

DETROIT

Towing firms claim Detroit police defrauded them, run illegal impound lots



George Hunter

The Detroit News

Published 11:10 p.m. ET Dec. 19, 2023

[Hear this story](#)

Detroit — Towing companies that contract with the Detroit Police Department have filed a federal lawsuit accusing police and city officials of defrauding them and illegally setting up a municipal towing and storage operation.

Detroit's police towing process has been mired in controversy for decades, culminating in "Operation Northern Hook," a federal investigation that has resulted in the convictions of multiple elected officials and Detroit police officers, including the former head of DPD's internal affairs unit and the department's former attorney.

In an effort to stem the corruption, Detroit police officials in 2018 announced they were taking over part of the department's towing and storage operations, although the towers claim in their lawsuit that the apparatus wasn't set up in time to comply with a state law barring municipalities from towing and storing vehicles.

Detroit Corporation Counsel Charles Raimi said the charges have no merit and said he expects the case to be dismissed.

The towers' allegations were made in an 81-page lawsuit that was filed Dec. 13 in the U.S District Court for the Eastern District of Michigan on behalf of six of the seven private companies that tow for the Detroit Police Department: Troy's Towing, H&B Land, Wayne's Service, 7D's Towing and Storage, ABA Impound, Bobby's TCB Towing Service.

The seventh firm that contracts with DPD, BBK Towing & Recovery, opted out of the suit, which names the city of Detroit as a defendant. BBK didn't respond to a request for comment.

In September 2018, Detroit Police officials announced they were taking over part of the towing rotation to weed out the widespread corruption.

Immediately after the announcement, former City Councilwoman Janeé Ayers accused police of secretly plotting to take over all the city's towing.

Ayers' home was raided by the FBI in 2021 as part of Operation Northern Hook, although she was not charged with wrongdoing. Former Councilman Scott Benson's home was also raided in 2021 as part of the federal probe, but he was also not charged.

Former Detroit Police Lt. John F. Kennedy, who ran the department's internal affairs unit, was sentenced in April to 2 1/2 years in prison for taking towing bribes from an undercover FBI agent. Last year, former Councilman André Spivey was sentenced to two years in prison for accepting towing bribes.

Others convicted in the towing investigation include former Detroit Deputy Police Chief Celia Washington, who served as the department's legal adviser, and former City Council member Gabe Leland, who pleaded guilty to misconduct in office involving a land deal. In exchange for the plea, federal authorities agreed to drop an investigation into towing-related bribery for Leland.

When DPD took over part of the department's tow operations, there was an outcry among the towers who insisted they had contracted with police for years without scandal. The towers said they were being unfairly punished for the corruption of public officials and crooked towers such as Gasper Fiore, who owned Boulevard & Trumbull Towing in southwest Detroit and, according to city officials, several other tow companies on the police rotation before he was convicted in 2018 in a Macomb County bribery scheme.

"Each of these tow companies (in the lawsuit) is in good standing and has decades of experience," the towers' attorney, James Austin, said in a statement.

Detroit police officials assured the towers after taking over the towing process that the department's trucks wouldn't handle more than 25% of the tows, although the towers claim in their lawsuit that the department committed fraud by making a false promise.

"(DPD's trucks) have regularly towed in excess of 25% of all police authorized tows carried out each month," the lawsuit alleged. "(DPD's) towers have handpicked towing opportunities that involve vehicles that may yield more revenue than other vehicles, including, but not limited to, all stolen vehicles."

Another claim made in the lawsuit: "DPD has been withholding accrued towing and storage charges from proceeds of auctions of abandoned vehicle rightfully due to Towing Company Plaintiffs."

Raimi, Detroit's corporation counsel, said in an email: "The claims made against the city all lack merit and the city expects the case will be dismissed in due course."

Timing questioned

Detroit's police towing operation is separate from the towers that contract with the city's Municipal Parking Department, which handles mostly parking violations. Detroit police-authorized towers deal with abandoned or stolen vehicles and those seized by officers or involved in accidents.

Detroit police officials announced they were taking over part of the towing program on Sept. 20, 2018 — 10 days before a new Michigan law took effect on Sept. 30, 2018, barring municipalities from handling towing and storage duties. Municipalities that already had towing and storage operations up and running were grandfathered in under the new law.

The towers claimed in their lawsuit that the Detroit Police Department couldn't possibly have implemented its towing program less than two weeks after police officials announced it and said publicly that they still hadn't set up several components.

On Sept. 20, 2018, Detroit Mayor Michael Duggan and former Police Chief James Craig issued a joint directive authorizing DPD to operate its own towing and storage operations. The directive was subject to the approval of the Detroit Board of Police Commissioners, which passed the measure that day in a 7-2 vote.

At the Sept. 20, 2018, board meeting, then-Assistant Chief James White and then Lt. Michael Parrish — who now hold the ranks of police chief and commander, respectively — said the police department had purchased six tow trucks at \$575,000 and had allocated four city-owned lots to store impounded vehicles.

"Based upon the presentation by Assistant Chief White and Lt. Parrish and the questions of the (police board), the DPD towing program certainly was not operational on September 20, 2018, had little chance of being fully operational on September 30, 2018, and would never have been able to respond appropriately to all of the requirements and qualifications set forth in the 2022 RFP, as the DPD would require of all the Towing Company Plaintiffs," the lawsuit said about the request for proposal.

The suit further claimed: "At the time of the presentation and (police board's) vote on the resolution, the DPD was unable to provide the (board), who was to have oversight of the program, with an organizational chart so they could know how the organization was set up and who played what role."

"... further, the Detroit City Council did not approve the actions by the Mayor, Chief of Police and (the police board) until well after September 30, 2018," the

lawsuit said. "As of September 30, 2018, the City of Detroit was not operating a motor vehicle storage facility or towing operation. Accordingly, the City of Detroit is operating its current towing operation and motor vehicle storage facility in violation of (the Motor Vehicle Facilities Act)."

More allegations

Last year, the police board, which for 10 years had selected police-authorized towers by issuing permits, voted to lessen its role and move the selection process to the Detroit Office of Contracting and Procurement.

Under the new rules, which were announced in November 2022, towers must submit competitive bids and sign contracts.

During an emergency meeting last year, the City Council unanimously approved contracts for seven police-authorized towing companies. The Detroit Towing Association, which represents the firms that contract with DPD, complained that the process had been rushed and that there'd been no need to call an emergency vote on short notice.

The towers' lawsuit claimed the city breached its contracts by requiring the companies to tow vehicles to city-owned impound yards instead of the towers' lots.

The city-owned lots "do not operate in accordance with the highest industry standards and practices and would fail any audit that is required of Towing Company Plaintiffs," the lawsuit said.

"These facilities are unlawful and substandard," said the towers' attorney, Austin. "They are dangerous to both tow companies and the public, are not ADA (Americans with Disabilities Act) compliant and even lack restrooms."

The DPD-owned tow trucks are also substandard, the lawsuit alleged.

"The tow trucks owned and operated by the City of Detroit are unreliable and all but one at a point prior to the filing of this complaint were not operational," the suit said.

Attached to the lawsuit were multiple photographs showing the city-owned lots littered with debris.

"The (city) does not provide convenient, well-managed and courteously operated storage facility for vehicles ordered impounded by DPD," the lawsuit said. "In fact, DPD storage facilities are dangerous not only to vehicle owners, but to towing company plaintiffs entering onto the property, as the areas upon which they must drive are covered with glass, screws, nails, vehicle parts and debris, causing damage to towing company plaintiffs' vehicles."

ghunter@detroitnews.com

(313) 222-2134

@GeorgeHunter_DN