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More schools involved in lawyer, pension scandal

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Six more Long Island school districts listed two private attorneys as employees, enabling them to earn state pensions, while also paying their law firms more than \$1 million in fees, state and district records show.

The disclosure of two more lawyers receiving public benefits while working as private attorneys for school districts comes as state and federal probes into the practices of attorney Lawrence Reich broadened. On Tuesday, Reich's former law firm, Ingerman Smith, turned over its files on Reich to the Federal Bureau of Investigation and the IRS, and New York State Attorney General Andrew Cuomo has opened both a civil and criminal investigation.

Newsday reported last Friday that Reich was employed as a full-time employee of five school districts at the same time, while his firm, Ingerman Smith of Hauppauge, also was on retainer to the districts. Of the two additional attorneys, one only worked only

part-time, while the second worked at one district at a time.

Under IRS rules, an individual cannot be treated as both an employee and independent contractor for the same job. The story brought a nearly immediate reaction from the FBI, which that same day subpoenaed Ingerman Smith's records.

The new disclosures -- which bring the total number of school districts involved to 11, and adds two more law firms -- suggests the practice of putting private contractors on public payrolls may be more widespread.

Records reviewed by Newsday show that Carol Hoffman, currently a partner at the Garden City law firm of Jaspan, Schlesinger and Hoffman, was listed as an employee at different times at four school districts. The districts were Plainedge and Bethpage, where she was listed as full time, and East Rockaway and Lawrence, where she was listed as part time.

In addition, the records show that Jerome Ehrlich, now a partner of the Garden City law firm of Ehrlich, Frazer and Feldman, was employed part time by two districts, Hewlett-Woodmere and Great Neck simultaneously. That allowed him to retire in 2006 with an annual pension of \$34,029, after being credited with working 38.5 years in the state system.

Hoffman, 56, is not yet drawing a pension, records show. Reached yesterday at her second home in Key Largo, Fla., she declined to comment beyond saying only that, "Hundreds and hundreds of people over thousands of years have been doing this."

In an interview, Ehrlich said his arrangement with the districts "started a long time ago," when he said it was a "prevalent practice."

Both Hoffman and Ehrlich were once former partners of Reich, the Centerport attorney who was falsely listed as a full-time employee by five school districts simultaneously, earning a \$61,459 pension and health benefits for life. At the same time, the districts paid Ingerman Smith \$2.5 million in fees, according to records. Records show that, in one year alone, Reich was credited with working 1,286 days.

In addition to the FBI and Cuomo's office, the New York State comptroller's office announced that it would audit four of the five districts where Reich worked.

Earlier this week, Jaspan, Schlesinger, Hoffman suspended Reich -- who went to the work at the firm last January after leaving Ingerman Smith -- and asked for his resignation.

According to the Jaspan Schlesinger Hoffman Web site, Hoffman worked in the state Education Department Office of Counsel from 1976 to 1979. She later served in the governor's Office of Employee Relations.

She went into private law practice around 1982, Schlesinger said.

State records show she was listed as a full-time employee of the Plainedge school district from 1984 to 1987 and then part time in 1988. From 1989 to 1991, she was listed as part time in East Rockaway, and from 1991 through 1997, she was a part-time employee of the Lawrence school district.

After that, she was listed as a full-time employee of the Bethpage school district until 2003.

Complete records of payments to Hoffman's firm were not available yesterday, but Bethpage school records show that from 2000 through 2004, Bethpage paid the firm \$847,106. In addition, the district paid her a \$40,000 salary in 2003.

Earlier this week, Steven Schlesinger said he asked Reich to leave the firm because "I don't need the bad publicity." Yesterday in an interview, he said Hoffman's arrangement was different -- and legal -- because she worked at only one school district at a time.

School district records show that Great Neck paid Ehrlich's firm \$578,411 from 2000 through 2004. Ehrlich himself earned \$8,814 from Hewlett-Woodmere and \$51,249 from Great Neck in 2005.

In an interview yesterday, Ehrlich said he thought the practice was legal, but added, "I don't think it's a practice that's continuing."

State records also show that John Gross, a partner in Ingerman Smith, is credited with more than eight years in the state pension system after serving as a part-time attorney for the Village of Northport. At the same time, the village paid Ingerman Smith fees for additional legal work, Gross said.

"That was just the way they did it," he said in an interview. It was "nothing I requested."

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