



OFFICE OF THE LEGISLATIVE AUDITOR

State of Minnesota • James Nobles, Legislative Auditor

Date: June 10, 2009

To: Members of the Legislative Audit Commission
Members of the Metro Gang Strike Force Advisory Board
Captain Chris Omodt, Commander
Metro Gang Strike Force
Michael Campion, Commissioner
Minnesota Department of Public Safety

From: Jim Nobles
Legislative Auditor

Subject: Vehicles Seized by the Metro Gang Strike Force

On May 20, the Office of the Legislative Auditor (OLA) issued a report on the Metro Gang Strike Force. In a finding concerning vehicles, we said:

The strike force's vehicle seizure process lacked fundamental internal controls. The strike force did not have accurate records to show the location of seized and forfeited vehicles. Although the strike force had a contract for towing and impound services, strike force investigators sometimes had the cars towed to other law enforcement impound lots. The strike force's vehicle tracking report was not always consistent with the information contained in the criminal case files about where a vehicle was actually towed.

We specifically cited the fact that the strike force could not account for 14 vehicles seized or forfeited between August 2005 and October 2008.

On May 27, 2009, the Ramsey County Sheriff announced that his officers had located the 14 vehicles. After reviewing documents provided to us by the sheriff's office, we decided a follow-up inquiry by OLA was needed.

Scope of OLA's Follow-up Inquiry. As with our original review, OLA's principal concern was to determine whether the strike force properly secured and processed seized and forfeited vehicles. Our primary focus, as with our original review, was on supporting documentation

contemporaneous to the strike force's action, not physically locating vehicles. Physically locating vehicles has some value, but it does not address whether vehicles were appropriately handled by the strike force.

We were particularly interested in following up on a statement made by the Ramsey County Sheriff's Office in a memorandum dated May 28, 2009, which said: "3 [strike force] vehicles were turned over to Cars With Heart and then sold to private individuals." We focused on this statement in part because, during OLA's review, the strike force officer who managed seized and forfeited vehicles did not disclose that vehicles had been provided to Cars With Heart.

Vehicles "Sold" to Cars With Heart. During our follow-up inquiry, we learned that in 2006, an officer from the strike force approached Cars With Heart about buying 80 to 100 vehicles seized by the strike force. While known for facilitating contributions to charitable nonprofit organizations based on car donations, Cars With Heart is a private for-profit used car business. And, according to representatives of Cars With Heart, its arrangement with the Metro Gang Strike Force did not involve an agreement to make contributions to charitable nonprofit organizations. Representatives of Cars With Heart characterized their arrangement with the strike force as a "bid and buy" transaction, which resulted in Cars With Heart acquiring 29 vehicles.¹

Based on a review of the limited documents that were available, as well as interviews with representatives of Cars With Heart and a strike force officer initially involved in arranging the purchase, we found the following:

- There was no formal bid solicitation process. Initially, 80 to 100 vehicles were potentially going to be involved in the transaction. But, according to representatives of Cars With Heart, they ultimately received 29 vehicles, and some of those had not been identified in the original selection process.
- The purchase was finalized as a "handshake" agreement; again, there was no formal, written agreement. The parties to the agreement remember the "bid" amount (or purchase price) was going to be between \$5,000 and \$6,000. However, there is no documentation to support this amount.
- The strike force never billed Cars With Heart for the vehicles, and no payment has been made to the strike force (although representatives from Cars With Heart told us that they would willingly have made the payment if they had received a bill).

¹ Cars With Heart also acquired a wood chipper and stump grinder, items seized by the strike force but not eligible for administrative forfeiture.

- Not all of the vehicles “sold” to Cars With Heart had been properly forfeited. Of the 29 vehicles sold to Cars With Heart, 19 had not been properly forfeited. Of the 19 not properly forfeited, 11 were subsequently sold, 6 were scrapped, and 2 remain in inventory. In one instance involving a vehicle that had not been properly forfeited, the owner came to Cars With Heart to retrieve his vehicle. However, because the vehicle had been sold, the previous owner sued Cars With Heart and the Metro Gang Strike Force in conciliation court. He won a judgment of \$2,390, which Cars With Heart paid. In another instance, Cars With Heart sold a vehicle (a Corvette) that was subsequently resold to a private party, but title issues took a year and a half to resolve.

We did not find evidence that Cars With Heart acted improperly in dealing with the Metro Gang Strike Force, and representatives of Cars With Heart cooperated fully with OLA.

Vehicles Stored at Twin Cities Transport and Recovery. The Metro Gang Strike Force contracted with Twin Cities Transport and Recovery for towing and storage of seized vehicles. Although we had previously contacted Twin Cities Transport and Recovery during our original review, we went back to obtain additional information. We learned the following:

- The strike force did not provide Twin Cities Transport and Recovery with accurate instructions for properly disposing of vehicles. According to representatives of Twin Cities Transport and Recovery, regardless of the vehicles’ status (seized or forfeited), the strike force would only notify the transport company to “release the vehicle.” The transport company took this to mean that it would follow its normal process to legally notify the owner (i.e. the person from whom the vehicle was seized) and instruct the person how to recover the vehicle. If after a certain amount of time elapsed and the owner did not respond, the transport company became the owner of the vehicle. However, we identified five vehicles the transport company disposed of that had been properly forfeited and were, therefore, the property of the strike force. Of these five vehicles, three were sold to new owners, one was returned to the owner from whom it was seized, and one was scrapped. The strike force did not receive any compensation for the five vehicles.
- Despite repeated invoices, the strike force has not paid the transport company since September 2008. As of May 31, 2009, the strike force owes Twin Cities Transport and Recovery \$9,878 in towing and storage fees.

We did not find evidence that Twin Cities Transport and Recovery acted improperly in dealing with the Metro Gang Strike Force, and representatives of Twin Cities Transport and Recovery cooperated fully with OLA.

Legislative Audit Commission and Others
Vehicles Seized by the Metro Gang Strike Force
June 10, 2009
Page 4 of 4

The additional information we obtained during our follow-up inquiries reinforces the concern noted in our May 20 report: The Metro Gang Strike Force managed seized and forfeited vehicles without adequate controls, authorizations, and documentation.

Cc: Cars With Heart
Twin Cities Transport and Recovery