

## Board member's firm given award

engaging in any "non-arm's length arrangements" with subcontractors — meaning any overlapping ownership or control of services. The agency wrote "No," according to state investigative sources.

In addition, the agency omitted Meneilley's name both from a list of its officers included in the report and from the section of the bulky financial forms detailing security services, the investigators said.

The financial report contains a clause warning that "misrepresentation of any information is punishable by fine and/or imprisonment under the New York State Law."

"On the surface, it seems to be a less than completely honest approach," Travis, the deputy state commissioner, said of the annual report.

Submitted by Joseph F. Tyrian, the agency's comptroller, to the Medicaid Program Bureau of the Office for Mental Retardation, the report covered the agency's expenses from September 1979 to August 1980.

Walter Rosenthal, a spokesman for United Cerebral Palsy, said he "could not explain" why the agency did not reveal its business link with Meneilley when it filed the annual cost report.

Meneilley failed to respond to repeated telephone messages asking for comment, left with his secretary. A practicing attorney, Meneilley has his law office at the same



**J. Kevin Meneilley**

address as the security firm.

Federal regulations governing the Medicaid program do not flatly forbid business transactions between related parties. Earning a profit

from such transaction, however, does constitute a violation.

Travis said the state has retained a private auditor, Deloitte, Haskins & Sells, to scrutinize the agency's ledgers. He said the auditors, who are just starting the job, will include transactions with L&M Security in their probe.

If a profit were confirmed, the security firm would be obliged to make restitution to the Medicaid program, he said.

"Generally, you would like to stay away from any type of incestuous relationship," Travis said. "Whether or not there's actual benefit being derived for an individual in doing this I don't think is the issue. I think the public would expect in the public sector for people not to be caught in that type of situation. It doesn't look good."

Schornhorn expressed nonchalance about doing business with Meneilley, saying, "We have a thing about board members and contracts, but only if they're competitive." He said L&M Security quoted the lowest of three bids on security services, although he said his office had not kept a record of the bids.

One of 40 accounts held by the security company, United Cerebral Palsy generates a disproportionately high fraction — more than one-quarter — of the company's total sales. L&M Security reports annual sales of \$1.2 million, according to Dun & Bradstreet, the corporate data center.