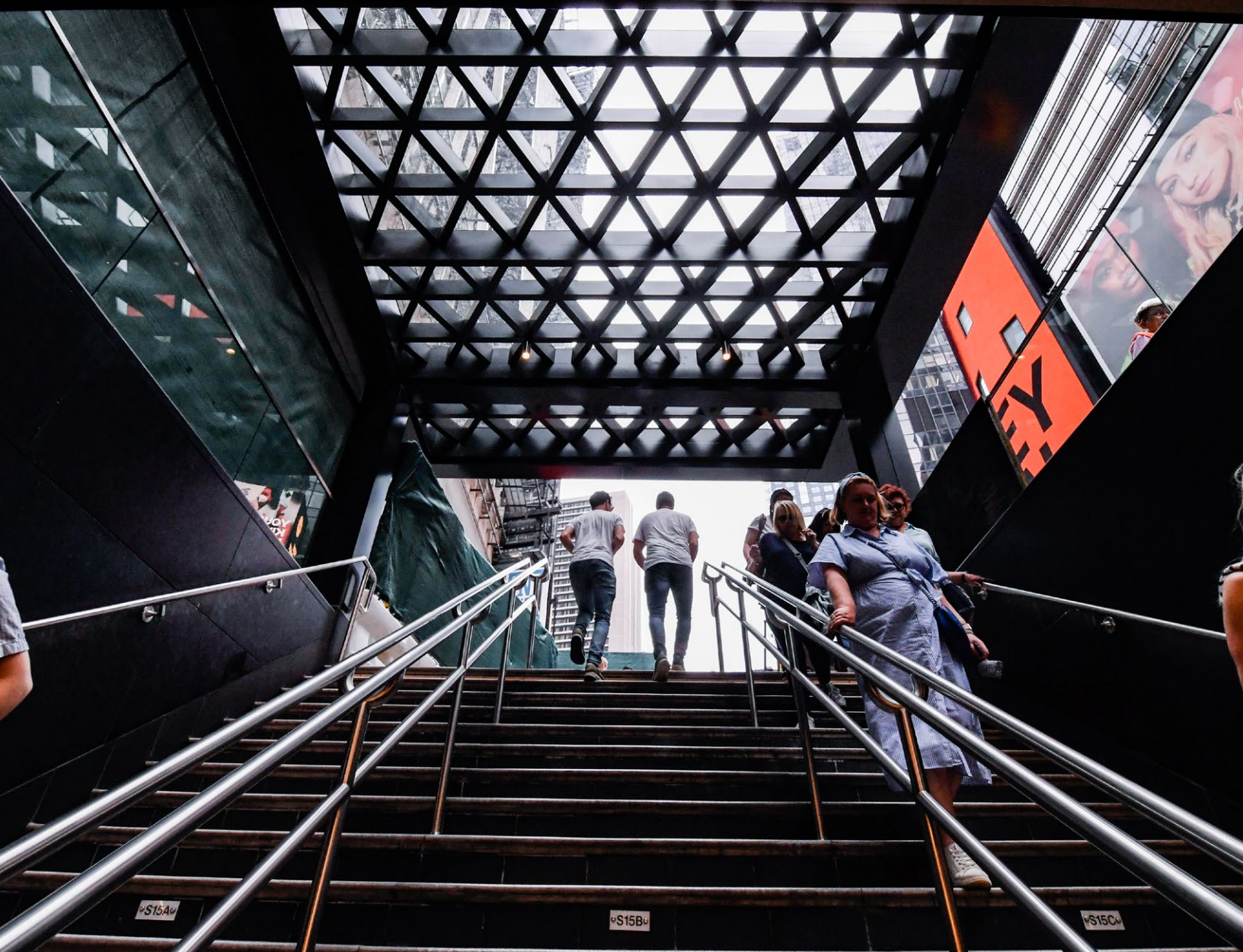


Table of Contents



Message from the Inspector General

3



2022 Statistical Highlights

4



Audit and Investigative Highlights

11



Management Best Practices

12



Customer and Employee Safety

26



Construction and Vendor Integrity Monitoring

30



Overtime Abuse and Other Employee Fraud

35



Procurement Fraud Violations and Ethics Concerns

39



Stay Connected

44

The Office of the MTA Inspector General (OIG) audits, evaluations, inspections, special review reports, investigations, press releases, and ongoing work are available at <https://MTAIG.ny.gov>

Announcements of the latest reports, multimedia, and news from the OIG are also available on the OIG's social media accounts:



Twitter, Instagram: @MTAOIG



Facebook, LinkedIn: @MTA Inspector General



Message from the Inspector General

As businesses, customers, and tourists returned to New York City in the aftermath of the Covid-19 pandemic, so did commuters and vibrance to New York City streets. This was a year that tested the city's resilience and residents' reliance on their transportation system: the MTA. As riders returned to the subway, buses, and trains, a sense of a new normal set in.

However, this new normal presents its own challenges and opportunities, and the MTA will need to meet the moment. This response has to include adapting to such pressing issues as extreme weather conditions, economic instability, crime, and changing travel patterns. In this shifting reality, the MTA OIG serves a vital role in helping the MTA do its job better. As a watchdog agency, created by the Governor and the State Legislature 40 years ago, we publish this annual report in the spirit of transparency.

Since 1983, the OIG has focused on protecting the financial health of the MTA and the safety of its riders. In 2022, we found inappropriate and inconsistent billing in various construction projects, advised how third-party contracts should be managed, recommended ways to reduce electricity costs, caught overtime fraud, and exposed poor decisions that led to waste and safety concerns. And when we found evidence of potential criminality, we worked with our law enforcement partners at every level of government to develop the case and hold wrongdoers accountable.

The safety, security, and well-being of MTA employees and assets was also a key focus of the OIG's work this year. Over the last 12 months, we evaluated the consistency and timeliness of MTA's EEO investigations and exposed inadequate and outdated fire suppression systems at facilities where hundreds of employees work and millions of dollars' worth of equipment is stored. We revealed maintenance issues with New York City Transit's security camera system and challenged the MTA to do a better job with hurricane preparations, all while keeping a close eye on the \$6 billion the Authority has spent on fortifying its infrastructure. By helping to secure the MTA's facilities and properties, OIG can better ensure the safety of MTA employees and New Yorkers against natural disasters and crime.

Similarly, OIG continued its important work of monitoring MTA Hurricane Sandy contracts. Although we passed Sandy's ten-year anniversary in October, the damage is still being repaired and the system is still being rebuilt. OIG's involvement has helped protect the MTA from fraud and abuse, while ensuring a fair and ethical system. This effort includes scrutinizing and visiting subcontractors, pursuing allegations of fraud, and conducting site visits to observe activities and contractors. OIG also proposed new procedures in 2022 to reveal – and limit – vendors' conflicts of interest.

Helping the MTA meet its challenges effectively and safely is our mission. As always, OIG is firmly dedicated to exhibiting the honesty and transparency necessary to maintain the fabric and integrity of our transit system and to strengthen the public's trust in the efficiency and safety of our government institutions.

Elizabeth Keating, Acting Inspector General

2022 Statistical Highlights



2022 Statistical Highlights

2022 marked another impressive year for OIG’s work in support of the MTA, its affiliates, and subsidiaries including MTA New York City Transit (NYC Transit), MTA Long Island Rail Road (LIRR), MTA Metro-North Railroad (MNR), MTA Bridges and Tunnels (B&T), MTA Headquarters (MTAHQ), MTA Police Department (MTAPD), MTA Bus Company (MTA Bus), and MTA Construction & Development (C&D).¹

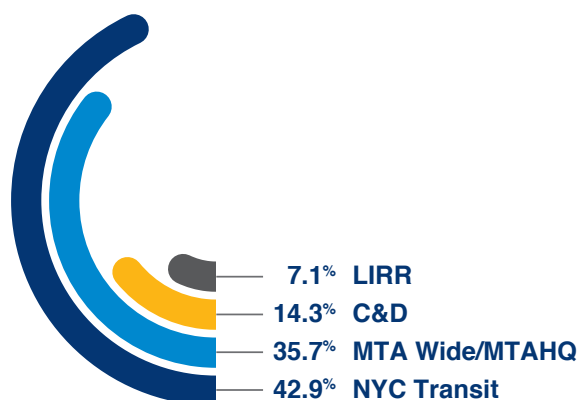
In 2022, OIG issued 14 reports with substantive findings across the MTA. Intake staff processed 1,926 complaints from individuals both inside and outside the MTA. This breaks the all-time record for most complaints received by OIG in a single year.

¹ As used in this report, unless the context indicates otherwise, the term “MTA” includes its affiliates and all subsidiaries.

OIG Issued 14 Reports in 2022

4 Investigative Letters | 10 Audits

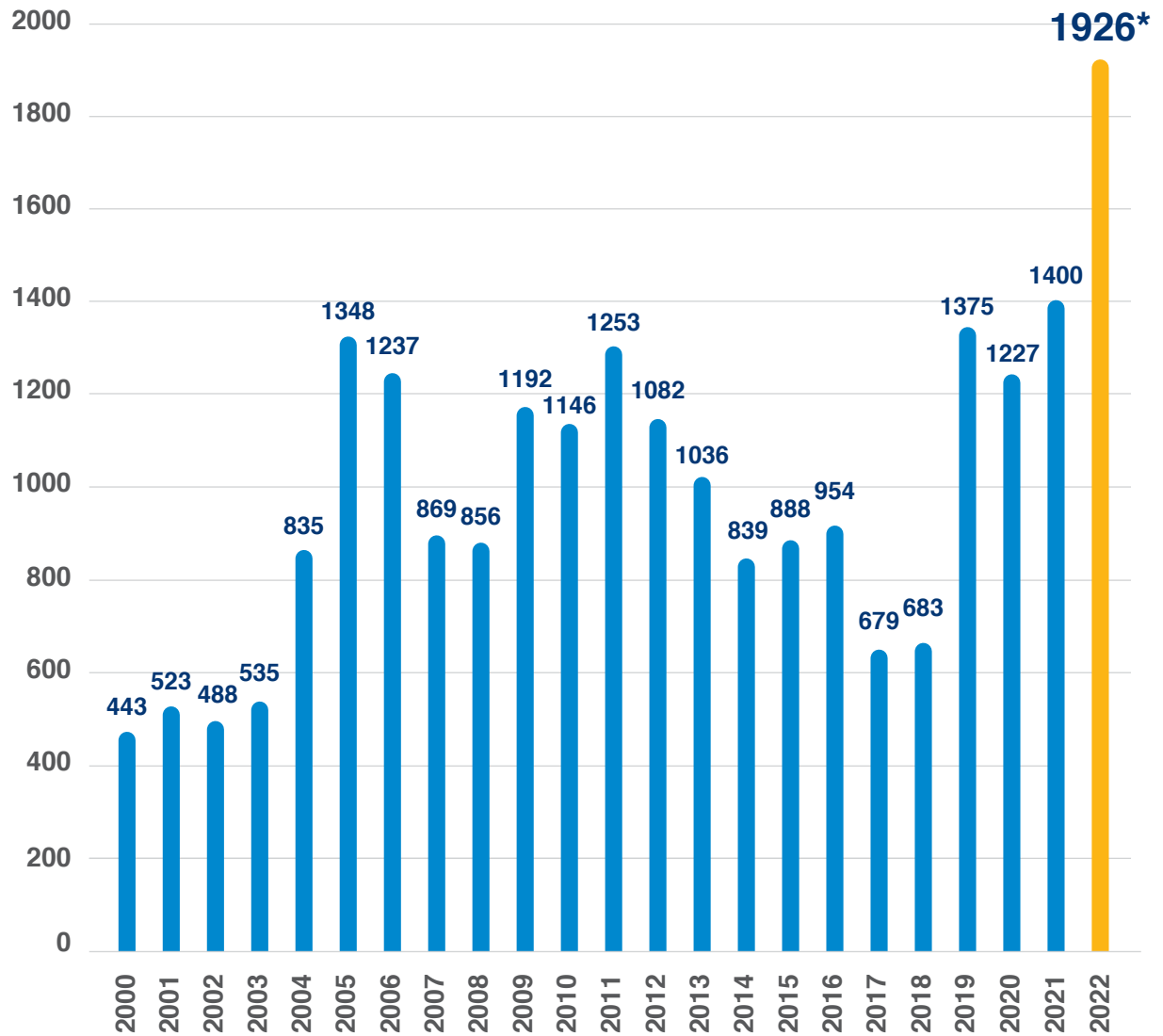
OIG Reports by Agency



OIG Output by Theme



Total Number of Complaints



*In 2022 OIG saw a significant increase in service related complaints.

Complaints by Source

TOTAL COMPLAINTS	1,926
Members of the Public	1,116
Anonymous	501
MTA Employee / Former Employee	205
Other	65
Other Governmental Agency	39

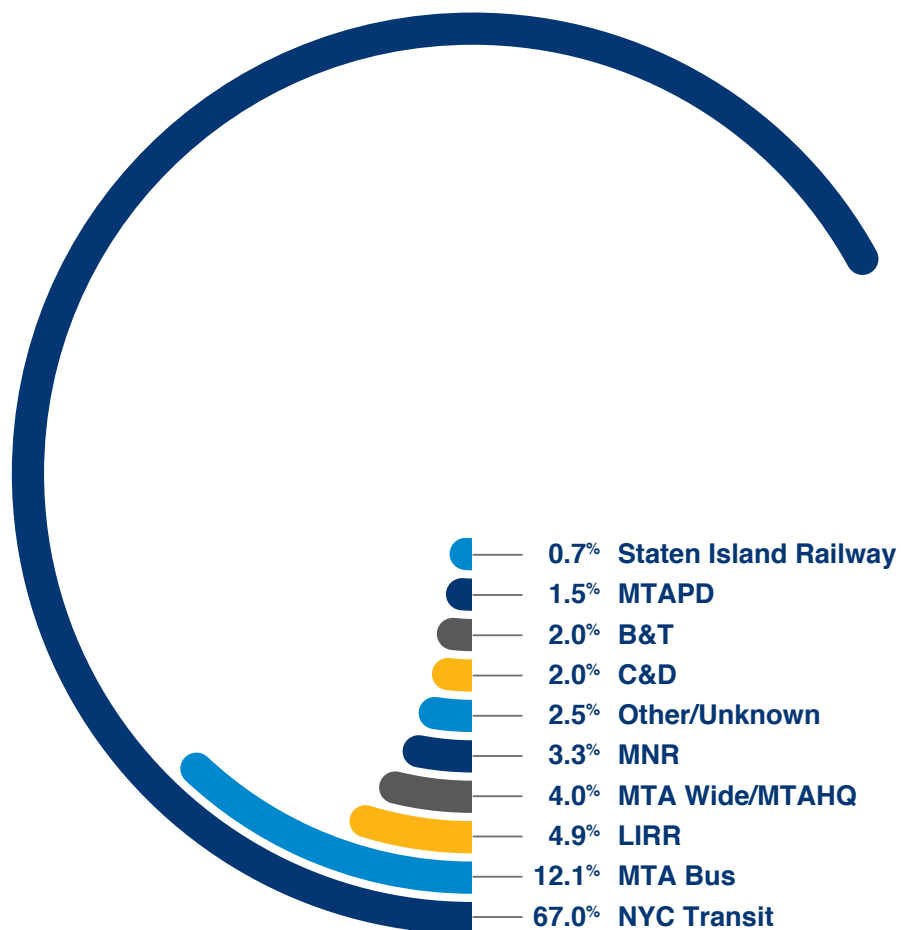


Complaints Disposition and Resolution

TOTAL COMPLAINTS	1,926
Referred to Agency	1,421
Closed	365
Assigned to Investigations/Audit	125
Resolved by Intake	8
Open	7

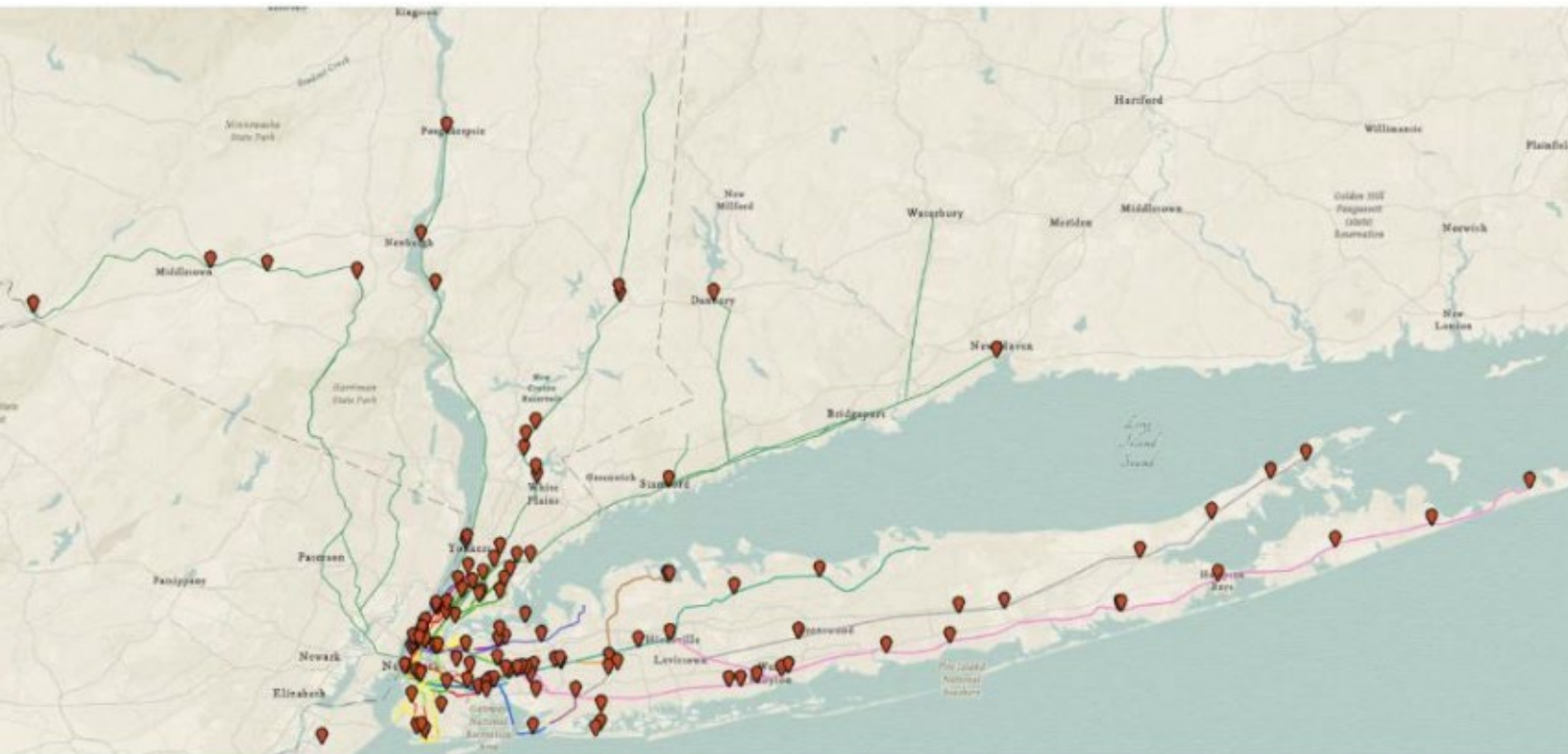


Complaints by Agency Involved

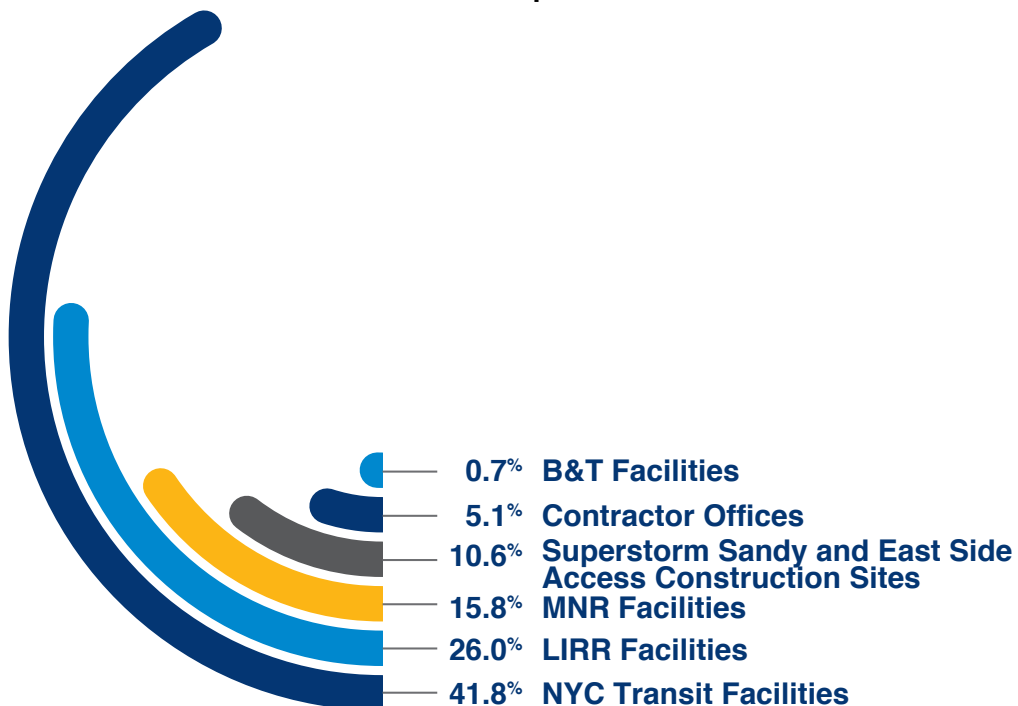


2022 Site Inspections

In 2022, OIG's Investigations unit conducted over 300 site inspections.



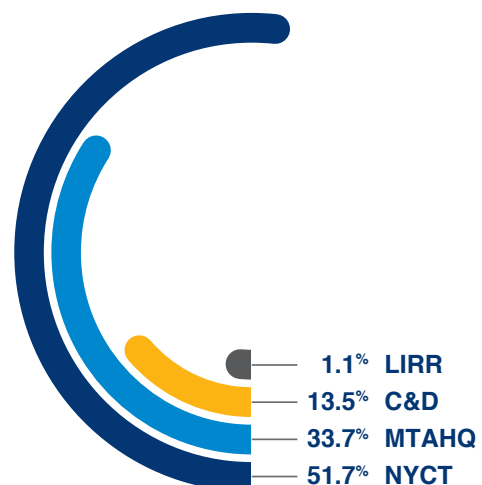
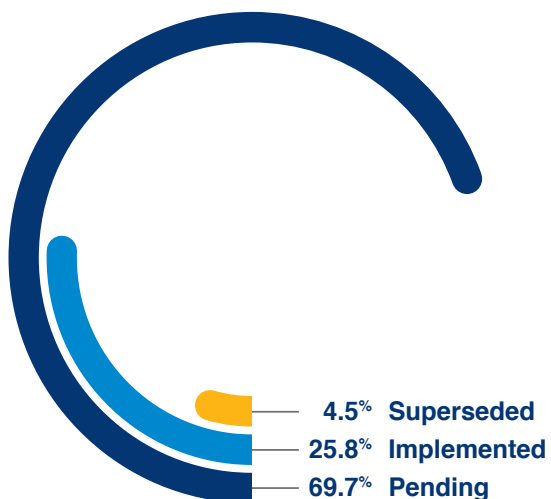
Site Inspections



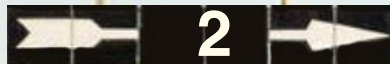


OIG Issued 89 Recommendations in 2022
Implemented 23 | Pending 62 | Superseded 4

Recommendations by Agency



Audit and Investigative Highlights



In 2022, OIG published reports, monitored initiatives, and worked on criminal matters with law enforcement partners.

Brief summaries of many of OIG's activities have been organized into areas of:

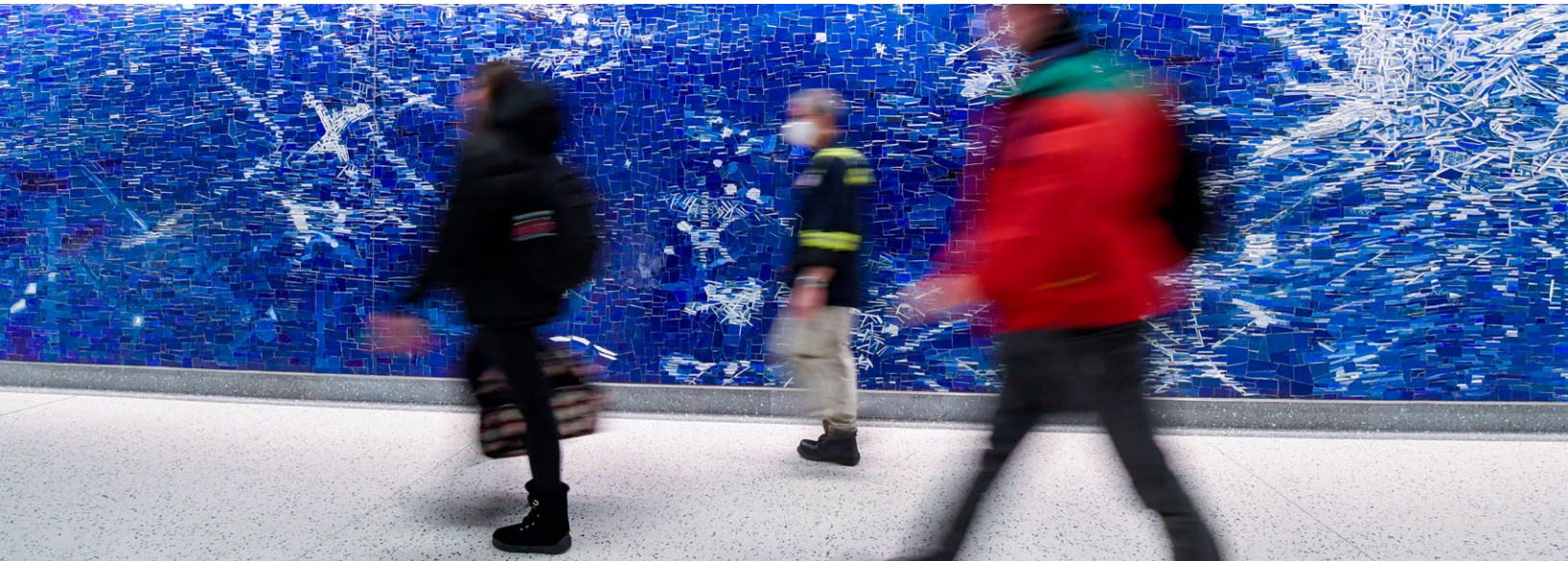
[Management Best Practices](#)

[Customer and Employee Safety](#)

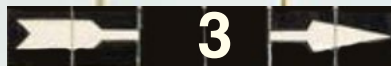
[Construction and Vendor Integrity Monitoring](#)

[Overtime and Other Employee Fraud](#)

[Procurement Violations and Ethics Concerns](#)



Management Best Practices



Management Best Practices

Hurricane Preparedness: NYC Transit Can Improve Oversight of Flood Control Devices (2022-04)

In 2012, Hurricane Sandy caused an estimated \$5 billion in damage to MTA assets as a result of record coastal flooding and severe winds in New York City, Long Island, and areas of New York and Connecticut served by Metro-North Railroad. In response, the Federal Transit Administration approved \$5.8 billion in grants to the MTA for repairs and resiliency projects.

While most of these funds have paid for the construction of permanent structures, such as seawalls and flood walls, along with the elevation of critical equipment, water intrusions also occurred through sidewalk vents, station entrances, manholes, yard entrances, and other portals. These entrances cannot be permanently closed to prevent water intrusions without

affecting transportation services. To protect these vulnerable locations, NYC Transit purchased and installed over 3,500 flood control devices, at a cost of approximately \$350 million.

An audit of NYC Transit preparations found that the agency made significant progress since Hurricane Sandy, but considerable work was still required to protect the subway system from flooding caused by future storms. Most of the basic mechanisms were in place; however, the agency needed to transition from overseeing the design and installation of essential flood control devices to focusing on the long-term responsibility of deploying and maintaining them, in order to be ready to act with the necessary speed and proficiency.





Each of these devices must be manually deployed ahead of a storm. The enormity of this task, including the required manpower and coordination needed, cannot be overstated. The NYC Transit Hurricane Plan estimated that to prepare the entire subway system to withstand a hurricane, the system would need to be shut down approximately 12 hours before the storm. Other critical storm-related activities, such as requisitioning supplies and checking staff levels must begin even earlier, approximately 72 hours prior to the weather event.

OIG recommended that NYC Transit develop a more coordinated and streamlined approach to its information system and procedures to better support the maintenance and deployment of

all flood protection devices. In particular, the agency needed to improve the communication between the vendors who manufacture and install the devices and the employees responsible for maintaining and activating the devices.

OIG found that each user group has been tasked with coordinating its own procedures and preparations independently of the other groups and that a more coordinated approach would be beneficial to all involved. In addition, the responsibilities that overlap between the groups – such as maintenance checklists, training, scheduling mock deployments, and spare parts inventory and control – would benefit from centralization. NYC Transit accepted 14 of 15 recommendations.

MTA Should Not Have Paid Overtime for Construction Safety Inspections (2021-32)

OIG audited the accuracy of billings from a management firm, Willis Towers Watson (Willis), with which the MTA holds a contract with to oversee safety inspections. The audit found that Willis inappropriately billed, and MTA paid, \$226,350 in overtime expenses during the first six months of 2021. If the pattern for overtime charges and approvals was consistent throughout the contract, OIG estimated that the MTA could have overpaid the contractor as much as \$528,150 since the start of the contract in 2017.

Specifically, OIG found that the MTA approved the invoices even though the charges were not consistent with the agency's contract with Willis. Willis was billing staff time at 1.5 times the regular rate (overtime) even when an inspector had not first worked 40 regular hours, as required by the

MTA contract. If the hours had been classified correctly, the MTA would have paid a lower rate for hundreds of inspections, saving \$75,450 over the six-month period.

Moreover, MTA officials were unaware of the contract's requirements for overtime payments. Had they been aware, they could have identified billing errors found by OIG and prevented overpayments.

OIG recommended that the MTA strengthen its review and approval process over vendors' billings and hold its contractors accountable for meeting contractual requirements concerning overtime. The MTA accepted the two recommendations and has implemented them.





MTA Has an Opportunity to Improve Employees' Compliance with Training Requirements (2022-02)

The MTA requires its employees to take certain non-operational training courses on a regular basis, ranging from recognizing and addressing sexual harassment to prevention of violence in the workplace. The designated courses – which are developed by New York State and the MTA itself – address key topics necessary to keep the workplace healthy, safe, and productive. Failure to complete the courses increases the likelihood that employees will unknowingly engage in behaviors that could hurt themselves, their operating unit, or the MTA. A 2020 investigation by the OIG raised concerns that some MTA employees had not complied with the training requirements. To determine the extent of compliance in both 2017 and 2019, OIG Audit staff reviewed the records of four operating units: MNR, LIRR, and the Departments of Buses and Subways of NYC Transit.

Overall, OIG found that compliance with training requirements varied by agency and training course, with some of the lowest compliance rates in Subways. There has been little managerial accountability or enforcement of the requirements

and as a result, many MTA employees did not complete the required training in 2017 and 2019. Notably, in 2019, Buses and LIRR did not adhere to New York State law requiring employees to attend annual training in sexual harassment prevention. Subways and MNR did require employees to take the training but had very low completion rates (58% and 43%, respectively). In the absence of MTA-wide guidelines, MTAHQ considered each agency responsible for confirming that employees had completed the training.

OIG determined that the MTA needed to establish clear and consistent policies, and specific compliance goals, so employees' rates could be tracked and expectations set, improving participation in the training program. OIG also recommended that the MTA ensure that all employees complete sexual harassment prevention training annually, in accordance with State law. MTAHQ accepted all recommendations, with expected dates for implementations in 2022 and 2023.

Construction Project Increase Indicates Need for Improvements in Communication and Planning (2022-06)

In June 2021, while a \$25 million NYC Transit project was underway to replace and upgrade signal equipment – including cables – on the Jamaica and Myrtle Avenue lines, MTA officials presented a \$2.89 million additional work order (AWO) to the MTA Board to replace cable trays as part of that project. The additional funds were necessary because the construction contractor had observed that approximately 6,440 feet of cable trays at 12 stations on the Jamaica line were badly deteriorated and could not properly hold the new cables. Cables that transmit signals are often run through and supported by cable trays located below the platform edges of elevated subway lines.

MTA C&D and NYC Transit Maintenance of Way managers agreed with this assessment, and C&D prepared and negotiated the AWO to allow the existing contractor to replace these cable trays. OIG decided to research the history of this AWO both because it represented a relatively high dollar amount that was over 10% of the original contract cost and because C&D, in its communication with the MTA Board, categorized the AWO as having been necessitated by a “field condition.”



OIG’s audit found that the AWO for cable trays was not the result of a field condition but was in fact a design omission that should have been – but was not – identified at several points in the capital planning and design phases of the project. The MTA spent millions of dollars on a work order to correct a construction issue that should have been part of the original project scope. By contracting for the work later, the MTA risked paying a premium for the addition. In this case, the agency devoted an additional \$2.89 million to a \$25 million contract to replace and update signal equipment on NYC Transit’s elevated tracks near Jamaica and Myrtle Avenues.

The evidence OIG collected indicates that this oversight was likely a mistake in judgment by design staff. More importantly, though, the omission was not identified and corrected during the design phase by other MTA departments due to insufficient communication and review. OIG recommended that the MTA require its staff to clearly list all significant project elements in master plans and review current project management procedures. C&D designers should explicitly list all key elements in the scope of work and proactively communicate all substantial design changes to user groups. Further, construction managers should correctly categorize the cause of additional work orders. C&D and NYC Transit accepted all seven OIG recommendations, agreeing that good communication and planning were important when developing capital program projects.





EEO Complaint Management Process Needs Improvement (2022-07)

In 2022, OIG reviewed the MTA's process for managing complaints by employees and others relating to possible violations of Equal Employment Opportunity (EEO) protections, such as discrimination in the workplace based on specific personal traits and characteristics. As part of a transformation process, the MTA reorganized many administrative and management functions between 2019 and 2021, including EEO, which provided an opportunity to strengthen procedures across the agencies.

Unfortunately, the OIG review found that EEO investigations often exceeded the MTA's goal of completing investigations within 120 business days from the initial processing of a complaint to the determination of whether a policy violation had likely occurred. These delays were caused primarily by a severe, and continuing, shortage of EEO investigative personnel, which, for multiple reasons, has been difficult for the MTA to address. These include the focus on limiting new positions or the filling of vacancies for cost-cutting purposes; the Covid-19 pandemic and related budget shortfalls; and a competitive job market for EEO personnel.

All MTA agencies have been experiencing a lack of EEO personnel. Specifically, OIG's analysis revealed that the overall ratio of NYC

Transit employees to EEO investigators was overwhelming: in 2019, a single investigator was responsible for handling complaints for every 23,000 workers. Though NYC Transit made strides in its hiring by 2021, shrinking the ratio to about 8,300 workers per investigator, the staffing at other agencies had not increased as much. Overall, the figures remain in worrisome imbalance.

In addition to identifying delays, OIG's inquiry found significant differences in the way the operating agencies addressed several aspects of the complaint process. OIG recommended that the agencies should adjust their procedures to fit within the Department of Diversity and Civil Rights' overall framework while retaining helpful agency-specific flexibility. An updated all-agency policy would provide valuable guidance, and Department of Diversity and Civil Rights should explain and promote the role of the agencies' EEO Offices more effectively, increasing accessibility and transparency.

OIG made 12 recommendations for improvement. The agency agreed with six recommendations, partially agreed with four, and disagreed with two; the agency's response included expected implementation dates in 2022 and 2023 for the actions the agency agreed to take.

MTA Should Improve its Oversight of Service Contractors' Performance (2022-11)

Private firms provide a wide range of critical services to support the daily operations of the MTA. In the 12-month period leading up to June 30, 2022, the MTA spent more than \$1.3 billion on over 500 service contracts for NYC Transit, LIRR, MNR, Bridges and Tunnels, and MTAHQ.

Although the MTA outsources this vital work, the agency remains responsible for its quality and must conduct adequate oversight to protect the agency's financial interests and ensure that its operational needs are met.

For many years, OIG has released audit reports identifying weaknesses in the way particular MTA operating units monitored and evaluated contractors' performance. The firms mentioned in recent reports provided a diverse array of services and functions, such as escalator maintenance and repairs, crane rental and operations, background checks for job applicants, management consulting, safety inspections, and more. However, OIG had never sought to summarize its findings about oversight deficiencies as a single, widespread area of concern – until 2021, when OIG initiated a project to do just that.

OIG reviewed its past audit reports to identify common themes and deficiencies. In addition, to

gain an up-to-date understanding of the agency's oversight activities, OIG interviewed 46 MTA employees, most of whom were responsible for monitoring service contractors' day-to-day performance. They were collectively called "project managers" for the purposes of OIG's report. OIG found that the MTA had not sufficiently defined the role of project manager and did not train project managers in the fundamentals of contractor performance oversight. Further, project managers did not regularly communicate with colleagues in key roles, and the MTA did not have an accurate list of employees who were actively responsible for project management duties.

OIG recommended that the MTA clearly define the project manager role, develop written standards and procedures for project managers to follow when overseeing contractors' performance, design and implement a training curriculum on the fundamentals of contractor performance oversight, establish procedures to facilitate communication both between project managers and individuals with contract administration responsibilities and among project managers working on the same multi-agency contracts, and ensure that project managers are properly designated in the MTA's electronic system. The MTA acknowledged or agreed to all eight recommendations.





Estimated Billings for MTA's Electricity Usage Require Correction (2022-10)

The MTA and its operating agencies require a variety of utility services, including electricity, fuel oil, natural gas, water, and sewer, to run the transportation system. In 2021, the MTA spent about \$570 million annually on utilities – 77% of which is for electricity service.

Typically, utility customers should only pay for the energy or service they actually use. For billing purposes, a utility company is required to obtain an actual meter reading for every customer's account on a regularly scheduled basis. However, under certain circumstances, including when electric meters malfunction or the utility company cannot access a customer's meters to obtain actual readings, New York State Public Service Commission regulations allow utility companies to render estimated bills for a limited number of billing periods while working with the customer to obtain actual meter readings or implement other corrective actions.

OIG learned that many MTA electric accounts might have been receiving estimated bills on a long-term or even permanent basis. Given

the potential that the MTA might have been overpaying for electricity, OIG initiated an audit to determine whether the MTA was adequately verifying its electrical usage and reviewing the amounts billed for that service.

OIG identified 94 electric accounts with the most consecutive estimated bills during the 24-month period from October 2019 to September 2021 and found that 20 of the 24 billing periods were based on estimated readings, for a total of more than \$139 million. Although the billing for some of these accounts were based on a combination of actual and estimated usage, MTA's utility billing database only shows the billing amounts for the entire account as an estimate. While these accounts represent only a small percentage of all the MTA electric accounts, they had some of the biggest estimated bill amounts. OIG selected 21 of these accounts, which together used 60 meters to measure electricity usage. OIG visited the electric meter locations to determine whether the meters still existed, were accessible for actual meter readings, and were in working order.

OIG found concerns with 31 of the 60 meters. Ten of the meters for seven accounts were out of service on the dates OIG visited. All seven accounts had been billed on an estimated usage basis at least since October 2019. Twenty-one meters belonging to six accounts were not found at their assigned service locations. Instead, OIG found 22 meters with different identification numbers than those listed in MTA records for five of the six accounts. Further, six of the 22 meters were also not working at the time of OIG's visit.

Final readings had not been captured for any of the 21 meters that were not found. Because these accounts had been billed on an estimated basis since October 2019, final meter readings should have been used to determine the actual electricity usage and to correct the estimated billings. Now, the actual amount of electricity used and the associated cost will never be known.

To address the inappropriate long-term usage of estimated billing, MTA agencies have been working with the providers to upgrade the old electric meters with Advanced Metering Infrastructure meters to allow the providers to collect actual usage data remotely and provide more accurate bills. The agencies have also reviewed selected accounts and identified overpayments of approximately \$7.1 million due to incorrect billings and insufficient verification of the estimated usage totals.

However, these agencies' reviews covered only a small number of estimated billing accounts, and the MTA needs to examine many more accounts for potential overpayments. OIG made four recommendations to eliminate the use of long-term estimated billing and to make other improvements. The MTA committed to reduce a significant number of long-term estimated bills and provided a plan to accomplish this by the end of 2023.



Outage of Streaming Video during April 2022 Shooting (2022-12)

In the past 20 years, NYC Transit has made substantial investments to install security cameras in the subway system. Currently, there are over 10,000 security cameras throughout the subway system. Those cameras have assisted the NYPD with innumerable criminal investigations. However, on Tuesday, April 12, 2022, in the aftermath of a subway shooting near the 36th Street Station in Sunset Park, Brooklyn, NYC Transit reported that the camera network at that station was not functioning. To gain a better understanding of what happened with the camera network, OIG initiated an inquiry into the cause of the outage during that critical time.

OIG's inquiry found that shortfalls in staffing, maintenance, and internal controls – along with a breakdown of communication – significantly delayed both the discovery that the video was not streaming in the days prior to the shooting and then the eventual repair of the network.

- The video stream at the affected stations went down at 5:21 PM on Friday, April 8, four days prior to the shooting;
- This outage was not discovered for 24 hours, until 6:00 PM on Saturday, April 9;

- When the outage was discovered, confusing and inadequate reporting protocols meant that an employee's notification about the outage went unnoticed until OIG's inquiry;
- The workforce tasked with maintaining the camera network equipment is insufficiently trained; and
- The maintenance protocol for the network equipment is deficient.

OIG ascertained that NYC Transit must ensure adequate staffing for all positions, but especially for the highly skilled roles responsible for monitoring the network and overseeing complex repairs to network equipment. Management must establish clear, formalized communication protocols within and among the different groups with responsibility for the streaming camera network. They must provide regular, formal training for all staff charged with monitoring and maintaining the streaming camera network. Further, NYC Transit must develop thorough maintenance procedures for its camera network equipment that are in line with the recommendations of the equipment manufacturer and NYC Transit must develop and adhere to a regular, frequent preventative maintenance schedule for all camera network equipment.





Covid-19 Employee Testing

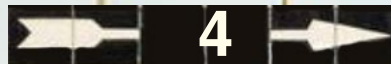
During the Covid-19 pandemic in 2020-2022, the MTA faced an extraordinary challenge by providing essential travel services to the New York City region while also protecting the health and safety of its employees. As one key element of the agency's response, the MTA tested employees for the virus through emergency contracts with third-party testing providers. During the 20-month program, from October 2020 through June 2022, the vendors produced approximately 510,000 test results at a cost of more than \$30 million.

Administering the MTA's Covid-19 employee-testing program included procuring vendors and negotiating contractual terms; overseeing contractors' performance; obtaining test result data; and authorizing payment for program-related expenses. OIG learned that the testing program achieved extraordinary outcomes under

very challenging conditions. For example, as the volume of tests tripled from almost 20,000 in October 2021, when the "Vax and Test" program began, to just under 60,000 in December 2021, the MTA worked with its provider to quickly increase the number of locations where employees could initiate testing. OIG concluded that the MTA deftly handled other critical program functions as well, including the transportation of test kits and the hiring of additional medical professionals.

To prepare for the next significant crisis, OIG conveyed to the MTA the need to conduct a "lessons learned" review of the employee testing program, taking advantage of all that was learned in the procurement and contracting processes during the Covid-19 pandemic.

Customer and Employee Safety



Customer and Employee Safety

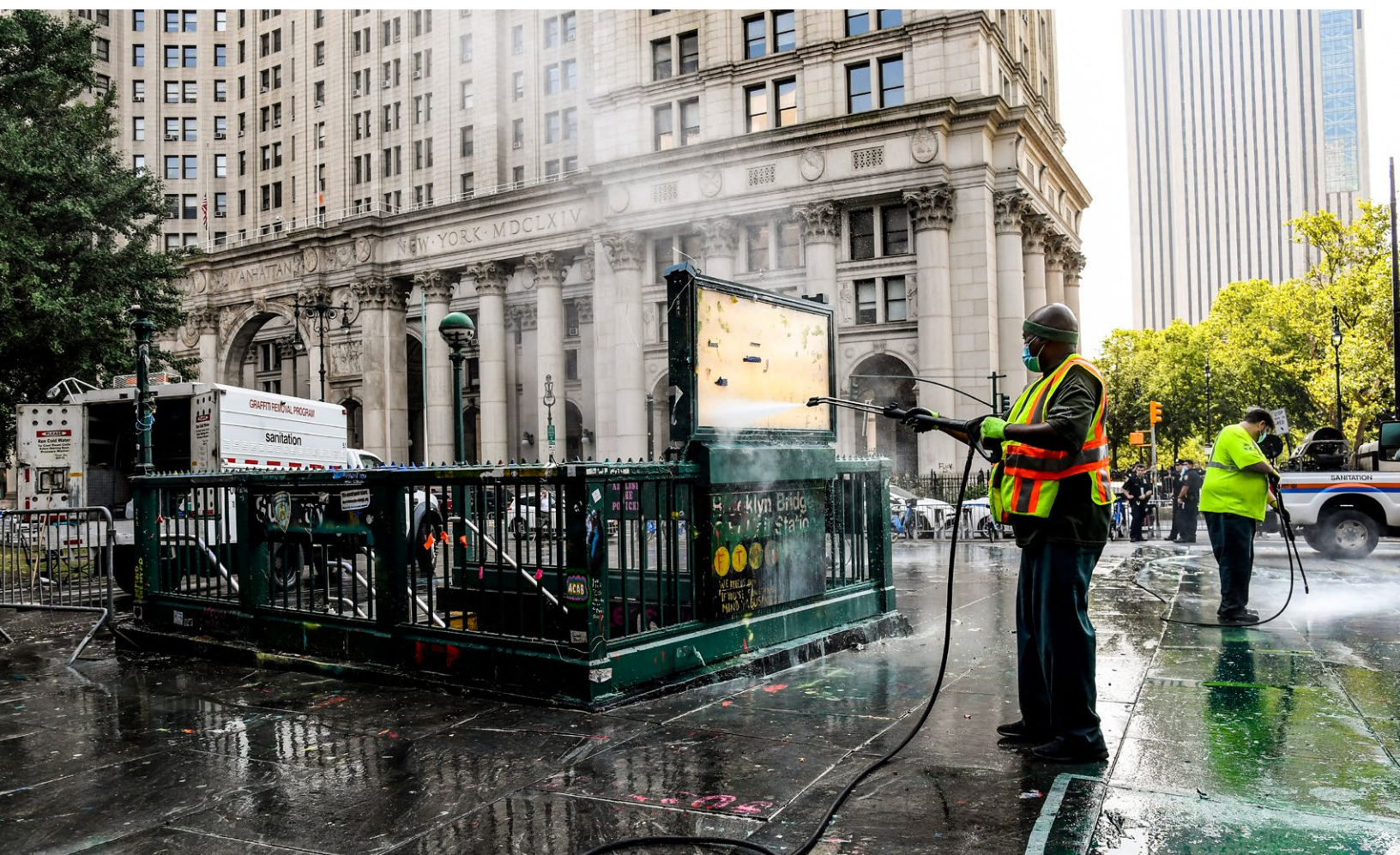
False Statements by NYC Transit Escalator and Elevator Superintendent (2019-30)

On February 25, 2019, a dangerous escalator wreck occurred at the Fifth Avenue/53rd Street station. OIG's prior separate report on the wreck had explained that worn elements could have been identified during routine preventive maintenance. But in the six months prior to the wreck, all four scheduled preventive maintenance visits were either cancelled or begun but not completed.

During the review of the escalator wreck, OIG found that a superintendent recorded misinformation about scheduled maintenance for that location and others, months after work

was supposed to be completed. Specifically, OIG found seven instances in which the Elevators and Escalators (E&E) superintendent prepared and submitted memoranda for his supervisor's signature that contained false information justifying why preventative maintenance was cancelled for six escalators months earlier. The superintendent's answers to the OIG as to why he cited false information were evasive and not credible.

Based on OIG's review, the E&E superintendent was reprimanded in 2022 for falsely claiming that unplanned visits for repairs had taken place.



NYC Transit Fire Suppression Systems Require Immediate Attention (2022-05)

OIG issued an urgent flash letter in the Spring of 2022 to inform NYC Transit of auditor observations at the 207th Street Yard during an OIG audit of fire alarm and fire suppression systems in NYC Transit facilities. OIG had observed water flow tests being conducted to determine whether the fire loop provided enough water pressure to accommodate a new fire pump, which was to help protect a new building under construction at the yard. OIG learned that the water pressure was determined to be insufficient by C&D and the Consulting Construction Management firm actively overseeing construction of the new building.

Not only was the fire loop incapable of accommodating the new fire pump, but OIG also observed low pressure test results in other areas of the fire loop.

Fire loop water pressure is a key component in ensuring employees' safety in case of a fire emergency. During the review, OIG requested fire pump testing results and learned that these annual tests had not been completed since 2020. OIG recommended that the MTA immediately conduct tests for all 23 fire pumps, install proper gauges necessary to conduct the tests, review all 2020 fire pump tests, and provide training to fire suppression and hydraulic personnel on the correct testing procedures for fire pumps. The MTA implemented three of these recommendations in 2022.

OIG's broader look at fire alarm and fire suppression systems in NYC Transit yards was released in early 2023.



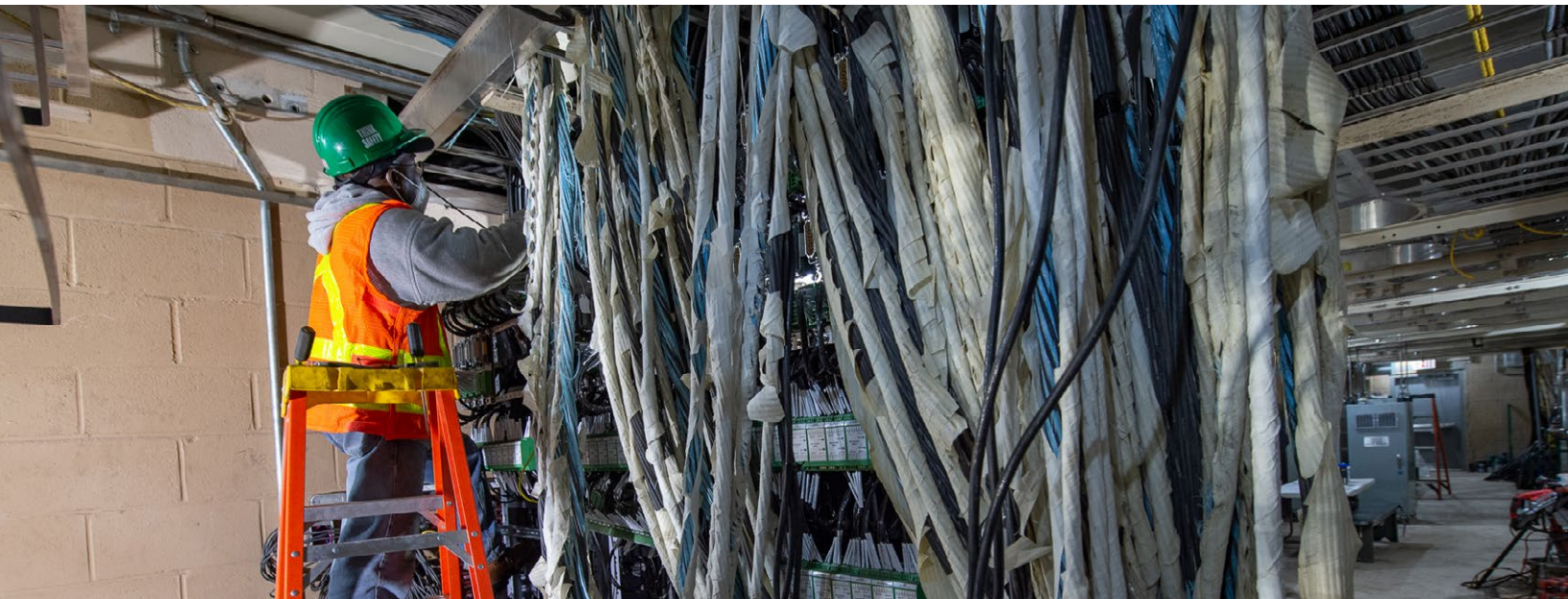
Fire Safety Systems in NYC Transit Yards (2022-08)

Across the sprawling service area of the MTA, NYC Transit maintains a network of subway yards staffed by thousands of employees. In 2020, personnel from OIG observed that some yards' fire alarm and fire suppression systems were old and in poor condition; OIG then initiated an audit on the condition and maintenance of these systems in the 207th Street Yard, Corona Yard, Coney Island Yard, Westchester Yard, and two electrical substations. The 35 buildings at these sites house critical facilities, such as relay buildings, overhaul shops, and maintenance buildings.

OIG identified deficiencies in the agency's compliance with inspection, testing, and maintenance requirements for several fire alarm and fire suppression systems, as well as the adequacy of its policy instructions. OIG also found that in many instances the agency provides insufficient training and oversight of key personnel related to those systems and relies on aging equipment to issue alerts or suppress fires in its yards. One of the OIG's initial findings was that the fire pumps had not been tested annually as required (Report #2022-05); these pumps are needed to create sufficient water pressure and volume when fighting a fire. However, separate

from the fire pumps, the agency had not fully established testing requirements for the balance of the fire suppression systems prior to OIG review. Further, daily facility safety inspections were not always performed, fire alarm system indicators were often local alarms in remote locations that went unmonitored, facility staff and NYC Transit security guards were unaware of correct fire alarm protocols, and there were no properly established testing certification requirements or testing oversight.

NYC Transit needs to better understand the current system's limitations and mitigate any weaknesses where possible. OIG recommended NYC Transit create a separate fire alarm and fire protection systems checklist for critical fire safety items, where only knowledgeable individuals were designated to perform both the existing daily inspection checklists and new fire safety checklists. Also, these safety checklists should be reviewed periodically by facility management. The MTA must verify that all applicable systems meet FDNY testing requirements and have current accounts. In total, OIG issued 13 recommendations and the MTA plans to take action on the issues raised in the report.



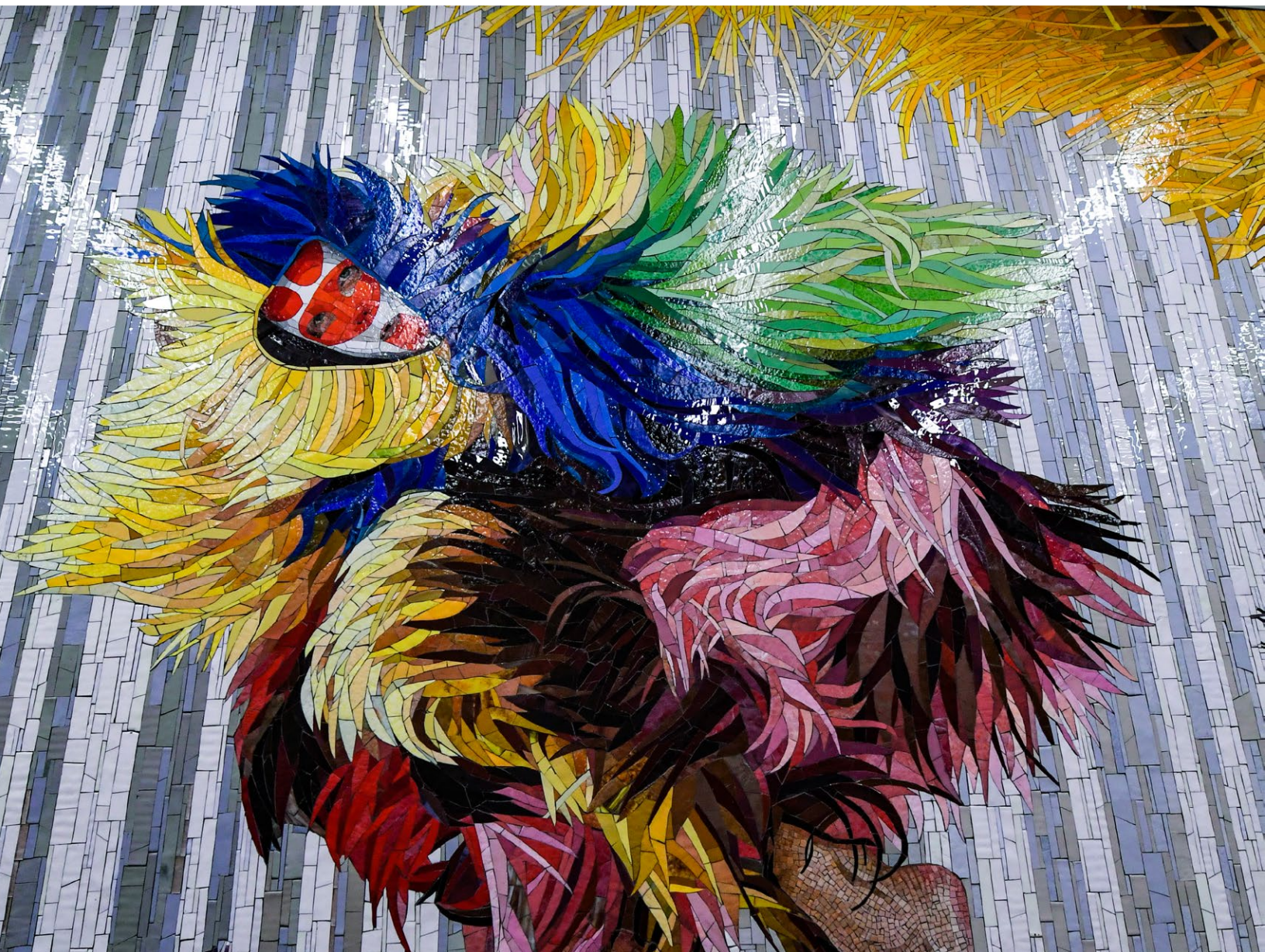
Erratic Behavior of MTA Employee Onboard Train

OIG was notified about an incident on an MNR train where an MTA employee was alleged to have threatened a passenger and acted in a menacing fashion. OIG investigators and MNR Security recognized the potential workplace violence issue concerning the MTA employee and worked to identify the employee. Once identified, the

employee was sent for medical assessment and fit for duty observation. The employee failed to follow through on instructions and continued to act in a concerning manner. As a result, the employee was suspended, with access to work locations revoked, and was ultimately terminated.



Construction and Vendor Integrity Monitoring



Construction and Vendor Integrity Monitoring

Task Force on Superstorm Sandy Recovery & Resiliency Monitoring

In response to a Federal Transit Administration requirement to provide monitors for the projects funded by the \$4.8 billion Superstorm Sandy Recovery Grants, the MTA established a monitoring oversight committee, which includes the OIG. By having OIG and MTA's internal audit division do this monitoring work, instead of third-party monitors, internal MTA estimates show that the MTA could avoid costs of up to \$48 million which could be used for other construction projects. There were 18 Sandy projects monitored by the committee in 2022: 13 NYC Transit projects, 2 MNR projects, 3 LIRR projects.

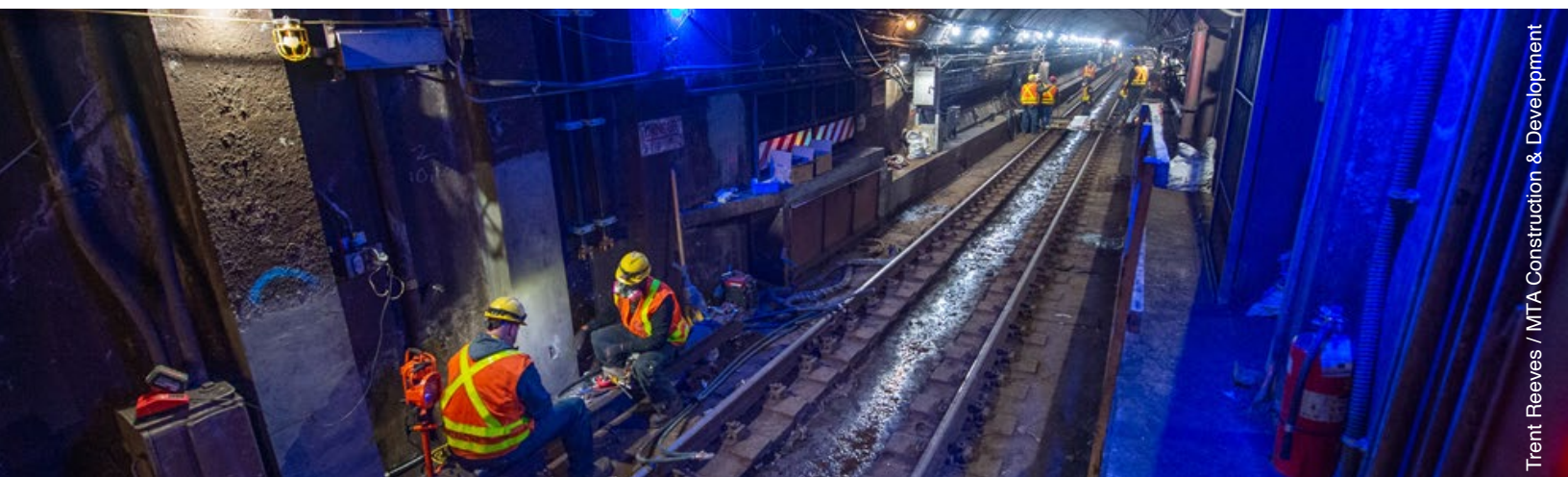
OIG performed the following Sandy monitoring activities:

- Assisted in developing a new Fraud Awareness video training program to be rolled out to Construction & Development personnel by MTA in 2023.
- Conducted 29 background checks of vendors and contractors working on Sandy grant-funded projects to assess the integrity of parties contracting with the MTA.
- Attended 165 construction progress meetings and 2 project kick-off meetings.

While participating in progress meetings, OIG staff pay close attention to how workers and projects are being affected by the Covid-19 pandemic in order to document conditions in support of possible future delay claims.

- Conducted 29 background checks of vendors and contractors working on Sandy grant-funded projects.
- Conducted 32 site visits (either using OIG staff or consultants) to observe compliance with contract requirements.
- Conducted 16 disadvantaged business enterprise (DBE) home office visits to assess the current validity of their DBE certifications.
- Reviewed 41 change orders totaling \$15,836,678 (this includes credit change orders) that increased project costs by \$12,604,307 to verify that they were clearly and thoroughly documented per MTA policies and procedures.

OIG will continue to monitor construction projects funded by Superstorm Sandy Recovery Grants until all the work is completed.



OIG Oversight of Monitors for LIRR Third Track and East Side Access

For 2 megaprojects, LIRR Third Track and East Side Access, OIG reviews third party monitor reports, attends the quarterly compliance monitors' meetings run by the MTA Deputy Chief Risk Officer, and shares, receives, and acts upon information with the appropriate compliance monitor oversight group as necessary.

LIRR Third Track is a \$2.6 billion expansion effort which includes 50 projects to modernize 9.8 miles along the congested Main Line of the LIRR between Floral Park and Hicksville.

East Side Access is an over \$11 billion project to provide new LIRR service to the east side of Manhattan, supplementing existing service to Penn Station on Manhattan's west side and Atlantic Terminal in Brooklyn. The East Side Access megaproject is one of the largest transportation infrastructure projects currently underway in the United States.





OIG Consults on Vendor Performance and Integrity

OIG assists MTA Vendor Relations staff in a wide range of activities, from reviewing independent private sector inspector general reports and sharing intelligence regarding “Significant Adverse Information,” to attending and participating in responsibility hearings before, during, and after contract award. OIG consults with Vendor Relations on vendors who have Significant Adverse Information to determine if the imposition

of an independent monitor is warranted. These consultations may include, where appropriate, the sharing of information obtained from OIG’s investigative partners on certain vendors. OIG coordinates with its investigative and regulatory partners when it becomes aware of relevant adverse information about vendors.

MTA Contractor Misconduct: Vendor and Employee Accountability

The principal and two senior employees of Navillus Contracting were indicted and convicted of Mail and Wire Fraud in the Eastern District of New York for their participation in a scheme to avoid provisions of Collective Bargaining Agreements with various unions. The parties made it appear that certain workers were performing work for a consulting company that was set up to avoid paying union benefits, when in reality those workers were working for Navillus. OIG assisted

the MTA Vendor Relations staff in determining a strategy for Navillus, an MTA vendor, on future MTA business, as well as coordinating with the Port Authority Inspector General's Office and NYC Department of Investigations, whose underlying agencies also contract work to Navillus. The MTA held responsibility hearings for Navillus, which resulted in the imposition of a monitor to ensure that the owner and senior employees were no longer involved with Navillus.



Overtime Abuse and Other Employee Fraud



Overtime Abuse and Other Employee Fraud

Outcome of Overtime Abuse Cases: Federal Prosecution of LIRR and NYC Transit Employees

In December 2020 and February 2021, the United States Attorney's Office for the Southern District of New York charged six current and former LIRR employees on allegations of overtime fraud as a result of an OIG investigation into high overtime earners. All six defendants pled guilty to one count of Conspiracy to Commit Federal Program Fraud and have been sentenced as detailed below. Additionally, the defendants are jointly and severally liable for making restitution in the total amount of \$109,641.

- John Nugent (LIRR) was sentenced on November 4, 2021 to 5 months in prison, 5 months home confinement, and 3 years supervised release.
- Thomas Caputo (LIRR) was sentenced on February 4, 2022 to 8 months in jail, 3 years of supervised release (6 months in home confinement), and 200 hours of community service.
- Joseph Balestra (LIRR) was sentenced on May 5, 2022 to 3 months in jail, and 3 months home confinement.
- Frank Pizzonia (LIRR) was sentenced on May 11, 2022 to 2 months in prison, 3 years of supervised release (first 3 months in home confinement), and 200 hours of community service.
- Joseph Ruzzo (LIRR) was sentenced on June 6, 2022 to time served and ordered to perform 200 hours of community service.
- Marco Pazmino (LIRR) was sentenced on July 8, 2022 to time served and 2 years of supervised release.



Time Abuse and False Filings by Track Worker (2022-01)

OIG substantiated an allegation received from NYC Transit that a NYC Transit track worker committed time abuse and filed false time records.

Specifically, the track worker submitted 31 false Deviated Time Sheets to claim hours she worked at locations to which she did not go. From November 2018 to June 2019, the track worker stole at least 142 hours of time and received over \$5,400 for overtime hours she did not work. In addition, the track worker did not cooperate with

the OIG's investigation when she did not fully and honestly answer the OIG's questions.

In response to OIG's investigation and report, NYC Transit suspended the track worker, seeking the penalty of dismissal, but the track worker appealed this decision. In May 2022, an arbitrator found that NYC Transit had just cause to discharge the track worker and that her testimony during the hearing was not credible.

Overtime Abuse by NYC Transit Employees: 38th Street Yard

OIG determined that three NYC Transit workers at the 38th Street Yard were collecting overtime when they were not on duty. OIG initially consulted with law enforcement concerning the workers' conduct, but ultimately referred this matter to

NYC Transit. These workers retired while pending investigation, but NYC Transit placed disciplinary letters in their files in the event they seek future employment.

Overtime Abuse by LIRR Employee: Track Foreman

An LIRR track foreman was observed by OIG investigators leaving his overtime shift approximately four hours early, despite being paid for that time. The foreman was disciplined

by the LIRR. He admitted to his overtime theft, received 30 days suspension, and was required to reimburse the LIRR for the unaccounted time.



Overtime Abuse by LIRR Employee: Crane Engineer

OIG substantiated an allegation that an LIRR crane engineer committed overtime abuse and submitted false time records. Specifically, the crane engineer was supposed to be working a 24-hour overtime shift, but instead he spent a portion of that time away from his work location at a hotel. He then submitted a false labor sheet indicating that he worked his entire overtime shift.

The results of the investigation led the LIRR to suspend the crane engineer for 90 days without pay. The crane engineer accepted this outcome and further agreed that, upon returning to duty, he would only work in locations with supervisory monitoring for an eight-year period.

Workers Compensation Fraud by NYC Transit Employee: Train Operator

On March 28, 2022, in Kings County District Court, Giovanni Seminario, a NYC Transit train operator, was sentenced for Workers Compensation Fraud to three months in jail (which was time already

served) and three years probation, as well as restitution of \$66,312 to the MTA. OIG referred the case to the Kings County District Attorney and assisted with the investigation.

Criminal Tax Fraud by NYC Transit Employee: Bus Maintainer

An OIG investigation revealed that Desmond Stanislaus, a NYC Transit Bus Maintainer, was engaged in dual employment and under-reporting income in connection with an outside business. The matter was referred to the Kings County District Attorney's Office and in April 2022, Stanislaus pled guilty to the misdemeanor of

Criminal Tax Fraud in the Fifth Degree. He was sentenced to a one-year conditional discharge and restitution in the amount of \$66,870.

Additionally, OIG referred the case to NYC Transit for discipline, which resulted in Stanislaus serving a 285-day suspension.



Procurement Fraud Violations and Ethics Concerns



Procurement Fraud Violations and Ethics Concerns

Testing of MTA's N95 Respirator Performance (2022-03)

After learning that N95 masks procured by other agencies in the United States were found to be counterfeit, OIG obtained the service of an independent laboratory to test a sample of N95 masks that were selected from the MTA's inventory.

In addition to reports of counterfeit masks procured by other agencies in the United States, the Center for Disease Control had posted alerts since 2019 on its website of numerous companies falsely claiming that their masks were National Institute for Occupational Safety and Health approved N95 products. Naturally, these reports and alerts raised concern about the performance of the MTA's N95 mask supply.

To continue maintaining essential transit service to the public throughout the Covid-19 pandemic,

the MTA needed to provide its frontline employees with the appropriate personal protective equipment, including N95 masks. The MTA spent more than \$11.2 million for approximately 6.4 million N95 masks during the seven-month period ending in mid-October 2020. OIG learned that the masks were purchased from three suppliers, which had been vetted by MTA Procurement. Reportedly, while the MTA's supply of masks was produced by two National Institute for Occupational Safety and Health approved manufacturers – 3M and Makrite Industries, Inc. – independent testing of the mask performance was not conducted as part of the vetting protocol.

OIG was pleased to report that the laboratory tests verified that all the sampled masks met the performance requirements specified by the National Institute for Occupational Safety and Health.





Bribery and Kickbacks by a Metro-North Railroad Employee

James Berlangero, a former contract manager for the Procurement and Material Management Department of MNR, pled guilty in New York County Supreme Court on May 26, 2022, to one count of Corrupting the Government in the First Degree for accepting bribes and violating the integrity of MNR's procurement process. Berlangero unlawfully helped a subcontractor

secure contracts in exchange for kickbacks totaling more than \$70,000. Specifically, he disclosed confidential MNR information on multiple Requests for Proposals and contract awards which provided that subcontractor with an unlawful advantage over its competitors. On September 13, 2022, Berlangero was sentenced to one to three years in prison.

Various Abuses at the Linden Yard (2021-19)

The OIG substantiated an allegation that a NYC Transit maintenance supervisor was charging his personal Tesla electric car at his work location, the NYC Transit's Linden Yard. In addition, the maintenance supervisor had purchased a new outlet with a NYC Transit procurement card, around the time he purchased his Tesla, and directed an employee to install the new outlet.

The OIG was able to observe the maintenance supervisor charging his car. Based on OIG's investigation and findings, the maintenance supervisor was suspended for two days without pay.

Further, this investigation also found that several employees used their procurement cards to purchase office furniture and paint without seeking proper secondary approvals. For example, the OIG found that Linden Yard staff constructed a kitchen, updated an existing kitchen and constructed a new bathroom without following proper NYC Transit protocols related to employee facilities. As a result, the NYC Transit closed the procurement card accounts for two Superintendents, who have since retired. NYC Transit also distributed a bulletin to operating employees, outlining the appropriate procedure for renovating employee spaces.

MTA Vendors' Conflicts of Interest (2021-28)

An OIG investigation found that the business relationships between MTA vendors created the appearance of, and actual, conflicts of interest. One of the vendors provided consultant services through employees assigned to work in-house at the MTA who were virtually indistinguishable from MTA employees. These vendor employees had unique access to non-public confidential MTA information. That same vendor was awarded subcontracts on projects it had provided MTA in-house support on by a second vendor, a consultant hired to manage those MTA projects.

This dual role of the in-house consultant creates a risk that sensitive MTA information could be shared to the advantage of vendors who were competing for projects. Further, OIG found that an executive of one of the vendors had a financial

interest in the other vendor, which created an additional conflict of interest. OIG concluded that insufficient safeguards existed to prevent conflicts of interest created when in-house vendors pursued subcontracts for the same projects on which they provided in-house support.

At OIG's recommendation, MTA held responsibility hearings, where the vendors were afforded the opportunity to address the concerns raised in the report. Both vendors presented the MTA with a plan to ensure all employees understand the importance of securing confidential information as well as training to recognize and address potential and actual conflicts of interest. In addition, the MTA agreed to evaluate how it may strengthen internal controls and make appropriate changes to the MTA Vendor Code of Ethics.



Construction Fraud Task Force: Insurance Fraud by MTA Vendor

As a member of the New York County District Attorney's Office's (DANY) Construction Fraud Task Force, the OIG assisted DANY on an insurance fraud investigation involving an MTA subcontractor, Dragonetti Brothers Landscaping and Florist Inc. (Dragonetti Brothers). The company was complicit in workers compensation fraud against the New York State Insurance Fund (NYSIF) by evading more than \$1 million in insurance premiums while working on City of New

York contracts. On October 14, 2022, Corporate defendant Dragonetti Brothers pled guilty to Insurance Fraud in the Second Degree. Nicholas Dragonetti, president of Dragonetti Brothers, pled guilty to Offering a False Instrument for Filing in the Second Degree. In addition, the defendants will pay over \$1.2 million in restitution to NYSIF. The company was also debarred and subject to monitorship.

Inaccurate Campaign-Related Filing by Former NYC Transit Vice President

David Henley, a former Vice President for the Division of Capital Planning at NYC Transit, pled guilty to a violation in New York County Supreme Court in connection with his involvement in an incorrect Campaign Finance Board filing. Henley co-sponsored a political fundraiser and claimed an

in-kind contribution of approximately \$868 for food and beverages. Henley's filing was incorrect in that it did not disclose that he was reimbursed the full amount of this contribution by the wife of the CEO for an MTA vendor.



11:38 Babylon
JFK →

11:42 Huntington
Far Rockaway JFK →

MTA Long Island Rail Road 11:04:01

TO GET TO...	TAKE THIS TRAIN	TRACK
Albertson	12:16 Ronkonkoma	J
Amagansett	Check TrainTime app	
Amityville	11:05 Babylon	17
Auburndale	11:19 Port Washington	19
Babylon	11:05 Babylon	17
Baldwin	11:05 Babylon	17
Bay Shore	11:22 Babylon	T
Bayside	11:19 Port Washington	19
Bellerose	11:10 Long Beach	J 16
Bellmore	11:05 Babylon	17
Bellport	Check TrainTime app	
Belmont Park	Special Events Only	
Bethpage	11:16 Ronkonkoma	20
Brentwood	11:16 Ronkonkoma	20
Bridgehampton	Check TrainTime app	
Broadway	11:49 Port Washington	
Carle Place	11:42 Huntington	
Cedarhurst	11:42 Huntington	J
Central Islip	11:16 Ronkonkoma	20
Centre Avenue	11:10 Long Beach	16
Cold Spring Harbor	11:16 Ronkonkoma	T 20
Copaque	11:05 Babylon	17



Stay Connected



The OIG is proud of these achievements and continues to encourage all members of the public, including MTA employees, outside contractors, vendors, and management, to report their concerns about the MTA and its agencies to the OIG's Intake and Intelligence Unit.

To submit a complaint, use the OIG's confidential tip reporting portals:

Online: <https://MTAIG.ny.gov>

Phone: 1-800-MTA-IG4U (1-800-682-4448)

Email: Complaints@mtaig.org

Postal Mail or Walk-Ins: 1 Penn Plaza, 11th Floor New York, NY 10119

