



THE CITY OF SAN DIEGO

DATE: May 16, 2018

TO: Stacey LoMedico, Assistant Chief Operating Officer  
Vic Bienes, Public Utilities Department Director

FROM: Eduardo Luna, CIA, CGFM, City Auditor  
Office of the City Auditor

SUBJECT: Fraud Hotline Investigation of Disabled Person Placard Fraud

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Our Office received two Fraud Hotline complaints alleging that two Public Utilities Department (PUD) employees were improperly using Disabled Person Placards (placards) to park in Disabled Persons' Parking spaces at a City-owned facility. Both were referred to PUD for investigation and responses. In both cases, PUD management obtained documentation and statements from the employees that appeared to confirm that the placards were valid and issued to them. According to PUD, they were advised not to pursue further verification due to confidentiality concerns.

After receiving the second resolution, we identified additional investigative questions and conducted our own investigation to obtain information directly from California Department of Motor Vehicles (DMV) records to determine whether the identified placards were, in fact, issued to the two named employees.

Our investigation determined that the two PUD employees identified in the Fraud Hotline complaints used permanent placards that were not issued to them. Also, the two employees were not truthful when asked about the validity of the placards during PUD's investigations (both of which determined that the allegations were unsubstantiated), and they were not truthful during our investigation.



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## Fraud Hotline Investigation of Disabled Person Placard Fraud

We confirmed through both the DMV and the San Diego Police Department (SDPD) Parking Enforcement Unit that these employees' placards were issued to different people, who were not City employees, and did not commute to work with the subject employees. One of the employees apparently misled Law Enforcement during their investigation of the fraudulent use of a placard. Both employees provided false documentation to PUD management during their internal investigation.

Two unrelated PUD employees were issued citations for Disabled Person Placard violations during an enforcement operation that we requested. We obtained additional evidence indicating that this is a Citywide problem.

A detailed confidential version of our report was provided to PUD and City management.

We made one recommendation to PUD management to conduct an independent Fact Finding investigation to determine if City policies were violated, and take the appropriate corrective action with respect to the identified employees. We also made a second recommendation to PUD management to coordinate the installation of appropriate signage and striping at the identified City facility to ensure that Disabled Person Placard violations are enforceable.

Our third recommendation was for City management to evaluate City employees' use of Disabled Persons parking spaces at City facilities to determine if there should be a policy in order to deter fraud, save Law Enforcement resources, and identify the need for Disabled Persons' parking spaces.

PUD and City management agreed to implement all three recommendations.

Fraud Hotline Investigation of Disabled Person Placard Fraud

**San Diego Municipal Code Prohibits Unauthorized Placard Use**

Two sections of the San Diego Municipal Code (SDMC) prohibit using a Disabled Person Placard to park in a Disabled Persons Parking zone when a physically disabled person is not either the operator of the vehicle or a passenger. Specifically, SDMC §86.0114 states, in relevant part:

No person shall park or stand any vehicle in a Disabled Persons Parking Zone unless the operator or the passenger being transported by said vehicle, is physically disabled and the vehicle displays a license issued under the provisions of Section 9105 or Section 22511.5 of the California Vehicle Code.

Additionally, SDMC §86.0152 (b)(2) prohibits the misuse of a Misuse of Disabled Person Placard. The sub-section prohibits parking in a Disabled Person Parking Zone when:

The placard or license plate is displayed on a vehicle that is not being used to transport, and is not in the reasonable proximity of, the person to whom the license plate or placard was issued or a person who is authorized to be transported in the vehicle displaying that placard or license plate

SDMC sections 86.0108 and 86.0134(a) require that signs and curb markings be installed in order to make the zones enforceable.

**Investigation Summary**

Our investigation determined that both subject employees were parking in designated Disabled Persons' Parking spaces while using permanent placards that were not issued to them. We confirmed both through the DMV and SDPD Parking Enforcement that the placards in use by both employees were issued to other people who were not being transported in the vehicles. Both employees provided false documentation to PUD management when questioned about the validity of their placards on two separate occasions.

During the course of our investigation, we referred our initial findings to SDPD Parking Enforcement personnel. As a result of their investigation, two citations were issued to other PUD employees at the same City facility that was the focus of our investigation. One employee failed to display a placard and the other used a placard that was not issued to them. The penalties and fees amounted to \$452.50 and \$826.50, respectively.

## Fraud Hotline Investigation of Disabled Person Placard Fraud

When questioned by Law Enforcement, one of the subject employees from our investigation provided false documentation that incorrectly identified themselves as the person to whom the permanent placard had been issued in order to avoid accountability. We sent an image from the security video footage to SDPD for further investigation.

Our investigation determined that neither employee had been issued a permanent placard within the past five years, but both used permanent placards to park at a City facility.

### **Disabled Person Placard Fraud is a Citywide Issue**

The 2015 City Ordinance (O-20571) establishing the “Misuse of Disabled Person Placard or License Plate” Municipal Code section noted that “misuse of disabled person placards is a Citywide problem.” At the time, SDPD issued approximately 400 citations for misuse of placards per year. According to SDPD, there is a significant problem with City employees who illegally park in Disabled Persons’ parking spaces at City-owned facilities. Although SDPD does not maintain records showing requests for investigation by City department, anecdotal evidence, and this investigation, support the need for a Citywide policy to deter City employees from illegally parking in spaces designated for people with disabilities.

Our investigation identified two violations that resulted in citations that were unrelated to our original Fraud Hotline investigation. However, we identified additional violations that took place prior to the Parking Enforcement operation, and other potential violations that could not be enforced. Earlier on the day of the operation, security video showed a marked City vehicle parking in a Disabled Persons’ parking space, the driver exited the truck, and returned approximately three minutes later and departed. This appears to be a violation of the SDMC. Our investigation confirmed the use of permanent placards that were not issued to two PUD employees. Four other areas of the City facility where the incidents took place were not enforceable because the signage and striping were not in place as required by the SDMC. Therefore, other potential violations could not be enforced.

A City policy requiring employees who use a Disabled Persons’ parking space at a City facility to provide a copy of their placard identification card could deter City employees from violating the law, would save Law Enforcement resources, and help City management identify the demand Disabled Persons’ parking spaces.

Fraud Hotline Investigation of Disabled Person Placard Fraud

**Conclusion**

The evidence we obtained and reviewed suggests that the subject employees intentionally deceived PUD management during their investigations into the use of the placards by providing false responses to questions and fraudulent documentation. During our interviews with the subject employees, both stated on multiple occasions that the permanent placards they were using were issued in their names. We confirmed that those statements were false. Furthermore, one of the subject employees apparently provided false information to Law Enforcement regarding the placard they were using during an enforcement operation that was conducted at our request.

Based on our investigation, we recommended that PUD management conduct a formal Fact Finding investigation and take the appropriate corrective action with respect to the identified employees. We also recommended that PUD coordinate the installation of appropriate signage and striping at the identified City facility to ensure that Disabled Person Placard violations are enforceable.

Our third recommendation was for City management to evaluate City employees' use of Disabled Persons parking spaces at City facilities to determine if there should be a policy in order to deter fraud, save Law Enforcement resources, and identify the need for Disabled Persons' parking spaces.

**Recommendations and Management's Responses**

**(see Attachment A for definitions of Fraud Hotline recommendation priorities)**

1. **We recommend that the Public Utilities Department conduct an independent Fact Finding investigation to determine whether the two identified employees violated City policies, and take the appropriate corrective actions (Priority 1).**

**Management Response:** Management agrees with the recommendation. PUD will conduct an independent Fact-Finding investigation to determine whether the two identified employees violated City policies, and take the appropriate corrective actions.

**Target Implementation Date:** June 30, 2018

2. **We recommend that the Public Utilities Department coordinate the installation of appropriate signage and striping at the identified City facility to ensure that Disabled Person Placard violations are enforceable (Priority 2).**

**Management Response:** Management agrees with the recommendation. PUD will coordinate the installation of appropriate signage and striping at the identified City facility to ensure that Disabled Person Placard violations are enforceable.

**Target Implementation Date:** June 30, 2018

Fraud Hotline Investigation of Disabled Person Placard Fraud

- 3. We recommend that the Assistant Chief Operating Officer, in consultation with the Office of the City Attorney, evaluate City employees' use of Disabled Persons parking spaces at City facilities to determine if there should be a policy in order to deter fraud, save Law Enforcement resources, and identify the demand for Disabled Persons' parking spaces. (Priority 2).**

**Management Response:** Management agrees with the recommendation. The Assistant Chief Operating Officer will lead the discussion with staff from the Human Resources, Police, and Risk Management departments, in consultation with the City Attorney's Office, to determine the need and implementation of a formal policy regarding the use of Disabled Persons' parking spaces at City facilities. The target date provided assumes the need to confer with the City's labor unions.

**Target Implementation Date:** June 30, 2019

Fraud Hotline Investigation of Disabled Person Placard Fraud

The information in this report is being provided to you under the authority of California Government Code §53087.6, which states:

(e) (2) Any investigative audit conducted pursuant to this subdivision shall be kept confidential, except to issue any report of an investigation that has been substantiated, or to release any findings resulting from a completed investigation that are deemed necessary to serve the interests of the public. In any event, the identity of the individual or individuals reporting the improper government activity, and the subject employee or employees shall be kept confidential.

(3) Notwithstanding paragraph (2), the auditor or controller may provide a copy of a substantiated audit report that includes the identities of the subject employee or employees and other pertinent information concerning the investigation to the appropriate appointing authority for disciplinary purposes. The substantiated audit report, any subsequent investigatory materials or information, and the disposition of any resulting disciplinary proceedings are subject to the confidentiality provisions of applicable local, state, and federal statutes, rules, and regulations.

Thank you for taking action on this issue.

Respectfully submitted,

A handwritten signature in black ink that reads "Eduardo Luna". The signature is written in a cursive, flowing style.

Eduardo Luna  
City Auditor



**Attachment A – Definition of Fraud Hotline Recommendation Priorities**

**DEFINITIONS OF PRIORITY 1, 2, AND 3  
FRAUD HOTLINE RECOMMENDATIONS**

The Office of the City Auditor maintains a priority classification scheme for Fraud Hotline recommendations based on the importance of each recommendation to the City, as described in the table below. While the City Auditor is responsible for providing a priority classification for recommendations, it is the City Administration’s responsibility to establish a target date to implement each recommendation taking into considerations its priority. The City Auditor requests that target dates be included in the Administration’s official response to the findings and recommendations.

Priority Class <sup>1</sup>	Description
1	Fraud or serious violations are being committed. Significant fiscal and/or equivalent non-fiscal losses are occurring. Costly and/or detrimental operational inefficiencies are taking place. A significant internal control weakness has been identified.
2	The potential for incurring significant fiscal and/or equivalent non-fiscal losses exists. The potential for costly and/or detrimental operational inefficiencies exists. The potential for strengthening or improving internal controls exists.
3	Operation or administrative process will be improved.

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<sup>1</sup> The City Auditor is responsible for assigning Fraud Hotline recommendation priority class numbers. A recommendation which clearly fits the description for more than one priority class shall be assigned the higher number.