



OFFICE OF THE CITY MANAGER

December 30, 2014

To All City of Pasadena Employees:

Today, former City employee Danny Wooten, a Management Analyst IV in the Department of Public Works, Engineering Division, was arrested by the Los Angeles County District Attorney's Office for his alleged role in the embezzlement and misappropriation of public funds from the City. It is believed that over the past 11 years, Mr. Wooten was involved in providing as many as 296 fraudulent invoices to the City on behalf of four vendors he was affiliated with for check payments in excess of \$6.4 million.

The misappropriation of public funds came from the Underground Utilities Fund. Revenue for this special fund comes from the underground surtax paid by electric customers for the specific purpose of paying for the costs of placing overhead electrical utility lines underground. I am immensely disappointed that one of our City employees allegedly exploited his position and leveraged our internal processes for personal gain by stealing taxpayer money and betraying the public's trust.

The City has been working closely with the Los Angeles County District Attorney's Office in recent months as the District Attorney's Office has worked to bring criminal charges against Mr. Wooten and others for their alleged roles in this theft. The City retained the forensic accounting services of KPMG to prepare an audit. The audit report has been posted online at www.cityofpasadena.net/invoiceinvestigation. The audit shows many of our internal controls failed.

While we currently believe no other City employee was involved in the criminal action, we have placed four employees on paid administrative leave pending review of the personnel investigation and potential disciplinary action.

I know our staff is hard working and exhibits honesty and integrity every day, but this theft will challenge the public's trust we have all worked so hard to build. We are already working throughout our organization to strengthen our internal controls and in the months ahead, expect to see us review our policies and procedures and implement changes that are designed to strengthen our compliance in the way we complete our work.

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As we do this, I am asking for your help. You often hear us use the phrase that if you "see something, say something" and I want that to apply to our organization as well. If you see something which seems wrong, inappropriate or outside established policies, please speak up. If you do not understand the policies or the expectations that we have of you, please say something to your supervisor or to your department director. To report concerns, you may contact our 24/7 Fraud Hotline at (626) 744-7448 or go online to <http://www.cityofpasadena.net/FraudHotline>.

I anticipate that many of you, our residents and the press will have questions about how this could happen in Pasadena. I will do my best to answer all questions from the media and the public in the coming days and I want to make sure your questions are answered too. We have established a special email address at ContactHR@cityofpasadena.net for employees to ask questions about this incident or other issues and I will also host a number of "brown bag lunches" in early January to personally address any questions or concerns from you and your colleagues.

Working together, I am confident we will come through this as a stronger organization, which builds confidence in our staff, increases the public's trust and successfully implements the necessary measures to prevent an incident like this from happening again.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Beck". The signature is stylized with a large, sweeping initial "M" and "J".

Michael J. Beck
City Manager