

6/2/14

RE: Timecard/Pension Fraud

Dear Mayor Goodman,

My name is Steve Hodges and I have worked for the City of Las Vegas in the Finance department for the last 7 years. Similar to your position, being hired by the city into Finance meant being fiscally responsible for taxpayer money, a responsibility I take very seriously. I started in 2007 as a Financial Analyst II and quickly worked my way up to Sr. Financial Analyst by the end of 2009. As you recall these were very difficult times for the city and since that time my division has seen a 55% reduction in analyst/lead staffing.

On February 27th, 2012 I was given the additional responsibility of supervising the cities payroll. Almost immediately after taking over, in April 2012, I discovered potential fraud that was occurring in Leisure Services. An employee had been putting 3 hours of callback overtime (PERsable) on his timecard almost everyday with the same generic explanation. This employee had never had PERsable income above \$70k a year in his prior 20+ years of service with the city. However, if this callback overtime were allowed to continue, his retirement would then be based on \$130k a year vs. \$70k yearly (nearly doubling his retirement).

I immediately reported this potential fraud to my direct supervisor as well as Human Resources. Human Resources began an investigation and in June 2012 scheduled a meeting with all key parties including the Deputy Leisure Services Director and this employee's manager. I was also in attendance along with the Human Resources Director. I have written documentation of these events including an email from Human Resources to Leisure Services which directly credits Finance for the finding.

Despite the meeting and Human Resources firm recommendation to correct the problem, the callback overtime continued on a daily basis. I continued to provide reporting to my boss, my boss's boss, as well as HR but had no luck in solving the problem. This abuse was appalling to all of us in payroll and after making countless efforts to resolve I took the issue directly the City Manager's office, specifically [REDACTED]

After explaining the problem to [REDACTED] and showing him the reporting, [REDACTED] told me "this is why we have executives." In other words, mind your own business and look the other way. I was the one who was made to feel like I was committing fraud rather than trying to prevent it. Not only was I dumbfounded and feeling deflated, but so was my entire payroll team who were equally trying to be responsible fiscal stewards.

My only option left was to take the issue to Internal Audit and have them perform an investigation. I met with [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] in their conference room. I explained the issue to them, showed them the reporting I had been providing and all the avenues I pursued to get resolved. They agreed to look into the

issue and released their audit findings 5/14/14, almost exactly 2 years after the problem was discovered.

On page 15 of the audit (Attachment #1) it states "Finance employees should be encouraged to question departments on any irregularities noted." This statement was in direct reference to [REDACTED] telling me "this is why we have executives" nearly two years earlier and taking no action to stop the fraud.

On 5/15/14, the day after the audit was released; I was fired in retaliation by [REDACTED] and [REDACTED] despite exceptional performance reviews and no history of disciplinary action. On 5/17/14, the results of the audit were published by the Las Vegas Review Journal (Attachment #2).

[REDACTED]

This is important because what the city is now trying to do is use this vulnerability in my life against me and try to exonerate themselves of any wrong doing or liability for my firing on 5/15/14. They are offering me 3 months severance and 9 months of insurance for my wife in exchange for not suing them. Given the totality of the events, this is not only outrageous and appalling, but frankly cruel, immoral, and inhumane. There is no value you can put on the lasting effect this is going to have on myself, my wife, and my family.

The events that have transpired are far from the image we want portrayed of city employees/management. Also, the internal message that is sent that if you uncover unethical/fraudulent behavior you will be fired is in direct conflict with the values, integrity, and transparency we pledge to the public we will uphold. It is not my intention to go public, but rather to correct a mistake that was made and the devastating consequences that are associated.

I am asking for your help in returning me to my job so I can continue to perform the level of service the citizens of Las Vegas demand and expect. Despite being told on 5/15/14 that I was fired, I still am officially employed by the City of Las Vegas and I am receiving a paycheck, although I am not physically at work. It is my understanding that the fear of a lawsuit is what is keeping the city from officially terminating me which is

why they have engaged in the disgraceful and shameless act of trying to exploit my vulnerability with my wife's health and disability.

I have included my contact information below and I would welcome the opportunity to discuss the events that have transpired in more detail. I would also appreciate an acknowledgement of receipt in either the form of an email or telephone call. I think you can understand based on the events that have transpired, things are not always transparent at the city. I want to ensure that the publicly elected decision makers have full knowledge of all events and are given the opportunity to right a wrong.

Thank you for your time and review of my request. I can't express enough how much this means to my wife and I and our quest to find hope in a cure for her illness.

Sincerely,

Handwritten signature of Steve Hodges, consisting of a stylized 'S' and 'H'.

Steve Hodges

