

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



May 13, 2008

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

RE: SIGNIFICANT ACTIVITY REPORT

Dear Mayor Fenty:

This report is to inform you of the results of an investigation conducted by Special Agent Kerthalia W. Peavely, D.C. Office of the Inspector General (OIG), the Federal Bureau of Investigation, the Internal Revenue Service, and the U.S. Department of Education OIG, concerning Eugene P. Smith, former Director, Internal Audit, District of Columbia Public Schools (DCPS).

On September 6, 2001, the DCPS Board of Education revoked the charter of New Vistas Public Preparatory Charter School (New Vistas). On September 7, 2001, Mr. Smith became responsible for closing the financial accounts for New Vistas and with DCPS approval, became the sole signatory on a BB&T and a Citibank account held in the name of New Vistas. On October 4, 2001, without the approval of DCPS, Mr. Smith closed the original BB&T New Vistas account and transferred the balance of approximately \$518,125.66 into a second New Vistas account he opened at BB&T. Mr. Smith admitted that he was the sole signatory on the second BB&T account and that he also obtained a bank debit card.

Due to a Reduction-In-Force, Mr. Smith's employment with DCPS was terminated on July 31, 2002. The balance in the second BB&T account was approximately \$52,679.90. Mr. Smith did not close the BB&T account or relinquish possession of the associated debit card. Mr. Smith admitted that between April 2003 and July 2003, following his termination from DCPS, he made unauthorized expenditures of approximately \$46,742.94 in cash and incurred fees, resulting in approximately 114 debit card transactions in the State of Maryland and the Commonwealth of Virginia.

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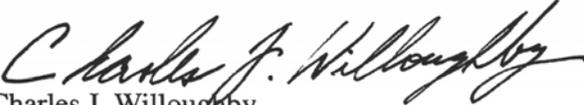
Mr. Smith transferred funds in the amount of \$109,861.86 from the original Citibank account, without DCPS approval, to a second Citibank account. Mr. Smith did not make withdrawals from this account, which was determined inactive by Citibank and escheated to the State of Maryland. These funds were subsequently recovered by this Office from the Comptroller of Maryland and returned to the Office of the Chief Financial Officer on April 19, 2008.

On December 10, 2007, Mr. Smith pled guilty to a one count criminal Information charging him with theft concerning programs receiving federal funds.

On May 7, 2008, the Honorable Rosemary M. Collyer, United States District Court for the District of Columbia, sentenced Mr. Smith to 6 months of imprisonment, 4 months of home detention, 24 months of probation, ordered him to pay \$46,742.94 in restitution (payments of at least \$150 per month) to DCPS, and a \$100 special assessment court fee.

This case was prosecuted by Assistant U.S. Attorney Michael K. Atkinson. If you need additional information, please call me or Alfred Miller, Interim Assistant Inspector General for Investigations, at (202) 727-2540. When calling, please reference OIG Control Number 2003-0336.

Sincerely,


Charles J. Willoughby
Inspector General

CJW/kwp