



Public Synopsis

OIG Report #2013-0142

Use of "Ghost" Locations by City-Contracted Towing Vendors



**OFFICE OF INSPECTOR GENERAL
BALTIMORE CITY**

100 N. Holliday Street, Rm. 640
Baltimore, MD 21202



Public Synopsis

**Synopsis of OIG Report #2013-0142: Use of “Ghost” Locations by
City-Contracted Towing Vendors**

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FROM	NAME & TITLE	Robert H. Pearre, Jr. – Inspector General 	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Office of Inspector General City Hall, Suite 640		
	SUBJECT	Synopsis of OIG Final Report #2013-0142		

TO Hon. President, and Members of the City Council
400 City Hall

DATE: 06/28/2016

Please find attached, the Office of Inspector General’s (OIG) Public Synopsis of case #2013-0142 involving several medallion towing companies contracted with the City of Baltimore. Those towing companies are alleged to have individually created “ghost” locations for the purposes of receiving additional towing business under the proximity-based Police requested towing contract.

On 04/09/2013, the OIG received a telephone call from a citizen stating that a towing company was operating “ghost” locations in order to give the false perception of closer proximity for Police-initiated tows. Based on the information received, the OIG initiated an investigation. On several dates during the course of the investigation, OIG personnel performed site inspections of the ten towing companies with which the City contracted for Police requested towing. The OIG determined compliance of each location with the criteria listed in the *Technical Minimum Specifications* for Solicitation B50002251. Of the ten towing companies inspected, two were found to be fully compliant, five were found to be partially compliant, and three were found to be non-compliant.

The OIG recommended that DOT suspend Police requested towing contracts for a period of thirty (30) days with vendors that are not fully compliant with the minimum site requirement as described in the *Technical Minimum Requirements, Request for Bids to Provide Citywide Police Requested Towing Services*. During this 30-day period, the non-compliant towing companies should be required to make the appropriate changes necessary to fully comply with the minimum requirements of the contract. The OIG believes that using business presence as the determining factor for assigning tows increases the risk of fraud through the establishment of “ghost” locations. As such, the OIG also recommended that all contracted towing vehicles be equipped with a Global Positioning System (GPS) to determine the vehicle’s location when assigning tows. Management partially agreed with the report’s recommendations and provided planned actions that were responsive to the intent of the recommendations. Management’s complete written responses to the report’s recommendations are included as attachments 1, 2, and 3 to the report.

The OIG would like to thank all of the City agencies and personnel who acted as valuable partners in working towards the successful conclusion of this investigation. The OIG looks forward to continuing our partnership to strengthen policy, procedure, and internal oversight protocols.

- This report is available to the public in print or electronic format.
- To obtain a printed copy, please call or write:

Office of Inspector General
100 N. Holliday Street
Suite 640, City Hall
Baltimore, MD 21202

- Baltimore City employees, citizens, and vendors or contractors doing business with the City should report fraud, waste, and abuse to the **Fraud Hotline. Call 1-800-417-0430** (24 hours a day, 7 days a week).
- Notifications of new reports are now available via Twitter by following us **@OIG_BALTIMORE**.

Public Synopsis



OFFICE OF INSPECTOR GENERAL BALTIMORE CITY

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Public Synopsis

Synopsis of OIG Report #2013-0142: Use of “Ghost” Locations by City-Contracted Towing Vendors

Subjects: Frankford Towing, Inc.
Frankford Towing, LLC
Frankford Towing Associates, LLC
Frankford Towing Services, LLC
Greenwood Towing, Inc.
Lilith, Inc. d/b/a Jim Elliot’s Towing
McDel Enterprises, Inc.
Mel’s Towing & Service Center, Inc.
Ted’s Towing Service, Inc.
Universal Towing, LLC

Introduction

Several medallion towing companies¹ (towing companies) are alleged to have individually created “ghost” locations for the purposes of receiving additional towing business under the proximity-based Police requested towing contract. By creating “ghost” locations, the implicated towing companies misrepresented their proximity to high-volume areas in the City of Baltimore (City) and, as a result, steered towing business away from other contracted towing companies.

Background

In addition to a small fleet of City-owned towing vehicles, the City uses contracts to procure various types of towing operations. The vendors chosen by the City to conduct these towing operations are subject to several contract requirements in addition to City, State, and Federal regulations. This report focuses specifically on Police requested towing. However, to assist readers, a comprehensive description of the City’s towing operations is included below.

¹ The term medallion towing company refers to a towing company that has been licensed to tow for the City. Specifically, Baltimore City Code Article 31, §22 establishes the requirements and procedures for licensing as a medallion towing company.

City Towing Operations

The City is responsible for five types of towing operations: Police requested, Violation, Scofflaw, Trespass, and Fleet.

1. Police Requested Towing occurs when a request for towing is made by the Baltimore Police Department (BPD). These tows are most commonly requested when there has been a vehicle accident in a right of way to which a police officer has been dispatched or for vehicles abandoned in a right of way. The responding officer contacts BPD Dispatch and requests a tow truck. Police requested tows are primarily transported to the main Department of Transportation (DOT) impound facility located at 6700 Pulaski Highway. However, if present, the owner of the vehicle can request a different destination. Police requested tows are contracted out to select Medallion towing companies and are overseen by BPD and DOT.
2. Violation Towing, also known as peak hour towing, occurs when a vehicle is parked on a designated 'peak-hour restricted roadways' during peak traffic hours. These tows are also overseen by BPD and DOT. Violation tows are usually contracted out by the City to various private towing companies. However, DOT may utilize its own towing vehicles in circumstances where it is determined to be more efficient. Violation tows are primarily towed to the DOT impound facility located at 410 Fallsway. However if the Fallsway facility is full, vehicles may be transported to the main DOT impound facility located at 6700 Pulaski Highway.
3. Scofflaw Towing occurs when a vehicle has excessive outstanding parking citations, meaning three or more unpaid citations more than 30 days old. These tows are overseen by the BPD and DOT. Scofflaw tows are handled by DOT towing vehicles and are transported to the main DOT impound facility located at 6700 Pulaski Highway.
4. Trespass Towing occurs when a vehicle is towed off of private property. Trespass tows are usually performed by private towing companies. In certain circumstances, such as during stadium events, DOT will perform trespass tows.
5. Fleet Towing occurs when a vehicle owned by the City requires towing services. These tows are overseen by the Department of General Services (DGS).

Determination of Vendor for Police Requested Tows

The complaint received by the Office of Inspector General (OIG) pertains to towing companies operating under the Police requested towing contract. The following summary of how vendors are selected for Police requested towing demonstrates the importance of proximity for the towing companies.

When a tow is needed, the responding Police Officer requests a towing vehicle through the Computer Aided Dispatch (CAD) system. The request automatically generates a Global Positioning System (GPS) location indicator number based on the location of the Police vehicle.

Dispatch personnel enter the indicator number into the CAD system which then populates a list of towing companies sorted by closest physical business location proximity. Dispatch personnel then contact the closest towing company via the phone number listed in the CAD system to request service. The towing company provides the vehicle number for the towing vehicle that will respond to the request. If a towing company does not respond to the phone call or does not have a towing vehicle available, the next company on the list is contacted. The towing vehicle number provided by the towing company is then entered into the CAD system. This allows the responding Police Officer to know the specific towing vehicle that will be responding to the request. When the towing vehicle arrives, Dispatch is notified and the information is entered into the CAD system. Any delays or issues with the towing vehicle are also noted in the CAD system.

Physical Business Location

OIG personnel reviewed Solicitation B50002251, *Request for Bids to Provide Citywide Police Requested Towing Services*, to ascertain requirements and criteria pertaining to towing companies' physical business locations. The *Technical Minimum Requirements*, Subsection 2 of Solicitation B50002251, states that in order to be included on the list of City-licensed towing companies, applicants must be able to demonstrate a significant business presence.

Subsection 2 states that each of the following six criteria must exist for the place of business to be deemed significant.

1. *It is a fixed, staffed location;*
2. *Hours of operation are prominently posted;*
3. *It has only one (1) business telephone number designated at the place of business for towing calls, which does not automatically forward calls to another number and location during the designated hours of operation of the business at any particular geographical site;*
4. *At least one towing vehicle for which a license is sought is garaged thereon during business hours when not engaged in actual towing operations;²*
5. *It displays a sign denoting trade name, address and telephone number of the company, with letter and numerals of at least 6" in height and ½" in width, visible from the street; and*
6. *It has adequate off-street storage facilities for not less than ten (10) vehicles at the licensed location. Vehicles towed to these facilities must be retrievable by the owner or operator from 8:30AM to 5:30PM daily.*

² The OIG understands that towing vehicles may be in use during site inspections. As such, OIG personnel made note when a vehicle was observed or not observed, but did not include criteria number 4 in the determination of a towing company's compliance.

"Ghost" Locations

For the purposes of this report, a "ghost" location is any business address listed by a towing contractor, which:

1. Does not exist,
2. Exists but the address belongs to another company, or
3. Exists but no relevant business activity occurs at that location as defined by Subsection 2 above.

Given that BPD Dispatch uses CAD to determine the towing company with the closest business location to towing location, companies are incentivized to have multiple locations throughout the City. By creating "ghost" locations, a towing company can create the appearance of being the closest towing company and increase the number of Police requested towing calls it receives. These "ghost" locations divert business from other towing companies who otherwise would have received towing service calls due to the proximity of their legitimate business location. Furthermore, "ghost" locations may cause an unnecessary increase in response times as the requested towing vehicle originates from a more distant location.

Previously-Identified "Ghost" Locations

In the course of the initial inquiry, OIG personnel found two articles from *The Baltimore Sun* newspaper relating to "ghost" locations. In an article dated 08/01/1998, *The Baltimore Sun* reported that Frankford Towing Services, located at 2101 Fleet Street, was removed from the list of towing vendors because the location was actually a liquor store. In an article dated 01/07/2003, *The Baltimore Sun* reported that three Frankford locations were cited by BPD for failing to meet minimum site requirements. The three locations listed were 6700 Quad Avenue, 4519 Harford Road, and 2101 Fleet Street.³

Summary of Investigation

Synopsis

On Tuesday, 04/09/2013, the OIG received a telephone call from a citizen who stated that a towing company was operating "ghost" locations in order to give the false perception of closer proximity for Police-initiated tows. The complainant alleged that Frankford Towing and its affiliate companies only operate out of one location on Belair Road. The complainant further alleged that the Frankford affiliate locations are "ghost" locations set up for the sole purpose of showing up in the CAD system as the closest towing company.

Using the aforementioned contract criteria as a checklist, OIG personnel performed site inspections of the four Frankford locations awarded Police requested towing contracts under Solicitation B50002251: Frankford Towing Associates, LLC; Frankford Towing Services, LLC;

³ It is important to note that 2101 Fleet Street is a *Loading Dock Discount Liquors* store. It was cited in 1998 and 2003 for failing to meet minimum requirements. It was then awarded the Police-initiated towing contract again in 2013.

Frankford Towing, Inc.; and Frankford Towing, LLC. Addresses for each location were identified from each towing companies' respective bid submission.

Site inspections of the four Frankford locations revealed three locations to be partially compliant and one location to be non-existent. The OIG became concerned that other towing companies awarded contracts under Solicitation B50002251 might also be using "ghost," or non-existent, locations to increase the number of Police requested towing calls received. OIG personnel reviewed *Board of Estimates* documents to identify the current towing vendors contracted under Solicitation B50002251.

Under the original contract awarded on 08/15/2012, nine towing companies were contracted for Police-initiated towing. The original towing companies were Bermans Towing 1, LLC; Bermans Towing 2, LLC; Bermans Towing 4, LLC; Frankford Towing Associates; Frankford Towing, Inc.; Frankford Towing, LLC; Mel's Towing & Service Center; Ted's Towing; and Universal Towing.

On 04/10/2013, Bermans Towing 1, 2, and 4 were removed from the contract (The events surrounding this removal were the subject of a separate OIG investigation). The City awarded Police-initiated towing contracts to four additional towing companies to maintain adequate coverage following the removal of the three Bermans companies. The additional towing companies were Greenwood Towing; Lilith, Inc. d/b/a Jim Elliot's Towing; McDel Enterprises, Inc.; and Nathan Adams Jr. d/b/a Nate's Towing Service.

On 04/17/2013, Frankford Towing Services, LLC was added to the Police-initiated towing contract.

On 07/31/2013, the City rescinded the contract with Nathan Adams Jr. d/b/a Nate's Towing Service per the request of Mr. Nathan Adams, Jr. (The events surrounding this recession were the subject of a separate OIG investigation.)

On 09/09/2015, the Board of Estimates approved a one-year contract renewal covering 09/1/2015 through 08/31/2016 with an additional one-year renewal option remaining.

The OIG determined that there are currently ten towing companies contracted to perform Police requested tows under Solicitation B50002251. These companies are: Frankford Towing Associates, LLC; Frankford Towing, Inc.; Frankford Towing, LLC; Frankford Towing Services, LLC; Greenwood Towing, Inc.; Lilith, Inc. d/b/a Jim Elliot's Towing; McDel Enterprises, Inc.; Mel's Towing & Service Center, Inc.; Ted's Towing Service, Inc.; and Universal Towing LLC.

Site Inspections

On several dates during the course of the investigation, OIG personnel performed site inspections of the six additional towing companies contracted by the City for Police requested towing. OIG personnel observed each location to determine compliance with the six criteria listed in the *Technical Minimum Specifications* for Solicitation B50002251. Of the ten towing companies inspected, two were found to be fully compliant, five were found to be partially

compliant, and three were found to be non-compliant. A brief synopsis of site inspections performed for each location is included below.

1. Frankford Towing Associates, LLC – 4519 Harford Road (Non-Compliant)

On 10/24/2013, OIG personnel performed a site inspection of Frankford Towing Associates, LLC based on the address listed in the respective bid submission. OIG personnel found that 4519 Harford Road is the location of *Courtesy Auto Used Car Sales*. No Frankford Towing vehicles were observed at the location or in the vicinity. OIG personnel noted that the location had adequate off-street storage, prominently posted hours of operation, and a display sign denoting trade name, address, and telephone number. Specifically, the display sign was white with distinct black lettering affixed to the fence at the front right corner of the property. The sign read, “Frankford 4519 Harford Road 410-488-1020 MON-FRI 8:30AM-5:30PM.” OIG personnel noted the telephone number, 410-488-1020, listed on the sign was the same telephone number listed at Frankford Towing Associates, LLC and Frankford Towing, LLC.

On 4/14/2016, OIG personnel performed a follow-up site inspection of Frankford Towing Associates, LLC in order to verify the observations from 10/24/2013. OIG personnel observed no apparent changes since the previous inspection of the location.

2. Frankford Towing, Inc. – 1915 Edison Highway (Partially Compliant)

On 10/24/2013, OIG personnel performed a site inspection of Frankford Towing, Inc., based on the address listed in the respective bid submission. OIG personnel noted a fixed building at the location; however, no staff were visible at the time of the site inspection. Multiple telephone numbers for towing operations were posted at the location. No Frankford Towing vehicles were observed on or around the location. OIG personnel noted that the location had adequate off-street storage, prominently posted hours of operation, and a display sign denoting trade name, address, and telephone number. Specifically, the display sign was white with distinct black lettering affixed to the fence at the front of the property. The sign read “Frankford 1915 Edison Highway 410-388-1020 MON-FRI 8:30AM-5:30PM.” OIG personnel noted the telephone number, 410-488-1020, listed on the display sign was the same telephone number listed for Frankford Towing Associates, LLC and Frankford Towing, LLC.

On 4/14/2016, OIG personnel performed a follow-up site inspection of Frankford Towing, Inc. in order to verify the observations from 10/24/2013. OIG personnel observed a non-descript towing vehicle present on the back lot area accessible from E. North Avenue. No other apparent changes were observed since the previous inspection of the location.

3. Frankford Towing, LLC – 840 North Point Road (Partially Compliant)

On 10/24/2013, OIG personnel performed a site inspection of Frankford Towing, LLC, based on the address listed in the respective bid submission. OIG personnel noted a fixed

building at the location; however, no staff were visible at the time of the site inspection. A Frankford Towing vehicle was observed on the premises. OIG personnel noted that the location had adequate off-street storage, prominently posted hours of operation, and a display sign denoting trade name, address, and telephone number. Specifically, the display sign was white with distinct black lettering affixed to the fence at the front of the property. The sign read "Frankford 840 North Point Road 410-488-1020 MON-FRI 8:30AM-5:30PM." However, OIG personnel noted the telephone number listed on the display sign was the same telephone number, 410-488-1020, listed for Frankford Towing Associates, LLC and Frankford Towing, Inc.

On 4/14/2016, OIG personnel performed a follow-up site inspection of Frankford Towing, LLC in order to verify the observations from 10/24/2013. OIG personnel did not observe a Frankford Towing vehicle at the location or in the vicinity. No other apparent changes were observed since the previous inspection of the location.

4. Frankford Towing Services, LLC – 2101 Fleet Street (Non-Compliant)

On 01/16/2014, OIG personnel performed a site inspection of Frankford Towing Services, LLC, based on the address listed in the respective bid submission. OIG personnel found that 2101 Fleet Street is the location of *Loading Dock Discount Liquors*. No Frankford Towing vehicles were observed at the location or in the vicinity. OIG personnel noted that the location had off-street storage, although no prominently posted hours of operation or a display sign denoting trade name, address, and telephone number were observed.

On 4/14/2016, OIG personnel performed a follow-up site inspection of Frankford Towing Associates, LLC in order to verify the observations from 01/16/2014. Several additional observations were noted. A display sign denoting trade name, address, and telephone number was observed above an exterior staircase visible from Boston Street. Specifically, the display sign was a white sign with faded black lettering which read, "Frankford Towing 2051 Fleet St 376-3444 Satellite Office South-East Area." OIG personnel noted that the location had off-street parking; however, a sign was posted indicating, "Parking for Loading Dock Customers Only." In addition, a second sign posted on the building read, "Private Parking Unauthorized vehicles will be towed at owner's risk and expense to: Frankford Towing 6300 Belair Road 410-254-3800..."

5. Greenwood Towing, Inc. – 1370 W. North Avenue (Fully Compliant)

On 01/16/2014, OIG personnel performed a site inspection of Greenwood Towing, Inc., based on the address listed in the respective bid submission. OIG personnel noted a fixed building at the location; however, no staff were observed on the premises. No Greenwood Towing vehicles were observed on or around the location. OIG personnel noted that the location had adequate off-street storage, prominently posted hours of operation, and a display sign denoting trade name, address, and telephone number. Specifically, the display sign was white with distinct green lettering hanging on the front

of the building. The sign read “1370 W. North Avenue Greenwood Towing Recovery Remarketing 410-669-1661 Please Use 1401 Whitelock Street Entrance.”

On 4/15/2016, OIG personnel performed a follow-up site inspection of Greenwood Towing, Inc., in order to verify the observations from 01/16/2014. No apparent changes were observed since the previous inspection of the location.

6. Lilith, Inc. d/b/a Jim Elliot’s Towing – 4410 York Road (Non-Compliant)

On 11/16/2013, OIG personnel performed a site inspection of Lilith, Inc. d/b/a Jim Elliot’s Towing based on the address listed in the respective bid submission. OIG personnel noted that 4410 York Road was a non-descript office door in an industrial building. No signage was visible at the location or in the vicinity. No Jim Elliot’s towing vehicles or staff were observed at the location or in the vicinity. OIG personnel were unable to determine whether the address had adequate off-street storage.

On 04/15/2016, OIG personnel performed a follow-up site inspection of Lilith, Inc. d/b/a Jim Elliot’s Towing in order to verify the observations from 11/16/2013. An additional observation was noted. OIG personnel found that 4410 York Road was the location of *A&F Auto Service*. No other apparent changes were observed since the previous inspection of the location.

7. McDel Enterprises, Inc. – 4018 Reisterstown Road (Partially Compliant)

On 01/16/2014, OIG personnel performed a site inspection of McDel Enterprises, Inc., based on the address listed in the respective bid submission. OIG personnel noted a fixed building at the location and staff were observed on the premises. Several McDel Enterprises vehicles were observed at the location. OIG personnel noted that the location had adequate off-street storage, prominently posted hours of operation, and a display sign denoting trade name and telephone number. Specifically, the display sign was red with distinct white lettering posted on the property. The sign read “4018 Reisterstown Rd. 24 hour/7 days McDels Towing & Recovery 443-835-2294 410-254-0266.” OIG personnel noted that multiple telephone numbers were listed on the sign.

On 04/15/2016, OIG personnel performed a follow-up site inspection of McDel Enterprises, Inc., in order to verify the observations from 01/06/2014. OIG personnel observed no apparent changes since the previous inspection of the location.

8. Mel’s Towing and Service Center, Inc. – 4919 Frankford Avenue (Partially Compliant)

On 11/06/2014, OIG personnel performed a site inspection of Mel’s Towing and Service Center, Inc., based on the address listed in the respective bid submission. OIG personnel noted a fixed building at the location along with staff visible during the site inspection. A Mel’s Towing and Service Center vehicle was observed on the premises. OIG personnel noted that the location had adequate off-street storage, prominently posted hours of operation, and a display sign denoting trade name, address, and telephone number. Specifically, the display sign was white with distinct red and blue lettering

affixed to the front of the building. The sign read “Mel’s Towing and Service Center Call 410-488-9822.” OIG personnel noted that the address was not indicated on the display sign.

On 04/14/2016, OIG personnel performed a follow-up site inspection of Mel’s Towing and Service Center, Inc., in order to verify the observations from 11/06/2014. OIG personnel observed no apparent changes since the previous inspection of the location.

9. Ted’s Towing, Inc. – 4920 Hazelwood Road (Fully Compliant)

On 01/16/2014, OIG personnel performed a site inspection of Ted’s Towing, Inc., based on the address listed in the respective bid submission. OIG personnel noted a fixed building at the location. Several Ted’s Towing vehicles were observed on the premises. OIG personnel noted that the location had adequate off-street storage, prominently posted hours of operation, and a display sign denoting trade name, address, and telephone number. Specifically, the display sign was white with distinct red lettering located on the lawn in front of the building. The sign read “Ted’s Towing Service Incorporated Since 1931 Baltimore, MD 4920 Hazelwood Ave. 410-325-6700.”

On 04/15/2016, OIG personnel performed a follow-up site inspection of Ted’s Towing, Inc., in order to verify the observations from 01/16/2014. OIG personnel observed no apparent changes since the previous inspection of the location.

10. Universal Towing, LLC – 2560 Laurreta Avenue (Partially Compliant)

On 10/24/2013, OIG personnel performed a site inspection of Universal Towing, LLC, based on the address listed in the respective bid submission. OIG personnel noted no fixed building at the location and no staff were visible on the premises. OIG personnel noted that the location had adequate off-street storage, prominently posted hours of operation, and a display sign denoting the trade name, address, and phone number of the company. Specifically, the display sign was white with distinct black lettering affixed to the fence at the location. The sign read “Universal Towing 2560 Laurreta Ave., MON.-FRI. 8AM-5PM 410-233-6033.” However, as this location had no fixed building, the OIG is confident that this telephone number forwards to another location.

On 04/15/2016, OIG personnel performed a follow-up site inspection of Universal Towing, LLC in order to verify the observations from 10/24/2013. Several additional observations were noted. OIG personnel noted a sign affixed to the fence that read, “Private Property Vehicles parked illegally and non-permitted vehicles will be towed away at owner’s risk and expense to: Universal Towing, Inc. 2560 Laurreta Avenue Baltimore, MD 21223...410-984-7768.” This sign contained the telephone number of record in the bid submission. OIG personnel noted a small shed structure located in the front left corner of the property; however, no other fixed buildings were observed at the location.

Towing Dispatch

On 05/21/2014, the OIG met with personnel from the Mayor's Office of Information Technology (MOIT) – Communications Call Center (CCC). One of the responsibilities of MOIT – CCC is to facilitate the dispatch of towing vehicles in response to Police requests for towing assistance. MOIT – CCC provided OIG personnel with a copy of the towing company listing from the CAD which included phone numbers and addresses for towing companies contracted to perform Police-initiated tows.

The addresses listed in the CAD system are used by MOIT – CCC to determine the towing company with the closest physical business location to the requested incident location. OIG personnel noted that the addresses listed in CAD matched the addresses listed on respective bid submissions.

Findings

The OIG found that the Bureau of Purchases (BOP), DOT, and BPD failed to verify that towing companies bidding on Solicitation B50002251 established significant business presence at the locations listed on their bid submissions.

1. Two (2) of the ten (10) contracted towing company locations were found to be fully compliant.
2. Five (5) of the ten (10) contracted towing company locations were found to have varying degrees of partial non-compliance.
3. Three (3) of the ten (10) contracted towing company locations were found to be non-compliant "ghost" locations.

The OIG found the following two (2) companies to be fully compliant with the *Technical Minimum Requirements* of Solicitation B50002251:

1. Greenwood Towing, Inc.
2. Ted's Towing Service, Inc.

The OIG found the following five (5) companies to be partially compliant with the *Technical Minimum Requirements* of Solicitation B50002251 for the reasons stated below:

1. Frankford Towing, Inc.: OIG site inspections revealed no staff visible on the premises as well as multiple telephone numbers for Frankford Towing posted at the location. Frankford Towing, Inc. was found to be compliant with all other minimum requirements.
2. Frankford Towing, LLC: OIG site inspections revealed no staff visible on premises as well as multiple telephone numbers for Frankford Towing posted at the location. Frankford Towing, LLC was found to be compliant with all other minimum requirements.
3. McDel Enterprises, Inc.: OIG site inspections revealed multiple telephone numbers for McDel posted at the location. McDel Enterprises, Inc., was found to be compliant with

- all other minimum requirements.
4. Mel's Towing and Service Center, Inc.: OIG site inspections revealed the display sign lacked an address for the location. Mel's Towing and Service Center, Inc., was found to be compliant with all other minimum requirements.
 5. Universal Towing, LLC: OIG site inspections revealed no staff visible on the premises. In addition, the telephone number posted at the location was not answered at 2560 Laretta Avenue. Universal Towing, LLC, was found to be compliant with all other minimum requirements.

The OIG found these companies to be non-compliant for the reasons stated below:

1. Frankford Towing Associates, LLC: The address listed belongs to *Courtesy Auto Used Car Sales*. OIG personnel noted multiple articles published in *The Baltimore Sun* stating that this location was suspended by BPD on a previous occasion for being a "ghost" location.
2. Frankford Towing Services, LLC: The address listed belongs to *Loading Dock Discount Liquors*. OIG personnel noted multiple articles published in *The Baltimore Sun* stating that this location was suspended by BPD on two previous occasions for being a "ghost" location.
3. Lilith, Inc. d/b/a Jim Elliot's Towing: The address listed belongs to *A&F Auto Service*.

Chronology of Relevant Events

- | | |
|-----------------------------|--|
| 1998: | BPD cites Frankford Towing Services for failure to meet the minimum site requirements. |
| 2003: | BPD cites Frankford Towing Services and Frankford Towing Associates for failure to meet minimum site requirements. |
| 04/09/2013: | The OIG receives complaint about ghost locations. |
| 10/24/2013 –
01/16/2014: | The OIG performs site inspections. |
| 08/31/2015: | End of initial contract period. |
| 09/09/2015: | Approval of one-year contract extension covering 09/01/2015 to 08/31/2016. |
| 04/14/2016-
04/15/2016: | The OIG performs follow-up site inspections. |

Document Examination

During the course of the investigation, the OIG obtained and reviewed the following documents and/or reports:

1. Solicitation B50002251, *Request for Bids to Provide Citywide Police Requested Towing Services*
2. Various articles published by *The Baltimore Sun* pertaining to ghost locations of towing companies.
3. Board of Estimates agendas and award letters pertaining to Solicitation B50002251.

Interviews

All pertinent information obtained through these interviews is reflected in the report. However, the names of interviewees and the statements attributed to them have been omitted in accordance with the OIG's standard reporting policy to protect confidentiality.

RECOMMENDATIONS

The primary goal of the OIG is to identify areas of weakness or inefficiency that can be eliminated or improved. The OIG believes that a more purposeful effort to increase controls over the Police Requested Towing operations will be beneficial to the City. Furthermore, the City can reduce risk and exposure to unnecessary liabilities by conducting business with vendors that adhere completely to appropriate and ethical business practices. As such, the OIG has made a series of recommendations that, if enacted, would reduce the opportunity for fraud while also increasing the efficiency of Police requested towing operations.

1. The OIG recommends that DOT suspend Police requested towing contracts with vendors that are not fully compliant with the minimum site requirement as described in the *Technical Minimum Requirements* of Solicitation B50002251, *Request for Bids to Provide Citywide Police Requested Towing Services* for a period of thirty (30) days. During this period, the non-compliant towing companies should be required to make the appropriate changes necessary for full compliance with the minimum requirements of the contract. The *Technical Minimum Requirements* were included in Solicitation B50002251 when it was originally released for bid. As such, the OIG believes that a thirty day period is sufficient to allow non-compliant towing companies to make changes necessary for compliance.

At the end of the thirty day period, the OIG recommends that DOT send an investigator to each location to verify compliance. In the event that a towing company is unable or unwilling to be fully compliant beyond the thirty day period, the OIG recommends that said towing company be removed from the Police requested towing contract.

Management Response. Management partially agreed with the recommendation and offered responsive alternative measures. Specifically, while Police agreed with the recommendation to suspend contracts with vendors who did not fully comply with minimum site requirements, the Bureau of Purchases (BOP) stated that the reason the solicitation was written to assign tows by business location was because the City Code requires it. As such, the BOP stated that immediate suspension of non-compliant vendors would have a potential negative impact on towing services and that the appropriate process for obtaining compliance would be to notify each non-compliant vendor that they are in default of their city contract and to give them at least 30 days to submit a plan for coming into contract compliance.

DOT stated that while only BOP has the authority to suspend vendors, DOT agreed that existing vendors need to be in compliance with the minimum site requirements detailed in the solicitation. DOT supported the BOP proposal to notify non-complying vendors that they have 30 days to become compliant or face suspension of their city contract. DOT also stated that they plan to hire an investigator for the Towing Division at the beginning of Fiscal Year 2017. Among the duties of the investigator would be to perform site inspections to determine whether vendors have come into compliance, as well as follow-up inspections to ensure vendors remain in compliance with the requirements of the solicitation. The complete text of the responses is in

Attachment 1, 2, and 3.

OIG Evaluation of Management Response. The planned actions are responsive to the intent of the recommendation.

2. The OIG recommends that the City should amend Solicitation B50002251 to change the process by which the closest available towing company is determined. Currently, the towing company with the closest business presence to the incident is contacted. The OIG believes that using business presence as the determining factor increases the risk of fraud through the establishment of “ghost” locations. As such, the OIG recommends that all contracted towing vehicles be equipped with a GPS. These GPS units would be provided by the City for each towing vehicle. Specifically, a towing company would receive a GPS unit for each registered towing vehicle in operation. When towing service is requested by BPD, the towing company with the closest available towing vehicle could be more reliably identified and contacted. The OIG believes that such a change would decrease response times to Police requested towing locations as well as eliminate any incentive a towing company may have to create a “ghost” location.

Management Response. Management partially agreed with the recommendation and offered responsive alternative measures. Specifically, while Police agreed with the need for increased controls over towing operations, the BOP stated that the reason the solicitation was written to assign tows by business location was because the City Code requires it. The BOP suggested that the only way the solicitation can be changed to determine the location of the closest available towing company from the closest business presence to the closest available towing unit as identified through the implementation of GPS units on all registered towing vehicles is through a change to the City Code.

DOT responded that discussions should occur between Police, BOP and DOT regarding changes to the solicitation and how operators are deployed. DOT agreed that GPS could be utilized to provide more accurate location and response time. However, since DOT is not involved in the deployment of Police related tows, any use of GPS would need to ensure that the GPS units would interact with the Computer Assisted Dispatch system used by Police. DOT also stated that the City would need to identify a fund source to procure a sufficient number of GPS units for vendor vehicles and that the solicitation should be amended to include provisions for vendor responsibility for lost or damaged GPS units. The complete text of the responses is in Attachment 1, 2, and 3.

OIG Evaluation of Management Response. While the planned actions are responsive to the intent of the recommendation, it is clear that before any such actions are taken, a change should be made to the City Code from the current requirement to assign tows by business locations to allowing the use of GPS to determine closest available towing unit. Upon issuance of the Public Synopsis for this report, the OIG will elevate this issue with respect to changes required to the City Code.

Attachment 1. Baltimore Police Department Response to OIG
Recommendations



BALTIMORE POLICE DEPARTMENT



STEPHANIE RAWLINGS BLAKE
Mayor

KEVIN DAVIS
Police Commissioner

June 1, 2016

Robert H. Pearre, Jr.
Inspector General
City of Baltimore
640 City Hall
100 N. Holliday Street
Baltimore, MD 21202

Re: OIG Case # 2013 - 0142

Dear Mr. Pearre:

Thank you for acting upon a tip provided by a concerned citizen and conducting a thorough investigation into the use of "ghost locations" by City-contracted towing vendors. The findings of your investigation expose unethical business practices and reveal exploits that cause service delays to the public. I agree with your call for increased controls over towing operations and fully support your recommendation for the Department of Transportation to suspend towing contracts with vendors who do not fully comply with minimum site requirements.

I look forward to our continued partnership as we endeavor to achieve our agencies' shared goals of promoting economy, efficiency, and effectiveness; detecting and deterring fraud, waste, and abuse; and promoting ethical, fiscal, and legal accountability.

Sincerely,

Kevin Davis
Police Commissioner

c/o 242 W 29th Street • Baltimore, Maryland 21211

Attachment 2. Bureau of Purchases Response to OIG
Recommendations

FROM	NAME & TITLE	Timothy M. Krus, CPPO, City Purchasing Agent <i>JK</i>	CITY OF BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of Purchases (410) 396-5700 231 East Baltimore Street, Suite 300		
	SUBJECT	IG Case: 2013-0142 – Investigative Report		

TO

Robert Pearre, Jr.
 Inspector General
 Office of Inspector General
 City Hall, Suite 640

DATE: June 16, 2016

The Bureau of Purchases has the following comments on this investigation of the Use of "Ghost" Locations by City-Contracted Towing Vendors.

The only reason the solicitation was written to assign tows by business location is because the City Code requires it. The confirmation of the compliance of those locations with solicitation specifications is the responsibility of the Police Department, which manages the medallion towing program and issues the medallions.

The appropriate process for obtaining compliance is for the Bureau of Purchases to notify each non-compliant vendor that they are in default of their contract with the City and give them at least 30 days to give us their plan for coming into compliance. We do not recommend immediate suspension due to the potential negative impact on this service. We have already begun drafting these letters.

Please consider changing your recommendation to one that the City Code be changed to allow the use of GPS rather than business location and that the Medallion Towing Program implement that change as soon as possible thereafter.

Attachment 3. Department of Transportation Response to OIG
Recommendations

CITY OF BALTIMORE
STEPHANIE RAWLINGS-BLAKE, Mayor
180 N. Holliday Street
Baltimore, Maryland 21202



DEPARTMENT OF TRANSPORTATION
Frank J. Murphy, Acting Director
417 E. Fayette Street, 5th Floor
Baltimore, Maryland 21202

June 10, 2016

Mr. Robert Pierre, Jr., Inspector General
640 City Hall
100 N. Holliday Street
Baltimore, MD 21202

Subject: Case 2013-0142

Dear Mr. Pierre,

The Department of Transportation (DOT) has received and reviewed the above referenced draft case report. DOT appreciates the thoroughness of the investigation and has provided comments to the proposed recommendations below.

With regards to the first recommendation, DOT does not have the authority to suspend contracts that were procured through the Department of Finance, Bureau of Purchasing (BOP). The authority to suspend rests with BOP. DOT is in agreement that existing vendors must be in compliance with the minimum site requirements detailed in the *Technical Minimum Requirements of Solicitation B50002251, Request for Bids to Provide Citywide Police Requested Towing Services*. However, if BOP suspended all the police tow providers that were not in complete compliance for 30 days it would only leave two vendors to perform police tows citywide resulting in what DOT believes would be significant impacts on police operations. DOT does not have the in-house towing resources to cover police tows handled by eight vendors.

DOT recommends consideration of an alternative approach in coordination with the Bureau of Purchasing and Baltimore City Police Department. A notice would be issued to all non-compliant vendors that they have 30 days to come into compliance or face suspension of their contract. If they remain non-compliant after the 30 day period, DOT would support a contract suspension until they came into compliance. DOT will hire an investigator for the Towing Division at the beginning of Fiscal 2017 (after July 1, 2016). As part of their duties, the investigator can perform site inspections to determine if vendors have come into compliance. In addition, the investigator can perform routine follow up inspections to ensure vendors are remaining in compliance with the requirements of the solicitation.

With regards to the second recommendation, DOT believes that discussions should occur between BPD, BOP and DOT regarding changes to the Solicitation B50002251 and how operators are deployed. DOT agrees that GPS could be utilized to provide more accurate location and response time. However, DOT-Towing is not involved in the deployment of police related tows and defers a final decision regarding this recommendation to the Baltimore City Police Department as the GPS units would need to interact with their CAD system. The City would also need to identify a fund source to procure a sufficient number of GPS units for vendor vehicles. DOT would also recommend amendment of the Solicitation B50002251 that would include provisions for vendor responsibility if GPS units were damaged or lost.

Please let me know if you need further assistance or would like to discuss the findings of the case further.

Sincerely,

Frank J. Murphy
Acting Director, Department of Transportation