



# **CITY OF PASADENA**

**PUBLIC WORKS DEPARTMENT  
ENGINEERING DIVISION**

*UNDERGROUND UTILITY PROGRAM*

REPORT LETTER

November 11, 2014





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November 11, 2014

Ms. Michele B. Bagneris, Esq.  
City Attorney/City Prosecutor  
City of Pasadena  
100 North Garfield Avenue, Suite N210  
Pasadena, California 91109-7215

**Re: City of Pasadena – Forensic Accounting Services**

Dear Ms. Bagneris:

The purpose of this letter is to communicate findings from the work performed by KPMG LLP (“KPMG”) in connection with an internal investigation conducted by the City of Pasadena (the “City”) into suspected misappropriation and misuse of City funds and other unauthorized actions related to the City’s Street Lighting and Electric Undergrounding Program (“Underground Utility Program” or “UUP”), a program administered by the Department of Public Works, Engineering Division (“Public Works-Engineering”). The concerns by the City over fraudulent activities specifically involve issues of suspected embezzlement of City funds and other unauthorized actions by Danny Ray Wooten (“D. Wooten”), program manager for the UUP and City employee with Public Works-Engineering.

KPMG was engaged by the Pasadena City Attorney’s Office (“City Attorney”) on behalf of the City Manager’s Office to provide assistance in this matter. The City Manager’s Office has requested KPMG provide forensic accounting services to assist the City in the identification of suspected losses and any other unusual transactions reflective of intentional improper or unauthorized actions in violation of the City’s established policies, practices, or controls. This includes review for fraudulent activity in the Underground Utility Program for payments made without proper authorization, support, or a clear basis for the expenses, with particular focus on payments involving D. Wooten and vendors affiliated with him. Our report memorandum has been prepared at the request of the City Manager’s Office and describes the procedures performed and the related findings as of the date indicated.

Our report memorandum is intended exclusively for the City Manager and City Attorney and should not be referred to or distributed for any other purpose or to any individual who is not a representative of the City Manager or City Attorney without the express written consent of KPMG, except as may be required by law, regulation, or judicial or administrative process. Our report memorandum is not intended to be relied upon and should not be relied upon by anyone other than the City Manager, City Attorney or anyone who is not a representative thereof.



Ms. Michele Bagneris  
City of Pasadena  
November 11, 2014

The analysis and observations outlined in our report memorandum are based solely on the information, explanations, and representations provided to KPMG throughout the course of our engagement. We have not been engaged to perform nor have we performed a financial audit, review, or compilation, as those terms are defined in the pronouncements on professional standards issued by the American Institute of Certified Public Accountants, of the respective financial statements of the City as of any date or for any period. Additionally, we do not express any financial audit, review, or attest opinion with regard thereto and we have not performed any agreed upon procedures as defined in such pronouncements.

Our report memorandum outlines our analyses and observations as of the date of this memorandum. To the extent that any relevant documents or information come to our attention after the date of this memorandum, we reserve the right to review any such information and to supplement and/or modify our observations/findings; however we are under no obligation to do so.

## **SUMMARY OF OBSERVATIONS AND FINDINGS**

Documents, records and other information reviewed indicate that D. Wooten engaged in improper actions and misused his position and authority at the City, as program manager of the Underground Utility Program, to execute questionable or unauthorized payments of City funds from the Underground Utility Program to four specific vendors with affiliations to him: 1) Collins Electric, 2) Southern California Evangelistic Center (“SCEJ Center”), 3) New Covenant Christian Fellowship Center (“New Covenant Center”), and 4) Melody Jenkins (“M. Jenkins”), (collectively referred to as the “Four Vendors”). The questionable or unauthorized payments to the Four Vendors totaling \$6,432,810.98 are summarized in the following (**Exhibit 1**):

### **(1) Collins Electric**

Questionable or unauthorized payments to Collins Electric totaled \$3,543,359.00 (**Exhibit 2**)

Collins Electric is an electrical contractor with a business address at 483 Mountain View Street, Altadena, California 91001, located approximately four miles north of Pasadena City Hall. The owner of Collins Electric is Tyrone Collins, an individual. The questionable or unauthorized disbursements to Collins Electric were for payments of invoices purportedly for labor and services in connection with undergrounding of private property overhead utility services to the City’s electrical underground system. There are a total of 163 Collins Electric invoices which were paid from Underground Utility Program funds over a period of approximately 10 years starting from August 2003 through December 2013. According to the California Contractors State License Board, Collins Electric has an electrical contractor’s license in active status.

### **(2) Southern California Evangelistic Jurisdiction Center**

Questionable or unauthorized payments to SCEJ Center totaled \$2,132,656.00 (**Exhibit 3**).

SCEJ Center is a religious organization with a church property located at address 55 E. Villa Street, Pasadena, California 91103. Based on review of check payments, SCEJ Center has two Pasadena post office box addresses located at P.O. Box 17701, zip code 91104 and P.O. Box 4795, zip code 91107.



Ms. Michele Bagneris  
City of Pasadena  
November 11, 2014

According to the SCEJ Center website, D. Wooten serves as an administrative assistant to the SCEJ Center executive board and the board of superintendents.

The questionable or unauthorized disbursements to SCEJ Center were for payments of invoices purportedly for labor and services in connection with undergrounding of private property overhead utility services to the City's electrical underground system. There are a total of 98 SCEJ Center invoices which were paid from Underground Utility Program funds over a period of approximately 4 years starting from March 2010 through March 2014. There does not appear to be any valid business purpose for the SCEJ Center invoices as SCEJ Center is a religious organization. Their website does not reference any operations or services as an electrical contractor or provider of utility construction related services.

### **(3) New Covenant Christian Fellowship Center**

Questionable or unauthorized payments to New Covenant Center totaled \$712,810.49 (**Exhibit 4**).

New Covenant Center is a religious organization with a property address at 2475 North Garey Avenue, Pomona, California 91767, located approximately 30 miles east of Pasadena City Hall. New Covenant Center invoices show a mailing address at P.O. Box 1042, Pasadena 91102. According to their website, D. Wooten serves as the senior pastor at New Covenant Center. The website's history page cites New Covenant Center was established in October 2011 following completion of seven months of construction work at the church's leased facilities in Pomona. Funding for the construction work was raised by D. Wooten through an unidentified fund development project.

There are a total of 33 New Covenant Center invoices which were paid from Underground Utility Program funds over a period of approximately 2½ years starting from December 2009 through July 2012. The questionable or unauthorized disbursements to New Covenant Center were for payments of invoices purportedly for labor and services in connection with undergrounding of private property overhead utility services to the City's electrical underground system. There does not appear to be any valid business purpose for the New Covenant Center invoices. New Covenant Center is a religious organization and their website does not reference any operations or services as an electrical contractor or provider of utility construction related services.

### **(4) Melody Jenkins**

A questionable or unauthorized payment was issued to an individual, M. Jenkins in the amount of \$43,985.49 (**Exhibit 5**).

M. Jenkins was a temporary employee with Public Works-Engineering on or around 2008 and provided administrative support services of a clerical nature. M. Jenkins is apparently also affiliated with New Covenant Center. According to the website, M. Jenkins is cited as Chancellor, Education Ministry at New Covenant Center. The questionable or unauthorized payment to M. Jenkins was dated June 15, 2010 for two invoices purportedly for labor and services in connection with undergrounding of private property overhead utility services to the City's electrical underground system. There does not appear



Ms. Michele Bagneris  
City of Pasadena  
November 11, 2014

to be any valid business purpose for the invoices from M. Jenkins. Her temporary employment with the City in 2008 was for clerical office services, unrelated to electrical contracting labor and services.

### **City Employee Co-Conspirators**

Based on the documents, data, and information reviewed, the questionable or unauthorized payments identified involved the actions of D. Wooten. The improper activities conducted by D. Wooten may have started as early as August 2003 spanning approximately 11 years until the date the City placed D. Wooten on administrative leave in March 18, 2014 in a matter unrelated to this investigation. It was undetermined whether other City employees were accomplices who knowingly and intentionally worked with D. Wooten in carrying out the fraudulent activities. Our review of electronic data and interviews with Public Works and Finance department employees regarding their knowledge of this matter did not identify or confirm the existence of City employee co-conspirators.

### **Investigation by the District Attorney's Office**

The City has referred this matter to the Los Angeles County, District Attorney's Office ("D.A's Office") for further investigation and potential criminal prosecution. The D.A's Office informed the City that a preliminary review of bank account documents shows check payments issued by the City to SCEJ Center and New Covenant Center were deposited into bank accounts affiliated with Danny Wooten. Furthermore, the bank account documents show that check payments issued by the City to Collins Electric were deposited into a bank account in the name of Collins Electric and checks were written and paid from that account to New Covenant Center, and cashier's checks were written and paid from that account to Danny Wooten. The findings from the D.A. Office's investigation were pending as of the date of our memorandum.

The details supporting the results of our investigation are provided in our separate report memorandum (Appendix A).

We would like to express our thanks to the City's staff who were extremely helpful throughout this process. If you have any questions regarding this report or require any additional information, please feel free to contact me at (213) 955-8389.

Very truly yours,

A handwritten signature in black ink that reads "Douglas E. Farrow". The signature is written in a cursive, flowing style.

Douglas E. Farrow  
Partner