

City of Detroit

Office of the Inspector General

2018 4th Quarterly Report

(September 15, 2018 – December 31, 2018)



Ellen Ha, Esq.

Inspector General

January 14, 2019

A Message from the Inspector General

My tenure as the City of Detroit Inspector General (IG) began on August 20, 2018. Since then, we have published 2018 3rd Quarterly Report, as well as the 1st and the 2nd Quarterly Reports of 2018 and the 3rd and 4th Quarterly Reports of 2017.



This report is 2018 4th Quarterly Report, which will also serve as the City of Detroit Office of Inspector General (OIG)'s year-end report for Calendar Year 2018.

Again, I begin this report with many thanks to the members of the Detroit City Council for my appointment and continued thanks to my colleagues here at the OIG who work tirelessly to preserve honesty and integrity in our government.

As the year ends, my special thanks goes out to all who report waste, abuse, fraud and/or corruption within the City and to those who continue to provide assistance in our effort to serve the City within the confines of the City Charter..

The 2012 Charter of the City of Detroit mandates this office “to ensure honesty and integrity in City government by rooting out waste, abuse, fraud, and corruption.” Waste, abuse, fraud or corruption within a governmental system is like a disease that can spread unless it is first detected, contained, and treated or rooted out.

Government officials derive their power and authority from the people. Therefore, those who work for the government are entrusted by the people to conduct themselves to the highest professional standards. In short, to “ensure honesty and integrity,” we must exemplify and pursue the same.

Our office not only receives and investigates complaints of waste, abuse, fraud and/or corruption and report our findings, but we also make recommendation(s) to further prevent similar waste, abuse, fraud and/or corruption in the future.

We rely on you, the people, employees, contractors, and officials to work with us and with each other to find waste, abuse, fraud and corruption in the City. You are the eyes and ears and we are the hands and feet that will respond to what you see and hear and clean when and where required.

Honesty and integrity are not ideals or guiding principles of government. They are ways, in which, we must govern and conduct business in the City. Honesty garners trust and integrity yields respect. People must be able to trust and respect those who govern and those who act on their behalf. The OIG in the City of Detroit is the body created by the City Charter to ensure that we do not stray from honesty and integrity.

The following pages of this report contain a brief description of the duties and responsibilities of the Office of Inspector General (OIG) under the City Charter, including how the Office operates; how complaints are processed and resolved; relevant information pertaining to investigations initiated and resolved; administrative hearings finalized; and status of debarment proceedings during the 4th quarter of Calendar Year 2018 (September 15, 2018 – December 31, 2018)¹.

¹ The City of Detroit OIG's report for the 3rd quarter of 2018 covered July 1, 2018 – September 14, 2018.

Introduction

Prior to filing for bankruptcy in 2013, the City of Detroit suffered another negative historic moment in 2008. At the request of the Detroit City Council, then Governor Jennifer Granholm presided over a forfeiture hearing of then Mayor Kwame Kilpatrick, who was criminally charged with public corruption and eventually sentenced to a lengthy prison term.

Shortly thereafter, the 2009 Charter Commission was created to review and recommend certain revisions to the Charter. The people of the City of Detroit later adopted the Commission's recommendations on November 8, 2011 to ensure such negative history does not repeat itself. The 2012 Detroit City Charter therefore contains lessons learned in 2008 and the prior years.

More specifically, the 2012 Charter of the City of Detroit created the Office of Inspector General (OIG); and provided the OIG with independent authority "to ensure honesty and integrity in City government."

Although the creation of the OIG appears to make the Inspector General (IG) omnipotent over all branches of City government and contractors, its powers are limited under the Charter.

Specifically, Section 7.5-305 of the Charter limits the jurisdiction of the IG to "the conduct of any Public servant and City agency, program or official act, contractors and subcontractors . . . business entities . . . and persons" seeking certification or who are participating in "any city programs."

Section 7.5-306 of the Charter further restricts the power and the authority of the IG to "investigate. . . in order to detect and prevent waste, abuse, fraud and corruption;" and to report such matters and/or recommend certain actions be taken in accordance with Sections 7.5-308 and 311.

To conduct such investigation, Section 7.5-307 of the Charter provides the IG with the power to subpoena witnesses and evidence; to administer oaths and take testimony of individuals; to enter and inspect premises; and to enforce the same.

The Charter further requires that every public servant, contractor, subcontractor, licensee, applicant for certification to cooperate in the IG's investigation, as failure to do so would subject that person "to forfeiture of office, discipline, debarment or any other applicable penalty." See, Section 7.5-310.

To encourage individuals to report "waste, abuse, fraud and corruption," Section 7.5-313 prohibits and all investigative files deemed confidential except where production is required by law; and Section 7.5-315 prohibits retaliation against any persons who participate in the IG's investigation.

In keeping with due process, Section 7.5-311 of the Charter requires that when issuing a report or making recommendations "that criticizes an official act," the affected party be allowed "a reasonable opportunity to be heard at a hearing with the aid of counsel."

Since all governmental bodies must be held accountable in their role, the Charter requires that the IG issue quarterly reports to the City Council and the Mayor, which shall be made public and published on the City's website. See, Section 7.5-306.

The Detroit Office of Inspector General is a proud and active member of the Association of Inspectors General (AIG). The Association is the professional organization for offices dedicated to government accountability and oversight. The Detroit Office of Inspector General was founded on the model principals of the Association. One of the most important roles the AIG plays is establishing and encouraging adherence to quality standards through its certification program. Each OIG staff member has participated in AIG training and received their certification in their area of discipline.

The Detroit Office of Inspector General joins a growing community of municipal Inspector General Offices across the country including Chicago, Baltimore, New Orleans, New York, and Philadelphia. What used to be a tool for good government for Federal and State Agencies is now making its way to local government.

Office of the Inspector General Organizational Structure: 4th Quarter of 2018

Between September 15, 2018 and December 31, 2018, the City of Detroit Office of the Inspector General (OIG) consisted of the following individuals:

Ellen Ha, Esq., **Inspector General (IG)**;
Kamau Marable, **Deputy IG**;
Jennifer Bentley, Esq., **OIG Attorney**;
Edyth D. Porter-Stanley, **Forensic Auditor***;
Beverly L. Murray, **Forensic Auditor***;
Jacqueline Jackson, **Investigator**;
Kelechi Akinbosede, Esq., **Investigator**;
Derek Miller, **Investigator**;
Kasha Graves, **Administrative Assistant**; and
Tracey Neal, **Administrative Assistant**.

It is important to note the City of Detroit has three (3) different agencies which employ auditor(s) who perform unique function for each agency. With three (3) different types of auditors performing different functions, it is common to confuse their activities and purpose.

OAG Auditors

The OAG, like the OIG, is an independent agency pursuant to Article 7.5, Chapter 1 of the 2012 Charter of the City of Detroit (Charter). The Charter provides the OAG the authority to “make audits of the financial transactions, performance and operations of City agencies based on an annual risk-based audit plan prepared by the Auditor General, or as otherwise directed by the City Council. . . .” Therefore, the OAG provides internal audits of the City.

The OAG’s internal auditors conduct reviews of City of Detroit departments and programs, usually on regular time intervals. They report on internal control weaknesses, lack of compliance with policies and procedures, laws and regulations that result in project inefficiencies, and financial abnormalities.

External Independent Auditors

The City of Detroit, through its Office of the Chief Financial Officer, is also required to perform an audit of the City by external auditors on an annual basis.

The external auditors perform the annual financial audit to certify the accuracy of the financial information presented in the City’s Comprehensive Annual Financial Report

(CAFR). They accomplish this with an approach similar to that of the OAG, but the external auditors examine the financial accuracy of the CAFR, rather than a specific program or department.

OIG Forensic Auditors*

The American Institute of Certified Public Accountants (AICPA) and the Institute of Internal Auditor (IIA) both state that the primary purpose of external and internal audits is not to detect and identify fraud. However, ***detecting and identify fraud is the primary purpose of the OIG forensic auditors.***

The OIG's forensic auditors are specially trained to examine various financial records, reveal fraudulent activities, and identify criminal suspects. They are able to use this expertise to identify missing funds, and the reasoning for these missing funds, in conjunction with fraud investigations. As such, the auditors from the OIG often work with the auditors from the OAG; and audits performed by respective agencies complement one another. Some of the OIG investigations which are assigned to the OIG auditors are referrals from the OAG.

The OIG is currently working on policies and procedures to proactively identify fraudulent trends that can help spawn additional OIG investigations and cases for criminal prosecution.

How OIG Complaints Are Received

The OIG receives complaints in the following manner:

Via Internet: www.detoig.org or www.detroitmi.gov/inspectorgeneral

(The website is on a secure server, which allows individuals to provide information on a secure electronic report form 24 hours a day, 7 days a week.)

Via Telephone Hotline: 313-964-TIPS or 313-964-8477

Via OIG Telephone Line: 313-628-2517 or 313-628-2114

Via Facsimile: 313-628-2793

Via Mail: City of Detroit Office of the Inspector General
65 Cadillac Square, Suite 3210
Detroit, Michigan 48226

Via Personal Visit to the OIG Office at the above address.

Some complaints are referrals from the city's various departments and agencies. The OIG is proud of the professional relationship it maintains with its fellow public servants.

How OIG Complaints Are Resolved

All complaints submitted via the website automatically generate an OIG File with a complaint number.

Most complaints, either audio or on paper will result in an OIG File with a complaint number.

Some complaints received over the telephone directly by OIG personnel may result in a referral to another City department or agency, or to another legal entity. For example, the OIG does not handle matters involving private parties, such as identity theft, land-lord tenant dispute, or personal injury. In these cases, the OIG will refer the complainant to the appropriate entity without creating an OIG File.

Based on initial review of the complaint, one or two of the following may occur:

- 1) An investigative file may be opened and a new file number will be assigned;
- 2) An OIG employee may follow up with the complainant to obtain additional information pertaining to the complaint;
- 3) The OIG will send a letter stating that we have decided not to investigate your complaint or that we have closed your complaint (*sometimes, we are not able to obtain additional information from the complainant which may assist us in determining whether we are able to investigate the allegations made in the complaint*);
- 4) A referral to another department, agency, or legal entity, such as the City's Ombudsman's Office, Detroit Police Department, City of Detroit Buildings, Safety Engineering, and Environmental Department, Wayne County Sheriff or Prosecutor's Office, FBI, Michigan Department of Health and Human Services, or a legal aid office; or
- 5) The OIG will close the complaint without notifying the complainant. This usually occurs when the complainant has not left contact information or if the OIG does not believe it is appropriate to contact the complainant.

(For example, on occasion, two complainants with competing interests will file separate complaints with the OIG. If the OIG has a reasonable suspicion that criminal charges may result from a law enforcement investigation, the OIG will not notify either complainant before referring the case and closing it.)

Based on the OIG's historical data, the majority of complaints received by the OIG do not result in an investigation. However, all of the complaints are carefully reviewed before the complaint is rejected or referred to another agency.

For example, in the first three quarters of 2018, the OIG received 204 complaints but only initiated 32 investigations. One of the primary reasons we did not initiate investigations into all complaints is a common misunderstanding of the OIG's jurisdiction. People often mistake the OIG as an agency which performs inspection of buildings, or as an agency which enforces the law. Therefore, we typically receive an inordinate amount of requests for building inspections. Other common complaints involve parking ticket resolutions, identity theft, and property owner disputes. The OIG attempts to aid each complainant in finding the appropriate entity to resolve their problems. In particular, our administrative support staff works tirelessly to ensure that each

complaint is addressed appropriately in a professional manner. Therefore, the initiated investigations-to-complaints ratio should not be confused with the OIG's workload.

How OIG Investigations Are Conducted and Resolved

The OIG may initiate an investigation based on information received in the complaint or on its own initiative.

An investigation is initiated when an Investigative File is opened and an auditor(s) and/or investigator(s) is/are assigned to the file.

An investigation would generally involve one or more of the following:

- 1) Interview of complainant(s) and/or witness(es);
- 2) Acquisition of evidence and/or documents and review of the same; and
- 3) Analyses of the evidence and/or documents reviewed, including forensic audit or review.

An OIG investigation would result in findings by the OIG, which may substantiate the complainant's allegation of waste, abuse, fraud or corruption in the City's operation or personnel or that of its contractors and/or subcontractors.

In some instances, although the complainant's allegations do not equate to waste, abuse, fraud or corruption, during the investigation of the allegations, the OIG may find other instances of waste, abuse, fraud or corruption. In such instances, the OIG will launch a separate investigation on its own initiative.

Likewise, if the investigation reveals that criminal activity may be involved, pursuant to Section 7.5-308 of the 2012 Charter of the City of Detroit (the Charter), the Inspector General is required to "promptly refer the matter to the appropriate prosecuting authorities."

The OIG summarizes the findings of the investigation in the OIG's final report. However, pursuant to Section 7.5-311(1) of the Charter, "no report or recommendation that criticizes an official act shall be announced until every agency or person affected [by the report or recommendation] is allowed a reasonable opportunity to be heard at a hearing with the aid of counsel."

The Inspector General conducts the hearing pursuant to Sections 2-111 and 7.5-311 of the 2012 Charter, and in accordance with the OIG Administrative Rules for Hearings.

Lastly, Section 7.5-311(2) of the Charter requires "after the hearing, if the Inspector General believes it necessary to make a formal report, a copy of any statement made by an agency or person affected shall accompany the report."

2018 4th QUARTER OIG STATISTICS

(September 15, 2018 – December 31, 2018)

Sources of Complaints Received by the OIG in the 4th Quarter

Complaint Source	Number Received
Internet (Website)	32
Telephone Hotline	5
OIG Telephone	1
Mail	0
Personal Visit	5
Email	17
Total	60

Categories of Complaints Received by the OIG in the 4th Quarter

Categories of Complaints	Number Received
Waste	0
Abuse	17
Fraud	4
Corruption	2
Other	37

How Complaints Were Resolved by the OIG in the 4th Quarter

Open investigative files	24
Decline investigation or Referral	36

Categories of OIG Investigations Initiated by the OIG in the 4th Quarter

Categories of Investigations	Number Received
Waste	0
Abuse	12
Fraud	2
Corruption	8
Other	2

Status of OIG Investigations in the 4th Quarter

Open	Closed
24	31

2018 YEAR-END OIG STATISTICS²

(January 1, 2018 – December 31, 2018)

Sources of Complaints Received by the OIG in 2018

Complaint Source	Number Received
Internet (Website)	166
Telephone Hotline	42
OIG Telephone	10
Mail	5
Personal Visit	17
Email	35
Total	275

Categories of Complaints Received by the OIG in 2018

Categories of Complaints	Number Received
Waste	1
Abuse	114
Fraud	82
Corruption	22
Other	56

How Complaints Were Resolved by the OIG in 2018

Open investigative files	58
Decline investigation or Referral	217

² The annual statistics for Calendar Year 2018 are slightly different from the statistical sum of each quarterly report. This is solely due to minor systematic tabulation issues with the OIG's Case Management System.

Categories of OIG Investigations Initiated by the OIG in 2108

Categories of Investigations	Number Received
Waste	0
Abuse	26
Fraud	15
Corruption	15
Other	2

Status of OIG Investigations in 2018

Open	Closed
58	179

Short Summary of Investigations Closed in the 4th Quarter of 2018

The following reflects thirty-one (31) investigations the OIG closed in the 4th Quarter of 2018 with an accompanying synopsis for each investigation.

2013-0005

The complainant alleged that certain Detroit Department of Transportation (DDOT) employees were falsifying payroll records by entering time/assignment in the payroll system for Transportation Equipment Operators (TEOs) who did not work. In return for the alteration of the record, the TEOs would give the employees, who falsified the records, cash and other gifts. The OIG interviewed DDOT administrative staff; reviewed payroll documentation as well as employee work schedules; and reviewed several days of security video of the DDOT terminals. The OIG did not find any evidence DDOT employees accepted gifts in exchange for falsifying payroll or unfairly awarding overtime. However, the OIG did determine that due to the varied types of overtime available to DDOT employees, the internal controls related to approval of overtime were insufficient to detect and to prevent falsification of overtime. The OIG notified DDOT leadership of its findings and closed the case with no further action.

2013-0024

After not being hired by the Gateway Marketplace Redevelopment Project (Gateway), the complainant alleged it was not in compliance with Executive Order 2007-1. The order states “Effective September 1, 2007 all City of Detroit project construction contracts shall provide that at least 51% of the workforce shall be bona-fide Detroit residents. Additionally, Detroit residents shall perform 51% of the hours worked on the project.” The Human Rights Department is responsible for monitoring and ensuring development projects are in compliance with the Order. The OIG reviewed the Order in its entirety and interviewed former Human Rights Director and Detroit Economic Growth Corporation – Brownfield Redevelopment Authority staff. Based on the information obtained, development projects are subject to a financial penalty if they are not in compliance with the Order. Unfortunately, at the time of the complaint, the Human Rights Department was in the process of developing a plan to monitor compliance with the Order. If the Human Rights Department had determined Gateway was not in compliance with the Order, the City would have imposed a financial penalty to the project based on the degree of non-compliance. As such, the Order itself would not have ensured the complainant would be employed by Gateway. The OIG closed this case without further action.

2013-0033

A Detroit Water and Sewerage Department (DWSD) employee submitted a complaint to the OIG alleging the DWSD wrongfully awarded another employee a position for which the complainant applied. The other applicant allegedly submitted his/her application after the deadline and did not meet the minimum requirements to apply for the position. Prior to submitting the complainant to the OIG, the complainant also submitted the complaint to the Detroit Charter Arbitration System (DCAS). The OIG reviewed the documentation related to the hiring process and the DCAS recommendation. The OIG also interviewed the DWSD Human Resources staff pertaining to the hiring process. Based on our investigation, the OIG agreed with the findings of the DCAS that, “several decisions made during the promotional process called

into question the fairness of the process.” However, because the DWSD was undergoing a mass reorganization at the time the complaint was submitted, the OIG recommended central office Human Resources and Labor Relations intervene in the employment process resulting from the reorganization throughout the DWSD.

2013-0045

A City of Detroit Recreation Department employee submitted a complaint to the OIG alleging another employee stole funds that were collected at the Coleman A. Young Recreation Center. The OIG reviewed the documentation related to funds collected and interviewed Recreation Department employees. The funds were collected for a summer camp field trip at a recreation center. The OIG found evidence that some of the funds collected were not recorded on receipt forms or deposited into the department’s account. However, there was evidence of payment for the related field trip was more than the funds deposited into the account. According to the administrators of the program and documentation reviewed, the payment ensured all participants who submitted the funds were able to participate in the associated activity. Therefore, the OIG found no evidence funds were misappropriated. However, the OIG did determine the subject of the complaint did not follow Recreation Department procedures related to documentation of funds collected. The employee and the Recreation Department agreed to ensure compliance with the policy going forward. The OIG closed this case without further action.

2014-0002

The complainant alleged that a DDOT TEO (bus driver) refused to continue driving until the complainant exited the bus. The OIG was able to review video footage of the incident and confirmed the complainant’s allegations. DDOT administration reviewed the video and issued a written reprimand to the TEO. The OIG closed this case without further action.

2015-0041

A complainant alleged that the Municipal Parking Department (MPD) issued her a parking ticket delinquency notice without first issuing the initial parking ticket. The complainant alleges the MPD did so to increase revenue. The complainant did not respond to the OIG’s attempts to obtain additional information pertaining to her specific complaint. However, the OIG interviewed MPD administrative personnel to review the policies and procedures related to the issuance of delinquency notices. Without specific information about the complainant’s situation, the OIG was unable to complete a thorough investigation regarding the ticket in question. More importantly, the OIG found no evidence that Parking Enforcement Officers are instructed to process delinquent tickets without first issuing the tickets. The OIG closed this case without further action.

2015-0156

While conducting a different OIG investigation, the OIG identified a Buildings, Safety Engineering and Environmental Department (BSEED) bank statement that documented a “Deposit Shortage”. The OIG reviewed the supporting documentation related to deposits BSEED made during the month in question. The OIG found no evidence of a deposit shortage

during the month. In fact, the evidence showed the bank erroneously posted a deposit to the account twice. The adjustment corrected the bank error. The OIG closed this case with no action.

2015-CC-0179

The OIG opened an investigation examining certain aspects of the demolition procurement process led by the Detroit Land Bank Authority (DLBA) and the Detroit Building Authority (DBA). The focus of the investigation was Request for Qualifications (RFQ) No. 06172014A in which Adamo Demolition Company (Adamo), Homrich, and MCM Management Corporation (MCM) were awarded contracts following a contractor meeting (“large-unit contractor meeting”) held by the DLBA and DBA to which only four (4) contractors were invited to attend.

In accordance with Section 7.5-301 of the 2012 Detroit City Charter, the OIG sought to determine whether the DBA and the DLBA engaged in waste, abuse, fraud, or corruption by holding a large-unit contractor meeting prior to the official release of the RFQ. Therefore, the final report contains the OIG’s findings and conclusions that are limited only to the large-unit contractor meeting and are based solely on the evidence collected by the OIG during the course of this particular investigation.

Based on the OIG investigation, the large-unit contractor meeting did not violate any existing written DLBA, State or Federal Blight Elimination Program policies, or obligations to the City. However, engaging in a meeting that was not open to all contractors unnecessarily gave the appearance to the public that an improper activity was taking place behind closed doors. Therefore, while the OIG found no evidence of waste, abuse, fraud or corruption in the demolition procurement process for the large-unit contractors, the OIG did find that the large-unit contractor meeting was improperly limited to select contractors, as the City of Detroit has a duty to conduct its business in the most open and transparent manner possible.

The full report may be read at: <https://www.detroitmi.gov/document/oig-case-no-2015-cc-0179-demolition-procurement-process>.

2016-0012

A Detroit Department of Transportation (DDOT) employee alleged another DDOT employee was fraudulently paid for overtime. The OIG interviewed DDOT Human Resources (HR) administrative personnel and reviewed payroll records for the subject. DDOT HR administrative personnel admitted DDOT maintenance department personnel do allow all the employees to work overtime at their discretion. Based on the investigation, the complainant did receive less than the average overtime for other employees holding the same title. DDOT administrative personnel is aware of the high overtime usage throughout the department. They are working to determine whether this is an appropriate use of resources. OIG found no evidence the overtime paid to the subject was outside departmental policies and procedures. The OIG closed this case with no action.

2016-CA-0027

The complainant alleged that the lobbyist registration list maintained by the City of Detroit Clerk’s Office was not accurate, as she is personally aware of many individuals and firms

who regularly lobby Detroit City Council members but are not reflected on the list. The Office of Inspector General (OIG) opened an investigation to explore ways to promote awareness and compliance with the lobbying registration provisions of the 2012 Charter of the City of Detroit. The OIG organized a working group with the City Clerk's Office and Law Department to explore ways to promote compliance with the lobbying registration provisions of the City Charter and Code. The OIG's efforts to increase compliance with the lobbyist registration requirements was successful. The list of active registered lobbyists increased from two (2) to thirty eight (38) individuals and entities, and each registered lobbyist is current with his/her quarterly reports.

Additionally, as a result of the OIG's efforts to encourage broader lobbyist participation in the City of Detroit's registration efforts, the State of Michigan Bureau of Elections included the following statement on its lobbyist registration website: *"Please be advised the City of Detroit also has registration and reporting requirements for those individuals or entities that engage in lobbying activities. Visit <http://www.detroitmi.gov/How-Do-I/File/Lobbyist-Registration-Information> for more information on how to register."*

2016-0041

A City of Detroit employee submitted a complaint to the OIG alleging that Civil Rights, Inclusion and Opportunity Department (CRIO, formerly known as Human Rights Department) committed a fraudulent act by conducting an insufficient investigation into her allegations. The OIG reviewed the documentation CRIO collected for their investigation and interviewed the CRIO employee that conducted the investigation. The OIG found no evidence that the CRIO investigation was fraudulent or insufficient. The OIG closed this case with no action.

2016-0046

The Department of Administrative Hearings (DAH) submitted a complaint alleging one of their employees had misappropriated funds. The OIG reviewed the financial information and statements the DAH obtained from other employees in the department. The DAH terminated the employee prior to the conclusion of the OIG investigation, firmly placing the employee outside of the OIG's jurisdiction. However, based on the preliminary investigative findings, the OIG determined that funds the DAH collected had been misappropriated. The OIG closed the case after it made the DAH aware of internal control weakness in their policies and procedures.

17-0003-INV

The complainant alleged that a local business was illegally bypassing City of Detroit water meters, regularly engaged in illegal dumping, required its employees to work in dangerous conditions, and denied City of Detroit inspectors access to the facility. The OIG initiated a case based on the anonymous complainant's assertion that the local business was a contractor for the DLBA. The OIG contacted the DLBA's General Counsel, who subsequently contacted the DBA. He was able to confirm that the business was not a contractor for the DLBA or the DBA. Since there was no evidence that the business was a contractor for the city, and the OIG was unable to contact the complainant for further information, the OIG closed the case with no action.

17-0014-INV

The complainant alleged that the DLBA abused its authority by attempting to seize her property, an action she claims the DLBA has no legal standing to perform. She provided the OIG with a video purportedly showing two DLBA employees notifying the complainant that she must vacate the property. After careful review of the footage, the OIG determined that there was no evidence that the alleged DLBA employees abused their authority. Furthermore, the OIG notified the complainant that if she believed that the DLBA had no legal standing to seize her property, she would need to resolve this issue in court.

Lastly, the complainant alleged that she never received a property tax refund on the property in question. The OIG referred her to the City of Detroit Office of the Assessor to resolve this issue and closed the case with no action.

17-0015-INV

An anonymous complainant alerted the OIG to a Facebook profile professing pro-Nazi sympathies by an alleged DPD officer. After conducting a series of background checks and internet searches, the OIG determined that the profile was likely using an alias. The OIG referred this case to the Office of the Chief Investigator (OCI), which confirmed that there was no member of DPD with the assumed name. The OCI accepted the OIG referral and the OIG closed the case.

17-0029-INV & 17-0031-INV

A private citizen witnessed two government vehicles speeding in his neighborhood on two different occasions. The complainant was able to provide the OIG with license plate numbers and descriptions of the vehicles. This information allowed the OIG to identify one vehicle as assigned to the Department of Water and Sewerage (DWSD). The OIG notified the DWSD and closed the case. The other vehicle was an undercover police vehicle, so the OIG closed this case with no action.

17-0060-INV

BSEED Director requested the OIG investigate whether a Buildings, Safety Engineering and Environmental Department (BSEED) inspector abused his authority by not disclosing a conflict of interest between his official duties and his private business venture. The inspector plays a vital role in the BSEED Medical Marijuana Caregiver Center (MMCC) application process. A private citizen was attempting to obtain a license for an MMCC at a property owned by the inspector. The OIG interviewed multiple employees at the BSEED, the private citizen MMCC applicant, and the inspector's property manager. In addition, the OIG reviewed MMCC application policies and procedures, applicable law, documentation related to the application, and the City of Detroit Ethics Ordinance.

The OIG concluded there was no evidence that the inspector gave this particular application preferential treatment, nor that it is necessarily prohibited for a tenant in the inspector's building to operate an MMCC. However, the inspector abused his authority and violated the City's Ethics Standards of Conduct by not disclosing his interest during the initial stage of the application process. The OIG recommended that the inspector be disciplined according to the City of Detroit Corrective Disciplinary Action Guidelines, and for the BSEED to work with the Board of

Ethics to develop a training program for inspectors on how they are expected to navigate potential conflicts of interest.

17-0067-INV

An employee of the City of Detroit's Retirement System (Pension Department) submitted a complaint alleging a Pension Department administrator abused his authority by submitting payroll records indicating that he was working (i.e. straight time) when he was in fact on vacation. The OIG reviewed the payroll records and interviewed the administrator and determined that the administrator was paid a set daily rate regardless of the number of hours he worked in a day, in accordance with the City's Pension Department policies. Based on the information the OIG received, the administrator provided an explanation supporting the use of paid time off and straight time during the period in question. The OIG closed the case with no action.

18-0003-INV

The complainant alleged that a BSEED License Examiner was using his official position with BSEED to influence his son's job application with a company that does business with the City of Detroit. In particular, the complainant alleged that the BSEED License Examiner administered a written and an oral examination to his son; communicated with the contractor employees pertaining to his son's employment; and sent an unauthorized letter to the local union. After multiple interviews and document review, the OIG concluded that while there was insufficient evidence to conclude that the BSEED License Examiner abused his authority, his actions were highly improper. The OIG notified BSEED of its findings and closed the case.

18-0008-INV

The OIG received a complaint from the City of Detroit Law Department which alleged that (1) Gasper Fiore engaged in fraudulent, corrupt, unethical, and/or criminal behavior on behalf of Boulevard & Trumbull while acting as a towing contractor for the City of Detroit and Detroit Police Department (DPD); and (2) tow companies related to Gasper Fiore were engaged in fraudulent, corrupt, unethical, and/or criminal behavior while acting as a towing contractor for the City of Detroit and DPD. Among the tow companies identified by the Law Department were Javion & Sam's 24 Hour Towing Service, Inc. (Javion & Sam's), Gene's Towing, Inc. (Gene's), City Wide Towing, Inc. (Citywide), and B & G Towing (B & G).

On May 7, 2018, after conducting an investigation, the OIG issued a recommendation to Mayor Duggan that the Municipal Parking Department (MPD) and DPD not consider bids for the present towing contracts from the above listed companies. It was also recommended that Javion & Sam's, Gene's, and B & G be immediately suspended from the DPD towing rotation.

On June 14, 2018, the OIG held an administrative hearing for Javion & Sam's, Gene's, Citywide, and B & G and on June 28, 2018, the same was held for Boulevard & Trumbull. The purpose of the hearings was to provide the towing companies an opportunity to present evidence, testimony and any supporting information in response to the OIG's initial recommendation for suspension. In addition to the administrative hearings, the OIG reviewed thousands of pages of documents; and held interviews, meetings, and conference calls with multiple individuals. Based

on the evidence gathered and reviewed, the OIG upheld its initial recommendation of May 7, 2018.

Specifically, the OIG determined that Boulevard & Trumbull failed to show it is a responsible contractor who conducts business in the City with honesty and integrity. It is undisputed that Mr. Fiore pleaded guilty to bribing a Macomb County official and former DPD Deputy Chief Celia Washington pleaded guilty to accepting a bribe from Mr. Fiore, while he was an owner of Boulevard & Trumbull, to assist him with the tow companies he identified to her, through Jennifer Fiore. It is also evident that Joan Fiore and Jennifer Fiore were involved in sending an email regarding tow rotations to Ms. Washington well after the 2016 tow permit application deadline. This was done while Jennifer Fiore was still an owner of Boulevard & Trumbull. Additionally, no evidence was provided to show that Boulevard & Trumbull owner Jessica Lucas took any steps to ensure this does not happen again. She failed to implement policies and procedures to ensure that the company is in compliance with the law.

The OIG determined that Javion & Sam's, Gene's, Citywide, and B & G failed to provide evidence that the companies are responsible contractors who conduct business in the City with honesty and integrity. The OIG concluded Gene's, Citywide, and B & G are closely connected to Gasper Fiore, Joan Fiore, Jennifer Fiore, Jessica Lucas, and Boulevard & Trumbull. Gene's, Citywide, and B & G operate from land owned by Joan Fiore, Jennifer Fiore, and Jessica Lucas. Gene's and B & G also owe Joan Fiore a substantial amount of money for the companies they purchased from Joan Fiore in 2011. However, the OIG was provided no record of any evidence that any lease or interest payments have been made to date. These companies also had a close working relationship with Boulevard & Trumbull during the time the bribery was occurring.

Finally, and most importantly, individuals representing Boulevard & Trumbull, Javion & Sam's, Gene's, Citywide, and B & G were not cooperative or forthcoming in that only selected information was provided to the OIG and several key witnesses refused to testify in the OIG's Administrative Hearing.

Subjects of investigation cannot simply make representation without supporting documentation or testimony. Likewise, they cannot simply provide selective, self-serving information and expect the OIG to take their word for the rest of the information which were not provided to the OIG. The OIG is required by the 2012 Charter of City of Detroit "to ensure honesty and integrity in City government" and its jurisdiction extends to contractors and businesses seeking contracts or certification from the City. Such lack of cooperation only obfuscates the OIG's investigation and certainly does not display honesty and integrity.

In fact, anyone who "willfully or without justification or excuse obstructs an investigation of the Inspector General by withholding documents or testimony is subject to forfeiture of office, discipline, debarment, or any other applicable penalty." This alone subjects Boulevard & Trumbull and its owners to discipline or debarment. As such, on November 2, 2018, the OIG initiated debarment proceedings against the tow companies and their owners. The debarment proceedings are still pending as of the date of this quarterly report. If the debarments become final, the OIG's website at www.detoig.org will be updated accordingly.

The final reports for this case may be found at <https://detroitmi.gov/government/office-inspector-general/oig-reports>.

18-0009-INV

A DLBA contractual employee submitted a complaint to the OIG alleging a DLBA administrator abused her authority by inappropriately relieving the complainant of her work assignment. The complainant also notified the DLBA about incorrect payroll transactions believed to have resulted directly from the complainant's dismissal from an assignment. After the OIG interviewed the DLBA's General Counsel, the DLBA hired a consultant to review the payroll information identified by the complainant. The consultant determined that there was no evidence of fraud in the payroll transactions in question, and worked with the DLBA to rectify the payroll issues. The OIG reviewed the consultant's report and concurred with the consultant's findings. As a result of this investigation, the DLBA terminated the administrator for not reporting the questionable payroll transactions and reinstated the complainant to her previous assigned position.

18-0014-INV

The complainant alleged that two companies that bid on the contract to manage and operate the various City-owned golf courses received preferential treatment in the bidding process due to their ties to a company who had a consulting contract with the City of Detroit pertaining to the golf courses. The complainant believed this relationship should have resulted in both companies being disqualified from the bidding process. After examining the relationship between the consultant and the two companies, the OIG determined that there was a conflict of interest in the bidding process, as there was a clear connection between a participant in the consulting contract's feasibility study and the company which was ultimately awarded the management contract of the golf courses. The OIG concluded that the evaluation team selected by the Office of Contract and Procurement (OCP) should have recognized this conflict and taken the appropriate steps to prevent the unfair advantage the winning bidder may have had over the other bidders who responded to the Request for Proposal. As a result of this investigation, the OCP and the OIG have agreed to form a working-group to implement changes in the contracting process to avoid similar conflicts in the future.

18-0019-INV

The Mayor's Office forwarded a complaint to the OIG alleging misconduct by Public Lighting Authority (PLA) officials and employees. The complaint consisted of numerous allegations, most of which did not fall within the OIG's jurisdiction. However, the complaint detailed two allegations that fell within the OIG's jurisdiction: 1) a PLA official allegedly solicited campaign contributions for a Detroit City Councilmember from a PLA contractor during business hours; and 2) the same official allegedly asked the contractor to assist his wife in finding a job. The contractor further alleged that the PLA retaliated against the contractor by issuing the contractor a suspension of work order.

Following interviews and a review of all relevant documents, the OIG determined that it was improper for the PLA official to invite a contractor to a political fundraising event during work hours. However, the provision of the 2012 City Charter of Detroit that forbids City agencies from engaging in campaign activities during business hours does not apply to the PLA because the PLA is a separate legal entity and the PLA did not have a policy pertaining to solicitation of campaign contributions at the time the complainant filed a complaint to the Mayor's Office. Moreover, the OIG found no evidence that the PLA retaliated against the

contractor for failing to assist his wife in obtaining new employment. The OIG recommended that the PLA author a policy relating to campaign activities and closed the case.

18-0022-INV

The complainant alleged the DWSD illegally altered water bills to earn more revenue, at times increasing his bill by 30 times. Furthermore, water shutoffs during the winter caused his pipes to burst causing over \$100,000 in damages. He claimed that his water bills rose astronomically around the time when the DWSD installed a new water meter at his home. Attempts to ascertain exactly when this spike occurred were unsuccessful as the complainant was suffering health complications in the months surrounding his communication with the OIG. However, after a few months, he was able to provide the OIG with additional information and documentation.

The OIG examined the documentation and found that the complainant's allegations did not match the records. The complainant's water bills did increase, however the direct cause of the increase is not entirely known as the complainant had many disruptions in his water bill due to shut offs. The complainant's assertion that the DWSD was uncooperative was also unfounded. At one point, the DWSD gave him over \$4,000 in credit. While his rates did increase in recent years, the OIG found no evidence that this was due to fraud.

18-0027-INV

The complainant alleged that the BSEED abused its authority when it wrongly determined that a proposed Medical Marihuana Caregiver Center (MMCC) was not within 1,000 feet from a Controlled Use establishment, as defined in the Detroit Zoning Ordinance. For this particular establishment to qualify as a Controlled Use, it must be 15,000 sq. ft. or less. The complainant provided documentation from "the Tax Department" showing that the establishment is just under 15,000 sq. ft. However, the BSEED provided their own documentation showing that the establishment is just over 15,000 sq. ft.

During the MMCC licensing process, a BSEED inspector performs a check of all properties within 1,000 radial feet to find if any properties would violate spacing requirements for the applicant. BSEED inspectors rely on BSEED records to make such a determination. Therefore, this inspector had no reason to believe that the establishment was under 15,000 sq. ft. when the BSEED documentation explicitly stated that it was not. The OIG closed the case after notifying the complainant there was no evidence the BSEED inspector abused his authority.

18-0032-INV

The OIG received a complaint from City of Detroit Ombudsman Bruce Simpson. He requested that the OIG initiate debarment proceedings against a former employee of City contractor Den-Man. During the time that he was an employee of Den-Man, he allegedly engaged in unacceptable and reprehensible behavior toward a City of Detroit employee.

The OIG requested a legal opinion from the Law Department inquiring whether an employee of a contractor would fall within the meaning of a "contractor" as defined in 18-11-5 of the 1984 Detroit City Code of the Debarment Ordinance. The Law Department issued its formal opinion which states, in pertinent part:

In sum, the Office of Inspector General has authority to conduct an investigation of any matter as necessary to ensure compliance with the law. However, an employee, as an individual, may not be debarred from doing business with the City of Detroit.

Therefore, the OIG was unable to initiate debarment proceedings against the former employee. Additionally, because Den-Man took immediate and prompt action against the former employee by terminating him from Den-Man's employment for this incident, there was no grounds to debar Den-Man based on this incident alone. Lastly, because the City of Detroit employee filed a police report against the contractor's former employee with the DPD to determine criminality, the OIG closed the file.

18-0038-INV

An anonymous complainant alleged that a convicted pedophile is an employee at the City Airport, which hosts children for airplane rides. The OIG searched the Michigan State Police (MSP) Sex Offender Registry and found that an employee of a contractor who works at the airport is an active registrant who was convicted of Criminal Sexual Conduct in the Fourth Degree. The OIG notified City Airport officials and recommended that it take action to ensure that the contractor's employee complies with the MSP Sex Offender Registry requirements and will not be involved or participate in any City Airport sponsored program for children.

The complainant further alleged that some of the City Airport employees work for the City of Detroit and for another employer during the same work hours. The complainant did not provide sufficient information for the OIG to identify such employees. However, the OIG confirmed that one of the airport employee does have an outside employment with another employer, for which the City Airport received a written disclosure form. The OIG recommended that the City Airport keep an updated outside employment disclosure record and record of attendance of all employees to ensure that employees are in compliance with the City's outside employment policies.

18-0040-INV

The Human Resources Department contacted the OIG stating that an Election Department employee was terminated after the City Clerk's Office caught him/her falsifying employment verification documentation to purchase a vehicle. The Human Resources Department was concerned that a coworker aided her in falsifying this documentation. The OIG reviewed the fraudulent documentation, and interviewed the accused employee and other Election and City Clerk employees. The OIG was unable to determine if the second employee intentionally aided his/her former coworker in crafting the false employment verification. The OIG closed this case without further action.

18-0041-INV

The complainant alleged that a city employee used her position to obtain personal information about the complainant. The city employee then used that information to send her threats. The employee's department terminated her before the OIG could conduct an investigation.

18-0056-INV

The complainant alleged that Operation Get Down (OGD), a City of Detroit Housing and Revitalization Department (HRD) sub-grantee, falsifies client files and case notes; bills the City for services not rendered; compensates clients for providing or verifying false information during audit visits; and did not take action when a staff member sexually assaulted a client. The HRD reported the complaint to the Law Department, the Office of Development and Grants (ODG), and the BSEED. The Law Department and the HRD conducted a joint investigation, but were not able to substantiate the complainant's allegations. The HRD performed an independent audit and recommended that in order for the City of Detroit to continue funding the work of the ODG, a corrective action plan must be established, showing strengthened organizational policies and procedures, documentation of services, and outstanding code violations. The ODG conducted a financial audit of the organization and found no evidence to support the allegations. The BSEED went on a site visit to ODG and conducted an unplanned inspection. The BSEED inspector found the site to be in good standing, however there were several violations of the Property Maintenance Code, which needed to be corrected in order to maintain a Certificate of Compliance. The OIG reviewed the various investigative reports and concluded that the HRD, Law Department, the ODG, and the BSEED conducted thorough investigations into the complainant's allegations and found it unreasonable to duplicate investigative efforts. The OIG adopted the proposed recommendations made by the various City departments and agency and closed the case.

Correction to 3rd Quarter of 2018 Report

The following synopsis is a **correction** for its counterpart in the last quarterly report.

2015-CA-0077

The complainant alleged he had work done on his house that was defective and it was wrongfully approved by a BSEED inspector. The OIG found that the contractor who performed the work purchased three (3) permits from the BSEED for work on the complainant's property. BSEED records showed that they inspected the work on all three (3) permits. BSEED approved the work on only 2 of the 3 permits. BSEED found that the work on the remaining permit was in violation of city codes and did not approve the work. The BSEED informed the complainant of their findings and the OIG closed the case with no evidence of wrongdoing.