

Investigative Report

Austin Water Employees Used Their Positions to Benefit an Employee's Plumbing Business

October 2019



Two Austin Water Pipeline Technicians, Rodney King, Jr. and Eric Ramirez, used their City positions to benefit King's plumbing business.

King abused his position by asking his coworkers to refer Austin Water customers to his plumbing business. Ramirez referred a customer to King, who did plumbing work at the customer's property in October 2018. King also misused his City vehicle by driving to his bank to deposit the customer's check.

In addition, Ramirez recommended King's services to Austin Water customers several times, including in October 2018.

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Cover: Aerial view of downtown Austin, iStock.com/RoschetzkyStockPhoto

Allegation

In December 2018, the Office of the City Auditor received an allegation that an Austin Water employee recommended the services of a specific plumber after inspecting a water leak on an elderly Austin Water customer’s property. This recommendation occurred in October 2018. According to the informant, the recommended plumber, who introduced himself as “Rodney King,” arrived at the customer’s property later that day and gave them a business card. King repaired the leak and charged the customer \$450. The informant voiced concern that King had taken advantage of the customer.

Background

Austin Water, a City-run utility, aims to “provide safe, reliable, high-quality, sustainable, and affordable water services.” Rodney King, Jr. and Eric Ramirez are Austin Water Pipeline Technician Associates in the utility’s Water Meter Operations division, where they are known as “service coordinators.” Their primary duties include “respond[ing] to citizen questions, concerns, and complaints” and “inspect[ing] water distribution and wastewater collection systems.” Other than repairing damage they may have caused to a customer’s cut-off valve, Austin Water service coordinators are not permitted to fix water problems on a customer’s property.

In addition to his City duties, King had a plumbing business called Shade Tree Plumbing.

Investigation Results Summary

We found evidence that two Austin Water Pipeline Technicians, Rodney King, Jr. and Eric Ramirez, used their City positions to benefit King's plumbing business.

King abused his position by asking his Austin Water coworkers to refer Austin Water customers to him to benefit his private plumbing business. Ramirez referred a customer to King, who did plumbing work at the customer's property in October 2018. King also misused City resources by driving his City vehicle to his bank to deposit the customer's check.

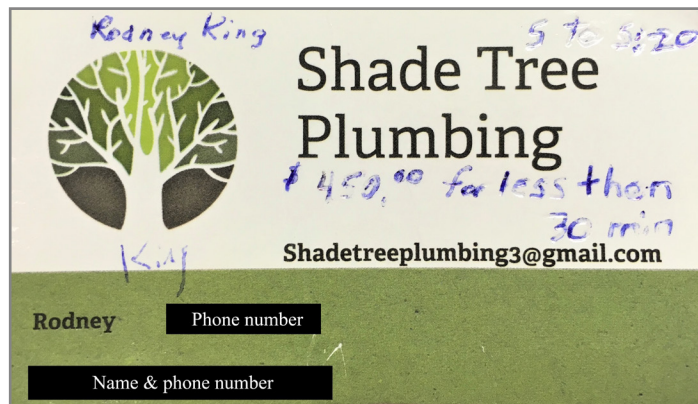
In addition, we found evidence that Ramirez recommended King's services several times to Austin Water customers, including the customer King did plumbing work for in October 2018.

King admitted he spoke to another Austin Water employee about going into business together and included this person's name and phone number on a business card. However, we were unable to confirm this employee's involvement with King's plumbing business.

Finding 1 Abuse, Securing a Special Privilege, and Accepting Employment That Could Impair Judgment

King admitted he had a plumbing business called Shade Tree Plumbing. Yet, King admitted he is not a licensed plumber. King also admitted to making business cards for his plumbing business. He later claimed he printed just one card at his home to "test it out" (see Exhibit 1 below).

Exhibit 1: King's Business Card



SOURCE: Office of the City Auditor, March 2019

King Abused his Position and Secured a Special Privilege for Himself

During their shifts, King and his Austin Water coworkers regularly speak to one another on the phone about work. We found evidence that King, during a 2018 conference call with his coworkers, asked them to refer Austin Water customers to him for plumbing work. We also found evidence that King received several referrals from his coworker, Ramirez,

“Abuse means the use of a City office, employment, contract, or other position with the City to obtain personal gain or favor from a citizen or other City employee or vendor.”

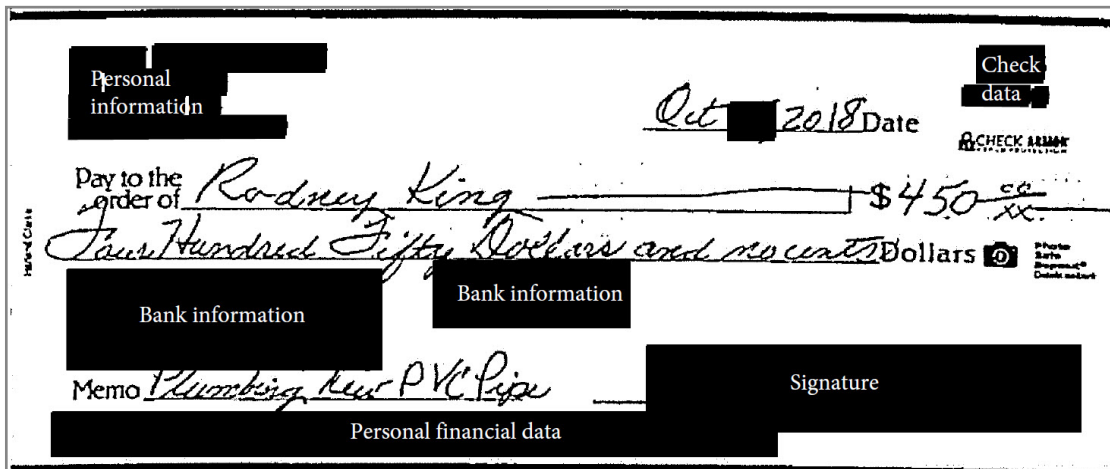
City Code §2-3-5(A)(1)

See *Investigation Criteria* for details.

and completed the October 2018 plumbing work following one of Ramirez’s referrals.

In October 2018, while on duty, King learned from Ramirez that an Austin Water customer needed some plumbing work. King admitted he went to the Austin Water customer’s property after his shift ended and repaired their water leak. As the customer noted on King’s business card, the work took less than thirty minutes, and King charged the customer \$450. The customer paid with a check made out to King personally, which King requested (see Exhibit 2 below).

Exhibit 2: Austin Water Customer’s Check (front)



SOURCE: Customer’s financial institution, March 2019

“No City official or employee shall solicit or accept other employment to be performed or compensation to be received while still a City official or employee, if the employment or compensation could reasonably be expected to impair independence in judgment or performance of City duties.”

City Code §2-7-62(H)(1)

See *Investigation Criteria* for details.

In interviews, King denied asking for and receiving referrals from his Austin Water coworkers. King claimed he “overheard” details about the customer’s water leak while speaking with his coworkers over the phone and over his City-issued radio. As noted in Finding 2, below, Ramirez admitted making an appointment on King’s behalf for this customer in October 2018. Ramirez also admitted that he referred Austin Water customers to King’s plumbing business on five or six occasions.

King Accepted Employment That Could Impair His Judgment

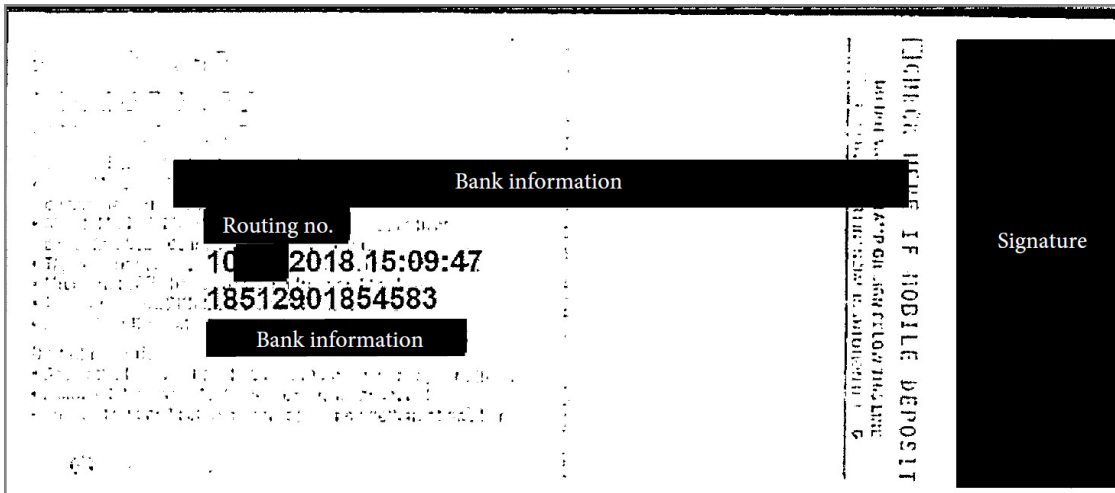
King denied performing other plumbing jobs for Austin Water customers. Referring to the October 2018 job, King admitted knowing that providing plumbing work to Austin Water customers “would jeopardize [his] job.” King said he knew he was “not allowed to do plumbing jobs” for secondary employment. He explained, “Given the fact that I work with water, [...] plumbing is not allowed ‘cause that’s against the City ethics.”

Though department policy requires employees to disclose secondary employment to their supervisors, King did not disclose his secondary employment with Shade Tree Plumbing to his supervisor at the time. According to the supervisor, this kind of work would be a “conflict of interest,” and his employees should have known it was not permitted because they have attended ethics training provided by the City and Austin Water.

King Misused a City Vehicle

The day after he fixed the leak at the Austin Water customer's property, King drove his City truck to his bank to deposit the customer's check (see Exhibit 3 below). When interviewed, King admitted doing so while he was still on duty. King added that while at the bank, he made several deposits on his wife's behalf in addition to his plumbing customer's check. King denied using his City vehicle to complete other trips related to his business or run personal errands on any other occasions.

Exhibit 3: Austin Water Customer's Check (back)



SOURCE: Customer's financial institution, March 2019

King's conduct appears to violate the following criteria:

- City Code §2-7-62(O): Standards of Conduct – Abuse
- City Code §2-3-5(A)(1): Powers and Duties – Abuse
- City Code §2-7-62(I): Standards of Conduct – Special Privilege
- City Code §2-7-62(H)(1): Standards of Conduct – Soliciting/Accepting Employment That Could Impair Judgment
- City Code §2-7-62(J): Standards of Conduct – Misuse of City Resources
- City Personnel Policies (I)(G): Use of City Resources

Finding 2

Securing a Special Privilege for Another Employee

“A salaried City official or employee may not use [...] the employee’s official position [...] to secure a special privilege or exemption for another person [...].”

City Code §2-7-62(I)

See Investigation Criteria for details.

In October 2018, Ramirez responded to a service call regarding a water leak on the property of an elderly Austin Water customer. Ramirez informed the customer that the leak was their responsibility and suggested they call a plumber to make the necessary repairs.

We found evidence that after the customer asked Ramirez for recommendations, Ramirez called King and arranged for King to repair the leak. As noted above, King arrived later the same day and repaired the customer’s water line.

Ramirez admitted making an appointment on King’s behalf for the Austin Water customer in October 2018.

Additionally, Ramirez admitted referring other Austin Water customers to King’s plumbing business on five or six occasions. Ramirez specified that he made specific recommendations only with customers who were “in distress,” especially elderly customers. Ramirez admitted that he knew this practice was against the rules, stating, “we’re not supposed to recommend anybody.” He added that he never received payment from King for any of his referrals.

Ramirez’s former supervisor confirmed that Ramirez should not have recommended a specific plumber. The former supervisor noted that the practice would create a “conflict of interest” because one company would be favored over others. Instead, service coordinators are supposed to tell customers to contact a local non-profit that offers home repair services. The former supervisor also said his employees should have known not to make referrals to specific companies because his work group had discussed the issue in recent months.

Ramirez’s conduct appears to violate the following criteria:

- City Code §2-7-62(I): Standards of Conduct – Special Privilege

Additional Observation

Though a third Austin Water employee’s name and phone number were listed on the Shade Tree Plumbing business card along with King’s, we were unable to confirm this employee’s involvement with the plumbing business.

Appendix A - Subject Response - King

To Whom it May Concern,

I'm writing this to let you know that I made a terrible decision and I regret it. I went out a performed plumbing on a property owner's house after duty. I was on the phone with the technician when he was called out this the location due to a leak. That's how I heard she had a leak. So after work I went out to the house and asked if she needed some assistants with a leak. She told she did, so I dug it up and fixed the issue. After I finished I told her the price and if she was satisfied with the price, and she was satisfied and paid me with a check. I gave her a card and left.

I told you that to tell you this. I did that due to being in financial issues due to being in a car accident. I needed money so I thought that I could do that to help my family to get out of this family debt I was in. After I helped that lady I told my wife that I could do anymore due to not putting my job on the line. So I wife went out and got a second job.

I do know I did wrong and I understand that I need to be punished but begging that I could still keep my job. I love my job and I do my best to help answer the property owners questions and make the publics opinion of Austin Water a better experience. The public have called in and sent e-mails about how well I am at my job. I don't do it for the praise I do it for the love of my job.

Thank You

Appendix B - Office of City Auditor's Response to Subject Response - King

We have reviewed King's response. We believe our findings stand.

Appendix C - Subject Response - Ramirez

Salas, Keith

From: Ramirez, Eric
Sent: Tuesday, October 15, 2019 4:56 PM
To: Yamma, Michael
Cc: Salas, Keith
Subject: RE: Auditor Response Due Today at 5 pm

To whom it may concern,

After reading the report findings states I “admitted” to calling and arranging a meeting on Mr. King’s behalf in October 2018. I never admitted to that accusation, nor did that ever take place. Mr. King also admitted to over hearing my conversation with the customer (as other coworkers and I are always on conference calls for long periods of times) and hearing the information over the radio... I always try to go above and beyond for the customers with issues and try to get them resolved as customers are usually very upset when we pull up onsite. I do understand my position with the City of Austin and know that the few times I recommended Mr. King for repair services was absolutely wrong.

I was once was confided in by Mr. king when he informed me that he and his wife were facing tough economic times. As well, that if I came across anyone who needed repair services to pass along his contact information. I would never try to get over on a customer as they are our main focus in my line of work. That in fact is as far as I went as, passing along contact information, and not “setting up” an appointment on behalf of Mr. King. What I should have done is referred Mr. King to the great benefits we have as employees of the City of Austin. In reference to the customers seeking aid, I should have referred them to call 311 for any information on getting information for plumbing services.

Appendix D - Office of City Auditor's Response to Subject Response - Ramirez

In an interview with our office, Ramirez initially denied referring Austin Water customers to King. After taking a break, Ramirez was more forthcoming about his actions. The audio recording of the interview includes the following exchange, where Ramirez admits to arranging for King to work at the Austin Water customer's home:

City Auditor Employee: "So to confirm, you did recommend that Rodney go out there and do plumbing work, and you made the call to Rodney to set that up for the same day?"

Ramirez: "Yeah."

Based on the above and our review of Ramirez's written response, we believe our findings stand.

Appendix E - Management Response



City of Austin | Austin Water
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AustinWater.org

MEMORANDUM

To: Brian Molloy, Chief of Investigations, Office of the Auditor
From: Greg Meszaros, Director, Austin Water
Date: October 30, 2019
Subject: Draft Investigation Report (IN19005)

A handwritten signature in blue ink, appearing to read "Greg Meszaros".

Austin Water (AW) is in receipt of the draft investigation report regarding two AW Pipeline Technicians, Rodney King, Jr. & Eric Ramirez, who were determined to have violated multiple City Codes and misused City Resources. The Human Resources Services Division (HRSD) will collaborate with AW management, the Human Resource Department (HRD) & Legal counsel to review the report and CAIU findings and will then determine the appropriate next steps in this matter. Our response will include a comprehensive review of similar situations and their outcomes as documented by HRD as well as considerations of focused training to that specific work group.

Thank you, and please contact me if you need additional information or updates.

cc: Sherri Hampton, AW Assistant Director Employee Development Services

Investigation Criteria

Finding 1

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(A)(1) – Powers and Duties

Abuse means the use of a City office, employment, contract, or other position with the City to obtain personal gain or favor from a citizen or other City employee or vendor.

City Code §2-7-62(I) – Standards of Conduct

A salaried City official or employee may not use the official's or the employee's official position to secure a special privilege or exemption for the official or the employee, to secure a special privilege or exemption for another person, to harm another person, or to secure confidential information for a purpose other than official responsibilities.

City Code §2-7-62(H)(1) – Standards of Conduct

No City official or employee shall solicit or accept other employment to be performed or compensation to be received while still a City official or employee, if the employment or compensation could reasonably be expected to impair independence in judgment or performance of City duties.

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.

City Personnel Policies (I)(G) – Use of City Resources

Employees are prohibited from using City facilities, equipment, supplies, employee time, or any other City resource for personal use, except to the extent that such resources are available to the public. [...]

Finding 2

City Code §2-7-62(I) – Standards of Conduct

A salaried City official or employee may not use the official's or the employee's official position to secure a special privilege or exemption for the official or the employee, to secure a special privilege or exemption for another person, to harm another person, or to secure confidential information for a purpose other than official responsibilities.

Methodology

We took the following steps during this investigation:

- interviewed the informant and department personnel;
- reviewed City and department records;
- obtained evidence from the Austin Water customer;
- conducted background research; and
- interviewed the subjects.

CAIU Investigative Standards

Investigations by the Office of the City Auditor are considered non-audit projects under the Government Auditing Standards and are conducted in accordance with the ethics and general standards (Chapters 1-3), procedures recommended by the Association of Certified Fraud Examiners (ACFE), and the ACFE Fraud Examiner's Manual. Investigations conducted 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 the subjects and the Department Director on the results of this investigation. Please find attached these responses in Appendices A, C, and E.

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.

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