

October 10th, 2018

City of Mount Rainier Community,

For the past several months, the City of Mount Rainier had contracted with two independent firms to investigate two matters in our police department: parking ticket fine collection and sexual harassment. On September 14, 2018, the City released a statement on the sexual harassment investigation. Today the City of Mount Rainier will release the report of an investigation of the finances of the Mount Rainier Police Department relating to parking ticket fines.

Though the two independent investigations are over, there is still one process open. Law enforcement officers go through a separate disciplinary process than civilian employees. The two sworn officers involved are going through a Law Enforcement Officers Bill of Rights Investigation (LOEBR). This LOEBR investigation pertains to sworn law enforcement officers who have additional rights to procedural investigations conducted by outside law enforcement entities in the State of Maryland.

The results of the financial investigation involve the use of public funds, including your tax dollars and are disclosed in the following report. Portions of the report must be redacted to protect the privacy of public employees in accordance with Maryland law. As your City Manager, I remain committed to being as transparent as possible throughout this process and will proceed to give as much background as possible in this letter.

What led to the Investigation(s) in the Mount Rainier Police Department?

In late March of this year, I noticed financial irregularities in the parking ticket and parking revenue systems of the City. I immediately alerted our Director of Finance of the irregularities and we began looking into the situation. Once we realized the documentation indicated that there was a much larger problem than simply one or two numbers being off we notified the Mayor and City Council in a closed session. Within a few days, our Department of Administrative Services which handles the City's human resources needs received allegations of sexual harassment against members of the police department. These allegations warranted immediate attention and both the financial and sexual harassment investigations commenced soon after.

Who were the Investigators?

The sexual harassment allegations were investigated by Annapolis based Attorney Frederick Sussman from the law firm Council Baradel. He and his firm have extensive experience in hostile workplace allegations. His professional portfolio is available at this link: <https://www.councilbaradel.com/attorneys/frederick-c-sussman>.

You may read the City's statement on the conclusion of the sexual harassment investigation at this link: <http://www.mountrainiermd.org/wp-content/uploads/2018/09/STATEMENT-REGARDING-POLICE-DEPARTMENT-INVESTIGATION-9.14.18.pdf>

Due to Maryland Privacy laws around personnel records, the City is unable to release the sexual harassment investigation report.

The financial investigative firm was KatzAbosch. They provide an overview of their firm in the investigative report. You may find more information on this financial firm by visiting their website at: [www.katzabosch.com](http://www.katzabosch.com) KatzAbosch has many years of experience in forensic accounting, audits, and financial best practices.

What are the results of the Financial Investigation? What are the important takeaways from the report?

The results of the Financial Investigation are detailed in the attached report. The important points are discussed in the "Executive Summary" on page 1 and 2.

The main points of the financial investigation to understand are:

1. During a 21-month period approximately \$86,000 of parking ticket fines and accumulated late fees were waived by employees of the police department ("dismissed" or "decreased" in the parlance of the report). What this means: Police Department supervisors and staff were using an electronic data base system to waive parking ticket fees or decrease fees without proper authority, approval, explanation, or justification, circumventing the police department general orders. This \$86,000 was money that was due to be paid to the City. During that period, the police department employees waived approximately 40% of the fines that were due.

If you have questions about what the city does with revenue (taxes or fees paid to the city) or how the city spends its money, you may look at the current city budget, available on the city website at this link: <http://www.mountrainiermd.org/wp-content/uploads/2018/07/Adopted-Budget-FY-2019-1.pdf>

One important item to note is that the \$86,000 is only from the specific timeframe analyzed closely in this report. On page xvii, the investigators state that this has been a long standing behavior going back many years "Based upon his (Director of Finances) concerns, we inspected multiple years of the ticketing process. Although the number and dollar amounts of dismissals and decreases has grown in recent years, this was matched by an increase in the number of tickets issued. Therefore it was difficult to assert that that issue had grown in the recent years. ....We found the data indicate the percentage of tickets where dismissals and decreases occurred remained relatively consistent over time,... with the peak percentage of dismissals and decreases in 2013". The results of the report showcase that this is a long standing behavior which has been happening over many years, this is not a new acquired behavior or a short term behavior.

2. During the 21 month period analyzed, \$111,000 that was collected and recorded at the police department was at risk for not being deposited into the City bank accounts. What this means: this money was eventually deposited into the City's bank accounts but was at risk because the lack of direct supervision in the administrative / records department in the Police Department created a laissez-fair approach to handling and coding money associated with parking tickets (see page 1, paragraph 4 of report).

3. Data from the City's electronic parking ticket system showed that "substantial fines and fees in excess of \$2,000,000 were not collected over the 7 year period for which we received data". What this means: The city is owed over \$2,000,000 in unpaid parking ticket fines and has done little to nothing in seven years to collect on this unpaid balance. This is not a crime or misconduct, but an issue that had been previously identified and worked on sporadically.

\*It must be noted that in the past the City has experienced high unpaid parking ticket balances and had contracted with an outside debt collection agency. Past efforts in 2006 and 2007 yielded successful recovery results. In 2016, Mayor and Council directed the police department to resume collection efforts. This direction was never implemented. It is the intention of the Mayor and Council to again seek the assistance of an outside debt collection agency to assist the City in collecting on this balance. It is unclear why the police department ceased collection efforts.

4. The report states that there was an absolute lack of supervision, policies, and procedures for many years in the parking ticket processing of the city. The report discusses many instances of parking tickets being waived and dismissed solely at the personal discretion of various employees without having the authority to do so. The report notes one supervisor would call administrative employees working the night shift and directed the waiver of tickets without criteria used, explanation, or additional paperwork. On page 13 paragraph five reads "It should be abundantly clear to any reader of this Report that in the past there was virtually no documented system or oversight with regard to the operation of the City's parking ticket system. As a result of this lack of any formal set of procedures, there were fundamentally no internal controls in place to assure parking tickets were handled as they should have been, and all funds received were properly controlled and logged in the Complus system. If any controls existed, they were not exercised, resulting in the problems discovered by Mr. Greenville" and subsequently the City Manager.

What this means: There was a significant lack of supervision, policies, and procedures in the Police Department records and administration office which created an environment in which parking tickets were often waived and dismissed, circumventing the police department's general orders. This behavior took place for an extended timeframe until myself (the City Manager) and the Director of Finance became aware of the practice and asked for an investigation into the matter.

\*Although the report found no proof of criminal wrongdoing or employees taking money, the lack of financial controls makes the discovery of theft impossible.

The report only analyzes a specific timeframe, how long has this been going on?

The report analyzes a 21-month timeframe from June 1, 2016 to April 5, 2018. That timeframe was chosen because of the availability of records. Alternate time segments from 2011 to 2018 were also analyzed and summarized in the appendices to show patterns. Our city began using an electronic system for managing parking tickets in 2011. Using data from our service provider, a broader time segment of 2011 to 2018 was also analyzed and summarized in the appendices to show patterns.

This shows that this practice has been long standing for years dating back to at least 2011, with the amount of fine waivers as a percentage of collections peaking in 2013.

Are there any other financial concerns in the Police Department?

Yes, another serious financial concern arose during the course of the investigations concerning coins collected in the City's parking meters. This situation has since been rectified by the Director of Finance and Acting Police Chief. It was not part of the KatzAbosch investigation or report.

\*Please note that currently all parking meters in the city operate via coins inserted into the meters. The current Mayor and Council set aside funds in the current fiscal year budget for the installation of credit card readers on City parking meters.

Specifically, here is the sequence of events with respect to this issue, including direct quotes from email communication:

- November 15th, 2016 the City Manager asked the Police Chief via email "We are paying Dunbar (armored car transport service) about \$500 a month, didn't you have a cheaper alternative for this service?"
- November 15th, 2016 the Police Chief responded to the City Manager "Sure, we can take the money to their collection point ourselves."
- November 15th, 2016 the City Manager responded to the Police Chief "Ok. Let's go ahead and cancel Dunbar then. Should save roughly \$5,000 a year."

Time gap of approximately 15 months

- January 25th, 2018 the City Manager wrote the Police Chief "Chief, I am looking at a report from Finance showing that no parking meter coin revenue has been deposited since January 31st, 2017? I am sure this cannot be accurate, because it shows 5 to 7 deposits in all previous years. Has there been any issue making the deposits of coins? I am concerned we have unaccounted for coins."
- January 26th, 2018 the Police Chief responded to the City Manager "It's accurate alright. We have not had coin pickup since you cancelled our agreement with Dunbar last spring. ....Since we do not have a contractor to pick up coins and deliver

them to the Bank of America for counting and deposit, and Bank of America does not allow up to deliver the coins to them directly, we have been safely storing them here at the PD and none are missing and unaccounted for.”

- January 26th, 2018 the City Manager replied to the Police Chief “When we cancelled Dunbar we talked about an officer taking them to the bank regularly. If this was unable to happen, why didn’t you bring this to my attention? I had no knowledge of the original plan not being implemented. We have got to rectify this immediately. Why wont the bank take them from a uniformed officer?”

February 6th, 2018 approximately 15 months’ worth of coins were deposited into the City’s bank accounts. Immediately, myself (the City Manager) and the Finance Director put into place policies and procedures for monthly deposits.

The Director of Finance followed up with an email report to me (the City Manager), City Attorney, and City Council which is listed below:

Good Evening Council,

The final count of coins that were deposited into the bank after sitting in the Police Department for over a year was 42 bags for \$21,953.88.

I spoke to our forensic auditors about this issue. They expressed to me there was little they could determine in regards to our meter coins. They advised me to compare the coins received during the dormant period to periods when coins were deposited regularly. After looking at our records, no coins were deposited from 01/31/2017 to 02/14/2018. Over a 13 month period we only received \$21,953.88 which is significantly less than amounts received during other time periods.

Ultimately, we will never know with confidence if we are missing money from when the bags sat in PD. However, the significant difference between what was deposited from that time period and what was deposited from previous years is concerning. This is why it is so important we have internal controls in place for all cash.

If you have any questions please let me know.

Kevin Greenville, Director of Finance

What this means: During a 15 month time frame thousands of dollars of coins were kept in the Police Department and not deposited into the City bank accounts. Neither myself (the City Manager) nor the Director of Finance had knowledge of the coins not being deposited during that time into the City’s bank accounts. This coincided with a significant and otherwise unexplained drop in parking meter revenue.

What is being done to ensure solid financial practices in the police department?

Immediate action has been taken to ensure the safety of the public’s money. City staff members who were under this investigation were immediately placed on paid

administrative leave. Records in the police department with respect to parking tickets were quarantined and sealed until adequate control could be put in place to inventory data. A temporary freeze on parking ticket waivers was instituted until the situation could be assessed and rectified. Immediate procedures were put in place for receipts, cash handling, and coin deposits.

What disciplinary actions have been taken?

Due to State of Maryland privacy protections for public employees, neither your elected officials nor I are at liberty to disclose or name which city employees may or may not have been disciplined in the investigations.

What I can say is that with the support of the Mayor and City Council, your city staff have taken personnel actions which will prevent any further financial mismanagement of this type in the future. I understand that there is a strong public desire for the city to name employees and actions taken, but we are simply prohibited by law from doing so. Violating this law can lead to civil law suits against the city, by those whose rights were violated. Further, we risk being liable to being sued for a variety of defamation claims.

Violations of disclosing personnel information include: The potential for civil liability, violation of the Maryland Public Information Act, including the disclosure of protected information, constitutes a criminal misdemeanor punishable by a fine of \$1,000.00. \*See section 4-402 of the General Provisions Article of the Maryland Code.

Are we still safe? Do we still have Police Patrolling the streets? Do we have a Police Chief?

On April 11th, I appointed an Acting Police Chief. Acting Chief Stephen Malley has been on the Mount Rainier Police Force for 30 years. I have valued his experience and community policing expertise during this time. The City recently hired a professional Police Chief Recruiter and is undergoing a recruitment effort for a permanent Police Chief at this time.

We currently have very dedicated police officers patrolling our streets. Many of the Mount Rainier Police Officers have over ten years of policing experience. We have maintained, and at times exceeded, our minimum patrol staffing levels. Though we have a Memorandum of Understanding with other police departments to borrow officers when needed, so far we have not had to call in back-up from our partners. We are also actively recruiting to fill open positions.

Yes, we are still safe. The City is currently experiencing a low crime rate, as well as a low violent crime rate. You may read up-to-date crime statistics on the City website.

How do we move forward from these investigations?

Logistically, we move forward by addressing the financial recommendations outlined in the financial investigation report. In addition, Mayor and Council have addressed all

recommendations outlined in the sexual harassment report. The second way we move forward is through the hiring of a new Police Chief with a strong focus on implementing and holding city staff accountable to policies, processes, and procedures, as well as, one that work with our staff to create a good work environment for everyone.

I understand that these investigations have caused serious concerns in the community, particularly with the Police Department. Your Mayor and Council understand that there is work to do to restore the public trust and confidence in our Police Department. I, too, have heard your concerns and feedback and am committed to moving in a positive direction with help from the Mayor and Council and from the community. I have been encouraged by the community's support as we implement changes.

The City's Mayor, City Council, and Staff are dedicated to being leaders who encourage and work together to create a culture in which all people are treated with dignity and respect. We will also hold accountable any employee who does not conduct themselves in this manner and will continue to remain transparent about the use of public funds.

I want to thank the women and men of the Mount Rainier Police Department who cooperated in the investigations and remained committed to serving our residents and businesses throughout these investigations and the process. This has been a difficult transition period. Their dedication and willingness to serve during this time has been truly appreciated. Thank you to the Mayor and City Council, who acted quickly to investigate financial irregularities, who remain committed to transparency and who have chosen to share these findings with the public.

Thank you to the residents of the City of Mount Rainier who have remained patient throughout this difficult process, and have had trust in me to find the answers.

From the desk of the City Manager,

Best Regards,

*Miranda Braatz*

City Manager

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