

Investors Reaping Huge Profits From NY Program for Retarded

By Susan Giller and T. J. Collins

One of Long Island's most ambitious programs for retarded persons is generating huge real estate profits for a few investors by charging the state two to five times the fair-market rental for its homes.

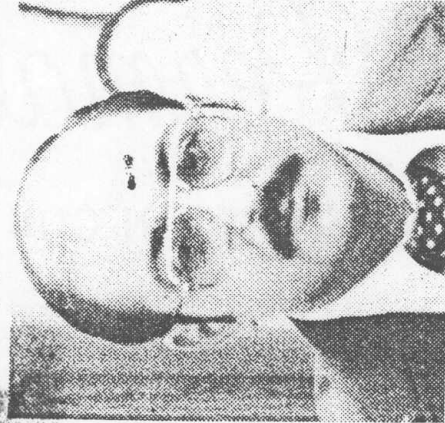
The program, run by Human Educational Advancement (HEA), was devised by two moonlighting educators of the Board of Cooperative Educational Services (BOCES) and is providing community housing and retraining for 48 retarded persons in 12 Suffolk County homes. A Newsday investigation has shown that HEA is charging the state up to \$1,700 a month for renting middle-class Long Island houses that ordinarily rent for \$325 to \$600 a month. The rents have been paid to a real estate firm set-up by two other moonlighting BOCES officials, one of them the director of BOCES special education division.

Details of the real estate transactions were uncovered during investigations of the program by Newsday and Assemb. John Flanagan (R, C-Greenlawn). Reporters also uncovered a previously undisclosed state audit of the program that accused HEA of misuse of funds, sloppy record-keeping and questionable business procedures. Suffolk County District Attorney Patrick Henry subpoenaed some of HEA's records earlier this

week and Flanagan and Assemb. Robert Wertz (R, C-St. James), ranking minority member of the Assembly's Mental Health Committee, said that the program would be the target of legislative hearings within the next three weeks.

The program is part of the effort to comply with a court-mandated removal of former patients of the Staten Island Developmental Center in Willowbrook from state institutions into community homes. The Office of Mental Retardation and Developmental Disabilities (OMRDD) is charged with overall supervision of the removal program. Last February, HEA presented the state agency with a complete program for the housing and care of Willowbrook patients then being housed at the Suffolk Developmental Center in Melville. Key officers of HEA are George Bouklas, coordinator of curriculum for BOCES, and Stewart Goldberg, principal of BOCES-sponsored Woodbury Learning Center in Huntington Station. The state agreed to fund the program.

Several weeks later, two other BOCES officials set up M&G Realty Associates. The two owners of M&G are Paul Maracina, business administrator of BOCES III, and Fred Gehm, director of the BOCES Special Education Division and the supervisor of Bouklas and Goldberg's program. State money advanced to HEA



Bouklas, left, and Goldberg work for HEA, which runs program for the retarded. M&G bought 12 offices at various Suffolk locations and rented them to the state through HEA. State officials interviewed over the past several weeks defended the rents as a fair return on investment by M&G, but they said that they are currently recalculating the rents. At the current rate, the two owners of M&G could reap over \$500,000 in real estate profits over the next 5 to 8 years.

M&G is charging the state from \$1,195 to \$1,773 a month rent for each of the four-bedroom homes, most of which are in developments and which cost from \$36,000 to \$65,000 in cash and mortgages. According to local and mortgages. According to local audit that was done last June.