



City Councilmember Scott Sherman

District 7

FOR IMMEDIATE RELEASE

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City Employee Received Over \$3,000 in Gifts While Covertly Helping Private Vendors

Sherman Urges Immediate Investigation of City Employee and Debarment of two Private Vendors Involved

San Diego – In 2015, The City Auditor’s office received a fraud hotline call alleging fraud by a city employee receiving undisclosed gifts from contractors in return for seeking favorable treatment on city contracts. Since the allegation contained potential criminal activities of corruption, the City Auditor forwarded the information to the FBI to investigate.

The FBI’s investigation uncovered emails from the city employee’s personal email account discussing various gifts and activities with two vendors. The employee accepted gifts valued at over \$3,000. The gifts include:

- A paid trip to attend a professional sporting event in San Francisco
- Free contracting work performed at city employee residence
- Two tickets to a Las Vegas show
- Annual entry fees to a golf tournament
- Amusement park tickets for their family

While receiving these gifts, the city employee allegedly awarded option contracts to the vendors providing the gifts and covertly advised the vendors to increase their revenues on City contracts. These actions potentially resulted in costing San Diego taxpayers millions. The City employee in question is still currently employed by the city.

“While the detailed report of these activities is confidential, the information made available of those involved is absolutely unacceptable and probably criminal,” said Audit Committee Chairman Scott Sherman. “It is extremely important that the city employee and the two private vendors implicated in defrauding taxpayers be held accountable.”

The Audit Committee unanimously approved the City Auditor’s recommendation and forwarded to the full City Council for review. The recommendations include:

- Revise the Municipal Code to include classified employees who file Statements of Economic Interests be under the jurisdiction of the Ethics Commission for both education and enforcement purposes

- Conduct an independent investigation, and take appropriate action with respect to the city employee
- Permanent debarment for Vendor A and Vendor B for lack of business integrity

“I urge city staff to act quickly and send a clear message that this type of behavior will not be accepted in the City of San Diego,” said Sherman. “The Audit Committee will be reviewing progress on this important matter.”

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