

CITY OF DETROIT
OFFICE OF THE INSPECTOR GENERAL
2017 First Quarter Report
(January 1, 2017 – March 31, 2017)



JAMES W. HEATH, ESQ.
INSPECTOR GENERAL

July 26, 2017

A Message from the Inspector General



I am pleased to submit the 2017 first quarter Office of the Inspector General (OIG) report. I strive to maintain a transparent environment and as such, this report is compiled and posted for review by the citizens of Detroit. It covers the period beginning January 1, 2017 and ending March 31, 2017.

The OIG is a multidisciplinary organization comprised of attorneys, investigators and auditors who work in concert to investigate allegations of fraud, waste, and abuse involving Detroit public servants and contractors. Our authority is derived from the 2012 Charter of the City of Detroit.

The following report represents the results of investigations that began as complaints which warranted further examination. Anyone can file complaints with our office via our online system, e-mail, telephone and in person.

Individuals interested in learning more about the cases discussed in this report should feel free to contact the OIG with questions.



Office of Inspector General Numbers at a Glance

During the first quarter of 2017 the OIG received ninety-six (96) complaints. The OIG initiated twenty-eight (28) cases that involved eight (8) departments or agencies.

Department/Agency	Number of Investigations	
Unemployment Insurance Agency	1	
Detroit Land Bank Authority	5	
Detroit Department of Transportation	1	
Office of the Chief Financial Officer	2	
Detroit Police Department	2	
Detroit Water and Sewerage Department	1	
Great Lakes Water Authority	1	
Buildings Safety Engineering and Environmental Department	3	
Total	16	

Closed Cases

A case is considered closed when an OIG file manager completes their investigation and the Inspector General approves a finding. During the first quarter of 2017, the OIG closed sixteen (16) cases.

2014-NA-0038

The complainant alleged that a public servant misrepresented their earnings to collect Unemployment Insurance Agency (UIA) benefits while employed by the City of Detroit. The OIG investigation determined that there was evidence of fraud and that a pattern existed among multiple employees. The OIG reported this finding to the State of Michigan (SOM). The SOM confirmed the existence of the fraudulent pattern and began to work with the OIG and the Human Resources Department to prosecute the subjects of the investigation.

2015-DF-0050

The complainants alleged that the Detroit Land Bank Authority (DLBA) defrauded them of their deposit on a DLBA auction property. The complainant mistakenly concluded that winning bidders are guaranteed to secure a mortgage through DLBA lending partners. The complainant did not qualify for a mortgage and the DLBA returned the property to the auction list. The OIG verified that the DLBA bid process was conducted according to the procedures stated on the DLBA website. The DLBA does not guarantee that all winning bidders will qualify for a mortgage. DLBA attempted to mitigate the complainant's loss by applying the deposit to another property.

2015-DA-0189

The complainant, the spouse of a participant in a Detroit Department of Transportation (DDOT) customer service and driving skills evaluation, alleged that a public servant abused his authority and committed fraud by stealing the participant's commercial driver's license during the evaluation process. The OIG began an investigation to determine whether or not fraud was committed. In February 2017, the public servant was charged by the Criminal Division of the Michigan Department of the Attorney General. The public servant was charged with felony forgery for falsifying Secretary of State documents.

2016-CF-0038

The complainant alleged fraudulent behavior by a City of Detroit contractor. The complainant believed that the vendor attempted to cash two checks issued for payment by the City of Detroit for one invoice. The OIG reviewed the transaction and determined that there was no fraud committed by the contractor.

2016-NA-0047

The complainant alleged that a former City of Detroit police officer was fraudulently obtaining duty disability benefits from the City of Detroit. The complainant believed that the former officer was employed at a business owned by their spouse. After confirming that the former officer in question was receiving duty disability payments, the OIG sent several written requests to the City of Detroit Police and Fire Retirement Systems (PFRS) in order to further investigate the complaint. Neither PFRS nor its attorneys responded to the OIG requests, therefore the OIG was unable to determine whether or not the officer complied with the reporting requirements of the Duty Disability Program. On February 8, 2017, the OIG sent a final letter to PFRS informing them that the OIG was closing its case as a result of their failure to respond. The OIG recommended that PFRS examine the matter on its own.

2016-DA-0052

The complainant's attorney contacted the OIG on behalf of their client alleging abuse of authority regarding a disputed water bill. The OIG investigation was thwarted by the complainant's lack of responsiveness following the initial complainant. The OIG informed the attorney of the lack of communication from the client at which time the attorney stated that the OIG assistance was no longer needed. The OIG provided the attorney with the correct contact information at the Great Lakes Water Authority (GLWA) Security and Integrity Office.

2016-NA-0059

The complainant alleged fraud on the part of an individual who claimed to be a property owner. The complainant believed that they were renting from someone who was not the legal owner. The complainant believed that this person was also stealing water to be utilized at this property. The OIG investigation found substantiation of the allegations. The OIG referred the complainant to Wayne County Prosecutor's Mortgage and Deed Fraud Unit regarding the property leasing complaint and to the Great Lakes Water Authority (GLWA) Security and Integrity Office regarding the alleged water theft.

2016-CF-0067

The OIG received a complaint from the Office of the Chief Financial Officer (CFO) because eight City of Detroit checks were fraudulently written and cashed against City of Detroit accounts. The OIG investigated and determined that there were no City of Detroit employees or vendors involved and that the City of Detroit did not suffer any financial loss.

2017-DA-0001

The complainant alleged that a public servant abused their authority in the manner in which they handled the sale of a tax delinquent property. The complainant initially filed their complaint with the City of Detroit Board of Ethics (BOE) which found support for the allegation of abuse of authority by a public servant. BOE forwarded the complaint to The OIG. The OIG initiated case 2017-DA-0013 to determine whether or not abuse of authority can be substantiated.

2017-CA-0003

The complainant anonymously alleged abuse of authority by a Detroit Land Bank Authority (DLBA) contractor. The complainant alleged that the contractor obstructed inspections by the City of Detroit, endangered the safety of employees, illegally dumped waste on vacant property and stole water from other property. The OIG initiated an investigation in conjunction with the DLBA General Counsel. The OIG closed the case after determining that the contractor in question was not under contract with the DLBA.

2017-DC-0006

The complainant alleged abuse of authority by a public servant. The complainant believed that a Buildings, Safety Engineering and Environmental (BSEED) inspector accepted bribes from the owner of a competing business to issue citations against the complainant's business. The OIG investigation determined that both business owners had received citations and that the complainant's business was closed due to the lack of a Certificate of Occupancy. Further, the OIG determined that the complainant had no direct evidence of bribery and had based his allegation on pure speculation.

2017-NA-0010

The OIG responded to a FOIA submission requesting information related to a matter before the Buildings, Safety Engineering and Environmental, Law, and Housing and Planning and Development departments.

2017-NA-0014

The complainant alleged that the Detroit Land Bank Authority (DLBA) abused its authority by the manner in which it attempted to determine the legal standing of the occupant of DLBA property. The OIG reviewed a video provided by the complainant showing her interaction with DLBA representatives and determined there was no abuse of authority.

2017-NA-0015

The complainant alleged that a Detroit police officer published racist and pro-Nazi sentiments via a social media account. The OIG initiated an investigation and verified the media content but did not find evidence that the owner of the account was a Detroit public servant. The OIG referred the matter to the Office of the Chief Investigator, which found no connection between the owner and the City of Detroit.

2017-DF-0021

The OIG responded to a FOIA submission requesting information related to a matter before the Buildings, Safety Engineering and Environmental, Law, and Housing and Planning and Development departments.

2017-NA- 0024

The complainant alleged that the Detroit Land Bank Authority (DLBA) engaged in abusive and fraudulent conduct. The complainant represented himself as the spouse of a successful online bidder for a residential property being sold by DLBA. The complainant believed that DLBA cancelled the results of the bid in an attempt to obtain a higher sale price for the property. The OIG initiated a case which determined the actual reason for the cancellation. The auction website malfunctioned and therefore, prevented a fair bid process. Additionally, the OIG elected not to make a formal determination in this matter because an OIG staff member was an auction participant and therefore part of the group which had been negatively impacted by the website malfunction. The Inspector General, James Heath, informed the complainant of the staff member's bid participation and recommended that the complaint be handled by the Detroit Board of Ethics. After discussing the matter with DLBA, the complainant withdrew the complaint.