

OFFICE OF THE INSPECTOR GENERAL CITY OF BALTIMORE



Isabel Mercedes Cumming
Inspector General

Investigative Report Synopsis

OIG Case # 21-0024-I

Issued: February 4, 2021



OFFICE OF THE INSPECTOR GENERAL
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City Hall, Suite 635
100 N. Holliday Street
Baltimore, MD 21202



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Dear Citizens of Baltimore City,

The mission of the Office of the Inspector General (OIG) is to promote accountability, efficiency and integrity in City government, as well as to investigate complaints of fraud, financial waste and abuse.

EXECUTIVE SUMMARY

On October 16, 2020, the Office of the Inspector General (OIG) was contacted by the Baltimore City Law Department after the National Insurance Crime Bureau (NICB) notified the Baltimore City Police Department (BPD) Regional Auto Theft Team (RATT) of potential vehicle disposal violations involving an authorized Baltimore City Vendor and Medallion¹ tow company (Vendor). The NICB received a complaint directly from Enterprise Holdings (Enterprise), a rental car company, that alleged the Vendor, attempted to scrap three of Enterprise's rental vehicles at a local Auto Parts retailer.² The alleged violations all occurred in the City of Baltimore.

The OIG initiated an investigation to determine if the Vendor's scrapping attempts were potential violations of the Citywide Police Requested Towing contract (the Contract). The OIG and RATT worked together during this investigation. However, the criminal aspect of this investigation will be completed by RATT.

The OIG investigation found all three vehicles scrapped³ by the Vendor were BPD initiated tow requests. The tows were completed in July 2020 or after. The OIG confirmed with BPD that each vehicle should have been transported and stored at 6700 Pulaski Highway (City Yard). Each vehicle was instead transported and stored at the Vendor's private tow facility, prior to being scrapped at the Auto Parts retailer. The OIG investigation determined the Vendor violated the Contract by not adhering to the tow drop-off destination directions outlined in the tow reports. BPD communicated directions to the tow truck drivers via tow tickets and verbal communication as to where the vehicles should be towed.

The OIG also found the Vendor continued to provide the City with towing services despite the Minority and Women's Owned Business Opportunity Office (MWBOO) continuously finding the Vendor to be non-compliant with the minority business participation goals of the Contract.

¹ A tow company that is licensed to conduct tows on behalf of the Baltimore City Police Department.

² The services at the location include vehicle repairs and the buying and selling of used Auto Parts.

³ For the purpose of this report the vehicles are considered scrapped vehicles because the Vendor completed a transaction

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Methodology

The OIG investigation regarding the Vendor's improper towing practices was conducted in partnership with the RATT Division of the BPD. RATT supplied the OIG with copies of the tow reports for each of the scrapped vehicles and confirmed that all three vehicles should have been towed to the City Yard.

The OIG researched the Maryland Vehicle Administration website and the State of Maryland Transportation Laws to obtain a holistic understanding of the legal process for scrapping a vehicle in Maryland. In addition, the OIG verified the payments the Vendor received for scrapping each vehicle at the Auto Parts retailer. The OIG also analyzed the documentation that was submitted to the Auto Parts retailer for each of the scrapped vehicles.

Additionally, the OIG reviewed the Medallion Contract to verify the responsibilities of the Medallion tow truck vendors. The OIG communicated with a representative from the Department of Transportation (DOT) and consulted with the Law Department, and members of the Tow Board to understand the rules and regulations that govern a City contracted tow company.

Background-Prior OIG Investigation

On January 3, 2020, a previous OIG investigation discovered the Vendor reported false subcontractor payment information to the Bureau of Procurement (BOP) in order to appear compliant with the MWBOO goals of the Contract.

The OIG investigation found that from July 2016 to February 2019, the Vendor paid its subcontractor's significantly less than what was reported to BOP. The subcontractor payment amounts reported to BOP by the Vendor included paid and unpaid services, in violation of Article 5, Subtitle 28 of the Baltimore City Code. The OIG also found that BOP failed to verify the reported subcontractor payments during three separate compliance reviews, deeming the Vendor compliant when it was not.

On January 17, 2020, the Director of the Department of Finance (DOF), provided a management response to the OIG investigation. The Director of the DOF did not recommend submitting a request to the Board of Estimates (BOE) for further action with the Vendor. The Director of Finance instead recommended that the Vendor be advised on the proper way to engage with MWBOO concerning minority participation difficulties.

OIG INVESTIGATION

Baltimore City Police Department Requested Tows

During an OIG interview, the Owner of the Vendor company (Owner) stated in March of 2020 all Medallion tow truck companies were informed by the DOT to tow vehicles involved in accidents to their private tow lots instead of City Yard. The Vendor went on to say DOT justified the new directive by citing the state of emergency for Maryland, resulting from the global pandemic. The Vendor then stated the City Yard was only accepting and storing vehicles that were involved in a BPD investigation. The Vendor stated the City's policy in reference to tow drop off destinations is not clear. According to the Owner, over the last couple of years, there were several instances when City Yard staff would not let the Vendor drop

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off a recovered vehicle and instructed the Vendor to store the vehicle at its private lot. The DOT Acting Towing Division Chief (Towing Chief) informed the OIG, that DOT learned about the scrapped vehicles after BPD discovered none of the vehicles were stored at the City Yard. The Towing Chief then stated since the start of the pandemic, Medallion tow companies were instructed to take vehicles involved in accidents back to their respective lots. The Towing Chief then stated Medallion tow companies were also advised via multiple emails that towed vehicles accompanied with a tow report or instructions that specifies the City Yard as the drop off destination must be stored at the City Yard. The OIG was able to confirm that an email from DOT was send directly to the Vendor in June 2020, instructing them to take police designated tows to the City Yard. The Towing Chief stated they have personally told the Owner more than once that he must follow the tow drop off destination instructions written on the tow report. The Towing Chief advised the OIG that during the pandemic the City Yard temporarily shut down the front office, but the yard has never been closed to tow truck companies dropping off towed vehicles. The Towing Chief then advised the OIG that City Yard staff are required to contact her or a supervisor if a Medallion tow truck company is attempting to drop off a vehicle and it is unknown whether it should be stored at the City Yard prior to denying the tow.

Vehicle Notification Process

The OIG analyzed copies of the Affidavits of Lawful Possession for Transfer of a Vehicle to an Automotive Dismantler and Recycler or Scrap Processor (VR-454) filled out and turned into the Auto Parts retailer by the Owner for all three vehicles. According to the Maryland Vehicle Administration (MVA) website, a VR-454 is used to certify, under oath, that a certificate of title is unavailable for a vehicle that is being transferred to an Automotive Dismantler and Recycler or Scrap Processor for purposes of dismantling, destroying, or scrapping, and that proper notification has been made pursuant to Maryland law.

Maryland Transportation Code § 25-204 requires a notice be sent by certified mail, return receipt requested, to the last known registered owner of the vehicle. The notice must state that the abandoned vehicle⁴ has been taken into custody, provide descriptive information about the vehicle, and give the location of the facility where the vehicle is held. The notice is also required to inform the owner of their right to reclaim the vehicle within 11 working days after the receipt of the notice and advise that failure to respond to the notice will result in the waiver of rights, title, and interest in the vehicle.

The OIG noted that all three VR-454 forms for the vehicles in question contained the Owner's signature and were submitted to the Auto Parts retailer incomplete. The OIG learned that the MVA requires the VR-454 be completed in its entirety and submitted along with a copy of the driver's license of the person in possession of the vehicle, and a copy of the possession notifications made to the vehicle owner. When asked about the incomplete VR-454's, the Owner told the OIG that the Auto Parts retailer completes the unfinished portions of the form on the Vendor's behalf upon receipt of the vehicle. The Owner of the Auto Parts retailer advised the OIG that they do not fill out VR-454's on behalf of a vehicle scrapper because the employees would not be privy to the information being requested on the form, such as the last registered vehicle owner.

⁴ MD Transp. Code § 25-201(b) (2019).

The Vendor's Failure to Notify Enterprise

The RATT Detective informed the OIG that they visited the Vendor's lot to obtain copies of the notification letters that would inform Enterprise of vehicle possession and reclaim information. The Vendor employee (the Employee) on-site reported to the RATT Detective that the Vendor did not send notification of possession letters for two of the three vehicles due to the Vendor's inability to look up vehicle owner information for states other than Maryland, West Virginia, Pennsylvania, and New Jersey.⁵ However, the Owner informed the OIG that the Vendor's vehicle identification number (VIN) system can look up vehicle owner information for all 50 states. The Owner then stated the Vendor's VIN system prepopulates a certified letter that is automatically sent to the vehicle's last registered owner. The Owner also reported to the OIG that the Vendor waits at least 30 days after confirming the owner of the vehicle in the Vendor's possession received the notification of intent to scrap. The OIG investigation determined that the Vendor scrapped two of the three vehicles without providing notification letters to Enterprise as required by State law. The OIG was able to find a vehicle notification for the third vehicle. The OIG learned, Enterprise was able to reclaim all three vehicles from Auto Parts retailer after paying a total of \$5,170 in fees.

The Vendor's Scrapping Profit

The Owner informed the OIG that he does not financially benefit from scrapping a vehicle because he is only paid a standard fee of \$300. The OIG confirmed with the Owner of the Auto Parts retailer that the Vendor received \$300 for each scrapped vehicle. The Auto Parts retailer was not able to provide the OIG with transaction records for the vehicles due to a staffing shortage because of safety precautions related to the pandemic.

INVESTIGATIVE FINDINGS

The OIG found that the Contract requires Medallion tow companies to tow vehicles specific locations. Towed vehicles are to be taken to the City Yard, BPD locations, or other locations as directed by the BPD and the DOT, unless otherwise directed in writing by the vehicle owner. The OIG found that all three vehicles scrapped by the Vendor were designated to be dropped off at the City Yard.

The OIG determined the Vendor's decision to disregard BPD's drop off instructions in the tow reports also violated the destination guidelines outlined in the Contract. The OIG also found the Owner's decision to scrap two of the vehicles without providing proper notification to the owner violated the Maryland Transportation Code § 25-204, which requires that the last registered owner be notified by certified mail.

The OIG investigation found that the Vendor has continued to bill the City for the performance of towing service despite the MWBOO's continuous findings of noncompliance.

⁵ The OIG attempted to contact the Vendor's employee to verify the information but was unable to do so.

Sincerely,



Isabel Mercedes Cumming, Inspector General
Office of the Inspector General

Cc: Hon. Brandon 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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