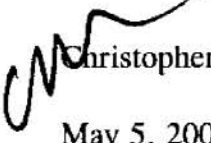




Memorandum

19 West Flagler Street ♦ Suite 220 ♦ Miami, Florida 33130
Phone: (305) 375-1946 ♦ Fax: (305) 579-2656
visit our website at www.miamidadeiq.org

To: Mr. George Burgess, County Manager

From:  Christopher Mazzella, Inspector General

Date: May 5, 2006

Subject: OIG Final Report of Moody Maintenance Products, Inc., Ref. IG05-114

Attached please find the Office of Inspector General's (OIG) Final Report of Moody Maintenance Products, Inc., a Miami-Dade County vendor. Our report found that that Mr. Winship B. Moody, the owner of the company, created counterfeit Miami-Dade County checks using the Versa Check computer software program. He made the checks payable to his company, Moody Maintenance Products, and he deposited the fake checks into his business account. Fortunately, Miami-Dade County's financial institution, Wachovia Bank, based on an established positive pay policy with the County, alerted the Finance Department and none of the fake checks were paid by the bank.

As required by the County Code, a draft version of this report was issued to the subject contractor and a courtesy copy was provided the Finance Department. We have not received a response from the subject, but have received a brief response from the Finance Department, which is attached as Appendix A. No changes were made to the report, other than to add a final recommendation found on the last page of the report. As our sole recommendation is to initiate debarment proceedings, the OIG is available to assist the Finance Department and the Department of Procurement Management in this action. Nonetheless, we would appreciate receiving a follow-up report in 60 days, on or before July 7, 2006, as to the status of our recommendation.

Additionally, as stated in our recommendation, the OIG, under separate cover, will be officially providing a copy of this final report to the Broward County State Attorney's Office for criminal prosecution. However, our prosecutive referral should not delay the filing of the debarment action.

CC: Ms. Alina Hudak, Assistant County Manager
Ms. Rachel Baum, Director, Finance Department
Ms. Miriam Singer, Director, Department of Procurement Management
Mr. Winship Moody, Vice-President, Moody Maintenance Products
Clerk of the Board (copy filed)

MIAMI-DADE COUNTY OFFICE OF INSPECTOR GENERAL
Final Report Re: Moody Maintenance Products, Inc.

SYNOPSIS

On July 11, 2005, the Miami-Dade County Office of the Inspector General (OIG) received a complaint from the Miami-Dade County (MDC) Finance Department regarding false checks drawn on the MDC General Operating Account that were deposited into the account of Moody Maintenance Products, Inc. (MMP), a MDC vendor.

The OIG investigation revealed that Mr. Winship B. Moody, the owner of MMP, a MDC vendor since April 12, 2005, printed three false checks totaling \$23,134.17 falsely drawn on the MDC General Operating Account, and deposited them into his company's checking account. The deposits occurred between June 27, 2005 and July 2, 2005. MDC Finance Department officials were alerted to the false checks through the County's positive pay policy with Wachovia Bank, and the false checks were not paid.

Mr. Moody admitted to agents of the OIG that he printed and deposited the false checks into his business account alleging that MDC was slow in paying MMP for several invoices, and that he needed the money to run his business. Mr. Moody produced invoices totaling \$5,278.55 of alleged late payments, and stated that two of the false checks totaling \$17,855 were printed in error because he confused invoices submitted to Broward County with those submitted to MDC.

The OIG reviewed the MMP invoices received by MDC for May through June 2005, and determined that MDC was processing MMP invoices totaling \$7,372 for payment, and that the two MDC false checks totaling \$17,855 did not pertain to any products or services rendered to MDC. The MDC Finance Accounts Payable manager stated that the three false checks were not genuine MDC checks, and were printed without the County's knowledge and authorization.

The OIG also learned that during the same time period, Mr. Moody printed and deposited three (3) false checks drawn on the account of the Board of County Commissioners, Broward County, Florida, totaling \$20,637.64 into his business account. He alleges that the checks represent funds owed to MMP in which Broward County was slow in paying. These transactions are currently being reviewed by the Broward County State Attorney's Office.

BACKGROUND

Moody Maintenance Products, Inc. (MMP) is located at 6513 NW 13 Court, Plantation, Florida, office telephone 954-410-7055. The State of Florida, Division of Corporations website documents MMP as incorporated on April 3, 2002, and lists Suzanne M. Moody as President/Director, and Winship B. Moody Jr. as VP/

MIAMI-DADE COUNTY OFFICE OF INSPECTOR GENERAL
Final Report Re: Moody Maintenance Products, Inc.

Secretary/Treasurer. The website also indicates that MMP was administratively dissolved by the State of Florida on October 1, 2004, for failure to submit an annual report.

On April 12, 2005, the Miami-Dade Department of Procurement Management contracted with MMP, represented by Mr. Moody, to install and service restroom odor control devices for the General Services Administration (GSA), Human Services (DHS), and Water and Sewer (WASD) departments. The annual contract for \$52,500 sets the dollar limit for GSA at \$25,000, DHS at \$10,000 and WASD at \$17,500. The contract ended March 31, 2006, and the option to extend was not utilized. MMP is County vendor #043637927.

MMP billing invoices for services to GSA and DHS are processed by the MDC Finance Department and paid out of the county's General Operating Account, while WASD services are processed and paid separately by the WASD Accounts Payable unit from its Pooled Cash Fund. The contract also stipulates a County User Access fee of 2 %, and OIG fee of ¼ of 1 %. These fees are deducted from the MMP invoice amount prior to payment.

INVESTIGATION

On July 11, 2005, copies of the three (3) below listed MDC false checks totaling \$23,134.17 were provided to the OIG by the MDC Finance Department. The checks were printed utilizing a computer program known as "Versa Check."¹ All of the checks were made payable to "Moody Maintenance Products, Inc." and contained the MMP endorsement stamp indicating that they were deposited into the MMP account #3290083575 at Citibank in Dania, Florida.

1. Check #1698393, dated: 6/27/2005, for \$6,669.18
2. Check #1698394, dated 6/28/2005, for 5,278.55
3. Check #1698395, dated 6/28/2005, for \$11,186.44

The Miami-Dade Police Department, (MDPD) Economic Crimes Bureau (ECB) was also contacted by the MDC Finance Department, and the complaint was assigned to Detective C. Hodges. Detective Hodges subpoenaed the MMP and Winship Moody bank account(s) records at Citibank for the period of January 2005 through July 2005. When it was learned the false checks had been deposited at the Citibank in Broward County, the MDPD-ECU withdrew from the case and turned the bank records over to the OIG.

¹ "Versa Check" is a computer software program and uses blank check stock, which both are sold commercially to the public. The program allows the user to prepare and print checks by computer.

MIAMI-DADE COUNTY OFFICE OF INSPECTOR GENERAL
Final Report Re: Moody Maintenance Products, Inc.

The Citibank records reveal that Suzanne M. Moody and Winship B. Moody opened the MMP account (#3290083575) on August 25, 2004, at Citibank branch #520, located at 255 East Dania Beach Boulevard, Dania, Florida 33004. Both are signers for the account. The records reflect that six false checks (three from MDC and three from Broward) were deposited into the account between June 27 and July 2, 2005 (a five-day period).

The bank records further reveal that, in June 2005, the MMP account was frequently overdrawn and many of the checks issued by MMP were being returned. This occurred just prior to the false checks being deposited. The records also reflect that legitimate checks issued by MDC and Broward County had also been deposited into the account.

The first legitimate MDC check (#1696743) payable to MMP was issued June 7, 2005, for \$759.91 and mailed to the vendor. Citibank records reveal this check was deposited into the MMP account on June 10, 2005. The second legitimate MDC check (#1698393) was issued on June 14, 2005, for \$1,669.18 and also mailed to the vendor. Based on the endorsement, Mr. Moody cashed the second legitimate check at the CCS Payment Store (a check cashing business) located in Ft. Lauderdale on or about Friday, June 17, 2005.

On Tuesday, June 28, 2005, Mr. Moody deposited the first false MDC check into the MMP account. The check was for \$6,669.18, dated 6/27/2005, and bears the same check number (#1698393) as the second legitimate MDC check for \$1,669.18.

On Wednesday, June 29, 2005, Mr. Moody deposited the second false MDC check (#1698394) for \$5,278.55.

On or about Friday, July 1, 2005, Mr. Moody deposited the third MDC false check (#1698395) for \$11,186.44. It should be noted that MDC had also issued a legitimate check (#1702271) on 6/28/2005 to MMP for \$1,186.44 which Mr. Moody received, and cashed at the CCS Payment Store about the same date that he deposited the third false check. The false check was written for exactly \$10,000 higher than the legitimate check. All of the false checks were deposited at Branch #520 in Dania, Florida. See attached **OIG Exhibit A** for further details regarding the negotiation and depositing of the legitimate and false checks.

MDC Finance Department

The first MDC false check was initially discovered by MDC when a Wachovia Bank representative contacted the MDC Accounts Payable office to verify the payment of the check for \$6,669.18. Wachovia Bank questioned the check based on the "Positive Pay" policy that mandates all MDC checks be verified from a list provided by the County to the bank. Due to the early detection of the first false check, Wachovia Bank monitored the MDC account and received the other false checks within a few days.

MIAMI-DADE COUNTY OFFICE OF INSPECTOR GENERAL
Final Report Re: Moody Maintenance Products, Inc.

The false checks were not paid by Wachovia and were returned to Citibank. Neither MDC nor Wachovia suffered any losses.

An agent of the OIG interviewed Ms. Nieves Del Rio, MDC Accounts Payable Supervisor. She confirmed the County did not issue any of the false checks and did not authorize anyone else to do so. Accounts Payable also provided the OIG with copies of the MMP invoices for services to GSA and DHS received by MDC from the inception of the contract through August 23, 2005, along with file copies of the checks issued as payments.

The MDC Finance Department, Bank Reconciliation, provided the OIG with copies of all checks processed by Wachovia Bank. They also provided the OIG with the original false check #1698393 for \$6,669.18, and three (3) legitimate MDC checks issued to MMP. The remaining two original false checks could not be recovered.

Mr. Moody's first interview

On February 24, 2006, an agent of the OIG interviewed Mr. Moody. Mr. Moody acknowledged that he owned and operated MMP, although his wife, Suzanne, is listed as the President/Director with the Division of Corporations. He states that she does not participate in the business in any way, and she is a schoolteacher in Broward County. He stated that he has a small contract with MDC to install and service restroom deodorant devices, and a larger contract with Broward County for sales of various types of equipment and supplies.

Mr. Moody admitted to creating and printing the false MDC and Broward County checks on his personal computer, and to depositing them into the MMP account. He was shown copies of the six (6) false checks (three - MDC and three - Broward) and he initialed each one, acknowledging what he had done. He stated that he printed the checks because MDC and Broward County were slow in paying on several of the MMP invoices, which caused a cash flow problem for his business. Further, according to Mr. Moody, he printed the false checks based on the amounts owed to MMP by each County, in an effort to receive his money quicker.

At the first interview Mr. Moody provided the OIG agent with the below MMP invoices, stating they represented some of the outstanding invoices owed to him by MDC and Broward County. Mr. Moody initialed each invoice.

Miami-Dade County invoices:

- #1574, dated 5/2/2005, for \$269.10 to MDC / WASD for installation and servicing at the LeJeune Road office.
- #1645, dated 5/17/2005, for \$3,185.91 to MDC / WASD for installation and servicing at the Douglas office.

MIAMI-DADE COUNTY OFFICE OF INSPECTOR GENERAL
Final Report Re: Moody Maintenance Products, Inc.

Broward County invoices:

- #1546, dated 4/25/2005, for \$5,988 to Broward County for a purchase of caustic soda.
- #1906, dated 5/31/2005, for \$13,385 to Broward County for the purchase of a vibratory roller.

During the interview, Mr. Moody stated that there were other invoices, and he requested additional time to review his company files.

Mr. Moody's second interview

On March 8th, 2006, two agents of the OIG conducted the second interview. Mr. Moody provided the below MDC and Broward County invoices, stating they had not been paid² at the time he printed the false checks.

Miami-Dade County:

- #1574, dated 5/2/2005, for \$269.10 (WASD) (See above)
- #1645, dated 5/17/2005, for \$3,185.91 (WASD) (See above)
- #1671, dated 5/23/2005, for \$731.05 (WASD)
- #1679, dated 5/24/2005, for 627.90 (WASD)
- #1680, dated 5/24/2005, for \$464.59 (WASD)

MDC Total: \$5,278.55

Broward County:

- #1546, dated 4/25/2005, for \$5,988 (product - Caustic soda)
- #1866, dated 7/11/2005, for \$6,000 (product - Caustic soda)
- #1906, dated 7/20/2005, for \$13,385 (product - Vibratory Roller - Wacker)

Broward County Total: \$25,373.43

Mr. Moody stated that he only found the five invoices totaling \$5,278.55 in which he claimed MDC was slow in paying, and that he printed a false check for the exact amount. He was unable to locate any additional invoices that pertained to the two other false checks (\$6,669.18 & \$11,186.44 - totaling \$17,855.18). He claimed that they were printed in error because he confused the Broward County and MDC invoices, and now knows that MDC did not owe MMP the funds. Mr. Moody maintained that at the time he printed the false checks that he believed MMP was owed the funds.

² The OIG has no opinion on the timeliness of payments made by the MDC Finance Department and WASD.

MIAMI-DADE COUNTY OFFICE OF INSPECTOR GENERAL
Final Report Re: Moody Maintenance Products, Inc.

Mr. Moody provided the OIG with a written statement on March 8, 2006. He admitted to printing and depositing the false MDC and Broward County checks. He stated that he became frustrated while waiting for the counties to pay the MMP invoices, and was having a severe cash flow problem at his business which caused him to do something that he now sees was wrong. In hindsight, he stated that he recognized that what he did was a mistake, and regrets his actions. Mr. Moody further stated that he owes Citibank bank between \$10,000 and \$12,000 as a result of this incident and that he is making payments to clear the debt.

Broward County False Checks

The Broward County State Attorney's Office is currently reviewing the false checks drawn on the Board of County Commissioners, Broward County, Florida, account. Mr. Moody has provided a statement to ASA Catherine Maus at the Broward County State Attorney's Office. The Broward checks totaled \$20,637.64 and were deposited into the MMP account during the same time period as the MDC checks.

The dates of the deposits of the MDC and Broward County false checks are depicted in the table below.

County	False Check No.	Fraudulent Check Amount	Date / Time Deposited
Broward	869462	\$11,152.54	Tuesday - 6/28/05 - 9:19 am
MDC	1698393	\$6,669.18	Tuesday - 6/28/05 - 1:30 pm
MDC	1698394	\$5,278.55	Wednesday - 6/29/05 - 12:26 pm
Broward	869463 & 869464	\$5,988.00 \$3,497.10	{Friday - 7/1/05 - 2:36 pm {Single deposit for \$9,485.10
MDC	1698395	\$11,186.44	On or about Friday 7/1/05 after 2 pm

MIAMI-DADE COUNTY OFFICE OF INSPECTOR GENERAL

Final Report Re: Moody Maintenance Products, Inc.

CONCLUSION

Mr. Moody's owns and operates MMP, and entered into a contract with MDC on April 12, 2005, to install and service restroom odor control devices for three (3) MDC Departments: GSA, DHS and WASD. The contract is an open purchase order with an annual cap of \$52,500. Services to GSA and DHS were billed and paid by the MDC Finance Department, and services to WASD were billed and paid directly by WASD.

Mr. Moody admitted to printing the three false checks drawn on the MDC General Operating Account totaling \$23,134.17, and three Broward County checks totaling \$20,637.64 on his computer without the MDC or Broward County's knowledge or authorization. He claimed that both counties were slow in paying MMP on several of invoices that led to a cash flow problem for his business. He thought that by printing the MDC checks he would receive the funds sooner, but did not realize what would happen when MDC paid on his pending invoices. He further claims that he confused Broward County invoices with MDC invoices, and in error printed two MDC false checks totaling \$17,855.18. He admitted depositing the six false checks into his Citibank account in Broward County, Florida.

The OIG investigation has determined that Mr. Moody was not entitled to the funds he attempted to receive from the three MDC false checks because the MMP billing invoices to MDC had been received, and were being processed for payment. Regardless of Mr. Moody's intentions, he is clearly not authorized to create and print MDC checks. Further, a review of MDC files reflects that MDC Finance and WASA were processing MMP invoices for payment.

Neither the MDC nor Wachovia Bank suffered losses, primarily because of the bank's positive pay program which detected the false MDC checks.

Assistant State Attorney Catherine Maus, Broward County, State Attorney's Office is reviewing the Broward County and MDC checks due to all of the transactions occurring in Broward for criminal violations.

RECOMMENDATION

It is recommended that the Finance Department, the Department of Procurement Management, or both jointly, formalize a Request for Debarment against Moody Maintenance Products, Inc. on the basis of these findings and admissions. Additionally, please be advised that the OIG, under separate cover, will be officially forwarding this case to the Broward County State Attorney's Office for criminal prosecution.

Legitimate and False Checks
Miami-Dade County General Operating Account
payable to: Moody Maintenance Products, Inc.
June 7/2005 - February 7, 2006

Check Date	Negotiated Date	Check No	Legitimate or False	Amount	Payee	Deposit Location	Comments
6/7/2005	6/10/2005	1696743	Legitimate	\$759.91	Moody Maintenance Products, Inc.	Citibank Dania Beach, FL #3290083575	Deposit stamp into the Moody Maintenance Products, Inc. account
6/14/2005	6/20/2005	1698393	Legitimate	\$1,669.18	Moody Maintenance Products, Inc.	FUNB/Wachovia Dania Beach, FL #2020000435624	Check endorsed by Winship Moody (Cty vendor) and cashed at The CCS Payment Store, Sunset Strip (Ft. Lauderdale), a check cashing store.
6/27/2005	6/28/2005	1698393	FALSE	\$6,669.18	Moody Maintenance Products, Inc.	Citibank Dania Beach, FL	Deposited Tuesday 6/28/2005, at 1:30pm into account #3290083575, Moody Maintenance Products, Inc.
6/18/2005	6/29/2005	1698394	FALSE	\$5,278.55	Moody Maintenance Products, Inc.	Citibank Dania Beach, FL	Deposited Wednesday 6/29/2005 at 12:26pm into account #3290083575, Moody Maintenance Products, Inc.
6/28/2005	7/1/2005	1698395	FALSE	\$11,186.44	Moody Maintenance Products, Inc.	Citibank Dania Beach, FL	Deposited Friday 7/1/2005, unk time into account #3290083575, Moody Maintenance Products, Inc.
6/28/2005	7/1/2005	1702271	Legitimate	\$1,186.44	Moody Maintenance Products, Inc.	Wachovia Dania Beach, FL unk acct no.	Appears to have been cashed on or about 7/1/2005 at The CCS Payment Store.
7/6/2005	7/15/2005	1707724	Legitimate	\$863.67	Moody Maintenance Products, Inc.	Wachovia Dania Beach, FL acct 2020000435022	Check endorsed by Winship Moody (Cty vendor) and cashed at The Check Cashing Store, North University (Ft. Lauderdale).
7/12/2005	7/18/2005	1710305	Legitimate	\$58.64	Moody Maintenance Products, Inc.	Wachovia Dania Beach, FL acct 2020000435022	Check endorsed by Winship Moody (Cty vendor) and cashed at The Check Cashing Store, North University (Ft. Lauderdale).
7/19/2005	7/27/2005	1712374	Legitimate	\$180.85	Moody Maintenance Products, Inc.	Wachovia Dania Beach, FL acct 2020000435022	Check endorsed by Winship Moody (Cty vendor) and cashed at The Check Cashing Store, North University (Ft. Lauderdale).
7/26/2005	8/2/2005	1715110	Legitimate	\$161.26	Moody Maintenance Products, Inc.	Wachovia Dania Beach, FL acct 2020000435022	Check endorsed by Winship Moody (Cty vendor) and cashed at The Check Cashing Store, North University (Ft. Lauderdale).
8/2/2005	8/8/2005	1717394	Legitimate	\$205.24	Moody Maintenance Products, Inc.	Wachovia Dania Beach, FL acct 2020000435022	Check endorsed by Winship Moody (Cty vendor) and cashed at The Check Cashing Store, North University (Ft. Lauderdale).

EXHIBIT
A

Legitimate and False Checks
 Miami-Dade County General Operating Account
 payable to: Moody Maintenance Products, Inc.
 June 7/2005 - February 7, 2006

8/9/2005	8/11/2005	1719680	Legitimate	\$1,382.73	Moody Maintenance Products, Inc.	Bank Atlantic, Plantation, FL ac/#0059814358	Deposited into Bank Atlantic, acct #0059814358, Moody Maintenance Products, Inc.
8/16/2005	8/18/2005	1721675	Legitimate	\$651.62	Moody Maintenance Products, Inc.	Bank Atlantic, Plantation, FL ac/#0059814358	Deposited into Bank Atlantic, acct #0059814358, Moody Maintenance Products, Inc.
8/23/2005	8/30/2005	1724089	Legitimate	\$33.65	Moody Maintenance Products, Inc.	Bank Atlantic, Plantation, FL ac/#0059814358	Deposited into Bank Atlantic, acct #0059814358, Moody Maintenance Products, Inc.
8/30/2005	9/6/2005	1725881	Legitimate	\$198.31	Moody Maintenance Products, Inc.	Bank Atlantic, Plantation, FL ac/#0059814358	Deposited into Bank Atlantic, acct #0059814358, Moody Maintenance Products, Inc.
9/13/2005	9/20/2005	1730376	Legitimate	\$1,952.49	Moody Maintenance Products, Inc.	Bank Atlantic, Plantation, FL ac/#0059814358	Deposited into Bank Atlantic, acct #0059814358, Moody Maintenance Products, Inc.
1/10/2006	1/17/2006	1764074	Legitimate	\$56.32	Moody Maintenance Products, Inc.	Bank Atlantic, Plantation, FL ac/#0059814358	Deposited into Bank Atlantic, acct #0059814358, Moody Maintenance Products, Inc.
2/7/2006	2/13/2006	1774816	Legitimate	\$542.22	Moody Maintenance Products, Inc.	FUNB/Wachovia Dania Beach, FL #2020000435022	Check endorsed by Winship Moody (Cty vendor) and cashed at The Check Cashing Store, North University (Ft. Lauderdale).

The Miami-Dade County contract (ABCW0500531) with Moody Maintenance Products, Inc. (vendor ID #043637927) covers a one year period (4/12/2005 to 3/31/2006) with a County option for an additional 6 months. The annual contract totals \$52,500 (open purchase order) to provide rest room deodorizers for the General Services Administration (\$25,000), Department of Human Services (\$10,000) and Water and Sewer Department (\$17,500).

Memorandum



Date: April 28, 2006

To: Christopher Mazzella
Inspector General

From: Rachel Baum
Finance Director

A handwritten signature in black ink, appearing to read "Rachel Baum", written over the printed name.

Subject: Draft report Moody Maintenance Products

2006 MAY -2 PM 1:16

We read the draft report of the falsification of Miami-Dade County checks by Winship Moody of Moody Maintenance Products with great trepidation.

In this case, the vendor attempted to deposit in his bank account fraudulently created checks without having delivered the merchandise to the County.

Thankfully, the County had worked with its bank years ago to have controls in place that prevent any check from being honored unless it had previously been included in the list that is transmitted daily to the bank of all checks issued and their amounts. Any check presented that is not on this list will not be paid. This process, called positive pay, enabled the false checks to be stopped as soon as they were presented to our bank.

We hope the Broward County State Attorney's Office continues with its investigation into this case as a deterrent to any other vendor who might contemplate doing something so unethical.

We recommend that the Procurement Management Department immediately commence debarment procedures against this vendor.

Cc: Alina Hudak, Assistant County Manager
Miriam Singer, Procurement Management Director
Cathy Jackson, Audit & Management Director
Tara Smith, Assistant to the County Manager
Graciela Cespedes, Deputy Finance Director
Blanca Padron, Controller
Dania Timmons, Assistant Controller