



CITY OF DETROIT OFFICE OF INSPECTOR GENERAL

Ellen Ha, Esq., CIG
Inspector General

Kamau C. Marable, MA., CIG
Deputy Inspector General

DATE:
1/30/2023

COMPLAINT CLOSURE MEMORANDUM

TO: Ellen Ha
Inspector General

FROM: Jennifer Bentley, Esq., CIGI
Attorney

OIG Complaint #: 23-0011-COM

I. Complaint Summary

On January 18, 2023, the City of Detroit Office of Inspector General (OIG) opened a complaint regarding funds missing from the Detroit Public Library system (Library). Subsequently, on January 26, 2023, the OIG received a memorandum from City Council Member Calloway regarding “Fraud involving Detroit Public Library Funds.” It was alleged that the Library had \$685,221 stolen in an email and wire fraud scam. The alleged wire fraud appeared to involve at least one person who used a Detroit Public Library e-mail address requesting to transfer money from the Library’s bank accounts. Between December 2020 and January 2021, the individual using the Library email account allegedly sent fraudulent wire instructions to the City to transfer Library funds, ranging in amounts from \$95,000 to \$259,000, to private accounts that were not controlled by the Library.

It was determined that the two men who had access to the private bank accounts where the Library funds were transferred were not City employees. A city official filed a report with the Detroit Police Department (DPD) in January 2021. The FBI and Secret Service were also notified. However, the law enforcement agencies will not confirm or deny the existence of an ongoing investigation.

Additionally, the City of Detroit Office of Innovation and Technology (DoIT) traced the alleged fraudulent emails sent from the library email account and determined the IP address was based in Malaysia. However, DoIT noted that the funds may have been simply routed through Malaysia. The City of Detroit was able to recover \$277,795. However, \$407,426 was not recovered.

Currently, the City of Detroit and Library Commission disagree about who is responsible for the missing funds. The Library wants the City to compensate them for the stolen money but,



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to date, the City has refused. The Library Commission has argued that the City is responsible because the City controls the Library's finances pursuant to state law.

II. Complaint Category:

- Fraud
- Abuse
- Waste
- Corruption
- Other

III. Recommendation:

I recommend we close this complaint with no further action.

IV. Recommendation Rationale:

The alleged wire fraud would be a criminal offense. The 2012 City of Detroit Charter (Charter) states at Section 7.5-308 that if "the Inspector General has probable cause to believe that any Public Servant or any person doing or seeking to do business with the City has committed or is committing an illegal act, then he or she shall promptly refer the matter to the appropriate prosecuting authorities." Based on information we have gathered to date, this matter has already been referred to DPD. Further, the FBI and Secret Service have also been made aware of the alleged crime.

Finally, the dispute between the Library and the City of Detroit regarding the City compensating the Library for the missing funds appears to be an intra-governmental dispute over which the OIG has no jurisdiction. Section 7.5-208 of the Charter details the process to resolve such disputes. It states

In all disputes between branches or units of city government, before any branch or unit can institute legal proceedings, they shall have first requested and obtained from Corporation Counsel a legal opinion which details which party's position is consistent with the current state of the law. Corporation Counsel shall then instruct the branch or unit whose legal position is inconsistent with the current state of the law to retain legal assistance and representation from an outside law firm or outside attorney if they intend to institute legal proceedings.

Based on the above information, the OIG does not have jurisdiction over these matters. Moreover, it would not be proper for the OIG to officially refer the matter to the Law



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Department for resolution of the dispute. The Charter requires that one of the departments involved in the dispute to request a legal opinion from the Law Department. The OIG cannot do that on behalf of another department. Therefore, the complaint should be closed with no further action.