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NEWS MEDIA CONTACT:

William H. Boyer, Pasadena Public Information Officer, City Manager's Office (626) 744-4755, wboyer@cityofpasadena.net

CITY OFFICIALS SHARE DETAILS ON AUDIT INTO EMBEZZLEMENT AND MISAPPROPRIATION OF PUBLIC FUNDS

Former City Employee Arrested Dec. 30, 2014 in Connection to Case

PASADENA, Calif.—City officials today are providing additional details on an audit that has led to the arrest of former City employee Danny Wooten in connection with misappropriation of public funds and embezzlement of up to \$6.4 million from Pasadena over the past 11 years.

The Los Angeles County District Attorney's Office announced today the arrest of Mr. Wooten, a Management Analyst IV in the Engineering Division of the Public Works Department and a 12-year employee, after an investigation by the City of Pasadena and the District Attorney's Office revealed the misappropriation of public funds.

"Embezzlement and theft of public funds is an affront to the people of Pasadena and to our hard-working employees. We will not tolerate criminal misconduct by city employees and we will fully cooperate in their prosecution," City Manager Michael J. Beck said.

"We are grateful to District Attorney Jackie Lacey and her team for their cooperation and professionalism in the investigation and pursuit of those responsible. I am immensely disappointed that one of our former City employees allegedly exploited his position and leveraged our internal processes for personal gain by stealing taxpayer money and betraying the public's trust. We will use this experience to reinforce our commitment to good governance through our policies and procedures," City Manager Beck said.

The City Council will receive a briefing from the City Manager and staff at a public meeting beginning at 5 p.m., Monday, Jan. 5, 2015 in the Council Chamber of City Hall, 100 N. Garfield Ave., second floor.

A City audit completed in November documented that Mr. Wooten allegedly provided as many as 296 potentially fraudulent invoices to the City on behalf of four vendors he was affiliated with for check payments in excess of \$6.4 million. The money came from the Underground Utilities Fund that covers the cost of moving overhead power and communications lines underground. Revenues to the Fund come from the underground surtax paid by electric customers.

The audit is now publicly posted on the City's website at www.cityofpasadena.net/invoiceinvestigation.

Accounting irregularities with the Fund were discovered by City employees in late May 2014. An initial internal investigation was completed and the results were provided to City Manager Beck and City Attorney Michele Beal Bagneris. The District Attorney was notified within days of the preliminary internal investigation. The District Attorney's Office launched an investigation over the next several months with the cooperation of city officials and a forensic auditor retained by the City. Mr. Wooten's employment with the City was terminated on July 25, 2014 for personnel matters unrelated to the investigation.

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At this time, it is not believed that any other City employees had criminal involvement in this theft of public funds. As the lead agency in this matter, the Los Angeles County District Attorney's

Office is responsible for all additional information regarding the case; the specific charges against Mr. Wooten and information about other possible additional suspects or arrests.

The City audit makes 43 recommendations of which nearly all are expected to be implemented in the coming months. City Manager Beck has already directed several steps be taken, including establishing an internal audit manager position within the City Manager's Office to direct, manage and coordinate an internal citywide audit program. Recruitment for the auditor position is in the final stages.

In addition, four employees have been placed on paid administrative leave pending review of the personnel investigation and potential disciplinary action.

"This is an unprecedented fraud against the City and our people," Pasadena Mayor Bill Bogaard said. "Any misuse of taxpayer money is antithetical to our values and commitment to our government. We must, and will, ensure that we enact measures to protect our City from future crimes to every extent possible."

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