

Investigative Report

# Forensic Science Employee Committed Fraud and Misused City Resources

November 2023



Efrain Perez, former Forensic Services Manager for the Forensic Science Department, fraudulently bought gift cards and firearm accessories for his own personal use using his City-issued ProCard. The total cost of these purchases amounted to over \$3,000.

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Cover: Aerial view of downtown Austin by RoschetzkyStockPhoto

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## Allegation

The Office of the City Auditor received an allegation from the Financial Services Department (Financial Services) that former Forensic Services Manager, Efrain Perez, used his City-issued ProCard to buy gift cards. During their monthly audit, Financial Services found seven gift card transactions on Perez’s ProCard. Financial Services also found evidence indicating Perez falsified a receipt he submitted to support his ProCard purchases.

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## Background

The Forensic Science Department (Forensic Science) collects and processes evidence at crime scenes, conducts examinations and analyses of evidence, and reports and testifies to the results in court.

As a Forensic Services Manager, Efrain Perez managed the daily activities, operations, and personnel in support of the Forensic Science Division. Additionally, Perez was responsible for making purchases for the division and approving staff purchases. Perez had an assigned procurement card, but it was taken away by Financial Services after discovery of the gift card purchases. Perez resigned in May 2023.

For the purposes of this report, we will refer to the City’s procurement card as “ProCard.”

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# Investigation Results Summary

Efrain Perez, former Forensic Services Manager for the Forensic Science Department, used his City-issued ProCard to buy gift cards and firearm accessories for his own personal use. The total cost of these purchases was approximately \$3,000.

Perez also committed fraud by submitting falsified receipts and order details to make it seem like he purchased items for City operations.

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## Finding 1

### Misuse of City Resources

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According to the City's ProCard policies, employees are not allowed to purchase goods or services for personal benefit or consumption or gift cards (with few exceptions)

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In November and December 2022, Efrain Perez used his City-issued ProCard to buy 15 visa gift cards worth about \$1,500 for personal use. Additionally, he falsely claimed to have purchased supplies and books for Forensic Science rather than gift cards. Each gift card was valued between \$50 to \$200.

During our interview with Perez, he denied buying any gift cards. He claimed that he had bought supplies and books for the department, either at the request of the staff or for the department's general use. However, when we asked Forensic Science staff about these purchases, they denied requesting these items during November and December 2022. One staff member mentioned that at least one of the books Perez claimed to have purchased may have actually been purchased years prior to the period Perez said he made the purchases. (See exhibit 1 below.)

Between September and November 2022, Perez also used his ProCard to buy several firearms accessories. In total, Perez spent \$1,550 on these items. Perez claimed in the City's financial system that these items were for the firearms and toolmarks section within Forensic Science. However, a Forensic Science supervisor stated that none of the purchased items would be used by the firearms and toolmarks section. The supervisor added that these products would be used by the Austin Police Department. Perez did not have any purchasing responsibilities for APD.

# Exhibit 1: Gift Card Purchases

## Receipt Submitted by Efrain Perez

Store Logo

Final Details for Order #114-5724326-9745802

Order Placed: December 9, 2022  
store name [redacted] order number: 114-5724326-9745802  
Order Total: \$322.19

Shipped on December 9, 2022

Items Ordered	Price
1 of: Pellor Sport Tactical 500 Smart Electronic Hearing Protector, TAC500-OTH	\$206.95

Sold by: [redacted] store name  
Condition: New

Shipping Address:  
Efrain Perez  
812 Springdale Rd  
AUSTIN, TX 78702-4040  
United States

Item(s) Subtotal:	\$206.95
Shipping & Handling:	\$1.00
Free Shipping:	-\$1.00
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Total before tax:	\$206.95
Sales Tax:	\$0.00
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<b>Total for This Shipment:</b>	<b>\$206.95</b>

Source: Document provided by Financial Services (March 2023)

Perez changed the shipping address from his home to his office address.

Perez changed the \$200 Visa Gift Card to office equipment

## Authentic Receipt Retrieved From Vendor

Store Logo

Final Details for Order #114-5724326-9745802

Order Placed: December 9, 2022  
store name [redacted] order number: 114-5724326-9745802  
Order Total: \$322.19

Shipped on December 9, 2022

Items Ordered	Price
1 of: \$200 Visa Gift Card (plus \$6.95 Purchase Fee)	\$206.95

Sold by: [redacted] store name (seller profile)  
Condition: New

Shipping Address:  
Efrain Perez  
Perez's home address

Item(s) Subtotal:	\$206.95
Shipping & Handling:	\$1.00
Free Shipping:	-\$1.00
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Total before tax:	\$206.95
Sales Tax:	\$0.00
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<b>Total for This Shipment:</b>	<b>\$206.95</b>

Source: Document provided by Financial Services (March 2023)

According to the receipts from the various retailers used by Perez, it appears he shipped the items purchased to his home as well as a nearby storage locker. We were unable to speak to Perez about these additional purchases as Perez terminated our interview and later resigned in May 2023.

By using the City's ProCard to make these purchases for personal use, Perez appears to have violated the following portion of City Code:

- § 2-7-62(J) – Misuse of City Resources

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## Finding 2

### Fraud:

### Misrepresentation and Intentional Misreporting of Financial Transactions

We found that Perez submitted falsified receipts to Financial Services as proof of his purchases for gift cards and firearm products. Financial Services was able to provide the genuine receipt for a gift card Perez bought using the City's account with an online retailer. The receipt showed that Perez purchased a \$200 gift card instead of the forensic equipment described in the receipt he submitted as proof. The real receipt also revealed that this gift card was shipped to Perez's home address. Perez had changed the shipping address to Forensic Science's office address on the falsified receipt.

When asked about the discrepancy between the real receipt that showed a gift card and the copy he gave to Financial Services, Perez said that the online store changed the receipt's information. Perez was asked to provide receipts from his personal account for the other six times he bought gift cards using the City ProCard. He provided one receipt that confirmed that he bought a gift card. Perez admitted that other receipts also showed gift cards, not the books and equipment he said he bought. Perez could not explain why all the transactions showed gift card purchases.

Perez also provided falsified receipts for the firearm accessories he bought using his City-issued ProCard. We compared the receipts he gave to Financial Services as proof of payment with legitimate receipts obtained directly from the stores Perez purchased from. Perez appears to have changed the description of the items purchased and the delivery address from his home to Forensic Science's office. Additionally, Perez bought these items using an account associated with his personal email. Perez also changed the email on the receipt he gave to Financial Services from his personal email to his work email. (See exhibit 2 below.)

By improperly reporting and misrepresenting the purchases made on his City-issued ProCard, Perez appears to have violated the following portion of City Code:

- § 2-7-62(O) - Fraud
  - § 2-3-5(A)(2)(b) – Misappropriation of Funds
  - § 2-3-5(A)(2)(c) – Intentional Improper Reporting of Money or Financial Transaction

# Exhibit 2: Falsified Invoice

## Receipt Submitted by Efrain Perez

**Retailers contact information and logo** **Date:** 10/18/2022 **Order#:** 1243139

**Bill To:** (Customer ID# [REDACTED]) **Ship To:**

**Home address**  
efrain.perez@austintexas.com

Efrain Perez 8408  
812 Springdale Rd  
Austin, TX 78702  
United States

**Payment Method:** **Shipping Method:**

**Credit Card:** MasterCard **EXPEDITED SHIPPING (2-3 Business Days)**  
Efrain Perez

**City credit card**

Code	Description	Qty	Sale Price	Total
MI-G4M	Professional Punch and Die Set	1	\$167.95	\$167.95
DSC-5	Sale	1	-\$8.40	-\$8.40

Subtotal: \$159.55  
Tax: \$0.00  
Shipping costs: \$4.99  
**Grand Total: \$164.54**  
**Total Due: \$0.00**

Source: Document provided by Financial Services (July 2023)

Perez changed the shipping address from his home to his office address.

## Authentic Invoice Retrieved From Vendor

**Retailers contact information and logo** **INVOICE**  
**Date:** 10/18/2022 **Order#:** 1243139

**Bill To:** (Customer ID# [REDACTED]) **Ship To:**

Efrain Perez

**Home address and personal email**

Efrain Perez  
**home address**

**Payment Method:** **Shipping Method:**

**Credit Card:** MasterCard **EXPEDITED SHIPPING (2-3 Business Days)**  
Efrain Perez

**City credit card**

Code	Description	Qty	Sale Price	Total
MI-G4M10.5	Midwest Industries AR-15 G4 M-LOK Handguards - 10.5" G4 Rail M-LOK	1	\$167.95	\$167.95
DSC-5	Military/LEO ONLY-Uniform Discount	1	-\$8.40	-\$8.40

Subtotal: \$159.55  
Tax: \$0.00  
Shipping costs: \$4.99  
**Grand Total: \$164.54**

Source: Document provided by Vendor (July 2023)

Perez changed the item description and changed the LEO (law enforcement officer) discount to "sale."

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# Appendix A - Subject Response

Efrain Perez did not provide a response.

## Appendix B - Management Response



### FORENSIC SCIENCE DEPARTMENT

**TO:** Brian Molloy, Chief of Investigations, Office of the City Auditor

**FROM:** Dr. Dana Kadavy, Director, Forensic Science Department

**DATE:** 11/27/2023

**SUBJECT:** Investigative Report (IN23002)

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The Forensic Science Department and Austin Police Department Financial Services have reviewed the City Auditor's report and have no objection to the findings. The subject of the report resigned from the City of Austin effective May 23, 2023.



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# Investigation Criteria

## Finding 1

### City Code §2-7-62(J) - Standards of Conduct

No City official or employee shall use City facilities, personnel, equipment or supplies for private purposes, except to the extent such are lawfully available to the public, or to the extent that facilities, equipment, or supplies are allowed to be used in a limited or de minimis manner in accordance with City policy.

## Finding 2

### City Code §2-7-62(O): Standards of Conduct

A City official or employee may not engage in fraud or abuse, as defined in City Code Chapter 2-3 (City Auditor).

### City Code § 2-3-5 – Power and Duties (A)(2)

FRAUD includes but is not limited to:

- (b) the misappropriation of funds, supplies, or other City resources, through methods including, but not limited to theft, embezzlement, or misrepresentation;
- (c) the intentional improper handling of or reporting of money or a financial transaction.

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## Methodology

We took the following steps to accomplish our investigation objectives:

- Reviewed applicable City Code and policy
- Conducted background research
- Reviewed forensic data
- Analyzed purchase data
- Requested and reviewed original receipts from retailers
- Interviewed APD and Forensic Science staff
- Interviewed the subject

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## CAIU Investigative Standards

Investigations by the Office of the City Auditor are considered non-audit projects under Government Auditing Standards and are conducted in accordance with the general and ethics standards, procedures recommended by the Association of Certified Fraud Examiners (ACFE), and the ACFE Fraud Examiner's Manual. Investigations also adhere to quality standards for investigations established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and City Code.

The Office of the City Auditor, per City Code, may conduct investigations into fraud, abuse, or illegality that may be occurring. If the City Auditor, through the Integrity Unit, finds that there is sufficient evidence to indicate that a material violation of a matter within the office's jurisdiction may have occurred, the City Auditor will issue an investigative report and provide a copy to the appropriate authority.

In order to ensure our report is fair, complete, and objective, we requested responses from both the subject and the Department Director on the results of this investigation. Please find attached these responses in Appendix A and B.

The Office of the City Auditor was created by the Austin City Charter as an independent office reporting to City Council to help establish accountability and improve city services. We conduct investigations of allegations of fraud, waste, or abuse by City employees or contractors.

**City Auditor**

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