

EMPIRE SAFETY COUNCIL

176 Terry Road Smithtown NY 11787

Joint Legislative Public Hearings on the Executive Budget Proposal 2017-2018 State Budget—Transportation (DMV)

William Bonds, Empire Safety Council President

**Calling for the Immediate Termination of the Internet Point Insurance Reduction Program (IPIRP)
Criminal charges should be brought for state official misconduct for scheming to continue ineffective
driver safety programs by fabricating scientific research, defrauding the public and compromising
public safety**

Thank you Chairwoman Young, Chairman Farrell and members of the Legislature. I am William Bonds,
President of the Empire Safety Council.

The Empire safety Council (ESC), a New York based and approved accident prevention course sponsor,
is all about highway safety and improving the skills of New York drivers. ***That is why we are calling for
the immediate termination of the Internet Point Insurance Reduction Program (IPIRP) in this state***
due to a scheme backed by willfully-fraudulent studies conducted by NYS Department of Motor
Vehicles (DMV) officials that were the basis of recommendations to the Commissioner and the
Legislature to extend the IPIRP program beyond the previously-scheduled expiration date in 2014.

The effectiveness of the IPIRP program is supposed to be evaluated by means of independent
statistical analysis by DMV of driver improvement. After reviewing the damning evidence contained
herein, I'm sure you will agree that New York's analysis is fraudulent, its evaluations scientifically
worthless and that certain state officials should be prosecuted for fraud, misleading the legislature and
the Executive and violating the public trust.

DMV OFFICIALS DELIBERATELY SCHEME TO MISLEAD THE COMMISSIONER, LEGISLATURE AND THE PUBLIC

Why would DMV officials do this? The answer can be found in language in the DMV-ITSMR contract
itself: **"Without this study and recommendations to the Governor and the legislature, the law
authorizing IPIRP will sunset in May, 2014, eliminating an increasingly popular customer alternative
to the classroom courses. In addition, since the sponsor fee to New York State for completers of IPIRP
is \$8 per student, vs. \$2 for the classroom course, elimination of IPIRP would also represent a
substantial revenue loss to New York State."**

The institutional bias in insuring that IPIRP was extended is glaring. DMV telegraphed what they need
the study conclusions to be to avoid the revenue loss upwards of \$3 million and the end of a popular
program. By diverting more and more students each year away from the classroom course and onto
the internet, the state reaps 4 times the revenue per student. The push to favor the internet for motor
vehicle related transactions is also promoted by DMV as a way to accomplish the Administration's
desire for the state to employ more technology and in DMV's case, to reduce lines at its local offices. It

is a scandal that driver safety has been compromised by the very agency that is charged with making vehicle travel safer by rigging the study and its conclusions and making state revenue a priority.

STUDY WRITTEN BY DMV GHOST WRITER; NOT WRITTEN BY ITSMR RESEARCHERS

Information about the research done under contracts awarded by DMV to the Institute for Traffic Safety Management and Research (ITSMR) was the subject of extensive FOIL requests ESC made to DMV, ITSMR and the State Comptroller's office seeking proof that the research contracted by DMV to be conducted by ITSMR actually was done by ITSMR. These contracts verify that ITSMR's scope of work included the responsibility for ITSMR to conduct these studies and provide other deliverables but discussions with ITSMR officials contradicted this claim.

However, after ESC's inquiry with the office of Research Misconduct and Ethics for the Institute, it was made clear that ITSMR did not actually conduct the research for which it is credited and for which it has been paid by DMV.

When I asked the Vice President of Research about what appeared to be obvious omissions in the analysis and evaluation that the institute provided, I was told that since the institute denies that the research is their work product the DMV may change the document and omit any analysis and evaluation made by the institute since it is exclusively the department's own research, however misleading the cover page (stating that the study was "conducted by the Institute for Traffic Safety Management and Research, University at Albany, Research Foundation of SUNY) may be.

Further, in correspondence to ESC in response to a FOIL appeal, the Vice Chancellor for Policy and Chief of Staff, FOIL Appeals, SUNY wrote: "This evaluation was conducted by the NYS Department of Motor Vehicles (NYSDMV), not the University at Albany."

The IPIRP study doesn't even list any authors or staff at either agency who worked on the contracted study.

CLEAR EVIDENCE OF FRAUD

The DMV study of the I-PIRP Pilot is exposed as intentional scientific misconduct knowing that the validity of the methods does not meet ethical standards. To be clear, the 2007 study methodology comments by the author on page 29 states:

"In sum, the findings from this pilot study indicate that the prescribed design may not be viable for use in assessing PIRP effectiveness"

Subsequently, the author has left this statement out of the 2013 study intentionally. This fraudulent and flawed study diminishes the negative impact of a program that is bad public policy by knowingly using invalid methods. Furthermore, it was related to me by Department officials in 2008 that the 2007 study results confirmed that PIRP had "near zero" effectiveness and that therefore as a result there was no reason for PIRP applicants to submit research documentation of effectiveness prior to approval in contemplation of section 2336 of the Insurance Law.

In other words these IPIRP applicants had no verifiable research documentation that their courses were effective so DMV did an obviously flawed study by a fraudulent author to get the IPIRP program off the ground. All applicant courses were approved without a study of effectiveness in violation of the

law. The Department then hired again the same author to conduct another study and compare the two studies using the same invalid methods. This is intentional misconduct. Unbelievably, the department justifies doing so on the basis that the December 2007 study was not viable in assessing IPIRP effectiveness.

Fraud is intentionally falsifying and/or fabricating research data, and misleading reporting of the results. The facts in this letter can be easily verified by reviewing the documentation and interviewing the persons involved, as I have done.

DECISIONS AFFECTING PUBLIC SAFETY RELIED ON FRAUDULENT STUDY, RECOMMENDATIONS

The situation should outrage you, the legislators, the motoring public and the insured in this state that the results of these studies were the basis for the recommendation in a report dated February 2014 by DMV to continue the IPIRP program beyond the 2014 sunset date. Relying on this recommendation, the Legislature included a 5-year extension of the IPIRP program as part of the 2014-2015 state budget to April 1, 2020. It is this extension I am urging be repealed in this budget.

The Vehicle and Traffic Law, Article 12B states that: "the purposes of this article are to further highway safety by preserving the quality and efficacy of the accident prevention program" and the law and regulations have established strict criteria for initial approval and continual course sponsorship approval. Standards for course approval require each applicant to provide proof of effectiveness that shall be verifiable research documentation showing evidence of effectiveness in terms of reduced accidents, convictions or both and shall employ accepted research principles. *The law further states that submission of any fraudulent or intentional misleading data will disqualify organizations and all owners and principals from participation or application approval for a period of 10 years.* This should apply to public officials as well. ESC has brought this matter to the attention of the State Inspector General and the State Comptroller. Both have indicated that they are reviewing this matter. Public officials involved in fraud should be prosecuted.

Tragically, these studies knowingly used invalid methods to perpetuate and promote a state sponsored program held out to the public as improving their driving skills and justifying insurance and point reduction benefits when in fact there is no credible evidence that driving skills improve.

ESC's interest is in the integrity of a state sponsored driver improvement program that justifies point and insurance reduction benefits to drivers who complete state-approved classroom and internet training. ESC finds that the research that supports the NY IPIRP program is fraudulent, existing laws and regulations are not being followed and security and user verification standards for the internet programs are ineffective. It should be noted, that the biometric User/Identity Validation methods prescribed in Part 141 of the Department's Rules and Regulations are not at all being used by any IPIRP course sponsor. In fact, all sponsors have chosen to use a method not prescribed in Part 141 which is that the student designates a phone as its User/Identity Validation. This method can be easily defeated and the user may give their phone to another person to take the course for them or have someone finish the course for them as well.

Because of these and other flaws, the safe driver outcomes of the IPIRP program courses are nonexistent and are not being demonstrated nor verified as the law requires. In addition, the insurance discounts of 10% for students taking IPIRP are unjustified by the state studies, and become a cost passed on to all insured as higher premiums.

THE ECONOMIC IMPACTS

Fake research and lax regulation and oversight of state-sponsored IPIRP is jeopardizing the public and traffic safety by not delivering on the promise of improving driving skills and accident avoidance techniques. We know that the proliferation of IPIRP and its undeserved endorsement by the state of New York has driven students away from classroom training. All of the state approved IPIRP sponsors are out-of-state companies and the bulk of the monies collected for taking the courses goes to these companies. As a result, the industry employment numbers for well trained and quality classroom instructors has plummeted in New York. Instead, students are flocking to the internet with the false promise that they are taking effective steps to improve their chances of avoiding serious accidents, traffic violations and property damage. Insurers are required to provide an insurance discount to these drivers increasing premiums for all drivers.

WHAT SHOULD BE DONE?

The Legislature and the Governor have the power to end the IPIRP program immediately and demonstrate to New Yorkers that the state is committed to endorsing only driver safety programs that are proven to work as advertised. In light of the deceptions involved in the DMV-ITSMR research contracts and the resulting threat to public safety, ***ESC is urging that your budget be amended to terminate the IPIRP program. You should also call for prosecutions of state officials that were involved in this fraud.***

Thank you for this opportunity to bring this issue to your attention. I'm willing to meet with you to demonstrate the evidence I have to support these claims.

Sincerely,

William Bonds, President
Empire Safety Council