



BROWARD OFFICE OF THE INSPECTOR GENERAL

MEMORANDUM

To: Bertha Henry, County Administrator

From: John W. Scott, Inspector General

Date: December 3, 2012 

Subject: **OIG Closing Memorandum Re: *Misconduct by an Employee of a Broward County Paratransit Services Vendor, Ref. OIG 11-024***

The purpose of this memorandum is to inform you that the Broward Office of the Inspector General (OIG) and the Broward County State Attorney's Office (SAO) have concluded a joint investigation into allegations that Paul Ronca, the former controller for Lucanus Developmental Center, Inc. (Lucanus), a Broward County Paratransit Services Section (Paratransit) transportation contractor, had forged the signature of the Paratransit Manager on a document transmitted to a finance company. Specifically, it was alleged that in early December 2011, Mr. Ronca had forged the Manager's signature on a fabricated Paratransit accounts payable voucher, which Mr. Ronca then submitted to Amerisource Funding, Inc. (Amerisource) in Houston, Texas in order to induce Amerisource to lend Lucanus approximately \$141,943.39.

The OIG investigation substantiated the allegations. We determined that on at least two occasions, Mr. Ronca forged the Paratransit Manager's signature on phony Paratransit accounts payable vouchers that he created for the purpose of obtaining financing for Lucanus. In addition, the OIG uncovered evidence of four additional forgeries, as well as ten additional false Paratransit accounts payable vouchers. All of these documents were transmitted to Amerisource by Lucanus officials between July 2011 and December 2011, in order to induce Amerisource to make a series of short-term bridge loans to Lucanus totaling \$1,993,549.88, all of which were collateralized by Lucanus' accounts receivable due from Paratransit.

Mr. Ronca admitted that he fabricated all of the vouchers and also admitted that he forged the Paratransit Manager's signature on two of them. Mr. Ronca further admitted that he caused the two forgeries to be transmitted to Amerisource to induce the loans, but denied forging the other signatures. Additionally, in order to facilitate the Amerisource bridge loans to Lucanus, Mr. Ronca arranged for County funds owed to Lucanus to be legally assigned and redirected

John W. Scott, *Inspector General*

One North University Drive, Suite 111 • Plantation, Florida 33324 • (954) 357-7873 • Fax 954-357-7857
www.browardig.org • 954-357-TIPS

to Amerisource.¹ Mr. Ronca was terminated by Lucanus from his position as controller in January 2012.²

Background

On September 22, 2009, the County awarded the Contract Number V0696801B1 (Contract) to Lucanus and four other vendors to provide paratransit services. The Contract, which is effective from January 2010 through December 2015, is valued at approximately \$97 million, an estimated \$20,649,031.25 of which was originally intended to be allocated to Lucanus. As of June 1, 2012, there were 13,250 registered Paratransit services clients in the County. Lucanus was originally allocated 25% of the available client trips in the Contract, but its allocation has now been increased to approximately 35%.

The Submission of Forged and Fraudulent Documents by Lucanus

The OIG investigation revealed that between July 2011 and December 2011, Lucanus submitted at least eleven fabricated payment vouchers to Amerisource, each of which falsely represented that the County had authorized vendor payments to Lucanus, and six of which bore the forged signature of the Paratransit Manager.

1. Lucanus Submitted a False County Payment Voucher in December 2011

On December 7, 2011, the Paratransit Grants Administrator received a request from Amerisource to review and authenticate a document which Amerisource had received from Lucanus on December 2, 2011, in support of Lucanus' request for a loan of \$166,992.22. The Grants Administrator reviewed the document and immediately recognized it to be an altered Paratransit accounts payable voucher that contained a forgery of the signature of the Paratransit Manager. The document was an altered version of Paratransit's actual accounts payable voucher with the heading "Invoice" added, along with numerous other changes and the forged signature. The Grants Administrator informed OIG Special Agents that Paratransit does produce an accounts payable voucher, also known as the invoice cover sheet, which is submitted to the Broward County Accounting and Finance Department to initiate payments to Paratransit providers. She stated that Paratransit had always provided Lucanus with copies of the accounts payable vouchers it submitted so that Lucanus would have copies for its records. She also stated that it never dawned on her or her Paratransit colleagues that a vendor would use the accounts payable vouchers to create a phony invoice.

Shortly thereafter, during a meeting attended by County officials, Mr. Ronca, and the Lucanus Director, Mr. Ronca admitted to creating the false document and forging the Paratransit Manager's signature on it. Mr. Ronca and the Lucanus Director apologized and assured the

¹ The SAO recently declined prosecution in this matter after concluding that Mr. Ronca did not act with criminal intent.

² The OIG has transmitted its findings through a memorandum, rather than an investigative report, because—given the unilateral nature of Mr. Ronca's misconduct—we have concluded that a report would not assist the County in preventing similar future misconduct.

County officials that Mr. Ronca's act was a "single, isolated incident of poor judgment" caused by a cash flow crisis at Lucanus.

2. Lucanus Had Previously Submitted Additional False County Payment Vouchers

The OIG investigation determined that not only was the payment voucher false, so was the assertion that it was a single, isolated incident. Instead, after reviewing a series of documents submitted by Lucanus to Amerisource, OIG Special Agents found that Lucanus had, in fact, submitted an additional ten fabricated payment vouchers—each purporting to be official County government documents, and each purportedly bearing the approval of the Paratransit Manager (five of which contained his forged signature)—between July 2011 and November 2011. In each instance, interviews with OIG Special Agents, the Transit Director and the Paratransit Manager confirmed Mr. Ronca's admissions to the forgery and fabrication. The Grants Administrator was interviewed and she also confirmed the above facts and provided information concerning previous attempts by Mr. Ronca to utilize the fabricated Paratransit accounts payable voucher. The Grants Administrator provided documentation which revealed that Mr. Ronca had fabricated the document as early as July 2011 and caused it to be transmitted to Amerisource for a loan. The Grants Administrator had notified the Paratransit Manager of Mr. Ronca's previous fabrications, and based upon his directions, she emailed Mr. Ronca and admonished him to cease use of the fabricated document. In an effort to thwart Mr. Ronca's manipulation of the document, she began sending future versions in an unalterable format. However, the investigation revealed that Mr. Ronca had already saved the previous Microsoft Excel version of the document, created a template with it and utilized the template to fabricate ten additional future invoices which were submitted to Amerisource.

Investigation by OIG Special Agents revealed these additional ten altered Paratransit accounts payable vouchers, five of which also contained forgeries of the Paratransit Manager's signature, had been transmitted to Amerisource. In an interview with OIG Special Agents, Mr. Ronca admitted to having created all of the altered accounts payable vouchers. Mr. Ronca also admitted forging the Paratransit Manager's signature on the final two altered documents; however, Mr. Ronca denied forging the first four such signatures.³ Mr. Ronca stated that his reason for creating the altered and forged documents was to expedite receipt of the bridge loans from Amerisource to cover cash flow problems.

Investigation further revealed that all eleven of the altered and forged documents were transmitted to Amerisource under a cover sheet bearing the apparent signature of the Lucanus Director. OIG Special Agents interviewed the Lucanus Director, who stated that his signatures on seven of these cover sheets were forgeries. He stated that he signed the first four cover sheets, but did not review any documents attached to any of the transmittal cover sheets, whether he signed the cover sheets or not, and that the altered and forged invoices would have been among those documents which were not reviewed.

³ The OIG investigation was unable to conclusively determine who was responsible for the other forgeries.

Conclusion

The OIG investigation revealed that Mr. Ronca engaged in misconduct by fabricating and altering official Broward County internal documents, forging the signature of a Broward County official, and utilizing such documents to allow Lucanus to acquire loans. However, we also determined that there was no financial loss to the County, and no diminishment of services. Since Mr. Ronca's employment with Lucanus was promptly terminated, we do not recommend any further action, and consider this matter closed.

cc: Pamela Madison, Acting Director, Broward Office of Economic
and Small Business Development
Michael Satz, Broward County State Attorney