INVESTIGATION REPORT

OF

SALVAGE PROPERTY

TRAFFIC ENGINEERING DIVISION
DEPARTMENT OF MUNICIPAL DEVELOPMENT

REPORT NO. 09-203
The Office of Internal Audit and Investigations (OIAI) conducted an investigation concerning possible misappropriation of assets of the City of Albuquerque, Department of Municipal Development (DMD), Traffic Engineering Division. The investigation was predicated upon an anonymous allegation regarding possible violations of the sale of scrap metal.

Is there evidence to support any violations in the sale of scrap metal or equipment?

- There is probable cause to believe that state laws were violated, specifically NMSA 3-16-8 et al.
- A former DMD, Traffic Engineering Division employee sold salvaged material (scrap metal) and equipment to three companies. The employee deposited $37,202.16 into his personal accounts from the sale of City property.

As required by ordinance, the Director of OIAI has referred this matter to Albuquerque Police Department for further criminal investigation. This matter should also be reviewed for potential personnel action by the City’s Legal and Human Resources Departments.

Are there areas in which DMD can reduce the risk of fraud?

- DMD did not follow procedure in the disposal of salvageable material.
- Lack of controls to protect City assets, specifically asset recording and tagging.
- Lack of enforcement by Property Accounting Liaison.

DMD should:

- Ensure management and employees comply with procedures for disposal of salvageable material according to Administrative Instruction 6-2 and City Ordinance §5-5-16.
- Ensure that employees in supervisory and management positions are aware of the procedures for disposal of salvage material, including waste
material with a salvage value, and require employees to sign off acknowledging that they understand proper procedures.

- Ensure that department/division managers maintain adequate control over all assets to minimize the risk of loss or misuse.
- Implement written policies and procedures for contracts to ensure that equipment that is to be turned over to the City at the end of a project is properly tagged and put on the fixed asset inventory list.
- Review the other divisions of the DMD to ensure proper controls are in place and fixed asset inventory lists are maintained.
- Appoint a property accounting liaison at the Traffic Engineering Division to ensure that the Administrative Instruction is applied.
- Evaluate the other divisions of DMD to determine if property accounting liaisons are needed in those divisions.

Department of Finance and Administrative Services should have taken appropriate action such as; notifying the DMD director that Traffic was not turning over salvaged material to the Purchasing Divisions holding area for auction.

OIAI has forwarded this report to Albuquerque Police Department for possible criminal investigation.

Management responses are included in the audit report.
April 16, 2010

Accountability in Government Oversight Committee
City of Albuquerque
Albuquerque, New Mexico

Investigation: Salvage Property
Traffic Engineering Division
Department of Municipal Development
09-203

FINAL

INTRODUCTION

The Office of Internal Audit and Investigations (OIAI) conducted an investigation to determine whether or not there is probable cause to believe that a violation of criminal statutes was committed, specifically possible misappropriation of assets of the City of Albuquerque (City), Department of Municipal Development (DMD), Traffic Engineering Division. The investigation was predicated upon an anonymous allegation regarding possible violations of the sale of scrap metal. The caller provided sufficient information to initiate an investigation. On April 17, 2009, OIAI sent an interoffice memorandum to the department director informing him of our intent to investigate the complaint.

BACKGROUND and EVENTS

On November 27, 2004, a Principal Engineer (Subject) was hired by the City for DMD, Traffic Engineering Division (Traffic). As a Principal Engineer, the Subject supervised crews who worked on traffic signals, lights and signs and also conducted business with outside companies that specialize in the installation and maintenance of traffic signals and road safety equipment used during projects. The Subject was hired on November 27, 2004 and resigned September 4, 2009. From July 1, 2006 to September 5, 2009, the Subject cashed and/or deposited checks made payable to the Subject into his personal bank accounts from the sale of City property totaling $37,202.16.
The Subject received payments from three companies: Company A; Company B; and Company C:

**Sale of Company A**

According to a statement by Company A’s general manager, (GM), in or around October 2005, the Subject approached Company A regarding the salvage material (scrap metal) that Traffic held at the City of Albuquerque’s Pino Yards. The Subject requested that the GM meet and view the material that Traffic was accumulating. After viewing the salvage material, the GM explained that Company A could provide two dumpsters for the material. These dumpsters would be supplied free of charge, one dumpster would be for unprepared steel with foreign attachments that had no dollar value and the other dumpster would be mixed aluminum and copper which would have a dollar value payable to the City. The Subject told the GM that Traffic wanted to change the process because Traffic was being charged $300 a month to haul the material by the City’s Solid Waste Management Department (SWMD). The Subject informed the GM he needed the approval from his boss before he could work with Company A.

In the GM’s written statement to OIAI, the GM stated that several weeks later, the Subject contacted the GM at Company A and explained that the Subject had received approval and the Subject requested that the two dumpsters be delivered by Company A. The Subject explained that Company A would need to remit payment in the Subject’s name, care of the City of Albuquerque, Traffic Engineering Division and mail it to the City’s post office box. The Subject explained that he had secured proper permission to open an account on behalf of Traffic to ensure that the proceeds would be directed back to Traffic, as opposed to going to the City’s general fund.

Company A provided copies of the fronts of the checks written to the Subject by Company A. Between March 2006 and September 2009, Company A issued 24 checks totaling $19,202.16 payable to the Subject. From March 2006 to June 2009, checks were mailed care of the City’s post office box. In July 2009, the Subject spoke with the GM and requested that the checks be mailed to the Subject’s home address. Company A mailed two checks to the Subject’s home address.

OIAI contacted the City Department of Finance and Administrative Services (DFAS), Accounting Division, Payroll Section, and found that the Subject used Bank of Albuquerque for payroll deposits. Company A also contacted its bank and was told that Bank of Albuquerque was used for depositing the checks paid to the Subject.

OIAI used subpoena power granted by the Accountability in Government Ordinance § 2-10-7, E, and had a District Judge sign the subpoena requesting all bank account information, including offset items for deposits, for the Subject’s accounts at Bank of Albuquerque.
OIAI reviewed the Subject’s bank statements and deposited checks between July 3, 2006 and September 7, 2009 and found that 22 out of 24 checks from Company could be traced to three separate bank accounts that are held in the Subject’s name. Bank statements showed inter-account transfers between these three accounts. The reason for these transfers was not apparent.

The deposit distribution is as follows:

- $4,888.40 - Free checking account (account used solely for deposits of sale of City property)
- $1,852.90 - Preferred money market account
- $11,934.61 - Regular checking account
- $526.25 - Two checks were not deposited, but were endorsed by the Subject, then cashed.

Total: $19,202.16

Company A paid a total of $19,202.16 to the Subject for the salvage property belonging to the City. (See exhibits 1 and 2)

Additionally, in reviewing the Subject’s bank statements, OIAI identified deposits in the Subject’s accounts from Company B and Company C as discussed below in detail.

Sale of Message Boards to Company B

Company B rents message boards used during roadwork construction or lane closures. In reviewing the Subject’s bank information, OIAI found checks written to the Subject from Company B.

In her statement, Company B’s controller stated that the president was contacted in March 2008 by the Subject and asked if Company B’s president would be interested in purchasing several message boards that Traffic had “inherited” from City construction projects. Per Company B president’s statement, the Subject said that Traffic did not have the money in its budget to maintain the message boards and was trying to reduce Traffic’s operating costs by selling several of its message boards.

Per statements from the controller and Company B’s president, the Subject requested that the checks for Company B’s purchase of the message boards be made payable to the Subject. Company B’s president asked the controller to issue three checks to the Subject for three different message boards as requested by the Subject. The controller states she was uncomfortable with writing checks to a City employee without any documentation. The controller called the Subject and requested a letter from the City explaining the transaction. During a phone conversation between the Subject and the controller, the controller stated that the Subject said he was going to use the proceeds to purchase a large shed for the Traffic equipment yard. The Subject indicated that Traffic had a “slush fund” that is used to purchase unbudgeted items Traffic needed.
On March 19, 2008, the Subject faxed an invoice memo on City letterhead from the Traffic fax machine indicating the sale of three message boards to Company B for $3,200 each, for a total of $9,600. In the invoice memo, the Subject stated that because of the increased expense of maintaining and storing the boards, Traffic was reducing the number of message boards. Further, the Subject stated the City does not have a mechanism to ensure the proceeds are directed back to Traffic and consequently requested three individual checks be made payable to the Subject. The Subject concluded he would deposit the money into an account used for purchasing general equipment or items for Traffic. The controller stated that the Subject had provided the letter as requested. Along with the memo and a visit to Pino Yards, where the message boards were stored, Company B thought it was a legitimate sale.

From March 31, 2008 to August 31, 2009, the Subject sold five message boards to Company B. The dates, amounts and account that checks were deposited are as follows:

- **Message Board #1** (3/31/08) $3,200 - Regular checking account
- **Message Board #2** (3/31/08) $3,200 - Free checking account
- **Message Board #3** (3/31/08) $3,200 - Free checking account
- **Message Board #4** (12/18/08) $4,000 - Regular checking account
- **Message Board #6** (8/31/09) $1,000 - Regular checking account

**$14,600**

Company B paid the Subject a total of **$14,600** for the message boards. (See exhibits 1 and 2)

**Sale of Concrete Saw to Company C**

Company C provides service for traffic signal installation and maintenance.

In reviewing the Subject’s bank information, OIAI found a check written from Company C. In a written statement to OIAI from Company C’s president, he stated he was contacted by the Subject regarding the possible sale of a concrete saw the City owned and had never used. Company C’s president, along with his field support manager visited the Traffic building to inspect the saw. Company C’s president offered $3,500 for the saw and the Subject accepted the offer. According to Company C’s president’s statement, as it was a City saw, Company C’s president asked how to arrange payment. Company C’s president and field support manager recall that the Subject wanted to use the funds for training and training equipment for Traffic technicians, but the Subject did not have the funds in Traffic’s budget. The Subject asked Company C’s president to make the check payable to the Subject so that the Subject could use the funds for the training. Company C’s president stated as there had never been any question of improper ethics with the City or the Subject, Company C’s president had no reason to doubt the Subject’s word, and agreed to write the Subject the check.
The field support manager hand delivered the Company C check to the Subject at Pino Yards. Company C picked up the concrete saw a few days later.

Banking records show that the check was split for deposit as follows:

- Concrete Saw (5/8/07) $2,500 - Free checking account
- Concrete Saw (5/8/07) $1,000 - Preferred money market account

$3,500

Company C paid the Subject a total of $3,500 for the concrete saw. (See exhibits 1 and 2)

OBJECTIVES

The objectives of the investigation were to determine:

- Is there evidence to support any violations in the sale of salvage material?
- Are there areas in which DMD can prevent or reduce further violations in the sale of salvage material?

SCOPE

Based on the tip received, the scope of the investigation was limited to:

- Salvage transactions under the control of the Subject;
- January 2004 through October 2009;
- The company indicated in the initial tip, plus two companies identified in the investigation;
- Disposal of salvageable material and excess equipment process.

METHODOLOGY

The methodologies used during our investigation consisted of:

- Analysis of documentation, including bank information gained by subpoena;
- Interviews of City personnel and outside company personnel deemed necessary to attain a conclusion regarding our objectives; and
- Analysis of City procedures and policies in effect regarding the disposal of salvage material.

Our investigation was conducted in accordance with fraud investigation techniques, which include-but are not limited to examination of records, documents, interviews with appropriate personnel, and other evidence-gathering procedures as necessary under the circumstances.
FINDINGS

We make recommendations, when appropriate, regarding areas noted during the investigation that we believe could improve the department’s effectiveness, efficiency and compliance with administrative policies and applicable rules and regulations. These recommendations could prevent future theft and provide controls that would detect theft.

1. **CAUSE FOR REFERRAL TO APD.**

   The Subject, an employee of the City of Albuquerque during relevant periods, who was entrusted with City of Albuquerque property, sold this property to outside parties for amounts totaling $37,202.16 and converted these funds by depositing checks from these sales into his personal bank accounts. This occurred between February 2006 and September 2009. We believe there is cause to refer this matter to Albuquerque Police Department for further investigation based on the facts listed herein and NMSA 30-16-8 Embezzlement.

Facts set fourth above present reasonable cause to believe that the Subject also violated **Personnel Rules and Regulations (Code of Conduct §301.12)** which states:

   Employees are responsible for preventing loss, damage, abuse, misuse or theft of City property or property entrusted to the City including, but not limited to: artifacts, vehicles, equipment, tools, supplies and City records. All City property should be used only for City Business. [City property may not be used for personal gain or profit.] (emphasis added)

**RECOMMENDATION**

As required by ordinance, the Director of OIAI has referred this matter to Albuquerque Police Department for further criminal investigation. This matter should also be reviewed for potential personnel action by the City’s Legal and Human Resources Departments.

**RESPONSE FROM CAO**

“The Administration agrees that the referral to APD was proper. The Subject left employment with the City on September 4, 2009. Since he is no longer employed by the City, no discipline can be implemented and therefore referral for action to the Human Resources would not be possible. The Legal Department will evaluate whether it can undertake a civil action against the subject without jeopardizing the criminal investigation.”
2. **DMD DID NOT FOLLOW PROCEDURES IN THE DISPOSAL OF SALVAGE MATERIALS.**

   **Administrative Instruction No. 6-2 (Revised): Control of Fixed Assets and Disposition of Surplus Property and Salvage** states:

   Salvage is defined as a non-fixed asset item with a salvage value, which has been taken out of service, such as scrap metal which retains a market value.

   All property having been declared as surplus or salvage will be placed under the physical control of the Purchasing Division, Internal Services Section for disposition. It is the responsibility of the department turning in the property to physically move the items declared surplus or salvage to the designated surplus holding area by making an appointment to do so with the Purchasing Division, Internal Services Section.

   Recycled material (scrap material which retains a salvage value) will be sold through a competitive process determined by the Purchasing officer.

In OIAI’s interview with the DFAS, Purchasing Division, Warehouse Supervisor, (WS), Traffic had not been turning in scrap metal for over three years. The WS stated that there are written policies and procedures regarding the disposal of salvageable material (scrap metal), (Ordinance §5-5-16: Disposition of City-Owned Surplus, Salvage and Scrap Property and Administrative Instruction No. 6-2 (Revised): Control of Fixed assets and Disposition of Surplus Property and Salvage). In 2007, the WS contacted Traffic and had a meeting with the Subject. According to the WS, the Subject stated that if Traffic would have to pay the Solid Waste Management Department (SWMD) for dumpsters, Traffic was not going to have SWMD haul off the salvage material.

The Purchasing Division’s designated holding area for salvage material is about 300 yards from the Traffic yard. The WS stated that he offered the Subject a key to the Purchasing holding area gate so that Traffic could drop off the salvaged property at their convenience and thus eliminate SWMD from the process. Per the WS, the Subject basically said he was going to do it the Subject’s way.

OIAI asked the WS if he pursued the matter any further. The WS stated that he informed his former Internal Services supervisor (retired), but the WS does not believe the Internal Services supervisor pursued the matter any further. Apparently, the Internal Services supervisor did not pursue the matter and did not take the issue to the DMD director.

OIAI interviewed employee 1 (E1), a former City Traffic manager (retired) who supervised the Subject. According to the E1, he was approached by the Subject who told the E1 that
SWMD “made a mess” every time they picked up the dumpsters. On top of the mess, the Subject said Traffic was not making any money, but was paying SWMD $300 a month. According to the E1, the E1 contacted the director of DMD (retired), and spoke to the director of DMD about the problem and possibly having a different company pick up the material and opening a separate City account for Traffic. According to what the E1 was told, opening a new account required City Council approval.

During OIAI’s interview of the E1, the E1 provided the following information: the Subject called different recycling companies. The Subject told the E1 that Traffic would not get much money, maybe $50, because material would have to be separated. Per the Subject, the amount of money needed to dispose of material was more than trying to recycle it. The Subject informed the E1 that Company A could haul the salvage material at no charge to the City. The Subject called SWMD and informed them Traffic found a company that would pick up the salvage material for free and asked SWMD if SWMD would be willing to do the same. SWMD said no. The E1 told the Subject to cancel the dumpsters with SWMD and have Company A do it. Service with SWMD stopped in late December 2005. The E1 stated that he told the Subject that Traffic could not take any money for the salvage material from Company A.

Per the E1, the Subject chose Company A and the Subject was the sole contact for the disposal of the material. The E1 understood that Traffic never received any money for the material, but was saving $300 a month by eliminating SWMD from the process.

OIAI interviewed three supervisors that reported to the Subject and asked them if they knew what the process was for disposing of salvage property. All three responded no. OIAI asked the E1 the same question, he stated that he knew furniture and big items had to go through the Purchasing Division.

**RECOMMENDATION**

DMD should:

- Ensure that all divisions are disposing of City Property as stated in Administrative Instruction 6-2 and City Ordinance §5-5-16.

- Ensure that employees in supervisory and management positions are aware of the procedures for disposal of salvage material, including waste material with a salvage value, and require employees to sign off acknowledging that they understand proper procedures.
The Purchasing Division of DFAS should have notified the DMD director that Traffic was not turning over salvaged material to the Purchasing Divisions holding area for auction.

RESPONSE FROM DMD

“DMD agrees that the policies and procedures contained in the Administrative Instructions and City Ordinances with respect to salvage or surplus property should be followed and will disseminate information regarding those procedures to all employees that deal with surplus/salvage materials and will have those employees sign off acknowledging the receipt of the information.

DMD will coordinate with Purchasing to ensure that the appropriate information is disseminated before the end of the fiscal year.”

RESPONSE FROM DFAS

“DFAS concurs with the recommendation. As mentioned in the report, Warehouse staff became aware of the potential situation and had a meeting with the Subject, advising of proper procedure regarding disposition of surplus and salvage property. The Warehouse Supervisor advised his internal services supervisor of the situation. It appears this may have been at or about the time the internal services supervisor was retiring from the City and the information had not been conveyed to a higher authority. The Warehouse is diligent in their responsibility regarding the administration of Surplus/Salvage property disposition. They currently have identified Property Liaison Disposal Officers assigned by the respective department directors. They network with and train these liaisons in proper procedures for disposition of surplus and salvage property as required by the Public Purchases Ordinance and Administrative Instruction.

“Emphasis on notification of violation will be reiterated with the Warehouse staff in order to mitigate reoccurrence of this type or similar situation in the future.”
3. **LACK OF CONTROLS TO PROTECT CITY ASSETS.**

(Note: Administrative Instruction was revised in 2008, but since the message boards were likely received by the City in 2004, this historical administrative instruction applies.)

**Administration Instruction No. 6-4: Capitalization of Fixed Assets** states:

Public-sector managers (department/division managers) must maintain adequate control over all assets to minimize the risk of loss or misuse.

It is the policy of the City to charge all disbursements in amounts of more than $1000 per item for furniture and equipment to the capital outlay expenditure amounts. These items are assigned a city tag number(s) by Property Accounting with identifying numbers and are capitalized by Accounting as fixed assets.

**Personnel Rules and Regulations (Code of Conduct §301.12)** states:

Employees are responsible for preventing loss, damage, abuse, misuse or theft of City property or property entrusted to the City including, but not limited to: artifacts, vehicles, equipment, tools, supplies and City records. All City property should be used only for City Business. City property may not be used for personal gain or profit.

During the investigation process and in interviewing Traffic employees, OIAI determined there was a lack of internal controls in the fixed asset inventory process. In interviewing the E1, he stated there were message boards that had no property tags affixed and that these would “just appear at Traffic overnight”. These message boards were never logged into the fixed asset inventory list.

The E1 stated that the reason for not knowing about all the message boards was because sometimes when there was a big project, message boards would be purchased by the contractor. When the project was completed, the message boards would be turned over to Traffic by the contractor.
The Supervising Engineer of the Transportation Division (SE) during 2004-2007 stated he had located two contracts where message boards were bought as part of the contract. One in 2000-2001 where four message boards were bought and another in 2004 where six message boards were bought and handed over to Traffic. The contracts show that it would cost less to purchase the message boards than to rent them. The SE stated there are no written procedures or no notice of receipt for the transfer of the message boards. The SE believes the message boards were dropped off and not properly tagged or put on the fixed asset inventory listing.

OIAI received a memo from the 2004 project manager who confirmed that six message boards numbered one thru six were purchased as stated in the contract (See Note #29 of the traffic control portion of the plan set, P#5894.91 in OIAI’s workpapers). According to project manager, at the completion of the project, two message boards were used on another project and the other four were picked up by the Subject and a Traffic employee. The message boards sold to Company B were labeled with decals 1,2,3,4 and 6.

By not adding the message boards to the inventory and not properly tagging them, DMD was unaware of the actual number of message boards Traffic had; and therefore, did not even know the message boards were missing. The accounting records of the City does not reflect if all the message boards were turned over. This may have occurred on several contracts.

OIAI contacted the current Traffic Manager (TM) and gave him the manufacturer name and serial numbers of three of the five message boards OIAI had determined were sold by the Subject to Company B. OIAI asked the TM if he could determine if these message boards were on any old or current fixed asset inventory listing. The TM had a supervisor check on these specific serial numbers. No record of them was found.

OIAI also asked the TM to check for a concrete saw that was sold to Company C. The supervisor did not find any record of the concrete saw or any current or historical fixed asset inventory list. He recalled, not as part of any written record, that the concrete saw had been “salvaged out”.

Due to the lack of controls, City property was not safeguarded and was sold in violation of City policies. Because the City did not properly record the assets, it did not know of the existence of the assets sold by the Subject.

RECOMMENDATIONS

DMD should ensure that department/division managers maintain adequate control over all assets to minimize the risk of loss or misuse.
DMD should implement written policies and procedures for contracts where equipment from a project, that is to be turned over to the City, is properly tagged and put on the fixed asset inventory list.

DMD should review the other divisions of DMD to ensure proper controls are in place and fixed asset inventory lists are maintained.

**RESPONSE FROM DMD**

“**DMD agrees with OIAI’s recommendations. DMD will adopt and implement written policies to transfer capital assets acquired through construction contracts to the fixed asset inventory list. The policy will be adopted and implemented by the end of this fiscal year.**”

4. **LACK OF ENFORCEMENT BY PROPERTY ACCOUNTING LIAISON.**

**Administrative Instruction No. 6-3: Establishment of Property Liaison and Property Accounting Procedures** states:

The purpose of this instruction is to establish a Property Accounting Liaison in each department or division for the proper control of fixed asset inventories. Each department director will determine, based on organizational needs, whether liaisons will be on a department or division basis.

The responsibility of the property accounting liaison is to see that property control procedures are adequately followed within the department/division and that periodic property inventories are carried out.

According to the E1, contractors dropped off message boards without property tags. The message boards were “in and out so quickly” that the message boards were never put on the inventory list. By not including the message boards on the Traffic fixed asset inventory list, it was easier for the Subject to sell the message boards without the City’s knowledge.

DMD has one department property accounting liaison and no division property accounting liaisons. The department property accounting liaison did not enforce procedures at the division level for fixed assets as stated in the Administrative Instruction. Procedures were not followed on the transfer of message boards to Traffic. The department lacked periodic fixed asset inventories. A property accounting liaison at the division level would help ensure that property control procedures are in place and may have deterred the Subject from selling the message boards without the City’s knowledge.
Based on the lack of enforcement of the Administrative Instruction, there may be other unrecorded fixed assets.

RECOMMENDATIONS

DMD should appoint a property accounting liaison at the Traffic Engineering Division to ensure that the Administrative Instruction is applied.

DMD should evaluate the other divisions of the department to determine if property accounting liaisons are needed in those divisions.

RESPONSE FROM DMD

“A permanent property accounting liaison for the Department and for the Traffic Engineering Division will be appointed. The other Divisions are being evaluated to determine whether property accounting liaisons are warranted.”

CONCLUSION

According to City Ordinance § 2-10-7 ROA 1994: Accountability in Government, the OIAI director is required to notify the appropriate prosecuting authority of any irregularity that is criminal in nature. This notification was made on February 11, 2010 to the white collar crime division of the Albuquerque Police Department.

This report also includes findings pertaining to internal control and policy violations which contributed to the events set forth in this report.

Employees of Company A, Company B and Company C were cooperative and forthcoming during our investigation.
Company A containers used for recyclable material

Target Pro 65II saw sold to Company C

Message Boards sold to Company B (Total of 5 sold)

EXHIBIT 1
### Detail of Checks paid to the PE from Company A, Company B and Company C

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<td>Mailed to P.O. Box 1293, Alb, NM 87103 (City Mail)</td>
<td>83522</td>
<td>8/17/2006</td>
<td></td>
</tr>
<tr>
<td>8/28/2006</td>
<td>$352.50</td>
<td>Mailed to P.O. Box 1293, Alb, NM 87103 (City Mail)</td>
<td>83522</td>
<td>9/11/2006</td>
<td></td>
</tr>
<tr>
<td>3/30/2007</td>
<td>$546.40</td>
<td>Mailed to P.O. Box 1293, Alb, NM 87103 (City Mail)</td>
<td>83522</td>
<td>4/9/2007</td>
<td></td>
</tr>
<tr>
<td>10/1/2007</td>
<td>$761.65</td>
<td>Mailed to P.O. Box 1293, Alb, NM 87103 (City Mail)</td>
<td>83522</td>
<td>10/16/2007</td>
<td></td>
</tr>
<tr>
<td>7/2/2008</td>
<td>$1,574.25</td>
<td>Mailed to P.O. Box 1293, Alb, NM 87103 (City Mail)</td>
<td>83522</td>
<td>7/2/2008</td>
<td></td>
</tr>
<tr>
<td>3/1/2007</td>
<td>$670.00</td>
<td>Mailed to P.O. Box 1293, Alb, NM 87103 (City Mail)</td>
<td>39784</td>
<td>3/17/2007</td>
<td></td>
</tr>
<tr>
<td>5/10/2007</td>
<td>$1,182.90</td>
<td>Mailed to P.O. Box 1293, Alb, NM 87103 (City Mail)</td>
<td>39784</td>
<td>5/19/2007</td>
<td></td>
</tr>
<tr>
<td>8/28/2006</td>
<td>$120.00</td>
<td>Mailed to P.O. Box 1293, Alb, NM 87103 (City Mail)</td>
<td>Cashed</td>
<td>Cashed</td>
<td></td>
</tr>
<tr>
<td>2/27/2009</td>
<td>$406.25</td>
<td>Mailed to P.O. Box 1293, Alb, NM 87103 (City Mail)</td>
<td>Cashed</td>
<td>Cashed</td>
<td></td>
</tr>
</tbody>
</table>

**Total Amount of Checks** $19,202.16

#### Company B Checks Paid to the PE for sale of City Property

<table>
<thead>
<tr>
<th>Date on Check</th>
<th>Check Amount</th>
<th>Address Mailed To</th>
<th>ACCT #</th>
<th>Date Ending</th>
<th>Date Deposited</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/1/2008</td>
<td>$3,200.00</td>
<td>Check hand delivered</td>
<td>90601</td>
<td>4/9/2008</td>
<td></td>
</tr>
<tr>
<td>4/1/2008</td>
<td>$3,200.00</td>
<td>Check hand delivered</td>
<td>83522</td>
<td>4/10/2008</td>
<td></td>
</tr>
<tr>
<td>4/1/2008</td>
<td>$3,200.00</td>
<td>Check hand delivered</td>
<td>83522</td>
<td>4/10/2008</td>
<td></td>
</tr>
<tr>
<td>12/18/2008</td>
<td>$4,000.00</td>
<td>Check hand delivered</td>
<td>90601</td>
<td>12/20/2008</td>
<td></td>
</tr>
<tr>
<td>9/4/2009</td>
<td>$1,000.00</td>
<td>Check hand delivered</td>
<td>39784</td>
<td>9/5/2009</td>
<td></td>
</tr>
</tbody>
</table>

**Total Amount of Checks** $14,600.00

#### Company C Checks Paid to the PE for sale of City Property

<table>
<thead>
<tr>
<th>Date on Check</th>
<th>Check Amount</th>
<th>Address Mailed To</th>
<th>ACCT #</th>
<th>Date Ending</th>
<th>Date Deposited</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8/2007</td>
<td>$3,500.00</td>
<td>Check hand delivered. Deposit was split</td>
<td>83522</td>
<td>5/10/2007</td>
<td>$2,500.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1,000.00</td>
</tr>
</tbody>
</table>

**Total Amount of Check** $3,500.00

**Total Amount Paid To the PE** $37,302.16

**EXHIBIT 2**