



INVESTIGATIVE REPORT

Lori Torres, Inspector General

OFFICE: INDIANA BUREAU OF MOTOR VEHICLES (BMV)
TITLE: BMV THEFT
CASE ID: 2019-02-0043
DATE: August 27, 2019

Inspector General Staff Attorney Heidi Adair, after an investigation by Inspector General Special Agent Mike Lepper, reports as follows:

The Indiana General Assembly charged the Office of the Indiana Inspector General (OIG) with addressing fraud, waste, abuse and wrongdoing in executive branch agencies of state government. IC 4-2-7-2(b). The OIG also investigates allegations of criminal activity and Code of Ethics violations within state government. IC 4-2-7-3. The OIG may recommend policies and carry out other activities designed to deter, detect and eradicate fraud, waste, abuse, mismanagement and misconduct in state government. IC 4-2-7-3(2).

On February 19, 2019, the OIG opened an investigation after receiving information regarding the suspected theft of funds from a BMV branch's (Branch) self-service terminal (SST). The complaint alleged that two BMV employees (Employee 1 and Employee 2) were suspected of the thefts. Both employees had responsibilities relating to counting SST deposits and ensuring the deposits were dropped at the Branch's bank (Bank).

OIG Special Agent Mike Lepper conducted the investigation in cooperation with BMV's investigators. He analyzed documents, including the Branch's cash shortage reports, deposit slips, transaction summaries and monthly errand logs. Special Agent Lepper also interviewed several BMV employees.

Special Agent Lepper learned that Employee 1 typically took the cash from the SST and then prepared, balanced and counted the money, and Employee 2 was responsible for dropping deposits at the Bank. At the time, BMV staff placed the SST deposits into white envelopes that typically included more than one day's worth of deposits. Special Agent Lepper learned that a white slip would go into the deposit envelope, and a yellow slip would be brought back to the Branch upon completion of the deposit. The purpose of this system is to show that the Bank has received and processed the deposit into the Branch account. Employee 2 was responsible for keeping track of these deposit slips.

Special Agent Lepper found that there were three deposits in question: (1) a deposit from October 2, 2018 for \$603.40 that was never deposited into the Bank; (2) a deposit from October 25, 2018 for \$323.55 that was not deposited until November 14, 2018; and (3) a deposit from November 13, 2018 for \$793.60 that was never deposited into the Bank.

Special Agent Lepper found that on October 2, 2019, Employee 2 drove to the Bank unaccompanied to drop the night deposit of \$603.40; however, the Bank and BMV records indicate that this deposit never occurred. Employee 2 also allegedly dropped off the October 25, 2018 deposit for \$323.55, but records indicated that the October 25 deposit was not dropped at the Bank until November 14, 2018. Agent Lepper learned that Employee 1 made a drop at the Bank on November 14 that contained the October 25 deposit and a deposit for November 13 for \$793.60; however, the Bank and BMV records indicate that the November 13 deposit was not actually contained in Employee 1's night deposit on November 14. Employee 1 admitted that she did not verify whether the \$793.60 was in the deposit made on November 14.

Through the investigation, Special Agent Lepper learned that the October 2 and November 13 deposit slips were missing. Employee 2 told Special Agent Lepper that she did not realize the

deposit slips for those dates were missing until she received emails from BMV Accounting inquiring about them. Employee 2 told Special Agent Lepper that she was sometimes “overlooking” the deposit slips and must have just overlooked the two slips from October 2 and November 13.

Special Agent Lepper learned that Employee 2 applied for a car loan in the fall of 2018. Special Agent Lepper subpoenaed Employee 2’s bank account records and loan application details from the Credit Company, but these records did not reveal evidence that could definitively link Employee 2 to the missing BMV funds.

BMV demoted Employee 1 from her position at the Branch. Employee 2 resigned, and she no longer works for the State of Indiana.

After conducting numerous interviews and reviewing documentation, Special Agent Lepper found insufficient evidence to conclusively determine that Employee 1, Employee 2 or any other BMV employee was involved with the thefts. He also found insufficient evidence to support any violations of the Indiana Code of Ethics. Accordingly, the OIG closes this case for insufficient cause.

Although this investigation revealed insufficient evidence to support criminal charges or an ethics complaint, it revealed some significant management issues with the Branch. The OIG found that Employee 1 and Employee 2 disregarded BMV policies and procedures. For example, BMV policy requires two employees to count the deposit money and then sign their initials on the deposit envelope/bag after doing so. Special Agent Lepper learned that Employee 1 would typically count the money by herself, and Employee 2 would initial without counting. Employee 2 would also drive alone to the Bank to make deposit drops, contrary to the policy requiring at least two employees to make the deposit drop.

As a result, the OIG recommends that BMV consider providing additional training on such policies and procedures to regional BMV branch managers, BMV branch managers and employees that handle the deposits of money. Second, because there appeared to be some confusion from BMV employees about whether SST deposits were supposed to be placed in a white envelope or a sealed clear bag, the OIG recommends that BMV consider reviewing their current policies and procedures for the handling of money and make updates and clarification as needed.

Dated: August 27, 2019

APPROVED BY:

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

Lori Torres, Inspector General