

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Inspector General



December 20, 2007

The Honorable Adrian M. Fenty  
Mayor  
District of Columbia  
1350 Pennsylvania Avenue, N.W.  
Mayor's Correspondence Unit, 2<sup>nd</sup> Floor, Suite 316  
Washington, D.C. 20004

**RE: SIGNIFICANT ACTIVITY REPORT**

Dear Mayor Fenty:

On September 25, 2001, the Office of the Inspector General (OIG) received a complaint from Eugene P. Smith, Director, Internal Audit, District of Columbia Public Schools (DCPS), who reported accounting irregularities pertaining to the New Vistas Public Preparatory Charter School (New Vistas). The charter for New Vistas was revoked on September 6, 2001. Smith, who had the responsibility for closing out New Vistas' financial accounts, accepted responsibility for all of the charter school bank accounts. A joint investigation conducted by Special Agent Kerthalia W. Peavely, OIG, and the Federal Bureau of Investigation, disclosed that Smith, without authority, closed one of the accounts, transferred the funds into a new account, designated himself the sole signatory, and obtained a business check/debit card.

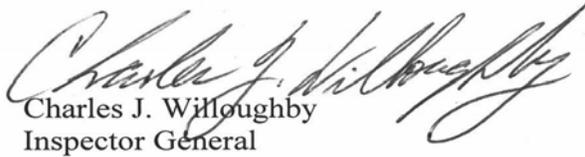
On July 31, 2002, Smith's DCPS employment was terminated due to a Reduction in Force; however, he did not relinquish possession of the debit card. Between April 2003 and July 2003, Smith expended \$46,742.94 in cash as a result of 114 transactions, using the debit card from the New Vistas bank account. Smith closed out a second account, transferred \$109,861 into a new account, and again made himself sole signatory. However, Smith made no withdrawals from this account. The DCPS Office of the General Counsel has initiated efforts to obtain possession of these funds.

On December 10, 2007, U.S. District Court Judge Rosemary M. Collyer, accepted Smith's guilty plea offer on a one-count information violation of 18 U.S.C. § 666 (Theft concerning programs receiving Federal funds). Smith is scheduled for sentencing by Judge Collyer on March 14, 2008.

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This case was prosecuted by Assistant U.S. Attorney Michael K. Atkinson. If you need additional information, please feel free to call me on (202) 727-2540 or Leonard C. Odom, Assistant Inspector General for Investigations, on (202) 727-2995. When calling, please reference OIG Control Number 2003-0336.

Sincerely,

  
Charles J. Willoughby  
Inspector General

CJW/kwp