

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



August 6, 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 by the Federal Bureau of Investigation, the D.C. Office of the Inspector General (OIG), and other agencies concerning the theft of several million dollars, orchestrated by an employee of the Office of the Chief Financial Officer (OCFO).

On July 20, 2007, the OIG joined this investigation when a representative of the Federal Bureau of Investigation advised Special Agent Kerthalia W. Peavely, D.C. Office of the Inspector General of suspicious activity surrounding SunTrust and Bank of America accounts opened by Jayrece E. Turnbull, pertaining to Office of Tax and Revenue (OTR) checks deposited into her accounts. Through the investigation it was determined that former OTR manager Harriette M. Walters had the ability to generate and approve false vouchers used to request property tax refunds. Refunds were generated and refund checks were issued and made payable to numerous shell companies controlled by Ms. Turnbull, who was subsequently identified as Ms. Walters' niece. Ms. Walters assisted Ms. Turnbull in her use of numerous SunTrust and Bank of America accounts to launder and distribute the proceeds of the fraud to co-conspirators in Maryland, the District of Columbia and Virginia. This scheme, which was initiated by Ms. Walters and dates back to 1989 or earlier, has resulted in a potential loss to the District of Columbia of nearly \$50 million. Ms. Walters, Ms. Turnbull, OTR tax specialist Diane S. Gustus, Ms. Walters' brother, Richard J. Walters, and Ms. Walters' nephew, Ricardo R. Walters, were arrested on November 7, 2007.

On May 2, 2008, Ricardo R. Walters pled guilty to Possession of Stolen Property and Conspiracy to Commit Money Laundering. On July 23, 2008, U.S. District Court Judge Alexander Williams, Jr., sentenced Mr. Walters to 6½ years of imprisonment and 3 years of supervised release; forfeiture of \$272,000 and two automobiles; and ordered him to pay \$4.2 million in restitution.

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This case was prosecuted by Assistant U.S. Attorneys Timothy G. Lynch and David S. Johnson, from the U.S. Attorney's Office for the District of Columbia, and Assistant U.S. Attorneys Jonathan Su and Deborah Johnston, from the U.S. Attorney's Office for the District of Maryland. If you need additional information, please feel free to call me or Alfred Miller, Interim Assistant Inspector General for Investigations, at (202) 727-2540. When calling, please reference OIG Control Number 2007-0460.

Sincerely,



Charles J. Willoughby
Inspector General

CJW/kwp