



Barry L. Kluger  
Inspector General

**Office of the Inspector General**  
Metropolitan Transportation Authority  
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New York, New York 10121  
212-878-0000

September 27, 2016

Darryl Irick  
President  
MTA Bus Company  
2 Broadway, 30<sup>th</sup> Floor  
New York, NY 10004

**Re: Misappropriation of MTA Bus  
Check Proceeds  
MTA/OIG #2016-17**

Dear Mr. Irick:

The Metropolitan Transportation Authority (MTA) Office of the Inspector General (OIG) has completed its investigation into an allegation that MTA Bus Company (MTA Bus) Cleaner Darwin Glass (Glass) misappropriated proceeds of an erroneously issued duplicate MTA Bus check. Our investigation substantiated the allegation. We recommend that MTA Bus impose discipline on Glass, as it deems appropriate, and recoup the misappropriated money from Glass. We further recommend that MTA Bus improve its internal controls to protect the integrity of its check issuance process and any duplicate checks it may issue in the future.

**INVESTIGATION**

Darwin Glass was hired as a Bus Operator in October 2007 by MTA Bus. He was demoted to his current position of Bus Cleaner in September 2013 and has remained in that position to date.

On January 19, 2016, OIG received a complaint from [REDACTED] Sunrise Check Cashing Services (SRCC), a company with multiple locations in New York State. Among other services, SRCC provides check-cashing services (exchanging negotiable checks for cash) to its customers in exchange for a fee. According to [REDACTED], on January 12, 2016, Glass, a regular customer known to [REDACTED], cashed MTA Bus payroll check #116050 payable to Darwin Glass, dated 1/6/16 in the amount of \$755.16 at the SRCC facility located at [REDACTED] New York. On January 14, 2016, SRCC received a notice from its bank that this check was dishonored and returned by the MTA's bank.

[REDACTED] provided OIG with a copy of the check that was made at the time that Glass presented it to be cashed, as well as the original returned check. [REDACTED] also provided copies of Glass's New York State Driver's License and an expired MTA Bus Operator's Pass dated 6/30/15 which Glass used as identification. In addition, [REDACTED] provided OIG with a copy of surveillance camera footage placing Glass at SRCC on January 12, 2016.

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OIG staff subsequently learned that check #116050 had been issued in Glass's name by the MTA Business Service Center (BSC) and that 2 copies of that check were printed by mistake by MTA Bus on January 6, 2016.

During an OIG interview, Glass confirmed that he had received a paper check as payment for unused vacation days in the amount of \$755.16. Glass stated he received his regular pay via direct deposit into his personal account at his credit union located in Jamaica, New York, but received a paper check for the unused vacation pay. Glass further stated that he picked up the paper check from the College Point Depot and cashed it at SRCC in [REDACTED]. He claimed he often cashed checks at SRCC because the location was near his home.

OIG investigators informed Glass that his vacation check had been deposited at his credit union a few days before he cashed it at SRCC. Glass denied doing so but could not offer any explanation for that may have happened. He claimed he did not remember taking the check anywhere other than SRCC. When asked if it was possible that he had electronically deposited the paper vacation check to his credit union account using a mobile device, Glass vehemently denied it and provided his cell phone to the investigators to show that there was no mobile banking application installed on it. Glass then suggested that he might have been given two checks for his unused vacation days. Subsequent to the interview, OIG investigators obtained records establishing that MTA Bus check #116050 dated 1/6/16 in the amount of \$755.16 payable to Darwin Glass, was negotiated by Glass in person on 1/8/16 at the local branch of his credit union in [REDACTED] and not via any mobile device.

OIG investigators interviewed [REDACTED], MTA Bus, General Superintendent, Support Services. She explained that when off-cycle checks (including unused vacation pay checks) are printed and issued, they are distributed to the individual depots with a signature cover sheet which employees are required to sign when they pick up their checks. For the two week period ending 1/13/16, only one batch of off-cycle checks was issued (all bearing the date 1/6/16) and distributed to the depots with only one signature cover sheet dated 1/7/16.

OIG investigators examined the signature cover sheet which listed nine employee names, including Glass. Although Glass signed the cover sheet, it did not specify the number of checks picked up. However, we concluded that Glass picked up two identical checks at the same time based on the fact that there were no other off-cycle checks distributed during that time period, no other signature sheets were prepared during that time period, the deposit and the cashing of the two identical checks occurred within one week of the checks being issued, and Glass could not remember whether he picked up one or two checks. Moreover, MTA Bus Dispatcher [REDACTED] informed investigators that another MTA Bus employee (whose signature appeared on the same 1/7/16 signature sheet as Glass) had received two identical checks on 1/7/16, but realized the error and, unlike Glass, returned them both to the depot.

OIG investigators also spoke to [REDACTED], Deputy Controller of MTA Bus, regarding the process of printing off-cycle checks. Martin explained the process for creating electronic checks for use by MTA Bus. Initially, the BSC posts an electronic check file (containing one or more

checks as requested by MTA Bus) to a shared server used by MTA Bus and the BSC. Once the file is transmitted, BSC's Payroll Department notifies the Controller's Office at MTA Bus that the file is ready to be opened and MTA Bus can print the checks. After an analyst prints the checks, he/she sends an email to the BSC confirming that the file has been received and printed and records check information in a check log including, the pay group, pay period dates, check date, check number(s) – starting and ending, number of checks, amount and payee name.

█████ stated that each piece of check stock has a unique serial number; however only the check numbers, not the serial numbers are recorded. █████ also indicated that the check stock is probably not being used in sequential order and agreed that keeping record of the serial number on the check stock would be a useful control to account for check stock and checks.

█████ acknowledged that a check file could be printed more than once. █████ added that she only suspected that a duplicate check had been issued to Glass when she received an exception report from the MTA Treasury Department regarding a decision to deny payment on check #116050 issued to Darwin Glass, which was negotiated on 1/8/16 and presented a second time for payment on 1/12/16. █████ confirmed to OIG that check #116050, as well as eight other checks in the same batch, had been printed twice, and that, other than Glass, no MTA Bus employee who received a duplicate check attempted to negotiate it.

As a result of this incident, █████ stated that she and her staff were implementing controls that would allow only a Manager to print a second set of the same checks, in the rare instances that would be necessary, by requiring that check files be moved to a Manager-restricted password-protected folder after the initial printing.

### *New York City Transit Rules & Regulations*

Rule 10(a) of New York City Transit Rules & Regulations, applicable to MTA Bus employees, states: "Employees are required to avoid behavior that would tend to create adverse criticism of the Authority or of the System."

### **FINDINGS**

1. MTA Bus erroneously issued two identical paper checks, both numbered #116050 and dated 1/6/16 in the amount of \$755.16, to Glass who picked up both checks from the depot at the same time.
2. Glass knew, or should have known, that he was only entitled to one check for his unused vacation time when he improperly obtained the proceeds of the erroneously issued second check.
3. Glass negotiated one of the duplicate checks at his credit union on 1/8/16 and cashed the second check at SRCC on 1/12/16 in an attempt to prevent MTA Bus from discovering the error.

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4. Glass violated NYC Transit Rules and Regulations Rule 10(a) by misappropriating the proceeds of the erroneously-issued duplicate check.
5. MTA Bus lacked appropriate controls for its electronic check issuance procedure but is in the process of implementing internal controls to ensure the integrity of its check issuance procedures.

#### RECOMMENDATIONS

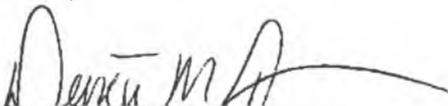
1. MTA Bus Company should impose discipline on Glass, as it deems appropriate.
2. Based on its error in issuing two duplicate checks to Glass, MTA Bus should reimburse SRCC in the amount of 755.16 and recoup that amount from Glass.
3. MTA Bus Company should implement internal controls to protect the integrity of its check issuance process and any duplicate checks that it may issue in the future.

As always, we appreciate your continued courtesy and cooperation. Should you have any questions, or need additional information, please contact me at (212) 878-0007 or Deputy Inspector General Demetri M. Jones(212) 878-0279.

Very truly yours,

Barry L. Kluger

By:



Demetri M. Jones/  
Deputy Inspector General