



Public Synopsis

OIG Report #2013-0151

Fraudulent Disbursement Scheme Conducted by a Department
of Transportation Towing Division Manager

PUBLIC SYNOPSIS



**OFFICE OF INSPECTOR GENERAL
BALTIMORE CITY**

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



Public Synopsis

**Synopsis of OIG Report #2013-0151: Fraudulent Disbursement Scheme Conducted by a
Department of Transportation Towing Division Manager**

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FROM	NAME & TITLE	Robert H. Pearre, Jr., Inspector General	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Office of Inspector General 640 City Hall		
	SUBJECT	Synopsis of OIG Final Report #2013-0151		
TO	Hon. President and Members of the City Council 400 City Hall		DATE: 11/05/2014	

Please find attached the Office of the Inspector General's (OIG) Public Synopsis of Case #2013-0151, which involved the engagement of the Department of Transportation (DOT) Towing Division Manager, Babatunde Yussuf, in a fraudulent disbursement scheme whereby he altered vehicle owner information in City records, then submitted requests to refund excess proceeds from impounded vehicle auctions held by the City.

On 05/02/2013, the OIG was contacted regarding a possible fraudulent disbursement scheme undertaken by an employee from the DOT Towing Division. The information received indicated that Mr. Yussuf, submitted falsified documents to request refunds of excess proceeds from the City's impounded vehicle auctions. Through this scheme, five fraudulent checks totaling \$22,507 were issued and negotiated. An additional two fraudulent disbursements totaling \$9,770 were requested but not issued after the scheme was discovered.

Mr. Yussuf resigned from City employment on 05/21/2013. On 06/19/2014, Mr. Yussuf pled guilty to one count of theft between \$10,000 and \$100,000 and one count of attempted theft between \$1,000 and \$10,000. Mr. Yussuf was ordered to pay restitution to the City of Baltimore in the amount of \$22,507.

The OIG would like to thank all of the City agencies and employees 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.

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Public Synopsis

Synopsis of OIG Report #2013-0151: Fraudulent Disbursement Scheme Conducted by a Department of Transportation Towing Division Manager

Subject: Babatunde Yussuf, Manager, Department of Transportation Towing Division

Introduction

A City employee in the Department of Transportation (DOT) Towing Division engaged in a fraudulent disbursement scheme by altering vehicle owner information in City records, then submitting requests to refund excess proceeds from impounded vehicle auctions held by the City. Through this scheme, five checks totaling \$22,507 were issued and negotiated. An additional two disbursements totaling \$9,770 were requested but not issued after the scheme was discovered.

Background

Towing Division

The Department of Transportation's Towing Division is responsible for removing abandoned and illegally parked vehicles in the City. The Towing Division has approximately 50 employees that operate out of the Main Impound Facility at 6700 Pulaski Highway and the smaller Fallsway Facility located at 410 Fallsway. The Main Impound Facility is where the majority of abandoned vehicles, scofflaw vehicles, and vehicles that are towed as a result of an accident or police action are taken. The Main Impound Facility also handles the disposal of abandoned vehicles through regularly held auctions. To properly account for and track towed/impounded vehicles, the Towing Division maintains and operates the Impounded Vehicle Inventory Control (IVIC) database. The smaller Fallsway Facility is primarily used for the temporary holding of vehicles illegally parked along major City gateways during peak commuting hours.

Leadership at DOT Towing Division includes Division Chief Paul Tolle and former Deputy Towing Manager Babatunde Yussuf.

Vehicle Auction Process

The Towing Division generally holds vehicle auctions on a biweekly schedule. Vehicles not retrieved by an owner within 11 days after legal notification become eligible for auction. Legal notification is presented in either a newspaper advertisement, Towing Division website advertisement, or by certified letter sent to the vehicle owner.¹ After a vehicle is auctioned, the proceeds are used to cover the fees that are associated with the towing, storage, auction processing, and any unpaid citations issued to the vehicle. If the auction proceeds are less than the fees owed, the former owner is responsible for paying the difference. If the auction proceeds are greater than the fees owed, the former owner can request a refund of the excess proceeds.

Auction Proceeds Refund Process

To request a refund of excess auction proceeds, the former owner(s) must fill out the Auction Refund Request Form provided at the Main Impound Facility. A completed request form along with proof of ownership at the time of sale must be submitted to the Towing Division.^{2,3} Towing Division personnel then review the information received and calculate the amount of excess proceeds to be refunded. Towing Division personnel then create and submit an expenditure authorization which is then routed to DOT's Fiscal Services Division for approval. Once approved, Towing Division personnel prepare an internal invoice which must be matched to the expenditure authorization and approved by DOT's Fiscal Services Division. After the invoice and expenditure authorization have been matched and approved, the invoice is scheduled for payment by the Finance Department's Bureau of Accounting and Payroll Services (BAPS). BAPS is then responsible for the printing and mailing of the check.

Summary of Investigation

Synopsis

On 05/02/2013, OIG personnel received a significant amount of information and corroborating documents from DOT management personnel. The information provided by DOT management personnel alleged that the DOT Towing Division Deputy Manager Babatunde Yussuf engaged in a fraudulent disbursement scheme by submitting requests to refund excess proceeds from impounded vehicle auctions held by the City. Four fraudulent refund requests, two of which resulted in disbursements, were provided by DOT management. Further investigation by the OIG revealed an additional three fraudulent refund requests which resulted in disbursements. In total, seven fraudulent refund requests were submitted by Mr. Yussuf resulting in five

¹ While newspaper and website advertisement are considered legal notification, Towing Division sends certified letters to vehicle owners unless ownership cannot be readily determined.

² At the time of submission, the former owner is required to provide a government issued photo identification that matches the owner information for the vehicle. During the investigation, OIG noted refunds requested by banks and insurance companies. For these requests, no photo identification is required.

³ The OIG noted the Auction Refund Request Form mandated that refunds be requested within 90 days following the auction. Towing Division management stated that requests made after the 90 day period are sent to the Law Department for approval. This conflicts with the understanding of the Towing Service Representatives who stated that after the 90 day period, requests are sent to the Towing Manager for approval.

disbursements totaling \$22,507 and two attempted disbursements totaling \$9,770. For clarity, each refund request is presented separately and chronologically.

Vehicle P238519

On 06/05/2012, vehicle P238519 was towed into the City's Main Impound Facility. The vehicle was entered into the IVIC database with no vehicle owner information. The vehicle was then sold at auction on 08/22/2012 for \$5,250. The charges for towing, storage, administration, and auction fees totaled \$296 which left a balance of \$4,734 in excess auction proceeds.⁴ On 08/29/2012, Mr. Yussuf altered the vehicle owner information in the IVIC database to list Person 1 as the vehicle owner.^{5 6}

On 08/29/2012, Mr. Yussuf submitted an Auction Refund Request Form. The Auction Refund Request Form was dated 08/21/2012 and listed Person 1 as the individual requesting the refund. The resulting expenditure authorization and internal invoice were then processed and approved.

On 09/14/2012, check #1238361 for \$4,734 was issued and mailed. On 09/16/2012, this check was successfully negotiated and on 09/18/2012, the funds were removed from the City's bank account.

On 10/01/2012, Mr. Yussuf deleted Vehicle P238519 from the IVIC database.⁷

Vehicle P241312

On 07/24/2012, vehicle P241312 was towed into the City's Main Impound Facility. The vehicle was sold at auction on 09/05/2012.

On 01/04/2013, the original vehicle owner's name was deleted from the IVIC database by Mr. Yussuf.⁸ On 01/04/2013, Mr. Yussuf altered the vehicle owner information in the IVIC database to change the vehicle owner to Person 4.⁹

Mr. Yussuf then submitted an Auction Refund Request Form for vehicle P241312 for processing.

Between 01/04/2013 and 01/09/2013, the resulting expenditure authorization and internal invoice were processed and approved.

⁴ Storage fees for the Main Impound Facility are \$50 for the first 48 hours and \$15 per day thereafter. Given the length of time that vehicle P238519 was impounded at the Main Impound Facility the OIG believes that Mr. Yussuf modified the fees in the IVIC database in order to increase the amount of the auction proceeds available for refund.

⁵ Authorized employees are provided an individual username and password for the IVIC database. Usernames consist of the user's first and last names separated by a period. IVIC transaction logs list babatunde.yussuf as the user that made this change within the database. While it is possible that another user utilized a workstation in which Mr. Yussuf was logged in to IVIC, the OIG believes that all data changes were made from Mr. Yussuf's workstation which was not regularly used by other employees. Further, Mr. Yussuf admitted to modifying vehicle information in the IVIC database and submitting fraudulent auction refund request forms.

⁶ The names of all third parties to this matter have been removed according to OIG reporting standards.

⁷ IVIC database change made by username babatunde.yussuf.

⁸ IVIC database change made by username babatunde.yussuf.

⁹ IVIC database change made by username babatunde.yussuf.

On 01/11/2013, check #1258832 for \$4,016 was issued and mailed. This check was successfully negotiated at a local bank and on 01/16/2013 the funds were removed from the City's bank account. A subsequent review of the cancelled check revealed an endorsement that appears to be signed by a "S. Yussuf."

On 01/16/2013, Mr. Yussuf altered the vehicle owner information in the IVIC database to change the vehicle owner back to the original name posted.¹⁰ On 01/17/2013, Vehicle P241312 was deleted from the IVIC database by Mr. Yussuf.¹¹

Unknown Vehicle Number

OIG personnel noted an auction proceeds refund payment to Person 2 listed in the City's Document Management System. Person 2 was also the recipient of the fraudulent reimbursement check for vehicle P234493. A review of Mr. Yussuf's personnel file revealed that Person 2 was listed as Mr. Yussuf's emergency contact person.

OIG personnel were unable to obtain supporting documentation for this auction refund. All information pertaining to this auction refund normally found in the IVIC database had been deleted and OIG personnel were unsuccessful in their attempts to retrieve backup files. However, OIG personnel were able to obtain the following information from the City's Document Management System.

Between 10/22/2012 and 11/01/2012, the expenditure authorization and internal invoice were processed and approved.

On 11/02/2012, check #1247237 for \$4,530 was issued and mailed to Person 2.

On 11/05/2012, this check was successfully negotiated at a local bank and the funds were removed from the City's bank account.

Vehicle P234000

On 02/01/2012, vehicle P234000 was towed into the City's Main Impound Facility.¹² The vehicle was entered into the IVIC database with no vehicle owner information. On 02/22/2012, Mr. Yussuf altered the vehicle owner information in the IVIC database to list Person 3 as the vehicle owner.^{13 14} The vehicle was then sold at auction on 03/07/2012 for \$5,700. The charges for towing, storage, administration, and auction fees totaled \$716 which left a balance of \$4,984 in excess auction proceeds.

¹⁰ IVIC database change made by username babatunde.yussuf.

¹¹ IVIC database change made by username babatunde.yussuf.

¹² Vehicle P234000 was originally entered into the IVIC database under the property number P233000. The property number was changed on 02/24/2012.

¹³ IVIC database change made by username babatunde.yussuf.

¹⁴ The OIG notes that Person 3 is the name of a member of Mr. Yussuf's family. The OIG believes that Mr. Yussuf's entering of Person 3 into the IVIC database only 21 days after the vehicle arrived, yet a year prior to the fraudulent refund request, is indicative that Mr. Yussuf was confident no owner would be found and that this scheme was long planned.

On 03/06/2013, the name of Person 3 was deleted from the IVIC database by Mr. Yussuf.
¹⁵ On 03/07/2013, Mr. Yussuf altered the vehicle owner information in the IVIC database to list Person 4 as the vehicle owner.¹⁶

On 03/11/2013, Mr. Yussuf submitted the Auction Refund Request Form for vehicle P234000 for processing. The Auction Refund Request Form was dated 02/18/2013 and listed Person 4 as the individual requesting the refund.

Between 03/11/2013 and 03/13/2013, the resulting expenditure authorization and internal invoice were processed and approved.

On 03/18/2013, check #1269673 for \$4,984 was issued and mailed to Person 4.

On 03/21/2013, this check was successfully negotiated at a local bank and on 03/22/2013 the funds were removed from the City's bank account. A subsequent review of the cancelled check revealed an endorsement that appears to be signed by a "S. Yussuf."

Vehicle P234000 was deleted from the IVIC database on 03/21/2013 by Mr. Yussuf.¹⁷

Vehicle P234493

On 03/21/2012, vehicle P234493 was towed into the City's Main Impound Facility. Towing Division personnel were unable to find a registered owner for this vehicle despite a 50 state search using the vehicle identification number. The vehicle was then sold at auction on 08/08/2012 for \$6,600. The charges for towing, storage, administration, and auction fees totaled \$2,357 which left a balance of \$4,243 in excess auction proceeds.

On 03/07/2013, Mr. Yussuf modified the IVIC database record for vehicle P234493 by removing the note that a vehicle owner could not be found and listing the vehicle owner as Person 2.^{18 19}

On 03/11/2013, Mr. Yussuf submitted an Auction Refund Request Form for vehicle P234493 for processing. The Auction Refund Request Form was dated 02/20/2013 and listed Person 2 as the individual requesting the refund.

Between 03/11/2013 and 03/13/2013, the resulting expenditure authorization and internal invoice were processed and approved.

On 03/18/2013, check #1269684 for \$4,243 was issued and mailed to Person 2.

¹⁵ IVIC database change made by username babatunde.yussuf.

¹⁶ IVIC database change made by username babatunde.yussuf.

¹⁷ IVIC database change made by username babatunde.yussuf.

¹⁸ IVIC database change made by username babatunde.yussuf.

¹⁹ IVIC transactions logs indicate that Mr. Yussuf made and then reversed similar changes to the vehicle owner information in October 2012 but did not submit an auction refund request at that time.

On 03/20/2013, this check was successfully negotiated at a local bank and on 03/21/2013 the funds were removed from the City's bank account.

Vehicle P234493 was deleted from the IVIC database on 03/21/2013 by Mr. Yussuf.²⁰

A subsequent review of Mr. Yussuf's personnel file revealed that a Person 2 was listed as Mr. Yussuf's emergency contact person.

Vehicle P167980

On 12/30/2008, vehicle P167980 was towed into the City's Main Impound Facility. The vehicle was entered into the IVIC database with Company 1 listed as the vehicle owner and Company 2 as the lien holder.²¹ The vehicle was then sold at auction on 06/01/2011 for \$6,000. The charges for towing, storage, administration, and auction fees totaled \$1,200 which left a balance of \$4,800 in excess auction proceeds.

On 04/25/2013, Mr. Yussuf modified the IVIC database record for vehicle P167980 by changing the vehicle owner from Company 1 to Person 5 and deleting the lienholder, Company 2.²²

On 04/25/2013, Mr. Yussuf submitted an Auction Refund Request Form for vehicle P167980 for processing. The Auction Refund Request Form was dated 04/23/2013 and listed Person 5 as the individual requesting the refund.

Between 04/25/2013 and 04/26/2013, the resulting expenditure authorization and internal invoice were processed and approved.

On 05/02/2013, OIG personnel placed a hold on the printing and mailing of the check to Person 5.

Vehicle P227089

On 11/01/2011, vehicle P227089 was towed into the City's Main Impound Facility. The vehicle was entered into the IVIC database with Company 2 listed as the vehicle owner and lienholder. The vehicle was then sold at auction on 01/11/2012 for \$7,000. The charges for towing, storage, administration, and auction fees totaled \$1,730 which left a balance of \$5,270 in excess auction proceeds.

On 02/22/2012, an impound specialist from Company 2 requested the excess proceeds for vehicle P227089. On 04/17/2012, check #1211027 for \$5,270 was issued and mailed to Company 2. On 05/03/2013, this check was deposited by Company 2 and on 05/08/2012 the funds were removed from the City's bank account.

²⁰ IVIC database change made by username babatunde.yussuf.

²¹ Vehicle P227089 was originally entered into the IVIC database with a different individual listed as the vehicle owner before the owner was changed to Company 1.

²² IVIC database change made by username babatunde.yussuf.

On 04/25/2013, Mr. Yussuf modified the IVIC database record for vehicle P227089 by deleting the previous refund claim by Company 2.²³ Mr. Yussuf also changed the vehicle owner from Company 2 to Person 6 and deleted the lienholder.²⁴ Mr. Yussuf then changed the storage fees for vehicle P227089 from \$1,005 to \$1,305 which reduced the excess proceeds from \$5,270 to \$4,970.^{25 26}

On 04/25/2013, Mr. Yussuf submitted an Auction Refund Request Form for vehicle P227089 for processing. The Auction Refund Request Form was dated 04/25/2013 and listed Person 6 as the person requesting the refund.

Between 04/25/2013 and 04/26/2013, the resulting expenditure authorization and internal invoice were processed and approved.

On 05/02/2013, OIG personnel placed a hold on the printing and mailing of the check to Person 6.

On 05/02/2013, DOT management personnel brought the four recent auction refund requests submitted by Mr. Yussuf to the attention of the OIG.

Based on the information received from DOT management personnel, the OIG coordinated action with the Baltimore City State's Attorney's Office Economic Crimes Unit (SAO) and the Baltimore Police Department (BPD). OIG and BPD began developing a plan to conduct a controlled delivery of the two auction refund checks for vehicles P167980 and P227089.

On 05/14/2013, Mr. Yussuf emailed a Finance Department employee and a DOT Fiscal Services employee to inquire about the status of the two outstanding refund requests. On 05/17/2013, Mr. Yussuf sent another email inquiry to the same two recipients. The Finance Department employee replied that the payments were being held by the OIG.

On 5/21/2013, Towing Division Chief Tolle and then-DOT Deputy Director William Hwang held a brief meeting with Mr. Yussuf to notify him that he was being placed on unpaid suspension. At this meeting, Mr. Yussuf resigned from his position with the City of Baltimore.

After Mr. Yussuf's resignation, Towing Division personnel conducted a search of the towing offices to recover the hard-copy files for the four known vehicles Mr. Yussuf used to request refunds of excess auction proceeds. The search revealed that the hard copy files for all four

²³ IVIC database change made by username babatunde.yussuf.

²⁴ IVIC database change made by username babatunde.yussuf.

²⁵ IVIC database change made by username babatunde.yussuf.

²⁶ The OIG believes that Mr. Yussuf was operating under the impression that a refund of excess auction proceeds greater than \$5,000 would require approval from the City's Board of Estimates (BOE) as the City's Administrative Manual requires BOE approval for many types of expenditures over \$5,000. A review of the City's Administrative Manual Policy 303-01 revealed that reimbursements and refunds of overpayments would be exempt from Board of Estimates approval regardless of dollar amount. The OIG notes that this creates some confusion when referenced against City Code Article 31 Section 97 which states that the DOT Director shall recommend to the BOE that excess auction proceeds of \$25 or more be refunded to the vehicle owner.

vehicles were missing. DOT personnel were able to recover data for the vehicles deleted in the IVIC database by loading IVIC data back-ups.

On 10/16/2013, Finance Department personnel cancelled the two refund checks being held at the OIG's request.

On 05/19/2014, Mr. Yussuf was interviewed by OIG and State's Attorney Office personnel.²⁷ During the interview, Mr. Yussuf was asked a series of questions regarding the Auction Proceed Requests for vehicles P234000, P234493, P167980, and P227089. Mr. Yussuf stated that he made the changes in the IVIC database and that he prepared Auction Proceed Request Forms for the vehicles in question. Mr. Yussuf further stated that he forged the signatures of Person 2, Person 4, Person 5, and Person 6 on the Auction Proceed Request Forms.

In total, seven fraudulent requests for refunds of excess auction proceeds were submitted for processing by Mr. Yussuf. Five of these requests resulted in disbursements from the City's bank account totaling \$22,507. Through the remaining two refund requests, Mr. Yussuf attempted to receive an additional \$9,770.

On 06/19/2014, Mr. Yussuf pled guilty to one count of theft between \$10,000 and \$100,000 and one count of attempted theft between \$1,000 and \$10,000. Mr. Yussuf received a three year sentence which was fully suspended and three years of probation. Further, Mr. Yussuf was ordered to pay restitution to the City of Baltimore in the amount of \$22,507.

Chronology of Relevant Events

Vehicle P238519

08/29/2012: Mr. Yussuf changed the owner information for vehicle P238519.

08/29/2012: Mr. Yussuf submitted a refund request form for vehicle P238519.

09/16/2012: Check #1238361 for \$4,734 issued to Person 1 was negotiated.

10/01/2012: Mr. Yussuf deleted IVIC records for vehicle P238519.

Unknown Vehicle Number

10/22/2012: Expenditure authorization and internal invoice processed for check #1247237.

11/02/2012: Check #1247237 issued to Person 2.

11/05/2012: Check # 1247237 for \$4,530 issued to Person 2 was negotiated at a local bank.

²⁷ At the time of the interview with Mr. Yussuf, OIG personnel were not yet aware of the additional fraudulent refund checks for vehicles P238519, P241312, and the unknown vehicle number.

Vehicle P241312

- 01/04/2013: Mr. Yussuf changed the owner information for vehicle P241312.
- 01/11/2013: Refund Check was issued for vehicle P241312.
- 01/16/2013: Check #1258832 issued to Person 4 was negotiated at a local bank.
- 01/17/2013: Mr. Yussuf deleted IVIC records for vehicle P241312.

Vehicles P234493 and P234000

- 03/07/2013: Mr. Yussuf changed the owner information for vehicles P234493 and P234000.
- 03/11/2013: Mr. Yussuf submitted refund request forms for vehicles P234493 and P234000.
- 03/18/2013: Refund checks were issued for vehicles P234493 and P234000.
- 03/20/2013: Check #1269684 for \$4,243 issued to Person 2 was negotiated at a local bank.
- 03/21/2013: Check #1269673 for \$4,984 issued to Person 4 was negotiated at a local bank.
- 03/21/2013: Mr. Yussuf deleted IVIC records for vehicles P234493 and P234000.

Vehicles P277089 and P167980

- 04/25/2013: Mr. Yussuf changed owner information for vehicles P277089 and P167980.
- 04/26/2013: Mr. Yussuf submitted refund request forms for vehicles P277089 and P167980.
- 05/02/2013: OIG personnel are notified of suspect transactions and begin joint investigation with SAO and BPD.
- 05/02/2013: OIG requests that refund checks for vehicles P277089 and P167980 be held.

Non Vehicle Specific Events

- 05/17/2013: Mr. Yussuf is informed of OIG investigation by a Finance Department employee.
- 05/21/2013: Mr. Yussuf resigns from City of Baltimore.
- 10/16/2013: Finance Department cancels the two refund checks held by OIG for vehicles P277089 and P167980.
- 03/18/2014: OIG personnel interviewed Person 6.

- 04/04/2014: OIG personnel interviewed Person 2.
- 05/19/2014: OIG and SAO personnel interviewed Mr. Yussuf.
- 05/22/2014: SAO filed a Criminal Information against Mr. Yussuf.
- 06/19/2014: Mr. Yussuf pled guilty to theft between \$10,000 and \$100,000 and attempted theft between \$1,000 and \$10,000.

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.

Violations

- 1. Standards of Conduct and Performance – Civil Service Commission (hereinafter “CSC/Department of Human Resources (hereinafter “DHR”) Rule 40, Part I**
CSC/DHR Rule 40, Part I, states the following: *“Employees shall observe and protect the City’s property rights, and shall follow all rules requiring authorization for the use of City funds, labor, and property.”*

Deputy Towing Manager Babatunde Yussuf violated this rule through his actions in submitting falsified documents to request refunds of excess proceeds from the City’s impounded vehicle auctions from 08/29/2012 through 04/25/2013. During this period, Mr. Yussuf’s actions resulted in the fraudulent disbursement of \$22,507, as well as attempted additional disbursements totaling \$9,770. These actions constitute violations of Rule 40, Part I.

- 2. Standards of Conduct and Performance – CSC/DHR Rule 40, Part L**
CSC/DHR Rule 40, Part L, states the following: *“Employees shall conduct themselves at all times in a manner becoming of a City employee, and shall not bring scandal, expense, or annoyance upon the City through crime, conflict of interest, failure to pay just debts, or other improper or notorious behavior.”*

Deputy Towing Manager Babatunde Yussuf violated this rule through his actions in submitting falsified documents to request refunds of excess proceeds from the City’s impounded vehicle auctions from 08/29/2012 through 04/25/2013. These actions have resulted in criminal charges to which Mr. Yussuf pled guilty on 06/19/2014.

- 3. Cause for Discharge, Demotion or Suspension – CSC/DHR Rule 56, Part 1(C)**

CSC/DHR Rule 56, Part 1(C), states the following: *“Discharge, demotion, or suspension of an employee in the Civil Service shall be for any just cause. Discharge shall be only for . . . (C) conduct which causes an irreparable breach of trust.”*

Given his supervisory role as Deputy Towing Manager, the City had placed significant trust in Mr. Yussuf to maintain proper conduct and protect the City’s property rights. Mr. Yussuf violated CSC/DHR Rule 56, Part 1(C) by irreparably breaching this trust through his actions in submitting falsified documents to request refunds of excess proceeds from the City’s impounded vehicle auctions from 08/29/2012 through 04/25/2013.

4. Cause for Discharge, Demotion or Suspension – CSC/DHR Rule 56, Part 2(I)

CSC/DHR Rule 56, Part 2(I), states the following: *“That the employee has been engaged in fraud, theft, misrepresentation of work performance, misappropriation of funds, unauthorized use of City property, obstruction of an official investigation, or other act of dishonesty.”*

Deputy Towing Manager Babatunde Yussuf violated this rule through his actions in submitting falsified documents to request refunds of excess proceeds from the City’s impounded vehicle auctions from 08/29/2012 through 04/25/2013. During this period, Mr. Yussuf’s actions resulted in the fraudulent disbursement of \$22,507, as well as attempted additional disbursements totaling \$9,770. Said actions were in violation of CSC/DHR Rule 56, Part 2(I).

RECOMMENDATIONS

One of the primary goals of the OIG is to identify areas of weakness or inefficiency that can be eliminated or improved. The OIG believes that DOT should undertake a more purposeful effort to increase controls over handling and distribution of monies of which the DOT is the custodian. As such, the OIG has made a series of recommendations that, if enacted, would reduce the opportunity for fraud while increasing the efficiency of the DOT Towing Division in returning funds to the appropriate owners.

1. The OIG recommends that DOT Towing Division create a checklist that includes the supporting documentation required to process an Auction Refund Request. This checklist should clearly delineate the tasks to be completed during the process and the personnel responsible for each task. Further, this checklist should include a review of the IVIC transaction log for any modifications to vehicle data posted within a determined period prior to the refund request. Once completed, the checklist should require approval from the Division Chief of Towing prior to final processing.

During this investigation, the OIG noted that guidance on the auction proceeds refund processing is provided by the City Charter as well as the City’s Administrative Manual which can lead to confusion on procedures. A primary example of such a point of confusion pertains to the approval that is required after the initial 90 day claim period. Towing Service Representatives thought that requests submitted after 90 days went to

management for approval which conflicted with management's understanding that requests submitted after 90 days went to the Law Department for approval.

In addition to the 90 day claim period, the OIG also noted a similar point of confusion regarding approval from the BOE. City Code Article 31 Section 97 states that the DOT Director shall recommend to the BOE that excess auction proceeds of \$25 or more be refunded to the vehicle owner, whereas the Administrative Manual Policy 301-01 states that reimbursements and refunds of overpayments would be exempt from BOE approval regardless of the dollar amount.

The OIG believes that creation and implementation of a procedural checklist will not only clarify any confusion, but reduce management's ability to override internal controls.

2. The OIG recommends that DOT Towing Division should compile a listing of all vehicles sold at auction with excess proceeds available. The inventory listing should include the vehicle number, amount of proceeds available, name of titled owner, mailing address for titled owner, and the number of notifications sent to the titled owner.

Using this inventory listing, notification should be sent to the titled owner, when the owner can be reasonably determined, that

- a. their vehicle has been sold, and
- b. proceeds are available to be claimed.

If auction proceeds have not been claimed after three years, the OIG recommends that the Towing Division remit the auction proceeds as Unclaimed Property to the State of Maryland Comptroller. By remitting these older auction proceeds to the Comptroller's Office, the Towing Division mitigates the risk of misappropriation of these funds.