

# **OFFICE OF THE INSPECTOR GENERAL**

## **CITY OF BALTIMORE**



**Isabel Mercedes Cumming**

**Inspector General**

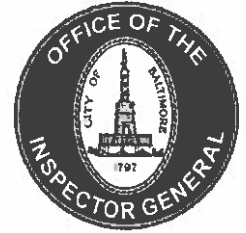
## **Investigative Report Synopsis**

**OIG Case # 22-0050-I**

**Issued: August 9, 2022**



OFFICE OF THE INSPECTOR GENERAL  
Isabel Mercedes Cumming, Inspector General  
City Hall, Suite 635  
100 N. Holliday Street  
Baltimore, MD 21202



August 9, 2022

Dear Citizens of Baltimore City,

The mission of the Office of the Inspector General (OIG) is to promote accountability, efficiency, and integrity in the City of Baltimore (City) government, as well as to investigate complaints of fraud, financial waste, and abuse. On May 2, 2022, the OIG received a referral from the City's Department of Finance (DOF) regarding the DOF's Bureau of Revenue Collections (BRC) division's issuance of a \$2,014,571.63 erroneous refund to an incorrect party.

In June 2021, a City vendor responsible for processing numerous City bill payments (Payment Vendor) improperly processed a payment intended to satisfy a property tax for a company (Company) in the City. The Payment Vendor applied the Company's payment of \$1,008,905.89 to a property tax bill for a different organization (Organization). At the time, the Organization held multiple outstanding property tax bills totaling \$1,612.72.

The DOF indicated an attempt was made to transfer the payment from Organization's account to the Company's account. However, the software system for property tax bills, provided to DOF by a contracted software vendor (Software Vendor), applied an additional payment to the Organization's account. The system issued a refund check for the combined balance of \$2,014,571.63 to the Organization on March 29, 2022. Following the issuance of the erroneous check, the Owner (Owner) of the Organization deposited the check into their bank account on April 1, 2022.

BRC issued five demand letters on April 28, 2022, to addresses known to be associated with the Owner and the Organization. The OIG issued subpoenas for bank information from the Organization's banking institution (Bank). The investigation revealed that the Owner spent approximately \$58,000 of the deposited funds on purchases and had an overdrawn balance. The OIG has not found any evidence that supports the Owner had made any previous payments on the Organization's property tax account, received any previous payments from the City as a vendor, and is still responsible for the \$1,612.72 due to the City for property taxes.

The investigation determined that \$58,355.55 of the funds deposited by the Owner could not be recovered by the City. The Bank informed the DOF that it placed a hold on the Owner's account for the remaining balance. On May 3, 2022, the DOF provided the Bank with the City's wire instructions to transfer the funds back to the City. The OIG confirmed with DOF that on May 12, 2022, the Owner's Bank returned \$1,956,216.08 to the City by wire transfer.

**REPORT FRAUD, WASTE AND ABUSE**

HOTLINE: 443-984-3476/800-417-0430 EMAIL: [OIG@BALTIMORECITY.GOV](mailto:OIG@BALTIMORECITY.GOV) WEBSITE: [OIG.BALTIMORECITY.GOV](http://OIG.BALTIMORECITY.GOV)

*This public synopsis is only a summary of a more comprehensive report of investigation submitted to the appropriate City management official*

The DOF provided critical information that assisted the OIG in referring this matter to the appropriate law enforcement entities to pursue a criminal investigation against the Owner, which is ongoing as of the date of this report. The OIG recommended the DOF review the Payment Vendor's and Software Vendor's contracts with the Baltimore City Law Department to determine if any financial loss protection exists. Additionally, the OIG recommended that the DOF coordinate with the Software Vendor to develop processes to prevent future erroneous refund issues.

Sincerely,



Isabel Mercedes Cumming  
Inspector General

cc: Hon. Brandon M. Scott, Mayor of Baltimore City  
Hon. Nick Mosby, President, City Council  
Hon. Bill Henry, Baltimore City Comptroller  
Honorable Members of the Baltimore City Council  
Hon. Jim Shea, City Solicitor

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