



**OFFICE OF INSPECTOR GENERAL
CITY OF JACKSONVILLE**

REPORT OF INVESTIGATION

CASE NUMBER: 2018-0004

ISSUE DATE: MAY 7, 2018

James R. Hoffman
Inspector General

*"Enhancing Public Trust in Government Through
Independent and Responsible Oversight"*

**THEFT OF EMPLOYEE ATHLETIC ASSOCIATION FUNDS BY FORMER
SJRPP EMPLOYEE**

EXECUTIVE SUMMARY

On December 15, 2017, JEA Audit Services notified the Office of Inspector General (OIG) about an anonymous complaint (JEA-17-12-0001) regarding St. Johns River Power Park (SJRPP) employee, Dwight Samuel, Planner Analyst (Managerial & Confidential employee), Mechanical Maintenance, Electric Systems.¹ The anonymous complaint alleged Samuel embezzled funds belonging to the SJRPP employee-owned and operated gym.

On December 18, 2017, the OIG referred this matter to the JEA Interagency Detective to investigate criminal allegations relating to Florida Statute §812.014, Theft.

On January 9, 2018, the JEA Interagency Detective notified the OIG of the completion of the criminal investigation. During the criminal investigation, Samuel admitted to stealing **\$8,500** from the SJRPP Gym's bank accounts for his personal use. Samuel was subsequently arrested on December 29, 2017. Samuel retired from SJRPP on January 5, 2018.

On February 9, 2018, Samuel signed a Fourth Judicial Circuit of Florida Felony Pretrial Intervention Program Deferred Prosecution Agreement. The Agreement deferred prosecution for a period of twelve months and required the completion of 100 hours of community service. Additionally, the Agreement required Samuel to pay restitution in the amount of \$8,500, reimbursement for investigative costs to both JEA and JSO, and court costs, for a total of **\$15,074.80**. On February 26, 2018, Samuel submitted a cashier's check to the Florida Department of Corrections in the amount of \$15,074.80.

As a result of the joint effort by JEA Audit Services, the JEA Interagency Detective, and the OIG, the allegation Samuel embezzled funds belonging to the SJRPP employee-owned and operated gym was **substantiated**.

¹ On December 19, 2017, JEA received a second similar complaint (JEA-17-12-0002) concerning Samuel and his activities related to the SJRPP Gym funds.

In January 2018, during the course of this investigation, the SJRPP was decommissioned and closed. The SJRPP was a coal-fired electric generating plant jointly owned by JEA (80% share) and Florida Power and Light (20%) since the 1980s.

INVESTIGATIVE REPORT

ALLEGATION

Dwight Samuel, Planner Analyst, Mechanical Maintenance, Electric Systems (Managerial & Confidential employee), embezzled funds belonging to the SJRPP employee-owned and operated gym.

GOVERNING DIRECTIVES

Florida Statutes:

- §812.014, Theft

INVESTIGATIVE FINDINGS

OIG Records Review

The OIG reviewed the applicable state and municipal statutes and found the following:

Florida Statute §812.014, Theft

The above states in part:

(1) A person commits theft if he or she knowingly obtains or uses, or endeavors to obtain or to use, the property of another with intent to, either temporarily or permanently:

(a) Deprive the other person of a right to the property or a benefit from the property.

(b) Appropriate the property to his or her own use or to the use of any person not entitled to the use of the property.

(2) (c) It is grand theft of the third degree and a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084, if the property stolen is:

2. Valued at \$5,000 or more, but less than \$10,000.

Background

On December 15, 2017, JEA Audit Services notified the Office of Inspector General (OIG) about an anonymous complaint (JEA-17-12-0001) regarding SJRPP employee, Dwight Samuel, Planner Analyst, Mechanical Maintenance, Electric Systems.² The anonymous complaint

² On December 19, 2017, JEA received a second similar complaint (JEA-17-12-0002) concerning Samuel and his activities related to the SJRPP Gym funds.

alleged Samuel may have embezzled money from the employee-owned and operated St. Johns River Power Park (SJRPP) gym bank account, which was estimated to have a balance between \$30,000-\$50,000.

Since at least 1991, JEA has permitted JEA and SJRPP employees to operate employee-owned gym facilities at various JEA buildings, including the SJRPP. The gym facilities are funded by membership dues from the employee gym members. The employee gym members can elect to have the membership dues withheld from their paycheck. The membership dues at SJRPP were \$10.00 per month. These payroll deductions are deposited into a checking account held in the respective name of each gym. In this case, the name of the gym was the SJRPP Employee Athletic Association (SJRPP Gym). A volunteer employee managed the deposited funds and agreed to run the gym facilities on behalf of the employees. Samuel had been in charge of the SJRPP Gym since at least 2009. The SJRPP Gym had approximately 80 members. Participating SJRPP employees had membership dues withheld from their paychecks up until April 2017.

On December 18, 2017, the OIG referred this matter to the JEA Interagency Detective to investigate criminal allegations relating to Florida Statute §812.014, Theft.

In support of the criminal investigation, JEA Audit Services reviewed and compared the SJRPP Gym's bank records for the period of January 8, 2015 to December 15, 2017, against Samuel's personal bank records for the period of September 14, 2016 to December 18, 2017. The review identified 33 transfers to and from the SJRPP Gym's bank checking account into Samuel's personal bank account totaling \$7,695. In addition to the transfers, the review disclosed Samuel withdrew on three separate occasions a total of \$805 in cash from the SJRPP Gym's bank accounts (both checking and savings) from June of 2015 through October of 2017. JEA Audit Services estimated the total amount taken by Samuel from the SJRPP Gym's bank accounts was \$8,500.

On December 29, 2017, the JEA Interagency Detective interviewed Samuel. During the interview, Samuel admitted to stealing money from the SJRPP Gym's bank accounts for his personal use. Samuel stated he intended to only "borrow" the money and wanted to return the money he took after his Jacksonville Sheriff's Office (JSO) interview. Samuel signed a confession and was subsequently arrested.

On January 9, 2018, the JEA Interagency Detective notified the OIG of the completion of the criminal investigation. The OIG independently reviewed and compared the SJRPP Gym's bank records for the period of January 8, 2015 to December 15, 2017, against Samuel's personal bank records for the period of September 14, 2016 to December 18, 2017. The review confirmed Samuel took \$8,500 from the SJRPP Gym's bank accounts.

On February 9 2018, Samuel signed a Fourth Judicial Circuit of Florida Felony Pretrial Intervention Program Deferred Prosecution Agreement. The agreement deferred prosecution for a period of twelve months and required the completion of 100 hours of community service. Additionally, the Agreement required Samuel to pay restitution in the amount of \$8,500, reimbursement for investigative costs to both JEA and JSO, and court costs, for a total of

\$15,074.80. On February 26, 2018, Samuel submitted a cashier's check to the Florida Department of Corrections in the amount of \$15,074.80.

In January 2018, during the course of this investigation, the SJRPP was decommissioned and closed. The SJRPP was a coal-fired electric generating plant jointly owned by JEA (80% share) and Florida Power and Light (20%) since the 1980s.

Samuel retired from SJRPP on January 5, 2018.

CONCLUSION

The allegation Samuel embezzled monies from the SJRPP employee-owned and operated gym's bank accounts was **substantiated** through the collaborative efforts of the JEA Interagency Detective, JEA Audit Services, and the OIG.

RECOMMENDED CORRECTIVE ACTIONS

The OIG recommends the following corrective actions:

1. Based on a prior investigation, the OIG recommended JEA develop a policy to obtain reimbursement and/or restitution from employees, prior to separation, who have obtained money or goods from JEA through fraud and/or theft. Based on prior conversations, the policy is expected to be completed by June of 2018. The OIG requests JEA review this investigation to determine if any modifications should be incorporated into the proposed "Personnel Out Process" policy/procedure. Please provide a copy of the policy to the OIG.

In addition, the OIG requests that JEA advise the OIG if any subsequent personnel action(s) (including all outcomes) are taken as a result of this investigation.

IDENTIFIED, QUESTIONED, AND AVOIDABLE COSTS

Identified Costs/Recoverable Funds: **\$8,500**

The criminal investigation substantiated this dollar amount.

SAMUEL'S RESPONSE

On April 16, 2018, the OIG forwarded via certified mail a copy of the draft Report of Investigation to Samuel's residential address. The OIG verified Samuel received the draft report on April 18, 2018. Samuel was provided the opportunity to submit a written explanation or rebuttal to the findings in the draft Report of Investigation within ten (10) calendar days, due on or before April 26, 2018. No response was received.

MANAGEMENT COMMENTS AND CORRECTIVE ACTIONS

On April 16, 2018, the Interim Chief Executive Officer, JEA, was provided the opportunity to submit a written explanation or rebuttal to the findings in the draft Report of Investigation within twenty-one (21) calendar days, due on or before May 4, 2018. On May 4, 2018, a written response was received from the Chief Compliance Officer. The response is attached in its entirety to this report.

Based on the OIG recommendation, JEA will update their *Personnel Out Process* (POP) procedures to include guidance for identifying any reimbursement/restitution for employees who are subject to an open investigation. Any estimated/calculated balances will be included in the employee's Leave balance reconciliation.

Attachment: Management's Response, dated May 4, 2018

cc: IG Distribution B

This investigation has been conducted in accordance with the ASSOCIATION OF INSPECTORS GENERAL Principles & Quality Standards for Investigations.

21 West Church Street
Jacksonville, Florida 32202-3139

May 4, 2018



Ms. Lisa A. Green
Deputy Inspector General
Office of Inspector General, City of Jacksonville
231 E. Forsyth Street, Suite 470
Jacksonville, FL 32202

ELECTRIC

WATER

SEWER

Subject: JEA's Management Response Pursuant to OIG Report of Investigation
Number 2018-0004

Dear Ms. Green:

We are herein providing our management response to your DRAFT Report of Investigation dated April 13, 2018, which includes a summary of our corrective action plan, its status, and any supporting documentary evidence.

Recommended Corrective Actions

1. Based on a prior investigation, the OIG recommended JEA develop a policy to obtain reimbursement and/or restitution from employees prior to separation, who have obtained money or goods from JEA through fraud and/or theft. Based on prior conversations, the policy is expected to be completed by June of 2018. The OIG requests JEA review this investigation to determine if any modifications should be incorporated into the proposed "Personnel Out Process" policy. Please provide a copy of the policy to OIG.

Management's Response

In consideration of the aforementioned recommendation from a prior Report of Investigation (*OIG 2017-005*), as well as a policy and procedures recommendation presented in the JEA internal audit, now in progress, of the Personnel Out Process (*POP*), JEA's Organizational Effectiveness Group is updating the primary procedural document, OPI A0301 OE Master Personnel File.

Along with other POP-related information, the update will include guidance for identifying reimbursement/restitution from employees who

are subject to an open investigation. This guidance will provide an explanation that any estimated/calculated balance should be included in the employee's Leave balance reconciliation.

The target date for completing these procedural updates, along with their subsequent posting on JEA's MD (*Management Directives*) and Procedures SharePoint page is September 30, 2018. Upon completion, JEA will provide the new procedures to the OIG.

We thank you for your insightful recommendation. Please contact me if you need additional information regarding our corrective action plan.

Sincerely,



Ted Hobson
Chief Compliance Officer
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Cc: Ms. Melissa Dykes, President and Chief Operating Officer