

## Executive Summary

Marlboro State Psychiatric Hospital<sup>1</sup> was targeted for scrutiny in mid-1993 when Commission staff, visiting the institution in the course of an unrelated probe, noticed what appeared to be excessive stockpiling of chemicals and other materials at the Hospital's sewage treatment plant. Upon further investigation, the stockpile was found not only to be excessive but also to contain numerous substances purchased at taxpayer expense that were completely unnecessary for the safe and efficient operation of the treatment facility. Evidence of bribery and pay-offs involving Hospital personnel was subsequently uncovered in an examination of how and why the chemical purchases were consummated.

Thus began a 15-month probe that branched out across a wide range of irregularities and questionable activities at Marlboro dating from the late 1980s to the present.

The results of the investigation reveal a tableau of waste, fraud, thievery and corruption in which the squandering of taxpayer dollars virtually has become business as usual at this institution. Employees steal with abandon. Vendors cheat and manipulate state service and supply contracts. Patient program funds are looted. Personnel rules, such as those governing sick leave, are abused.

The Commission found this pattern of abuse to be facilitated by an utter lack of internal control and oversight. Senior Hospital officials repeatedly exercised lax supervision and poor judgment, allowing multiple abuses to flourish either by directly participating in them or by simply turning a blind eye. A police force maintained by the state Department of Human Services (DHS) and ostensibly empowered to investigate alleged crimes at the Hospital is treated instead as little more than an unit of unarmed security guards.

Clearly, the situation at Marlboro raises a number of serious concerns that demand immediate attention by appropriate authorities. Moreover, the Commission believes that what it has uncovered at Marlboro should serve as an impetus for reform -- as well as a red flag of warning for other institutions that are vulnerable to similar abuses. The Commission leaves it to others to determine whether the findings of its probe warrant a re-examination of this institution's ability to fulfill its fundamental mission -- the provision of adequate care and attention for hundreds of mentally disturbed individuals.

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<sup>1</sup> Marlboro Psychiatric Hospital, one of seven state-run psychiatric institutions in New Jersey, serves an average of 780 adult patients per day with a staff of 1,157 employees and a total budget of \$55.5 million for Fiscal Year 1995.

*The Key Findings:*

**PURCHASING ABUSES**

\* Thousands of dollars worth of chemicals, cleansers and other substances were purchased in excessive amounts at taxpayer expense even though, in numerous instances, there was no use for them in such quantities in the operation of the Hospital or its physical plant. During one six-year period, the taxpayers footed the bill for nearly \$150,000 worth of chemicals that were later determined to have been completely unnecessary for the safe and efficient operation of the Hospital's sewage plant.

\* A sales representative for one major supplier -- State Chemical Co. of Cleveland, Ohio -- offered cash and other inducements to Hospital personnel.

\* When Hospital administrators became aware of these apparent bribe offers, no action was taken to suspend or even scrutinize the firm's contracts.

**STATE CONTRACT MANIPULATION**

\* A State contract designed to provide the Hospital with sewage treatment chemicals was used illegally to the financial benefit of a politically-connected Monmouth County firm, Stacot Distributors, Inc.

\* The firm's owner, Frank Abate, is a former Marlboro councilman and a current member of the Western Monmouth Utilities Authority. The contract was steered to Stacot by the Hospital's chief maintenance officer, Richard Gann, with no oversight or review by top Hospital officials.

**WIDESPREAD THEFT**

\* Between July 1989 and the spring of 1994, property valued at more than \$201,000 was reported stolen from Marlboro Psychiatric Hospital. The range and scope of the missing items, including property owned by patients as well as by New Jersey taxpayers, is so extensive that it could be characterized as a laundry list for pillaging: computers, copying machines, VCRs, tape recorders, furniture, cameras, books, art work and a wide variety of food, to name just a few categories.

\* A notably high level of theft has occurred in the Hospital's maintenance department, which for years has been run as a personal fiefdom accruing to the benefit of some members of a family of longstanding Hospital employees -- the Gann family -- who are held accountable to no one. As a result, the maintenance department has earned a reputation such that Hospital personnel commonly refer to it as "the Marlboro mart." Scores of items large and small -- everything from cases of work gloves and hand tools to electric drills to floor jacks, truck tires and a snowblower -- have disappeared from the department's warehouse, garages and work areas in recent years.

\* In at least one case, lumber and a power tool from the maintenance yard were used by Hospital employees to construct a deck at the home of the Hospital's safety director.

\* Despite police investigations into reported Hospital thefts, few have resulted in actual arrests and prosecution. Police employed on the Hospital grounds by the State Department of Human Services complained that probes into allegations of employee involvement in thefts have been closed "administratively" by police supervisors and Hospital officials on several occasions.

### **MISAPPROPRIATION OF PATIENT ACTIVITY FUNDS**

\* A program designed to assist patients in their transition from the Hospital to the surrounding community was transformed into a slush fund for the personal entertainment and enjoyment of Hospital employees.

\* Commission investigators determined in many instances that employees dipped into the fund -- totaling some \$1.4 million between 1989 and 1994 -- to purchase delivered food and restaurant meals for their own benefit. Also, a review of Hospital records turned up numerous discrepancies in which purchase orders designated for patient recreation actually contained items of questionable value under the program, such as nail polish, garden hose and compact discs.

\* Several supervisors of Hospital cottages where patients are housed expressed frustration over the difficulty of maintaining an inventory of the types of items purchased under this program. They also alluded to a pervasive attitude that Hospital employees are entitled to satisfy personal needs, including the purchase of food and other items, at the expense of patients and taxpayers. This thievery has been facilitated throughout the years by a "code of silence" among fellow employees to overlook such pilfering.

## **EMPLOYEE ABUSE OF SICK LEAVE/INJURY POLICY (SLI)**

\* Lax supervision of the sick leave/injury (SLI) policy, which allows state employees to go on leave up to one year with full pay for illness or injury purportedly suffered on the job, has led to the expenditure of thousands of taxpayer dollars to cover questionable claims.

\* In one case examined in detail by Commission investigators, a Hospital maintenance department/power plant employee, Russell Gann, filed repeated claims for injuries purportedly suffered while on the job. In one instance, Gann was awarded more than \$14,000 and was out of work for nearly one year after claiming he suffered injuries to his ankle and arm in a fall in the Hospital's boiler room. Immediately prior to his report of this incident, Gann had engaged in a month-long freelance demolition job to remove some 40 tons of scrap steel from another facility, but no scrutiny by Hospital officials was given to his claim to determine if there was a link between the off-duty scrap-removal work and his injury. In another instance, Gann took a job plowing snow while collecting SLI pay for a respiratory condition, the cause of which was never officially established.

### *The Past As Prologue*

The Commission's findings are particularly disturbing in light of past investigations in which some of the same significant issues and questions were raised.

In 1983, the Commission revealed widespread irregularities involving local sewerage and utilities authorities across New Jersey. During a two-year investigation, agents found that chemical company sales personnel regularly offered kickbacks, gifts, premiums and other "inducements" to sewer plant operators and other officials with purchasing authority, in order to sell unnecessary chemicals. The Commission also found during that investigation that state contracts were regularly and readily violated by these same unscrupulous salespeople. An examination of purchasing documents in many instances showed patterns of behavior contrary to the best interests of the sewer plant/utility authority and the taxpayers.

That investigation began much the same way as did the Commission's probe of Marlboro a decade later: Commission agents learned that by taking note of the number of drums of unopened chemicals found at the various treatment plants, it could be determined whether a plant operator or superintendent was over-ordering chemicals.

More recently, a 1987 legislative investigation revealed that lax supervision and poor oversight by officials at both Marlboro and at the Department of Human Services had opened the Hospital's wards to convicted felons to be employed as patient attendants.

State Sen. Richard Codey, the then-Chairman of the Senate Institutions, Health and Welfare Committee, spearheaded the probe, posing undercover to gain employment as a Marlboro patient attendant even though he had assumed the identity of a convicted rapist and armed robber. Codey reported that during his brief stint inside the Hospital, he observed numerous instances of abuse of patients and their property by his "fellow employees."

The Codey investigation resulted in legislation requiring more stringent screening, including criminal background checks, of Hospital job applicants. The findings also prompted repeated vows for the reform and strengthening of internal controls in the overall operations of Marlboro and other institutions by the Department of Human Services. A new "management team" was dispatched to the Hospital in the investigation's aftermath, and top priority was given to improvements in oversight mechanisms.

That was seven years ago.

The following is a detailed recitation of what has transpired since.

## PURCHASING ABUSES

### *Excessive Stockpiling of Chemicals*

During a visit and tour of the Marlboro Psychiatric Hospital sewage treatment plant on May 18, 1993, Commission staff members observed many unopened 55-gallon chemical drums stacked in various locations on the facility grounds. A closer inspection revealed rust on the exterior of the sealed lids and on the sides of some of the drums, indicating they had been in storage, unused, for a considerable period of time.

Also noted in the course of this visit were stacks of unopened cases and cartons of janitorial products, including cleansers, soaps, disinfectants, deodorants, and window, floor and carpet cleaning materials. Some of these materials sat in dust-covered stacks in plain view, while others were stockpiled in storerooms and closets.

The Commission conducted a review of agency purchase orders and invoices for these and other materials. Many of the documents indicated repeated orders for degreasing agents, priced at \$1,500 per drum or more. This particular substance drew the Commission's attention not only because of the cost, but also because it was determined that degreasers were unnecessary for sewage treatment plant operations at Marlboro. That finding was made by experts at a private firm, Applied Wastewater Services Co., that was hired in January 1994 as the plant operator. The Commission's review showed that during one 21-month period, between August 1991 and May 1993, 41 55-gallon drums of degreasers valued at more than \$62,100 were purchased for the plant at taxpayer expense from various vendors. In each case, the purchase orders bore the written authorization of Hospital Maintenance Officer Richard Gann or his associate, William Woolley, the Hospital's chief engineer.

Billy Joe Crump, the then-acting manager of the Hospital's sewage plant, told the Commission that Gann and Woolley consistently placed orders for the plant and that many of the items in storage, in addition to the degreasing agents, were unnecessary in the operation of the facility:

*Q. Do you keep any other chemicals aside from those that you use at the sewage treatment plant?*

*A. We keep -- yeah. We have been since I've been there, receiving chemicals we didn't even order.*

*Q. You're talking about at the sewage treatment plant?*

*A. Yes, sir.*

*Q. Are you acting then as kind of a --*

*A. Drop-off system.*

*Q. -- Drop-off system for the warehouse?*

*A. Well, for someone. Because I complained constantly that we're receiving stuff like snowblower blade wax. What would I need with snowblower blade wax, [or] ten cases of window cleaner?*

### *Lax Oversight*

Crump also told of occasions in which materials, including drums of chemicals, in storage both at the Hospital's warehouse and at the sewage plant would abruptly disappear. In the aftermath of such incidents, Crump said, no one in a position of authority asked any questions:

*Q. Has anyone ever questioned you about chemicals which had been stored there but are now missing? ... [D]id anyone say to you, 'what happened to these chemicals that I had stored in your warehouse?'*

*A. No, they don't care where they are. I mean nobody ever comes there and checks or anything like that.*

Crump's testimony was borne out by Jeremiah Mahony, the Hospital's chief fiscal officer. Although Mahony's core responsibilities include approving and monitoring all of the institution's financial transactions, including purchasing, his own testimony revealed an egregious lack of oversight:

*Q. Do you know if the warehouse has a way of keeping track of how many shipments of [a given] chemical have been received on a purchase order?*

*A. Specifically, I don't know, but they do keep a copy of their own receiving reports....They have the information available. How they manage it, I'm not sure.*

*Q. So you wouldn't be sure of how somebody at the warehouse correlates quantities on a partial shipment to the receiving reports that they receive there?*

*A. I wouldn't be sure, no.*

*Q. Do they list anywhere what those receiving reports show?*

*A. I doubt it, but I don't know.*

Mahony was also asked what controls were employed by his office to ensure proper use of purchase-order authorizations:

*Q. Do you ever sign those documents in the original, yourself, do you put your handwritten signature?*

*A. No.*

*Q. How many people are authorized to stamp your name on those documents?*

*A. Anybody within the purchase office has access to that stamp.*

*Q. Do you know of anybody who isn't within the purchasing office who can access that stamp and use it?*

*A. They shouldn't, no.*

*Q. So you don't know necessarily whether they [could] or couldn't, you just know that it's available for access to the people in the purchasing office?*

*A. Yes.*

#### *A Question of Bribery*

One firm that consistently turned up as a vendor of degreasing agents and other materials supplied to the Hospital's sewage plant and warehouse is State Chemical Co., a Cleveland, Ohio-based supplier with branch offices in New Jersey. A review of State Chemical's vendor history with state government in New Jersey showed that for the period between Fiscal Years 1991 and 1993, the firm had total billings of \$535,774.17 for services and materials rendered to various state-run entities. The amount billed by State Chemical to Marlboro Psychiatric Hospital during that period totaled \$61,059.55.

Two Hospital employees with limited purchasing authority told the Commission that they were approached and offered cash payments or other inducements by a State Chemical sales representative, Kenneth Diamond.

Crump, the acting sewage plant operator, said Diamond left \$100 in his, Crump's, desk on one occasion in April 1993 and followed that up with several subsequent cash payments. Crump turned the cash over to the Commission. He said Diamond also gave him a calculator as "a gift." Another

employee, George Kennedy -- whose duties in the Hospital powerhouse included helping with the placement of purchase orders for the sewage plant -- told Commission investigators that he accepted free tickets from Diamond to a New York Rangers hockey game.

Diamond acknowledged giving Kennedy two free Rangers hockey tickets, but he declined on the advice of his attorney to testify in response to Crump's allegations of cash payments.

*Turning A Blind Eye*

Information about Diamond's payments and inducements was brought to the attention of senior Hospital officials, but no meaningful action was taken to determine whether such activity warranted steps to debar or disqualify State Chemical Co. from doing business with the institution or with other state agencies. In fact, a review of contracts at Marlboro showed that the scope of State Chemical's dealings with the Hospital actually widened appreciably in the midst of Diamond's activity in 1993 when the firm secured a lucrative contract to supply liquid hand soap throughout the Hospital.

A revealing episode of the Hospital's "don't ask, don't tell" approach to contractor and personnel oversight involved Albert Yodakis, the director of plant services at Marlboro. In this position, Yodakis has purview and responsibility over the operations of the institution's physical plant, including the sewage treatment facility, the maintenance department and warehouse. Yodakis reports directly to the institution's chief executive officer.

Yodakis told the Commission that he was approached in the spring of 1993 by Billy Crump, who told him of an encounter with Diamond:

*Q. What did Crump tell you?*

*A. That ... he accepted a \$100 payoff from Ken Diamond.*

*Q. Did you ask him whether he had spoken to anyone else about this?*

*A. No, I didn't.*

\* \* \*

*Q. Did you ask Mr. Crump whether or not he knew if anyone else who was an employee of the Hospital had been given money by Mr. Diamond?*

*A. No, I didn't.*

\* \* \*

*Q. Did he give you any details about the actual transaction between he and Mr. Diamond?*

*A. No.*

*Q. Did you ask him any questions about it?*

*A. No.*

\* \* \*

*Q. Did you prepare a report in writing regarding what you learned about ... Mr. Diamond paying money to Mr. Crump?*

*A. No, I did not.*

Yodakis was asked explicitly by Commissioner Louis H. Miller about the nature of the payment to Crump:

*Q. What did you understand the payment was for?*

*A. I didn't even ask. It was one of those things that it came out of Crump's mouth and I gulped. I tried to maintain a composure and then really I quite did not know where to go with it and what to do with it.*

Yodakis said he brought Crump's payoff allegation to the attention of Maintenance Officer Richard Gann and Chief Engineer William Woolley -- both of whom had direct authority to approve purchases from State Chemical and other vendors -- and asked whether they were aware of anything untoward involving Diamond or his firm:

*Q. Once you learned from Mr. Crump that Mr. Diamond had paid money to Mr. Crump, did you go back and look at any of the other orders which had been placed with Mr. Diamond to determine whether or not those orders had been needed or whether they were excessive in any way or anything like that?*

*A. Did I personally? No. But I did sit down ... with Mr. [Richard] Gann and Mr. Woolley ... and I said to Mr. Woolley ... [']Do you feel that we've been ordering too much of a chemical from Diamond, or has everything looked pretty normal to you?['] And he said he felt that everything was normal.*

*Q. [D]id you go back and look at any of the order requests which had generated business from Mr. Diamond, business with the Hospital?*

*A. No, I did not.*

*Q. Did it occur to you -- did you have any suspicions at all that past orders may have been generated by Mr. Diamond after he paid any money to an employee of the Hospital?*

*A. Well, that's why I asked Mr. Woolley why would he [Diamond] have done this. What sort of check do you have on it? And he assured me that the normal amount [of chemicals] was being used ...*

\* \* \*

*Q. Do you recall if there were any occasions where Mr. Woolley, himself, placed an order -- prepared an order request for chemicals to be purchased from Mr. Diamond?*

*A. He certainly could have. I don't recall. It would have been a natural thing, yes.*

### *The Liquid Hand Soap Deal*

The cash payments by State Chemical Co. sales representative Kenneth Diamond in the spring and summer of 1993 coincided with firm's winning of a lucrative contract to supply the Hospital with hand soap. While the Commission found no direct evidence of a *quid pro quo*, the circumstances surrounding the consummation of this contract raised serious questions that remain unresolved.

A review of Hospital records and of the chronology of events, as well as interviews with members of the Hospital's Infection Control Committee, revealed that an advocate, besides Diamond, of State Chemical's "Hands On" brand of hand soap was Richard Gann, the Hospital's maintenance officer. Gann distributed literature describing the firm's products prior to the Infection Control Committee's decision in March 1993 to switch the bulk of the Hospital's hand soap purchases to State Chemical. Gann assured Hospital officials that State Chemical's product could be obtained more cheaply than a separate product, known as "Kindest Kare," manufactured by a leading competitor, Calgon Vestal Labs Inc.

Despite Gann's assurances of cost-savings, however, there is no record on file with the Hospital to indicate that any qualified analysis was performed to compare the costs of both firms' products. Hospital Fiscal Officer Jeremiah Mahony testified before the Commission as to that gap:

*A. We were looking for less expensive alternatives ... The Hands On product had been found acceptable, and I knew or was advised that it was cheaper than the Kindest Kare. But how much cheaper, there was never any calculation of that or statement of that.*

Orders for hand soap began flowing to State Chemical Co. on April 5, 1993. Hospital records show that on that date, Richard Gann placed an order with Kenneth Diamond for 300 cases of “Hands On” soap for dispensers, plus six 55-gallon drums of the soap at a total cost of \$17,394. Subsequent orders, including one for 100 cases of “Hands On” soap placed with State Chemical by Gann in February of this year, totaled more than \$29,900.

## STATE CONTRACT MANIPULATION

The Commission found evidence that a State contract for the supply of sewage treatment chemicals was manipulated to the financial benefit of a politically-connected Monmouth County firm, Stacot Distributors Inc. Under this contract, taxpayers were billed nearly \$150,000 between 1989 and 1994 for a chemical that was unnecessary for the plant's operation. The relationship with Stacot was maintained by Hospital officials even though a competing firm, again Calgon, offered cost-savings.

The seeds of this situation were sown in August 1988 when the Hospital began to make bulk purchases of two chemicals from Nalco Chemical Corp., a Naperville, Ill.-based firm with a New Jersey branch office in Bridgewater. The two chemicals were sodium aluminate, sold under the company brand name "Nalco 2" and used to control wastewater phosphate levels; and a water-clarifying flocculent material sold under the brand name "Nalclear 2844."

### *The Contract Switch*

Until the end of 1988, the Hospital purchased Nalco 2 and Nalclear 2844 directly from Nalco Chemical Co. But in December of that year, the purchasing arrangement abruptly changed. William Woolley, Marlboro's chief engineer and the official who handled purchase orders involving Nalco, informed his superior, Richard Gann, that he had learned the firm was no longer authorized as a vendor under the State's term contract. A review of contract documents showed that Nalco's supply contract with the Hospital had, in fact, lapsed in April 1988 -- eight months prior to Woolley's notification. Therefore, even the initial purchases from the firm, made in August 1988, were improper.

Woolley told the Commission that with Nalco out of the contract picture by early 1989, he became concerned about a continuing source for phosphate-control chemicals. In response, Richard Gann intervened and took control of the ordering. Without consulting with or seeking authorization from the Hospital's administrators, Gann retained a local chemical distributorship -- Stacot Distributors Inc. of Marlboro. Stacot, in turn, entered into a relationship with Nalco and began supplying Nalco 2 and Nalclear 2844 under its own contract with the Hospital. Gann was questioned by the Commission in executive session about the change:

*Q. ... Why did Marlboro switch from purchasing from Nalco directly to purchasing from Stacot?*

*A. Mr. Woolley came up and said that Nalco was no longer under contract, and that he needed this product ... to keep his plant going. And as a result, I told him I would get involved and try to help him get the contract -- get the products under contract.*

*Q. How did you go about finding an alternate source for these products?*

*A. Well, all I did was -- and I know of one. I remember it was Stacot and another vendor. I'm not sure of who the other vendors were, independent chemical companies, and I found in the past they have a lot of flexibility because they sell under their own name and label. I called them both. And Stacot said, Yes, he could do it ... and we bought it through Stacot Chemical ... at that point.*

*Q. Do you remember the name of the other company that you inquired into?*

*A. No, I don't.*

#### *The Stacot Connection*

The sales arrangement involving Stacot was unusual in several key respects.

First, no formal documents were drawn up establishing Stacot as an official distributor of Nalco products. Nor was there an internal review by appropriate fiscal authorities at the Hospital or at the Department of Human Services to evaluate the suitability of the Nalco/Stacot arrangement. A Nalco district manager, Thomas Hall, described the retention of Stacot as having developed from a handshake between himself and Stacot owner Frank Abate. Hall characterized it as the only arrangement of its kind within Nalco.

Second, Stacot brought no particular technical or service expertise to the Hospital, nor did the firm offer any pricing incentive. Beyond his private-sector position as a chemical sales "middleman," Abate is a local politician. He served on the Marlboro Township Council from 1988 to 1991 and was then appointed a commissioner of the Western Monmouth Utilities Authority. In testimony before the Commission, Abate indicated little knowledge of the products he was selling under the Nalco brand name:

*Q. Can you describe what are the uses for those two products?*

*A. They are used in the sewer plant. My understanding is one is used to break up the grease and the other is used -- if my high school chemistry teacher knew I was selling chemicals he would up and die. I don't remember the other use of the product.*

Most significantly, the State purchase contract under which Stacot dealt with the Hospital never authorized the firm to sell Nalco 2 and Nalclear 2844 to any State agencies. Nevertheless, Stacot continued to sell products under those labels to the Hospital for a period of more than five years, from 1989 through January 1994 -- in apparent violation of laws and regulations governing State contracts.

A Commission review of invoices and purchase orders showed that during that same period, Stacot had gross earnings of \$65,847.80 from the resale of Nalco products to the Hospital. This represented one of the largest segments of Stacot's profit stream. When asked by the Commission whether he knew his contractual dealings with Marlboro were legitimate under State law, Abate refused to provide a substantive answer:

*A. I'm going to exercise my right earlier that I explained to you.*

*Q. What's that, Mr. Abate?*

*A. I'm not going to answer that question.*

*Q. Let's see if we can be specific about it. You are going to exercise your Fifth Amendment privilege not to answer that question?*

*A. Yes.*

*Q. So do you expect that your answer would tend to incriminate you?*

*A. I don't know.*

It should be noted that the Commission, due to the focus of this inquiry, did not delve into whether Stacot was involved in the mis-use of State purchase contracts with other State, county or municipal governmental agencies or sewerage authorities. Abate testified that Stacot did service numerous other such entities and agencies.

*A Matter of Waste*

The Commission's investigation also revealed not only that the substances Nalco 2 and Nalclear 2844 were sold to the institution without contract authorization, but also that a substantial portion of this material was purchased unnecessarily.

As was the case of the degreasing agents cited in the previous section of this report, it was later determined by the operator of the Hospital's sewage treatment plant, Applied Wastewater Services, that the use of the flocculent material -- the product labeled Nalclear 2844 -- was not needed for safe and efficient operations. Commission investigators calculated that this example of waste cost the taxpayers \$148,350.53 between 1989 and 1994.

Also, the Hospital, via orders placed and controlled by Gann, continued to purchase from Stacot/Nalco even after being presented in 1993 with the possibility of savings had the supply contract for sodium aluminate been reassessed in light of an offer from a competing firm. Calgon Corp.'s Water Management Division, through sales representative James Melvin, told Hospital officials in late 1993 that his firm could provide sodium aluminate to the sewage plant for a savings of approximately \$30,000 a year. The offer was inexplicably rejected by Woolley and Gann.

*No Questions Asked*

The Commission confronted Jeremiah Mahony, the Hospital's fiscal officer, and Albert Yodakis, the director of plant services and Gann's immediate superior, about questionable contract practices and about the lines of oversight and responsibility in such matters. Their responses speak volumes:

*Mahony:*

*Q. Do you know if Stacot Distributors is authorized to sell [Nalco 2 and Nalclear 2844] under the [State's] term contract?*

*A. No, currently I don't know.*

\* \* \*

*Q. Do you know if a vendor selling one product under a brand name will have an exclusive right to sell that particular product under a brand name with that term contract?*

*A. I don't know.*

*Q. Have you read the boilerplate at the beginning of the contract, do you know if it says anything about that?*

*A. I haven't read it recently if I've read it at all.*

*Yodakis:*

*Q. Have you inquired as to whether Stacot was an authorized vendor for Nalco products?*

*A. Specifically, no. I still felt that they were.*

\* \* \*

*Q. Do you think you bear any responsibility for determining whether or not [it] is a valid contract that the order request is going under?*

*A. No.*

*Q. You bear no responsibility?*

*A. No.*

## WIDESPREAD THEFT

Marlboro Psychiatric Hospital has been plagued for years by a virtual epidemic of property theft that has proven to be beyond the control of officials at both the institution and at its parent agency, the Department of Human Services (DHS).

A detailed review of Hospital records and DHS Police reports by Commission investigators revealed that between 1989 and the spring of 1994, property valued at \$201,795.12 was reported stolen on Hospital grounds. According to DHS police officers, the actual total value of all stolen property at Marlboro during that period is unknown because many thefts go unreported.

Examples of reported stolen State property (with DHS Police value estimates attached) include: a computer and computer tool kit (\$3,275), a Xerox copying machine (\$2,338), clothing (\$941), a VCR Camcorder (\$800), work gloves (\$720), plants and drapes (\$650), a typewriter (\$400), an ear thermometer (\$596), a gas grill (\$200), a dictation machine (\$250), an exercise mat (\$300), a vacuum cleaner (\$250) and art work (\$209).

Besides the theft of easily moveable property, numerous large items, including floor jacks, truck tires and a drill press -- the removal of which requires participation by more than one individual and a means of transport -- have been reported stolen in recent years. One DHS Police report dated March 14, 1991, describes the attempted theft of a mechanical walking treadmill purchased by the State for \$660:

*On April 4, 1991, Officer Clifford Olsen responded to a report of missing State property (treadmill) from Cottage O West. Jackie Clemmons, Recreation Department Head, was interviewed and stated that the treadmill had been delivered only three days ago. The treadmill was located approximately 15 yards from the doorway leading to the lawn area of Cottage O West. Tire marks were evident leading to the doorway. No suspects or witnesses [came forward] to aid in this investigation[,] therefore the case was administratively closed on June 12, 1991.*

DHS Police Sgt. John McGrath told the Commission that the majority of the thefts -- particularly in the Hospital's maintenance department and warehouse -- appear to be committed with the use of keys. There is rarely any evidence of forced entry. Sgt. McGrath testified that the Hospital has no system of maintaining "key control." Many employees have access to keys, but there is no log that specifically identifies who is in possession of a key and when.

### *The “Marlboro Mart”*

A number of Hospital personnel who testified before the Commission pointed to a high volume of reports involving stolen materials and equipment from the Hospital’s maintenance department. A review of DHS Police documents and other Hospital records turned up dozens of reported thefts from the department. Examples (with estimated value attached) include: sewer cleaner and accessories (\$3,359), snowblower (\$1,369), socket set (\$500), saw and drill bits (\$450), power drills (\$360), jumper cables (\$267), carpenter shop tools (\$225), garage jack (\$221) and a 16-foot scaffold ladder (\$212).

Sgt. McGrath testified that DHS Police received numerous allegations from confidential informants that the theft of tools and machinery from the maintenance department was routine. Among employees, the department has come to be know as “the Marlboro Mart” for its reputation as a center of property loss. McGrath told the Commission:

*We began an investigation because one name kept coming up which was second in command of maintenance at Marlboro, Richie Gann.*

A DHS Police investigation of maintenance department thefts was prompted in December 1989 by Elias Hoffman, a former coordinator of plant services for the Hospital. Hoffman alleged that his successor, Albert Yodakis, and Richard Gann were ordering excessive numbers of power and hand tools which disappeared and could not be accounted for. DHS Officers Joseph Belgiovene and Edward Topoleski investigated the allegations.

### *Lack of Inventory Control*

During Commission interviews, the officers described the difficulty they encountered due to the lack of an inventory of maintenance department tools and equipment. The inventory, they said, thus had to be painstakingly reconstructed through an inspection of purchase orders amounting to approximately \$30,000 worth of tools and machinery. Because of delays in the retrieval of appropriate records from the Hospital’s business office, an on-site audit of tools and equipment could not be conducted until four months after Hoffman’s complaint was filed. The investigation was further hampered by the fact that many of the items routinely purchased by maintenance were not properly labeled as State property, and no records were kept to reflect which tools had been lost, stolen or damaged and under what circumstances.

The Hoffman investigation resulted in no arrests, and, because of poor record-keeping, an accurate accounting of the stolen and recovered property could not be obtained. DHS Police officers complained to the Commission that in the probe's wake, Hospital officials were unresponsive to any suggestions of enhancing internal controls.

Sgt. McGrath recalled one meeting in which Yodakis told him and four other officers who were present that he felt the DHS Police were "making a big deal out of nothing." Topoleski said Yodakis did not seem to care that the absence of an inventory allowed for waste and misappropriation of State property. He stated that Yodakis' rationale was that this was simply the way the State does business. McGrath testified that he left the meeting at this juncture because Yodakis' attitude was difficult for him to accept. McGrath told the Commission:

*We felt we were [conducting] a very serious investigation and there was a lot of state equipment, and he [Yodakis] just seemed to think, [']Blow it off, these things happen, or there is really nothing there.['] Just no cooperation whatsoever.*

Maintenance Officer Richard Gann told the Commission that in the wake of the Hoffman investigation, he began maintaining two record logs, one for tools issued, the other for tools condemned, stolen or misplaced. Gann stated that power tools and items of "bigger value" are recorded in this log when they are issued. He also described how he locks these tools in a basement section of the maintenance department, an area for which he alone is responsible.

However, Gann stated that he still does not log the make, model or serial numbers of these tools when they arrive on the assumption that that information can be found separately on the receiving reports. He also said that he does not keep an inventory of what he has in stock, nor does he maintain an inventory of items purportedly kept in the locked storage area.

#### *The Missing Snowblower*

On Dec. 14, 1989, a crew supervisor attached to the Hospital's grounds department, Joseph DeLucia, reported the theft of a Honda snowblower valued at \$1,369 from a garage located next to Richard Gann's home, which is a State-owned rental property adjacent to the Hospital grounds.

DHS Police Officer Joseph Belgiovene, who handled the initial investigation, concluded that absent any signs of forced entry, the theft appeared to have been committed with the use of a key. Belgiovene reported that Gann advised him that no one could recall the date the snowblower was placed in the garage or who put it there. The officer also noted Gann's claim that all maintenance, power plant and grounds department personnel had access to the keys.

Charles Rudderow, a non-automotive mechanic assigned to maintenance, told the Commission he had a clear recollection of events leading up to the snowblower theft. Rudderow said the machine was delivered to Marlboro in January 1989. Upon its arrival, Rudderow said he recorded the serial number and chassis number by hand on the bottom of the owner's manual. He said the snowblower was placed, at Richard Gann's direction, in a grounds department storage closet where chain saws and other power equipment are kept. But Rudderow told the Commission:

*It [the snowblower] was treated differently. It was treated like ... like gold for some reason. It had ... it had to be locked where it couldn't get stolen and things like that. Like I said, there was only a few keys to that [closet.]*

Rudderow stated that after the first major snowfall at the end of 1989, Richard's brother, Russell Gann -- an employee in the Hospital power plant -- visited the grounds department in order to use the snowblower. Rudderow said he explained the basic operating procedures to Russell Gann, who, in turn, cleaned the sidewalk in front of the key shop. While the machine was running, Rudderow said Richard Gann drove by and shouted to Russell:

*'What do you want -- everyone in the world to see this machine?' And he told his brother to get it over to his house.*

*Q. Whose house?*

*A. Over to Richie's house to ... 'go plow my sidewalk.' [A]nd it was loaded onto a truck or a trailer ... and that's the last time I ever saw it.*

Shortly after Russell Gann removed the snowblower from the sidewalk outside the key shop, Rudderow said he, Rudderow, was advised by DeLucia that the machine was missing. Rudderow said DeLucia told him and other employees that Richard Gann needed to secure statements from them recounting any information they had regarding the disappearance. Rudderow testified under

oath that he was specifically told by DeLucia to write a “non-committing statement” and to discard any serial numbers and manuals relating to the machine. Rudderow said he gave a deliberate false statement that had been sanctioned by Richard Gann and used by DeLucia to report the theft to the DHS police. Rudderow claimed that had he told the truth, he would have “come under fire by all of maintenance as a rat ...”

### *The Log Splitter*

Richard Gann was also the subject of allegations involving the purchase at taxpayer expense of component parts for a log-splitting device that disappeared after it was assembled in the Hospital’s welding shop.

Rudderow testified that a Hospital purchase order, No. 00988, bearing his name but without his knowledge, was submitted in September 1992 for the purchase of \$1,014.49 worth of parts from the firm Northern Hydraulics Inc. Documents reviewed by Commission investigators showed that the submission of this taxpayer-financed purchase order coincided with the placement of a separate personal order with Northern Hydraulics by Richard Gann for \$63.42 worth of parts and a manual entitled, “Build Your Own Log Splitter.” The items paid for by Gann, as well as those found on the official Hospital purchase order, comprised the components of a log splitter. Rudderow told the Commission that he subsequently saw a log splitter which had been assembled by Richard Gann in the Hospital’s welding shop and recognized the components as those that had been described in official purchase order No. 00988.

Confronted by the Commission, Gann testified that he tried to assemble a log splitter for his own use and that he had ordered a number of component parts from Northern Hydraulics. But he refused to answer questions regarding the source of payments for those parts:

*Q. Did you try to use any of the parts which are listed ... [as] purchased by the State of New Jersey, did you try to use any of those parts when you attempted to build your own log splitter?*

*A. I’m not answering that.*

*Q. And your reason for not answering?*

*A. Because I say I’m not answering.*

*Q. You’re invoking your Fifth Amendment privilege?*

*A. Yes.*

*The Deck*

In September 1993, based upon information from a confidential informant, Commission investigators visited the home of Hospital Safety Director Michael Corbett. There, they found a newly built outdoor deck and numerous scraps of pressure treated lumber bearing labels identical to that stored at the Hospital. Further investigation revealed that the wood had been cut to various lengths and widths by Hospital carpentry shop personnel, that a power tool belonging to the Hospital was used in the deck's construction and that at least one Hospital employee, Richard Gann, assisted in the work. Corbett was questioned by the Commission in executive session:

*Q. Did you use a contractor to build this deck?*

*A. The deck, no, sir.*

\* \* \*

*Q. Did you build the deck by yourself, did you supply all the labor?*

*A. No, I had assistance from Mr. Richard Gann.*

\* \* \*

*Q. Did you ever bring any wood [to the Hospital] to be cut to be used in the construction of your deck?*

*A. I did bring some in. Mr. Gann said he had spoken to somebody in the shop and said he would have the steps cut for me. Yes, I brought in the wood.*

\* \* \*

*Q. Were you assisted in any way when you were loading and unloading this wood?*

*A. When I picked the wood up, yes.*

*Q. And who helped you?*

*A. Mr. Gann was there.*

\* \* \*

*Q. Did you use any tools which were the property of the State of New Jersey when you were constructing the deck.*

*A. Only one I knew of, sir.*

*Q. And what was that?*

*A. That was an air hammer.*

\* \* \*

*Q. Who brought that to the house, did you?*

*A. No, sir. No, sir.*

*Q. Who brought that?*

*A. Mr. Gann brought that with him.*

Richard Gann was also questioned by the Commission regarding the deck:

*Q. Did you help Michael Corbett last year build a deck onto his house?*

*A. Yes, I did.*

*Q. Did you arrange for the wood to be cut on the [Hospital's] carpentry shop for Mr. Corbett's deck?*

*A. Yes.*

*Q. Did you give Mr. Corbett any tools to use when constructing his deck?*

*A. I'm going to refuse to answer that question.*

*Q. ... [Y]ou [are] asserting your Fifth Amendment privilege?*

*A. Yes.*

## MISAPPROPRIATION OF PATIENT ACTIVITY FUNDS

In 1988, in an effort to thwart criticism of patient programs and to meet requirements of the Joint Commission on Accreditation of Hospitals and Health Care Organizations for patient activities within the community, Marlboro administrators implemented a “Budgeted Program Supplies and Activities Fund.” Robert Taylor, Marlboro’s director of Recreational and Rehabilitation Services, described for the Commission the purpose of this fund:

*[This] money is to provide programming for the patients ... that will help structure their experience at the hospital. They begin to act with each other and the staff in a more appropriate fashion so that they don’t regress, to develop skills necessary to help them be successful when they do leave the hospital or even to just maintain their health within the hospital. The Joint Commission has standards ... [and] it’s required that we take the patients out to the community....[W]e try to provide them with a different experience, a different structure ...*

Commission investigators, however, determined that this program -- under which approximately \$1.4 million was spent between 1989 and 1994 -- was transformed into a slush fund for the personal entertainment and enjoyment of Hospital employees.

An examination of records and interviews with Hospital personnel revealed substantial purchases of delivered food, restaurant meals and a wide variety of other goods for the sole benefit of staff members. Investigators also found that employees have easily circumvented internal restrictions designed to control the amount that could be spent at any given time. An example is the frequent purchase of pizza. Kim Rubin, a music therapist employed at the Hospital for the past six years, offered this testimony:

*Q. Are there any guidelines or limitations on who can order pizzas, and how many pizzas can be ordered, and how often?*

*A. [There are] supposed to be, but it’s not really enforced.*

*Q. What do you know about those guidelines?*

*A. That the vouchers are for a hundred and fifty dollars, that you can’t get them for more than that.*

*Q. How do [people spend more than] that?*

A. Different people put in the vouchers. Two or three people [from] one unit put in the vouchers and say they're going to use them for different occasions.

Q. Does that happen?

A. Yes.

Q. Is it a common occurrence for pizzas to be ordered after patients have gone to bed?

A. Yes.

Q. How do you know that?

A. You hear the staff talking about it, saying that they had a ... party.

An accounting report provided to the Commission by the Department of Treasury covering a two-year period from July 1, 1991 to June 30, 1993 illustrates the types of food purchases made against the Supplies and Activities Fund and purportedly brought to the institution for patient consumption:

<b>BUSINESS</b>	<b>AMOUNT</b>
<i>Chicken Holiday</i>	\$20,309.99
<i>Colonial Deli</i>	11,796.58
<i>Carvel of Marlboro</i>	11,758.99
<i>Grateful Bread</i>	7,147.09
<i>Angelo's Pizza</i>	7,023.90
<i>Romeo's Pizza</i>	2,114.15
<i>People's Pizza</i>	540.04
<i>Chicken Galore</i>	290.00
<i>Pignatelli's Deli</i>	250.00
<i>Attilio's Pizza</i>	99.85
<i>Marlboro Pizza</i>	99.85
<b>Total:</b>	<b>\$61,430.44</b>

Substantial purchases also were made during this two-year period from the following department stores:

<b>STORE</b>	<b>AMOUNT</b>
<i>Jamesway</i>	\$ 36,843.07
<i>Caldor</i>	14,595.38
<i>K-Mart</i>	13,584.30
<b>Total:</b>	<b>\$ 65,22.75</b>

Examples of items purchased against the Supplies and Activities Fund from department stores for rehabilitation/recreation programs included: tables games, nail polish, nail polish remover, hand lotion, lipstick, nail files, clippers, eye shadow, colored markers, garden hose, shampoo, hair conditioner, toothpaste, soap and compact discs.

While reviewing the paperwork for these purchases, SCI investigators found instances where items actually purchased differed from items described in the initial purchase orders. For example, purchase order #01172 dated March 18, 1993 was designated for the purchase of “Halloween and Thanksgiving Decorations ... not to exceed \$150.00.” The accompanying receipts show what was actually purchased:

<i>Fit and Trim DLX Stepper</i>	\$ 119.99
<i>Thighsizer</i>	12.99
<i>Polish remover (5@ .74)</i>	3.70
<i>Oreo Cookies (2@ 2.99)</i>	5.98
<i>Old Spice</i>	5.49
	<hr/>
<b>Total</b>	<b>\$ 148.15</b>

Purchase order #02756 dated April 19, 1993 was designated for the purchase of “pictures, posters, etc. for environmental enhancements ... not to exceed \$150.00.” The accompanying receipts show what was actually purchased:

<i>Basket Wire Cart (2@ 15.99)</i>	\$ 31.98
<i>Storage boxes (11@ 7)</i>	77.00
<i>Laundry bag</i>	2.99
<i>Cotton slip</i>	3.99
<i>Chesapeake cookie (2@ 2.09)</i>	4.18
<i>Sausalito cookie (2@ 2.09)</i>	4.18
<i>Nantucket cookie</i>	2.09
<i>Honey Roast Cashews (2@ 5.99)</i>	11.98
	<hr/>
<b>Total</b>	<b>\$ 138.39</b>

*Code of Silence*

Several supervisors of Hospital cottages where patients are housed voiced frustration about the difficulty of maintaining an inventory of the types of items purchased under the program. It was inferred that on several occasions employees simply help themselves to any articles they desire.

In his testimony before the Commission, Hospital Fiscal Officer Jeremiah Mahony acknowledged that no centralized accounting is maintained to track spending under the Supplies and Activities Fund:

*Q. Do you know if a cottage is overspending the amount that had been allocated to it ...?*

*A. No, I don't.*

*Q. Does anybody know that?*

*A. Well, I was suggesting that individual sections [of the Hospital] may be maintaining their own controls.*

*Q. But if they're not --*

*A. They won't.*

*Q. They won't know and nobody else would.*

*A. That's right.*

Beyond the lack of oversight and internal controls on spending under the program, the Commission, through interviews with Hospital personnel, detected a pervasive attitude throughout the institution that employees can, with impunity, take articles of clothing, toiletries, food, cleaning

materials or other items purchased with State funds. DHS Police officers assigned to Marlboro say this pervasive thievery is facilitated by an understanding, bonding or “code of silence” among the employees to overlook any pilfering. DHS Police Sgt. John McGrath told the Commission:

*... [I]t's often very frustrating for our officers because there is no direction [and] we know [that] when there has been a crime committed, levels of the staff will stick together and cover each other up, or not rat out one of their fellow employees.*

## **ABUSE OF SICK LEAVE/INJURY POLICY (SLI)**

During the course of this investigation, the Commission developed information suggesting that lax administrative oversight of paid SLI coverage for Hospital personnel has exposed taxpayers to thousands of dollars in potential losses for the coverage of questionable claims. Under SLI, employees at Marlboro, as at other State institutions and agencies, can take leave of up to one year at full salary for claims of illness or injury suffered on the job.

In one case examined in detail by Commission investigators, Hospital records show that Russell Gann, a boiler room engineer, has repeatedly filed claims over the past decade for injuries purportedly suffered while on the job. Between March 1991 and March 1992, Gann collected \$14,446.25 in SLI pay and was out of work for nearly a full year after claiming he suffered ankle and arm injuries in a fall in the Hospital's power plant.

Commission investigators learned that just days before Gann's report of this incident, he had engaged in a month-long freelance job to remove an estimated 40 tons of scrap steel from a facility owned by the Western Monmouth Utilities Authority in Englishtown. Hospital records examined by the Commission contain no evidence to suggest that Gann's claim of having been injured on the job - - an incident for which he was the sole eyewitness -- was scrutinized to determine if his injuries were linked to the freelance scrap-removal work.

The Commission also learned that it was not uncommon for Gann to take part-time, private sector jobs while on paid sick/injury leave from the Hospital -- a clear violation of statutory personnel rules. While recovering from the alleged ankle and arm injuries in 1991-92, for example, Gann admitted that he sometimes worked as a delivery clerk for a Marlboro florist. He testified that no one at the Hospital confronted him about this activity:

*Q. At any time while you were reporting to the [Hospital's] Health Services Clinic, did anyone ask you whether or not you were working at any other job while you were collecting SLI?*

*A. No.*

*Q. Did anyone else who was employed at the hospital during those period of time you were collecting SLI ... ask you whether or not you were working at another job?*

*A. No, not that I remember.*

\* \* \*

*Q. Did you know that working while you were collecting SLI was illegal?*

*A. No.*

Last winter, Russell Gann took a job plowing snow for a private contractor while on a two-month paid SLI leave for a sinus condition. Records show that he was paid \$720 for this work, which involved plowing snow for 18 hours on each of two occasions, February 11 and March 2, 1994.

In his claim for SLI during that period, Gann had reported symptoms of breathing difficulty and a sensation of tightness in his chest. He attributed these symptoms to poor air quality in the Hospital's power plant. Gann's personal physician diagnosed the condition as "rhino-sinusitis related to his work environment." That linkage, however, was never firmly established or verified by Hospital administrators. Moreover, no other employees experienced any identical or related symptoms, and none filed complaints regarding the healthfulness of the power plant. Also, a private consultant, AirWays Environmental Services, when retained by the Hospital to examine the building, found nothing to indicate a serious air-quality problem within the structure. The Commission also learned that Gann is a cigar smoker.

Greg Roberts, then the Hospital's deputy chief executive officer and now the acting CEO, acknowledged misgivings about Gann's receipt of paid leave in this instance:

*Q. Are you aware of SLI being granted to Russell Gann for a problem -- a recent problem involving his respiratory system in some way?*

*A. Yes, sir.*

*Q. Are you satisfied that the problem that he complained of was a real problem?*

*A. No, sir.*

*Q. Do you believe that the problem that he complained of was related to the proper performance of his duties?*

*A. I'm not sure what it was related to.*

In spite of Mr. Roberts' misgivings, SLI compensation was approved for Gann's alleged work-related condition.

## CONCLUSIONS AND RECOMMENDATIONS

The Commission believes the findings of its investigation of Marlboro State Psychiatric Hospital should serve as the impetus for substantive reform. The target of that reform, however, should not be limited to a single State hospital. Similar opportunities for the same types of waste, fraud and abuse uncovered at Marlboro exist within the entire chain of New Jersey's publicly-funded institutions. The findings and recommendations here should be heeded across the board, starting with the institutional parent agency, the Department of Human Services.

**1. Referral to Attorney General:** The Commission refers its findings in the matters of purchasing abuses, alleged bribery, manipulation of State contracts, widespread theft and employee abuse of sick leave/injury (SLI) to the Attorney General for whatever follow-up action is deemed appropriate.

**2. Personnel Changes:** Immediate steps should be taken to seek disciplinary action, including terminations where appropriate, against Marlboro Psychiatric Hospital employees who have caused and perpetuated waste, fraud and abuse at that institution, either through overt actions or willful negligence. These personnel include Hospital Maintenance Supervisor Richard Gann, power plant engineer Russell Gann, Chief Engineer William Woolley, Director of Plant Services Albert Yodakis, Fiscal Officer Jeremiah Mahony and Safety Director Michael Corbett.

The Commission normally would be hesitant to recommend specific personnel decisions to a separate entity of government. In the present case, however, the justification for such action is compelling, particularly in the case of Richard Gann. Throughout the course of this investigation, this individual attempted to cow and silence various persons who witnessed improper and unscrupulous

activity at the Hospital. Every witness who testified before the Commission was known to Richard Gann. Testimony revealed he confronted and questioned many following their appearances before the Commission.

**3. Contract Debarment:** Proceedings should be undertaken immediately to determine whether State Chemical Co. should be debarred and disqualified as a vendor to the State of New Jersey as result of the actions of its sales representative, Kenneth Diamond, in the securing of supply contracts with Marlboro Psychiatric Hospital. Debarment should also be considered as a penalty for Stacot Chemical Co. based upon the Commission's findings that this firm sold unnecessary chemicals to the Hospital and did so in apparent violation of State contract rules.

At the same time, contracts in place at Marlboro and at other institutions should be examined closely to determine their validity under rules established by the Division of Purchase and Property.

**4. Office of Inspector General:** The Commission reiterates a past recommendation that the Legislature and Governor establish an independent Office of Inspector General within the Department of Human Services. This Office should be empowered to provide oversight on a routine basis of the operations of State institutions such as Marlboro and to investigate evidence and complaints of waste, fraud and abuse as they arise.

**5. Internal Controls:** Efforts should be undertaken immediately to establish a viable system of internal fiscal, administrative, personnel and contract oversight controls within Marlboro Psychiatric Hospital. Even a rudimentary oversight structure would be an improvement at this institution. Other institutional elements of the Department of Human Services structure should be scrutinized as well for the purpose of improving internal controls to ensure that taxpayer money is expended in the most effective and efficient way possible.

**6. Patient Activity Funds:** The Commission’s findings in the matter of Marlboro’s “Budgeted Program Supplies and Activities Fund” suggest a program so riddled with abuse that its primary purpose -- to provide patients with worthwhile, community-related activities -- has been thoroughly undermined. Adequate steps should be taken immediately to ensure the integrity of this fund through more stringent internal review and accounting controls.

During the course of the investigation, the Hospital’s Acting Chief Executive Officer, Greg Roberts, announced internally in June that he was cutting use of the program at Marlboro by 50 percent. Roberts also launched an effort to sharply reduce the purchase of take-out food by Hospital employees under the program.

**7. Improvements in Accountability:** The Department of Human Services, through the Division of Mental Health and Hospitals, should undertake a thorough review of the lines of fiscal and administrative accountability flowing between the agency’s headquarters and the individual institutions under its jurisdiction. The problems uncovered by the Commission at Marlboro not only demonstrate serious weaknesses within that institution but also raise questions about the adequacy of official lines of accountability at the agency’s central office.

**8. Strengthen Oversight of Sick Leave/Injury (SLI):** Injury and illness claims submitted by public employees, whether at State institutions such as Marlboro Psychiatric Hospital or elsewhere in government, should be subjected to at least a minimum of scrutiny. Basic questions must be asked by management on a routine basis to verify the exact nature and cause of a given employee’s illness or injury. Follow-up checks should also become a matter of routine to determine whether employees on paid leave from government are conducting their affairs within the rules governing SLI. Employees should be made aware of the appropriate use of sick/injury leave, particularly in reference to the illegality of taking other jobs while on taxpayer-financed leave.

**9. Public Access to DHS Police Reports:** Reports of alleged crimes and other incidents filed by police officers employed by the Department of Human Services at Marlboro and at other institutions should be made available to the public and the media on a routine basis.

The Commission is cognizant of the importance of maintaining confidentiality with regard to the identities of DHS patients and clients. At the same time, however, the Commission believes that had reports of events at Marlboro been available for public inspection -- had the shroud of secrecy been removed from DHS Police reports -- it is possible that some of the worst abuses uncovered by this investigation could have been ameliorated or avoided altogether.

The Department should be able to find a way to balance the necessity of patient/client confidentiality with the public's right to know what is going on at institutions funded by taxpayer dollars.

*This investigation was directed by former Commission Counsel James Villere and was conducted by Assistant Director Helen K. Gardiner and Special Agents Robert Diszler, Patricia England and Paul Andrews.*