

Probe details improper use of state credit cards

By JOEL STASHENKO

ALBANY, N.Y. (AP) — An investigation has revealed “dozens” of cases so far where New York’s workers are using state-issued credit cards to buy their own gasoline or cigarettes, Comptroller Edward Regan says.

Regan said yesterday that the “widespread abuse” of credit cards and state motor vehicles may involve enough criminal action to warrant the appointment of a special state prosecutor.

“I just think there has been a breakdown of controls throughout state government (on credit

cards),” he said. “It could range into the millions of dollars.”

Regan said a routine audit of the management of the state’s motor vehicle fleet begun last September has been expanded after “my auditors found a number of instances where credit cards were apparently being misused.”

His final report is due out in the fall, but he said that New York State Police and officials from the state attorney general’s office have started to monitor the investigation.

In a May letter from Regan’s deputy R. Wayne Diesel to Carey

aides released yesterday, Diesel says that “each (credit) card represents an open invitation for improper use” under existing controls.

The Diesel letter detailed a range of improprieties which may exist in the use of credit cards and vehicles, including the personal use of state vehicles, the charging of personal items on state credit cards and the purchase of gasoline for employees’ own cars.

Diesel also hinted that a “possible fraudulent collusion” scheme may exist between some

state employees and service station owners which suggests “kickback arrangements.”

According to state statistics, New York has issued about 30,000 Office of General Service credit cards to its employees for charging the expenses of running its motor vehicle fleet. Included are the 6,000 official state cars and thousands of other vehicles such as trucks, vans and non-passenger cars.

A spokesman for the Office of General Services, John Burke, said while OGS is technically responsible for the state’s vehicles,

separate agencies govern the use of the automobiles and credit cards assigned them.

Regan said that while two state agencies — OGS and the Department of Transportation — have reasonably effective controls in place over the cards and the use of the automobiles, seven others surveyed so far did not fare as well and he expects the pattern to continue among other agencies as the audit goes on.

“All the agencies have a problem,” he said. “Some have controls and have less of a problem than others.”

Regan called on Gov. Hugh Carey yesterday to tighten controls on the credit cards and also to keep better tabs on the use of the state-owned motor vehicles.

Ron Tarwater, a Carey spokesman, said that the Carey administration has implemented some of the new controls Regan has suggested and is now trying to develop a permanent statewide plan for the monitoring of the cards. However, he said that the governor will wait until Regan issues his final report this fall before considering any legal action against state employees.