

CITY OF PHILADELPHIA PENNSYLVANIA

OFFICE OF THE CONTROLLER

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FORENSIC INVESTIGATION REPORT

OFFICE OF THE PHILADELPHIA SHERIFF

OCTOBER 2011



City Controller
ALAN BUTKOVITZ



CITY OF PHILADELPHIA

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ALAN BUTKOVITZ
City Controller

October 24, 2011

Zane David Memeger, U.S. Attorney
615 Chestnut St.
Philadelphia, PA 19106

Dear Mr. Memeger:

Enclosed for your further investigation is the City Controller's Forensic Investigative report of the Philadelphia Sheriff's Office performed by Deloitte Financial Advisory Services LLP.

If you have further questions or need additional information, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Alan Butkovitz'.

ALAN BUTKOVITZ
City Controller

AB/dkt

Enclosure: As stated



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October 24, 2011

PRIVATE & CONFIDENTIAL

Mr. Alan Butkovitz
Office of the Controller
1230 Municipal Services Building
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102

Re: Forensic Investigation of the Philadelphia Sheriff's Office

Dear Mr. Butkovitz:

Attached is the Deloitte Financial Advisory Services LLP report of the results of our forensic investigation of the Office of the Sheriff. We conducted our investigation pursuant to the Provider Agreement (Contract Number 1120448) by and between the City of Philadelphia (the "City"), by and through the City Controller's Office (the "Department") and Deloitte Financial Advisory Services LLP ("Deloitte FAS").

Our procedures were performed in accordance with the American Institute of Certified Public Accountants' ("AICPA") Statement on Standards for Consulting Services. Our procedures did not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls, or other attestation or review services in accordance with standards established by the AICPA, the Public Company Accounting Oversight Board or other regulatory body. The sufficiency of the procedures is the responsibility of the City and the Department. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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Our analyses and observations are based upon information provided to Deloitte FAS as of the date of this report. It is possible that additional information may become available following the date of our report and, if so, our analysis and observations could be affected by such information.

We are happy to discuss any questions at your convenience.

Very truly yours,

A handwritten signature in black ink, appearing to read "Louis R. Pichini".

Louis R. Pichini
Director
Forensic & Dispute Services
Deloitte Financial Advisory Services LLP

**Deloitte Financial Advisory Services LLP
Forensic Investigation Report
Office of the Philadelphia Sheriff
October 24, 2011**

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I. BACKGROUND

The Philadelphia City Controller issued an Audit Report of the Sheriff's Office on October 25, 2010. The report examined the financial affairs and operations of the Sheriff's Office for fiscal years 2007 to 2009. The City Controller's report expressed concerns about the potential for errors and irregularities with respect to millions of dollars in custodial funds held by the Sheriff's Office. The City Controller found the Sheriff's Office had poor control procedures which provided "ample opportunity to misappropriate and conceal a theft of funds." Based on the results of the audit and the Sheriff's Office apparent intentional failure to cooperate with City auditors, the City Controller concluded that the Sheriff's Office was "highly at risk for fraud" and that a "forensic audit team" should be retained to further investigate.

The City Controller's Office retained Deloitte Financial Advisory Services LLP (Deloitte FAS) to conduct the forensic audit of the Sheriff's Office custodial accounts, and to identify and quantify any abnormal financial activity.¹ We began our investigation at the end of February, 2011. Our investigation initially focused on the period July 1, 2006 through June 30, 2009, and expanded to include transactions occurring before 2006 and after 2009.

The Sheriff's Office was created by Article 9, Section 4 of the Pennsylvania Constitution and established as a part of the Philadelphia city-county government through the adoption of the Home Rule Charter of 1951. The Sheriff is the highest elected law enforcement office of the City. John D. Green was the Sheriff for the City of Philadelphia from 1988 through the end of 2010 when he retired; the financial transactions we investigated occurred during his time as Sheriff.

The Sheriff's Office has four main duties:

- Prisoner transportation to and from Philadelphia courtrooms;
- Courtroom security for Municipal and Common Pleas Courts;
- Serving and executing writs and warrants, and enforcing injunctions; and

¹ The services Deloitte FAS performed are consulting services in accordance with the American Institute of Certified Public Accountants (AICPA) Standards for Consulting Services and do not constitute an engagement to provide audit, compilation, review or attest services as described in the pronouncements on professional standards issued by the AICPA. Deloitte FAS performed the forensic investigation consistent with the AICPA consulting services guidelines titled "Fraud Investigations in Litigation and Dispute Resolution Services."

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- Conducting real and personal property sales and collecting and disbursing fees and funds related to these activities.

The custodial funds questioned in the City Controller's audit resided predominantly in accounts related to Sheriff's sales of real property. As a result, our investigation focused on real estate property sales and the collection and distribution of the funds and fees connected with Sheriff's sales.

The Sheriff conducted mortgage foreclosure, tax lien and delinquent tax sales. Mortgage foreclosure sales were the most frequent. From 2006 through 2010, the Sheriff's Office conducted over 61,500 property sales with sales declining each year. The Real Estate Division of the Sheriff's Office is responsible for conducting the sales, and processing and authorizing disbursements for them.

The real estate properties sold at Sheriff's sales are identified on a per property basis by a book/writ number.

Reach Communication Specialists Inc. (Reach) provided advertising services to the Philadelphia Sheriff's Office for Sheriff's sales for over twenty years, ending in January 2011. James R. Davis, Jr. and James Cassell were the original owners of Reach. Mr. Cassell died in April, 2005. Reach was located at 1514 Spruce Street, Philadelphia, Pa., during our inspection period.²

RCS Searchers Inc. (RCS) is a title insurance company which provided distribution title insurance, settlement closing services, "sweep" account services, and deed related services to the Sheriff's Office. James R. Davis, Jr. and James Cassell were also the owners of RCS. RCS was located one floor above the Sheriff's Office at 100 South Broad Street, Philadelphia, Pa., during our inspection period.

Sheriffsale.com is a website owned by James R. Davis, Jr. Reach charged the Sheriff's Office to post properties to be sold at Sheriff's sales on the website. Reach also charged users to enter the website. Reach identified bidders for Sheriff's sale properties through the website and represented bidders at Sheriff's sales, for which it charged fees.

² Reach Communication Specialists Inc. identifies itself as "RCS" in its letterhead. Since Mr. Davis also owned RCS Searchers Inc., which also identifies itself as "RCS," we refer to the advertising company as "Reach" throughout the report to avoid confusion when referring to these companies.

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Phillysheriff.com was the unofficial website of the Sheriff's Office. Reach charged the Sheriff's Office to post properties to be sold at Sheriff's sales on the website. Reach designed, operated, maintained and currently owns the website.

Reach and RCS, collectively Reach/RCS was the largest vendor of the Sheriff's Office from 2001 through 2010. The Sheriff's Office paid Reach/RCS **\$206,110,116** for years 2005 through 2010 for advertising services, settlement "pass-through" disbursements, related services, and fees.

Crystal Stewart worked in and was the Director of the Real Estate Division of the Sheriff's Office during the inspection period. Sheriff Green hired and promoted Ms. Stewart in the Real Estate Division. Crystal Stewart is the sister of James R. Davis, Jr., the owner of Reach and RCS.

Darrell Stewart held various positions in the Sheriff's Office, including Supervisor of the Real Estate Division and Undersheriff. Sheriff Green placed Mr. Stewart in the Real Estate Division. Mr. Stewart is Mr. Davis' brother-in-law and is married to Crystal Stewart.

Tyrone Bynum was the Director of Finance and Compliance in the Sheriff's Office during our inspection period. Sheriff Green hired Mr. Bynum for that position in 2002. Mr. Bynum had responsibility for the Accounting Division of the Sheriff's Office.

Barbara Deeley held positions as Chief of Staff from 1995 until March 2010 when she became Deputy Sheriff in the Sheriff's Office; she became Acting Sheriff in January, 2011 and presently holds that position.

At the beginning of January, 2011, following the release of the City Controller's Report, Crystal Stewart and Tyrone Bynum were given notices of termination from service and Darrell Stewart was reassigned to Traffic Court. RCS and Reach services were terminated.

We had access to financial and other records of the Sheriff's Office, which were unorganized and stored in several different locations. The RCS and Reach invoices we analyzed were provided at different times over several weeks, thereby making the analysis and invoice scheduling lengthier and more complicated

Our investigation did not include access to the RCS and Reach documents nor were we able to interview Mr. Davis. Counsel for Mr. Davis advised that Mr. Davis would not meet with us.

Crystal Stewart and Mr. Bynum did not return our calls requesting interviews. We were also unable to gain access to existing email accounts of present and former Sheriff's employees.

Sheriff Green made himself available for an interview, the results of which are set forth in the report. The Sheriff provided few details about the operation of the Real Estate Division of his Office and Reach/RCS. The Sheriff told us: he did not recall who made the decision to select Reach and RCS as vendors; he did not know what role James R. Davis, Jr. had in RCS and initially said he did not know what role Mr. Davis had in Reach; he had "no idea" of the amount of advertising expenses his Office paid; he did not know if RCS had a contract with the Sheriff's Office, but suspected that they did; he said that Reach never had an advertising contract; he did not initially know what services RCS performed other than computer services, but after a telephone call with someone whose identity he would not disclose, he said RCS also provided settlement services; he was generally aware RCS performed other services, but did not know what they were; and he did not know much how Reach and RCS were paid for their services. The Sheriff explained that as the head of the Office he did not see certain things and there was so much going on.

II. REACH/RCS SUSPECT or QUESTIONABLE ACTIVITY

Activity	Details
<p>Original of February 27, 2003 letter agreement between Reach and the Sheriff's Office stating 15% standard commission to be paid by advertising mediums.</p>	<p>Signatory for Sheriff's Office states the signature on letter agreement is not hers, she did not sign it, and that she did not authorize any one to sign her name;</p> <p>No apparent review of Reach letter agreement by City Law Department as required by Section 4-400(C) Home Rule Charter;</p> <p>Sheriff's Office pays the 15% commission not the advertising mediums as stated in Reach letter agreement;</p> <p>Reach letter agreement found by Deloitte in Sheriff's Office files during forensic investigation in 2011, but Sheriff's Office did not provide to the City Controller during audit in 2010.</p>

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Activity	Details
<p>Original of February 27, 2003 letter agreement between Reach and the Sheriff's Office stating 15% standard commission to be paid by advertising mediums, plus one line per writ in three newspapers for production costs.</p>	<p>Sheriff Green in April 1999 response to City Controller's report said Sheriff's Office would enter into a contract with advertising vendor with clearly defined terms;</p> <p>Sheriff Green in January 2003 memo said Sheriff's Office will have written contracts for all current and future consulting and professional services;</p> <p>Sheriff Green in 2005 newspaper article purportedly said there was a February 2003 Reach letter agreement contract with 15% commission paid by the media;</p> <p>Sheriff Green in 2011 interview with Deloitte said that there never was a Reach advertising contract.</p>
<p>Copy of February 27, 2003 letter agreement between Reach and Sheriff's Office with same purported signatures and identical language as original except compensation paragraph is different;</p> <p>Reach compensation clause of 15% standard commission paid by advertising mediums is removed;</p> <p>Inserted is compensation based on a 2.9 lines per writ, plus one line to cover production costs, in one newspaper;</p> <p>The copy of the February 27, 2003 letter agreement states that the Sheriff agrees to pay RCS for services.</p>	<p>Signatory for Sheriff's Office states the signature is not hers, she did not sign it, and that she did not authorize any one to sign her name;</p> <p>Deloitte search extensively through Sheriff's Office files, but could not locate the changed copy;</p> <p>Copy provided to the Sheriff's Office in January 2011 by Counsel for Reach/James Davis Jr. contending that contract requires Sheriff to use Reach for advertising services; and</p> <p>Sheriff Green in 2011 interview with Deloitte said there never was a Reach advertising contract.</p>

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Activity	Details
<p>Overcharges based on original of February 27, 2003 letter agreement between Reach and the Sheriff's Office stating 15% standard commission to be paid by advertising mediums;</p> <p>Reach appears to overcharge the Sheriff's Office \$5,272,599 in advertising charges from 2005 through 2010; overcharges represent 14% of the Reach invoices. submitted to the Sheriff's Office.</p>	<p>Apparent overcharges include:</p> <p>\$2,916,580 for websites;</p> <p>\$1,214,388 for excess production costs; and</p> <p>\$1,141,630 for handbill production.</p>
<p>Overcharges based on copy of February 27, 2003 letter agreement between Reach and Sheriff's Office which deletes 15 % standard commission and computes compensation based on:</p> <p>2.9 lines per writ plus one line to cover production costs in one newspaper;</p> <p>Reach appears to overcharge the Sheriff's Office \$9,453,492 in advertising charges from 2005 through 2010; overcharges represent 24.5% of the Reach invoices. submitted to the Sheriff's Office.</p>	<p>Apparent Overcharges included:</p> <p>\$4,723,173 comprising 15% commissions paid by the Sheriff 's Office;</p> <p>\$2,916,580 for websites;</p> <p>\$672,109 for excess production costs; and</p> <p>\$1,141,630 for handbill production.</p>
<p>Reach's apparent failure to remit \$1,142,376 to the Legal Intelligencer, Philadelphia Tribune and Philadelphia Inquirer/Daily News following Reach's termination in January 2011.</p>	<p>These monies were remitted to Reach by the Sheriff's office for payment to the advertisers and did not belong to Reach. The newspapers presented unpaid aged invoices and/or accounts receivable records totaling \$1,142,376.</p>
<p>Reach apparently overcharged the Sheriff's Office \$310,217 in excess of the amounts charged by the Philadelphia Inquirer/Daily News to Reach from 2008 through 2010.</p>	<p>Invoices from the Philadelphia Inquirer/Daily News submitted to Reach for Sheriff Sale advertisements from 2008 through 2010 were compared to corresponding invoices submitted by Reach to the Sheriff's Office.</p>

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Activity	Details
<p>RCS/Reach billed the Sheriff's Office for excess charges totaling \$3,670,928 from 2005 through 2010.</p>	<p>Since RCS/Reach had the same access to case account balances as Sheriff's Office employees, they should have known insufficient funds existed in the account case ledgers to pay excess charges invoiced;</p> <p>Sheriff's Office employees reduced excess charges when discovered and did not pay them.</p>
<p>Did RCS deliver all "pass through" monies to third parties?</p> <p>Settlement distributions \$115,462,038 - 2005 through 2010;</p> <p>"Sweep services" of old accounts Over \$9M collected.</p>	<p>Philadelphia Gas Works ("PGW") contends that \$616,728.81 was not paid in utility bills for at least 273 Sheriff's sale properties in 2010;</p> <p>We tested ten sale properties of the 273 totaling \$26,112.70 in purported unpaid PGW liabilities.</p> <p>Analysis shows that the Sheriff's Office paid RCS \$26,112.70 in "pass through" monies for all ten properties; RCS was to pay these monies to PGW;</p> <p>PGW contends that they did not receive any payments from RCS for the ten tested properties except for \$966.19 on one tested property with an outstanding liability of \$3,280.99.</p> <p style="text-align: center;">---</p> <p>Reach's apparent failure to pay Philadelphia newspapers \$1,142,376 after receiving payment from the Sheriff's Office.</p> <p style="text-align: center;">---</p> <p>The Sheriff did not enter into settlement services contract with RCS and did not negotiate a right to audit RCS books to ensure that RCS properly distributed all "pass through" monies.</p>

Activity	Details
<p>Did RCS deliver all “pass through” monies to third parties?</p> <p>Settlement distributions \$115,462,038 - 2005 through 2010;</p> <p>“Sweep services” of old accounts Over \$9M collected.</p>	<p>According to a contract dated November 3, 2006, RCS is to maintain a digital database of payments; records, if in existence, were not made available by RCS to Deloitte and there is no evidence that the Sheriff's Office reviewed RCS records.</p>
<p>How much of \$9M in sweep monies did RCS keep as payment for sweep services?</p> <p>No available payment records.</p>	<p>RCS was to be paid \$55 per property out of Sheriff's fees, commission, or liability payments from 2006 through 2009 and \$125 per property thereafter based on a contract dated April 3, 2009.</p> <p>Sheriff's Office provided no records of how much RCS retained of the \$9M for their services or where their fees were taken from.</p> <p>Deloitte did not have access to RCS records.</p>

III. FINDINGS

FORMER SHERIFF JOHN D. GREEN

1. John D. Green was the Philadelphia Sheriff during the inspection period of our forensic investigation. As set forth in this report, Sheriff Green permitted Reach/RCS, its largest vendor, to exert control over the operations of the Real Estate Division of the Sheriff's Office.
2. Sheriff Green did not enter into vendor contracts for some significant services; the contracts his Office did execute were apparently not in compliance with the terms of the Home Rule Charter, were not readily accessible for public review, and were not internally circulated and made known within the Sheriff's Office. The deficiencies in the contracting process weakened the Sheriff's Office ability to determine the accuracy and

legitimacy of vendor invoices, particularly those of the Office's largest vendor Reach/RCS. The lack of review of contracts by the City Law Department made the City vulnerable to lawsuits such as those recently filed by media organizations against the Sheriff's Office.

3. RCS and Reach received millions of dollars in fees that were paid from monies generated by Sheriff's sales and ultimately borne by the foreclosed homeowner or judgment creditors. Because the defaulting homeowner had to pay advertising expenses as a condition to reinstate or fully satisfy the mortgage, reducing advertising costs could increase the chance of "amiable" resolution of foreclosure action without homeowner eviction.
4. The importance of minimizing advertising expenses so advertising costs did not "become an obstacle to a homeowner preventing the sale through the reinstatement of the mortgage"³ was recognized by the Board of Judges of the Philadelphia Common Pleas Court, the Philadelphia Bar Association, the Mortgage Foreclosure Committee, and others and resulted in amending Rule 3129.2(b)(1) in March 2006 to shorten the description of the home required for publication purposes.
5. Sheriff Green and his Office did not exercise oversight of the RCS and Reach invoices and did not minimize advertising costs and other expenses. Under Sheriff Green's tenure, there were few internal controls relating to RCS and Reach, their invoices, and their fees.
6. We did not find evidence of a contract between the Sheriff's Office and RCS which identified the settlement and related services RCS provided and the fees they charged. Sheriff's employees did not know how much RCS was to be compensated for their settlement services, thereby hampering effective controls over RCS fees.
7. Sheriff Green placed Crystal Stewart and Darrell Stewart, the sister and brother-in-law of the owner of Reach and RCS, in positions where they issued payment requests for Reach and RCS invoices and then approved the check payments to the companies. Ms. Stewart sometimes received checks from the Sheriff's Office on behalf of Reach and RCS
8. From 2005 to 2010, RCS received **\$12,173,657** from the Sheriff's Office for numerous settlement and related services.

³ Explanatory Comment to amended Philadelphia Civil Rule 3129.2(b)(1). (Exhibit 26)

9. From 2005 through 2010, RCS provided settlement services for over 55,000 foreclosure sales and received **\$115,462,038** in “pass-through” monies that RCS was to distribute to third parties. There is no evidence that the Sheriff instituted procedures to audit or examine RCS records to test that RCS timely and properly distributed settlement monies to third parties. These procedures could have been included in a contract along with the identification of services to be performed and compensation for the services. There is no evidence the Sheriff instituted similar controls and audit procedures for the over **\$9,000,000** in “sweep” account monies that RCS received and was to distribute to third parties.
10. The Sheriff used third parties referred to as “finders,” to locate evicted homeowners entitled to excess proceeds on the sale of their homes, but whose whereabouts were apparently unknown to the Sheriff's Office. These “finders” charged commissions of 30% to 35% of the evicted homeowner's excess proceeds. State law limits finder's commissions to 15% when the unclaimed funds are in the possession of the State; this limitation is not applicable to funds in the City's possession. Following the retirement of Sheriff Green, the Sheriff's Office instituted procedures to limit the finder's fee to 15%.
11. According to interviews with members of the Sheriff's Office, including the Acting Sheriff, one did not question or challenge Sheriff Green about his decisions or management of the Office out of fear of being terminated. We asked the Acting Sheriff and other senior Sheriff's Office employees why they did not question the Sheriff about the involvement of Reach/RCS and James Davis, Jr. in the operations of the Sheriff's Office. The Acting Sheriff's answer, which was typical of the responses we received, was “at will” employees like herself, who did not have civil service protection, were concerned about losing their jobs if they challenged the Sheriff; those that had civil service protection did not ask questions out of concern of getting reassigned to an undesirable position within the Office.
12. We asked the Acting Sheriff why she was not more involved in the operations of the Office. She said that she was excluded from the financial operations of the Office and her primary role was Public Liaison. Sheriff Green had Crystal and Darrell Stewart, and Tyrone Bynum handle the financial operations associated with Sheriff's sales and she was kept “out of the loop.” According to Ms. Deeley, Mr. Bynum did not disclose any financial details to her, and when she tried to supervise him, he told her that he reported directly to the Sheriff.

INTERRELATIONSHIP: REACH/RCS and SHERIFF'S OFFICE

13. Reach/RCS was the largest vendor of the Sheriff's Office from 2001 through 2010.
14. James R. Davis Jr. and Reach/RCS were interconnected with Sheriff Green and his Office to the extent that members of the Sheriff's Office, including the Acting Sheriff, described RCS as "controlling" and "running" the Real Estate Division of the Sheriff's Office; Sheriff's employees "worked for RCS and Jim Davis"; and the Sheriff's Office was a "subsidiary of RCS."
15. Crystal and Darrell Stewart are the sister and brother-in-law of James R. Davis, Jr., the owner of Reach/RCS. Mr. and Mrs. Stewart were at various times in charge of the Real Estate Division of the Sheriff's Office and approved Reach/RCS invoices. Crystal Stewart not only approved the Reach/RCS invoices for payment, but sometimes received them on behalf of Reach/RCS. Crystal and Darrell Stewart instructed and "pushed" Sheriff's employees to pay RCS and Reach invoices quickly. With few exceptions, invoices of other vendors did not receive the same treatment. The Acting Sheriff acknowledged the conflict in having Crystal and Darrell Stewart involved in the financial transactions of Reach/RCS and James Davis, considering their family relationships and the ownership of Reach/RCS by Mr. Davis.
16. Another sister of Mr. Davis, Karen Coursey, also worked in the Real Estate Division of the Sheriff's Office as an RCS employee and had invoice approval authority. Mr. Davis' daughter, Jessica Diaz, also worked in the Sheriff's Office as an RCS employee and had full access to the Sheriff's financial information, much like a full-time employee of the Sheriff's Office would.
17. Sheriff Green was quoted in a Philadelphia Daily News article dated November 18, 2005 as describing Mr. Davis as a member of his "inner circle." Mr. Davis was involved in the operations of the Sheriff's Office to the extent that he, the largest outside vendor of the Sheriff's Office, helped write the Sheriff's Office response to the City Controller's 2010 audit report, according to the Acting Sheriff who signed the response.
18. Reach/RCS and the Sheriff's Office were interconnected through Sheriff John Green's political campaigns. James Cassell, the late co-owner of Reach is named as Treasurer on six of Sheriff Green's campaign reports from 2002 to 2003 which he purportedly signed. Reach is listed as a \$30,000 creditor of the Sheriff's reelection campaign on a campus finance report dated June 14, 2007. As of December 31, 2010, the debt remained unpaid.

19. Sheriff Green initially told us in a recent interview that he did not know if Mr. Davis owned Reach and RCS. The Sheriff said he knew that Mr. Davis was involved in Reach and RCS since he had seen Mr. Davis in the Sheriff's Office regarding work done by the two companies, but the Sheriff was not aware of Mr. Davis' position in Reach or RCS or the specifics of the relationship.
20. We asked Sheriff Green about his relationship with Mr. Davis. After advising us that they were friends, we asked how long the relationship existed and were told thirty years. We asked Sheriff Green if he ever asked Mr. Davis about his role in Reach and RCS; we were told that the Sheriff did not know. We asked if the subject ever came up in conversation. Sheriff Green said he never asked Mr. Davis about his position in RCS and was not sure about it. Later in the interview, Sheriff Green told us that James Cassel and Mr. Davis were principles in Reach.
21. The interrelationship between the Sheriff's Office and RCS culminated in RCS taking control of the Sheriff's Office computerized accounting system shortly before the release of the City Controller's audit report in September 2010. RCS placed all of the Sheriff's Office records on the RCS server. The control ended in January 2011 when RCS was terminated following the release of the City Controller's Audit Report. At that point, the Sheriff's Office lacked direct access to four months of its own records and were unable to write checks from their own bank accounts because the Sheriff had yielded possession of its computerized financial records to its largest vendor, Reach/RCS. The Sheriff's Office also lacked access to Phillysheriff.com, the Office's unofficial website, since that website was owned and under the control of Reach.

Pennsylvania Public Official and Employee Ethics Act

22. Section 1103 of the Pennsylvania Ethics Act states that "(n)o public official or public employee shall engage in conduct that constitutes a conflict of interest." One of the definitions of a conflict under 1102 includes:

"Conflict or conflict of interest. Use by a public official or public employee of the authority of his office or employment or any confidential information received through his holding public office or employment for the private pecuniary benefit of himself, a member of his immediate family or a business with which he or a member of his immediate family is associated."
23. A member of the immediate family includes a brother or sister under Section 1102.

24. The definition of being associated with a business under Section 1102 is as follows:

“Business with which he is associated. Any business in which the person or a member of the person's immediate family is a director, officer, owner, employee or has a financial interest.”

25. With respect to Sections 1102 and 1103, our investigation has shown: Crystal Stewart was an employee of the Sheriff's Office and Director of its Real Estate Division; her brother, James R. Davis, Jr., is the owner of Reach and RCS; Reach and RCS were involved in numerous business transactions with the Sheriff's Office as set forth in this report; Ms. Stewart was involved in those transactions as Director of the Real Estate Division of the Sheriff's Office by approving invoices of Reach and RCS on behalf of the Sheriff's Office, issuing Requests for Disbursement to the Accounting Division for payment of the Reach and RCS invoices, and sometimes receiving the Sheriff's Office check payments to Reach and RCS on behalf of the companies.

The Philadelphia Ethics Code

26. Section 20-607(a) of the Philadelphia Ethics Code related to Conflicts of Interest states that:

“...no member of Council, or other City officer or employee shall be financially interested in any legislation including ordinances and resolutions, award, contract, lease, case, claim, decision, decree or judgment made by him in his official capacity, or by any board or body of which he is a member nor shall any financial interest be held by a parent, spouse, child, brother, sister or like relative-in-law, or by any person, firm, partnership, corporation, business association, trustee or straw party for his or her benefit; nor shall a member of Council or other City officer or employee be a purchaser at any sale or vendor at any purchase made by him in his official capacity.”

27. Section 20-607 covers a relative-in-law in addition to a sister.
28. The facts set forth in paragraph 24 above with respect to Crystal Stewart and the State Ethics Code are applicable with to Section 20-607 of the City Ethics Code.
29. With respect to Section 20-607 and Darrell Stewart, our investigation has shown: Darrell is the husband of Crystal and the brother-in-law of James R. Davis, Jr.; during the time of

his marriage to Crystal, Darrell was a City employee in the Sheriff's Office and the Director of the Real Estate Division prior to Crystal becoming Director; Darrell later became the Undersheriff; while married to Crystal and a City employee at the Sheriff's Office, Darrell approved Reach and RCS invoices on behalf of the Sheriff's Office and issued Requests for Disbursement to the Accounting Division of the Sheriff's Office for payment of the Reach and RCS invoices.

CONTRACTS

30. We discovered in the Sheriff's Office files a signed original letter agreement between the Sheriff's Office and Reach for advertising services, and signed original letter agreements between the Sheriff's Office and RCS for title distribution insurance, "sweep account" services, and deed preparation services. We also found letter agreements between the Sheriff's Office and other title companies for title distribution insurance and letter agreements with other companies for deed preparation services.
31. It appears that Sheriff Green did not enter into vendor contracts for settlement closing services with RCS and other title insurance companies.
32. None of the letter agreement contracts appear to have been prepared or reviewed by the City's Law Department as required by Section 4-400(C) of the Home Rule Charter.
33. The letter agreements do not appear on a registry as required by the Home Rule Charter. The letter agreements do not appear to have been available for public inspection nor did the Sheriff's Office provide them to the City Controller during the recent audit. A memo from Sheriff Green dated January 23, 2003 stated that written agreements and contracts "will be kept in the Sheriff's Office for public inspection."

LACK OF COOPERATION/SHERIFF'S OFFICE

34. The Sheriff's Office did not provide vendor and other information to City auditors even though that information was specifically requested. In its October 2010 Audit Report, the City Controller found the Sheriff's Office to be "unresponsive" during the Controller's Audit for fiscal years 2007 to 2009, and the Sheriff's Office production of information "quite inadequate." One of the reasons the City Controller sought a forensic investigation was his position that the Sheriff's Office was intentionally withholding information.

35. Tyrone Bynum was the senior representative for the Sheriff's Office in dealing with the audit. The City Controller's auditors told us that Mr. Bynum was uncooperative in providing information and was unavailable during the course of the audit. For instance, the auditors asked Tyrone Bynum for copies of all signed contracts between the Sheriff's Office and Reach/RCS during its audit. None were provided by Mr. Bynum even though he had purportedly signed or received copies of several letter agreements. The Acting Sheriff advised us that Mr. Bynum and Sheriff Green were the people in the Sheriff's Office who had knowledge of and were involved in the execution of contracts during Sheriff Green's tenure.
36. The City Controller's auditors repeatedly asked Crystal Stewart for identification of all services provided by title insurance companies to the Sheriff's Office and the fees for all the services provided. Ms. Stewart was either unresponsive to the requests or when she did respond, she provided limited information.
37. The Sheriff's Office response to the City Controller's 2010 Audit Report contended that the Office had in fact cooperated. The transmittal cover letter for that response was signed by the Acting Sheriff who also publically and affirmatively asserted that the Sheriff's Office had cooperated during the audit. We asked the Acting Sheriff why she signed the letter and sent the response, and if she still contends that the Sheriff's Office had been cooperative with the City Controller. She said that if she knew then what she knows now, she would not have signed the cover letter and sent the response.
38. The Acting Sheriff said that in signing the response letter and taking the position she did, she relied on people who she now knows were not telling her the truth, Mr. Bynum and James Davis. She took her direction from them. Mr. Bynum told her that the audit was wrong and racially motivated, and insisted that he had cooperated with the auditors and gave them the information they requested. She said she did not know the facts because she had been excluded from receiving financial and contract information. Following the transfer of Mr. Stewart to Traffic Court, the termination of Crystal Stewart, Mr. Bynum, RCS and Mr. Davis, and her retention of a new Chief Deputy for Finance and Accountability and outside forensic accountants, she said she has learned what was really going on. She believed Mr. Bynum when he said he had cooperated, but now realizes that he was not providing records and other information to the auditors. Mr. Bynum and Mr. Davis wrote the Sheriff's Office response to the City Controller, which Mr. Davis wanted more aggressive than what was finally sent. Based on what she's learned since January, she knows that response was not truthful.

39. The Acting Sheriff also said she signed the Sheriff's Office response because she wanted to retain her job and be the next Sheriff.
40. Our document search of Sheriff's Office files made available to us by the Acting Sheriff identified letter contracts with Reach, RCS and others, several with Mr. Bynum's purported signature, which were found in the files taken from Mr. Bynum's office. None of the letter agreements were provided to the City Controller by Mr. Bynum or any other Sheriff's employee. In addition to making the documents available for inspection and review, the Acting Sheriff directed the Sheriff's Office employees and outside accountants to cooperate with us in our investigation.

REACH ADVERTISING/LETTER AGREEMENTS

41. There are two signed letter agreement contracts between the Sheriff's Office and Reach for advertising expenses. One is an original contract we discovered in the Sheriff's files. The second is a copy provided to the Sheriff's Office by counsel for James R. Davis, Jr. and Reach in January, 2011 following the issuance of the City Controller's Audit Report and Reach's termination.
42. The two contracts have the same cover date, February 25, 2003, the same date of execution, February 27, 2003, and are identical in content, including typographical errors, except for one paragraph dealing with the compensation Reach was to receive. The original contract states that Reach **"agrees to accept as compensation the 15 percent standard commission paid by advertising mediums** along with one line per writ added only in the line count of the three major newspapers to cover production costs."⁴
43. The copy of the letter agreement provided by counsel for Reach/Mr. Davis deletes the 15 percent standard commission language and the reference to the commission being paid by the advertising mediums. Instead, the copy states that the **Sheriff agrees to pay RCS** and substitutes the following to explain Reach's compensation:
 - a. "The addition of two (2) lines to Sheriff's Sale writs in only one of three major newspapers to cover the cost of the necessary spacing between each individual advertised writ, the Sheriff's Sale heading

⁴ A "line per writ" charge refers to the cost charged by the advertiser for the placement of one line worth of details used to describe the property being advertised for Sheriff's sale. The total line per writ count is a summation of each line of detail produced for the purposes of fully describing the property being advertised for Sheriff's sale

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- that runs across each advertising page and to offset any administrative fee.
- b. The addition of .9 lines to cover the cost of advertising the cost of the conditions of the Sheriff's sales; plus one (1) line to cover production costs."
44. Neither letter agreement states that the Sheriff's Office is to pay the 15% commission to Reach. The original letter agreement states the 15% standard commission is to be paid by the advertising mediums; the copy of the letter agreement makes no mention at all of the 15% commission to Reach.
45. Sheriff Green told us in a recent interview that he understood that it was the news media that paid Reach for advertising commissions and not the Sheriff's Office.
46. Neither letter agreement appears to have been reviewed by the City's Law Department as required under Section 4-400 of the Home Rule Charter.
47. Both contracts have the purported signatures of Janet Pina signing on behalf of the Sheriff's Office and James R. Davis, Jr. for Reach. Ms. Pina, in a recent interview, said that she did not sign either contract, did not authorize anyone to sign her name to the contracts, and did not know who signed the contracts. Ms. Pina also said that she did not understand the contract language that described compensation based on lines per writ.
48. Sheriff Green, in an April 1999 response to a City Controller's report finding that the Sheriff's Office overpaid Reach for advertising expenses, said his Office would follow the recommendation of the City auditors and enter into a written contract with the advertising vendor, which was Reach, "to clearly define billing rates, production fees, and other administrative costs."
49. Sheriff Green in a January 2003 memo stated he was implementing a "new policy" to obtain written agreements or contracts for consulting and professional services. The Sheriff wrote that "these written agreements and /or contacts will formalize verbal agreements now in place."
50. Sheriff Green, in a Philadelphia Daily News article dated November 18, 2005, purportedly told the press that he put in writing a contract with Reach Communications Specialists, Inc. in February 2003 where Reach receives a **"15 percent commission from the media** with which it places the ads." (Emphasis added)

51. Sheriff Green recently told us that: there never was a contract for advertising in the Sheriff's Office; Reach has been providing the advertising since 1990; the only advertising service Reach performs is placing newspaper ads for Sheriff sales; and he has no idea what the amount of advertising expenses are.

REACH APPARENT OVERCHARGES

52. The City Controller found in a 1999 audit report that Reach overcharged the Sheriff's Office for advertising expenses by adding 2.9 lines to the cost of per writ advertising. The City Controller found that the Sheriff's Office overpaid for production costs, did not check the accuracy of documents supporting disbursements, and failed in its duty to safeguard its fiduciary assets. In response, the Sheriff's Office said it would follow the recommendations of the City auditors and "institute a written contract with the advertising vendor to clearly define billing rates, production fees, and other administrative costs." The letter agreement contract between the Sheriff's Office and Reach, discussed above, was not apparently executed until four years later.
53. The Reach invoices we examined, which were paid by the Sheriff's Office, included 15% commission charges, overcharges for advertising production costs, and unauthorized charges according to the terms of both letter agreements, which included costs of maintaining two websites and handbill printing.
54. Reach invoices to the Sheriff's Office for advertising expenses from 2005 through 2010 totaled **\$38,568,022**.
55. For purposes of our analysis of the Reach invoices, we used the **original** February 27, 2003 letter agreement between Reach and the Sheriff's Office with the "15% standard commission paid by advertising mediums" language. We used the **original**, in part, because of the various references to the 15% industry standard commission we came across during our investigation, including that attributed to Sheriff Green in 2005, and because this was the only **original** advertising contract we have between Reach and the Sheriff's Office. For informational purposes, we have included an analysis of the Reach invoices using the **copy** of the February 27, 2003, letter agreement between Reach and the Sheriff's Office. While our computation of overcharges under the **copy** of the February 27, 2003 agreement is greater than the **original**, we rely on our computation pursuant to the **original** for the reasons set forth above.

56. Based on our examination of Reach invoices and a comparison to the terms of the **original** February 27, 2003 letter agreement between Reach and the Sheriff's Office, Reach appears to have overcharged the Sheriff's Office **\$5,272,599** in advertising charges from 2005 to 2010. The apparent overcharges represent **14%** of the advertising monies paid by the Sheriff's Office to Reach from 2005 to 2010.
57. The Reach apparent overcharges totaling **\$5,272,599**, according to a comparison of Reach invoices with the **original** February 27, 2003 letter agreement between Reach and the Sheriff's Office, include **\$2,916,580** for websites, **\$1,214,389** for excess production costs, and **\$1,141,630** for handbill production.⁵
58. Based on our examination of Reach invoices and a comparison to the terms of the **copy** of the February 27, 2003 letter agreement between Reach and the Sheriff's Office, Reach appears to have overcharged the Sheriff's Office **\$9,453,492** in advertising charges from 2005 to 2010. The overcharges represent **24.5%** of the advertising monies paid by the Sheriff's Office to Reach from 2005 to 2010.
59. The Reach apparent overcharges totaling **\$9,453,492**, according to a comparison with the **copy** of the February 27, 2003 letter agreement between Reach and the Sheriff's Office, include **\$4,723,173** for commissions, **\$2,916,580** for websites, **\$672,109** for excess production costs, and **\$1,141,630** for handbill production.
60. The **\$5,272,599** in advertising overcharges computed pursuant to an analysis of the **original** February 27, 2003 agreement between Reach and the Sheriff's Office are separate and distinct from the **\$3,668,745** in excess Reach/RCS charges discussed in the "Internal Control/Excess Charges" section of the report.
61. The Sheriff's Office paid the **\$5,272,599** in advertising overcharges to Reach with monies received at Sheriff's sales. The cost of these overcharges, like the millions of dollars in RCS questionable disbursement expenses discussed below, was ultimately borne by the defaulting homeowner/borrower losing his/her home at Sheriff's sale and other third parties.

⁵ The **original** February 27, 2003 agreement and the results of our interviews, including our interview with Sheriff Green, refer to the news mediums paying the 15% commission. Sheriff Green told us that the newspapers actually paid Reach but could not explain how this worked since the Sheriff's Office paid Reach the commission and not the newspapers. For purposes of our analysis under the original agreement, we did not include the 15% commission as an overcharge. Since the 15% commission was deleted from the **copy** of the February 27, 2003 agreement, the commission is an overcharge under the analysis of the **copy** agreement.

62. Reach charged the Sheriff's Office for advertising in the Legal Intelligencer, Philadelphia Inquirer, Philadelphia Daily News, Philadelphia Tribune, at least ten community newspapers, three radio stations and cable television (Comcast). Reach received a 15% commission on all of the charges to these news organizations from the Sheriff's Office. Local and Pennsylvania Civil Procedure rules require the Sheriff to publish sales only in the Legal Intelligencer and one daily newspaper of general circulation. We did not include in our advertising overcharge calculation any amounts that Reach billed for advertising in newspapers and other media over and above that required by the local and state procedural rules.

Reach Overcharges/Websites

63. Reach charged the Sheriff for the maintenance of two internet websites relating to Sheriff's sales. One was the unofficial website of the Sheriff's Office, www.phillysheriff.com and the other was www.sheriffsale.com. Reach owned and controlled both websites.
64. Neither website was referenced in the "Conditions of Sheriff Sale" accompanying Sheriff's Sale Notices published in any of thirty-six issues of the Legal Intelligencer we examined dated July 2004 through November 2007. Rather, beginning in approximately March 2006, the "Conditions of Sale" directed prospective purchasers to two different websites for information about sale properties since the published descriptions of the properties were shortened to save on advertising costs. This change was pursuant to a Court Order of the Hon. C. Darnell Jones, II in which the Board of Judges amended Rule 3129.2(b)(1). The Legal Intelligencer is the official periodical for publication of all Sheriff sales notices.⁶
65. We also examined Sheriff's Sale Notices in selected issues of the Philadelphia Tribune, Philadelphia Inquirer and the Philadelphia Daily News and did not see any reference to either of Reach's websites. We did find a reference to the unofficial Sheriff's website in a copy of The Star and the Northeast Star, community newspapers.
66. Reach charged the Sheriff to put sales notices on Reach's website and then used the website to attract bidders to the Sheriff's sales, for a fee payable to Reach. Present and former Sheriff's employees advised that Reach used this website to identify potential

⁶ Philadelphia County Court Rule 430.2

bidders for homes sold at Sheriff's sales, represented the bidders at Sheriff's sales, and bid on sales on their behalf.

67. Screenshots taken from Reach's former website, www.sheriffsale.com, showed that it had a "User Agreement" which required a \$10 monthly fee to use the website, a \$25 fee to be an online bidder for Sheriff's sales, and a \$75 processing fee if there was a winning bid. The Reach website advertised that the online bidder would be "represented at the live Sheriff's Sale by an experienced bidder who will actively bid on your behalf." If the experienced bidder submits a winning bid on your behalf, you will be required to pay an additional \$75.00 processing fee." Sheriff's employees told us that RCS was not required to follow the "Conditions of Sheriff Sale" which required the deposit to be made at the time of the sale. Rather, Reach, unlike other buyers, was permitted to make the ten percent deposit the next day at the Sheriff's Office.
68. Reach billed the Sheriff's Office **\$2,916,580** to maintain the two websites from 2005 to 2010. Notwithstanding these costs, the Sheriff's Office did not identify either website in the Sheriff's Conditions of Sale appearing in the Legal Intelligencer. These Conditions explained the procedures of a Sheriff's sale and appeared in the Legal Intelligencer preceding identification of the properties going to sale. The readers of the Legal Intelligencer were referred to two different websites for information about the sales and not the websites the Sheriff's Office paid Reach **\$2,916,580** to maintain.

Reach Overcharges/Production Costs

69. Reach charged **\$3,021,990** for production costs from 2005 through 2010. Since Reach received a 15% commission directly from the Sheriff's Office, there is reason to classify all of the productions costs as overcharges since those costs should have been included in the commission. The Sheriff's Office new advertising contract dated March 1, 2011 with the replacement vendor allows for the industry standard commission of 15% without provision for any productions costs.
70. Assuming that Reach should receive production costs, they still overcharged the Sheriff's Office. We discovered from examining the Reach invoices that Reach did not charge production costs on a per line basis of one line per writ in the daily newspapers as set forth in the original letter agreement with the Sheriff's Office. Rather, Reach billed on a flat rate of \$75 per property which was not authorized in the original contract or even the copy of the contract that Reach and Mr. Davis submitted via their attorney. This

unauthorized billing enabled Reach to overcharge the Sheriff's Office **\$1,214,389** for production costs from 2005 through 2010.

71. The Reach invoices were sent to the Sheriff's Office to the attention of Darrel Stewart. The invoices did not include a breakdown or explanation of what part of the media charges Reach received as compensation, any reference to a 15% commission or discount, or how Reach calculated fees for production costs.
72. Sheriff's employees were unable to determine if Reach was overcharging because of the lack of detail on the invoices and their lack of knowledge of compensation that Reach was to receive since they were unaware of any contract between Reach and the Sheriff's Office. This included the present Acting Sheriff. It also included Mr. Stewart who told us that he was unaware of any contract with Reach, could not remember what the two websites charges were for, and did not know how Reach was to be compensated for its advertising services.

Reach Overcharges/Newspapers

73. The Sheriff's Office did not receive invoices from the Legal Intelligencer, daily and community newspapers, or other media. Rather, the various media sent their invoices directly to Reach. The newspaper invoices to Reach contained a gross charge and a net charge with a discount of 15% clearly marked. Reach was to pay the net charge to the newspapers. Reach prepared its own invoice for submission to the Sheriff's Office which included the total gross amount appearing on the newspaper invoices sent to Reach. The Sheriff paid Reach the gross amount; the Sheriff's Office thereby paid Reach the 15% commission as part of its compensation. The Reach invoices to the Sheriff's Office did not identify the discount received from the advertising mediums and whether the Sheriff's Office was paying a net or gross amount.
74. Reach did not forward the newspaper invoices to the Sheriff's Office nor did the Sheriff receive copies of the invoices from the newspapers, thereby preventing the Sheriff's Office from determining the accuracy of the newspaper charges appearing on the Reach invoices.
75. The Sheriff's Office paid the invoices within seven to ten days of receipt, according to Sheriff's Office employees and an analysis of the invoices and Sheriff's Office documentation.

76. We received copies of invoices from the Philadelphia Inquirer/Daily News that it issued to Reach for publications of Sheriff's sales for the period 2008 through 2010 and compared the invoices to the apparent corresponding Reach invoices sent to Sheriff's Office. The Reach invoices sent to the Sheriff's Office exceeded the Inquirer/Daily News invoices by **\$310,217**.

Reach Overcharges/Impact on Homeowner

77. Reach's advertising overcharges ultimately impacted the defaulting homeowner/borrower losing his/her home. Minimizing advertising costs was a concern of the Board of Judges, Philadelphia Bar Association, and the Mortgage Foreclosure Committee which is a group of interested parties in Sheriff's sales formed by the Philadelphia Common Pleas Court.
78. In an effort to reduce advertising costs and possibly reduce the number of homeowners/borrowers losing their homes, Local Rule of Civil Procedure 3129.2(b)(1) was changed to shorten the description of the sale property by a third in 2006. This rule change was accomplished through the collective efforts of the aforementioned groups.
79. The shortening of the property description did not reduce advertising costs. As a result, meetings were held between the Mortgage Committee and representatives of the Sheriff's Office, some of which were attended by Mr. Davis of Reach, to determine the reason for the lack of advertising expense reduction. The Sheriff's Office conducted an advertising cost study which it shared with the Mortgage Foreclosure Committee. The study was limited to newspaper expenses of the Philadelphia Inquirer and Legal Intelligencer and did not consider or address Reach expenses.
80. Within months of the meetings between the Mortgage Foreclosure Committee and members of the Sheriff's Office aimed at reducing advertising costs, Reach increased its advertising charges to the Sheriff's Office for maintenance of the Sheriff's website by 100%, maintenance of its own website by 40% and printing of the handbills by 75%. We found no documents showing that the Sheriff's Office had reviewed and approved the increases or shared these increases with the Mortgage Foreclosure Committee.

Reach Non Payment of Media Expenses

81. Advertising expenses were broken down and allocated to a property according to individual book/writ. Payments for the advertising expenses were collected by the Sheriff's Office for each property and forwarded to Reach for payment to the

newspapers. The letter agreement between the Sheriff's Office and Reach did not contain a right to audit clause which would permit an audit of Reach's books to ensure that advertising expenses were timely and actually paid to the various news media.

82. Following Reach's termination, representatives of numerous media organizations approached the Sheriff's Office and asserted that Reach had not paid their invoices, some of which were nearly a year old. The Legal Intelligencer, the Philadelphia Inquirer/Daily News and the Philadelphia Tribune presented unpaid aged invoices and/or accounts receivable records totaling **\$1,142,376**. We were told by newspaper representatives that Reach was consistently late in payments. One newspaper advised us that Reach was always four to six months late.
83. Our analysis of Reach invoices, Sheriff's Office payment records including cleared checks made payable to Reach, and interviews show that Reach received the monies which should have been forwarded to the newspapers. We did not have access to Reach records to follow the paper trail any further to determine what use Reach made of the over **one million dollars** forwarded by the Sheriff's Office to Reach for payment to the newspapers.
84. The Sheriff's Office paid a portion of the advertising costs that the newspapers asserted Reach failed to pay. The payments totaled **\$295,409.43** to at least 15 news organizations. The Sheriff's Office consequently twice paid advertising costs of **nearly \$300,000** as noted above; first to Reach with monies from the foreclosed homeowner or others involved in the Sheriff sale, and a second time with monies from the Sheriff's mortgage foreclosure, tax lien, or delinquent tax checking accounts.

INTERNAL CONTROLS/EXCESS CHARGES

85. Determining whether vendors like RCS appropriately charged the Sheriff's Office for services and identifying what services were performed and the terms and condition of performing those services was not an easy undertaking. This is because Sheriff Green did not enter into vendor contracts for significant services like settlement closing services, and the contracts the Sheriff did enter into were not executed in accordance with the terms of the Home Rule Charter, were not readily accessible for public review, and were not internally circulated and made known within the Sheriff's Office. This vendor relationship interaction weakened the Sheriff's Office internal controls over review of vendor invoices and its ability to determine the accuracy and legitimacy of those invoices.

86. We found little evidence of internal controls by the Sheriff's Office over RCS and Reach invoices and payments.
87. Sheriff's employees were unable to review RCS and Reach invoices for accuracy and validity of charges, but did perform a review of the invoices to determine if there were sufficient funds deposited in a particular case account to cover the RCS and Reach charges. The information that the Sheriff's employees looked at in the accounts' case ledgers was information that was available to Reach/RCS since Reach/RCS had access to the Sheriff's Civil Accounting System through Crystal Stewart's data connections in the Sheriff's Office.
88. Sheriff's Office employees said they identified RCS and Reach invoices which contained charges in amounts that exceeded the cash balances appearing in the respective case ledgers. Reach/RCS had the ability to know that their invoices included charges that exceeded the existing case balances before forwarding the invoices to the Sheriff's Office.
89. Based on our examination of RCS and Reach invoices between 2005 and 2010, Reach/RCS billed the Sheriff's Office **\$3,668,745** in charges for which there were insufficient funds in the respective Sheriff's Office case accounts. When Sheriff's employees found excess charges, the RCS and Reach invoices were accordingly reduced.
90. Reach/RCS had the same access to the balances in the Sheriff's Office case ledgers as the Sheriff's employees. It was not labor intensive for Reach/RCS to examine the case ledger balances and see that there were insufficient funds to pay the **\$3,668,745** before they invoiced the Sheriff's Office for these charges.

SUSPECT CIRCUMSTANCES

91. With respect to advertising expenses paid by the Sheriff's Office, and based on our document review, interviews results, and other evidence as set forth in this report, the following are suspect circumstances which require additional investigation by the City and others:
 - a. The existence and execution of two letter agreements between Reach and the Sheriff's Office both identical in content except for the compensation paragraph and both purportedly signed on the same day, February 27, 2003;

- b. Reach's repeated overcharges occurring more than a decade after overcharges were first identified by the City Controller;
- c. Reach's charges to the Sheriff's Office for services not contractually authorized including charging the Sheriff's Office for publishing Sheriff's sale properties on Reach's website which Reach then used to solicit and represent bidders at Sheriff's sales for numerous fees;
- d. Reach's unauthorized billing for production costs at a flat fee of \$75 rather than on the calculation of one line per writ in the daily newspapers;
- e. Reach's apparent failure to remit to news organizations monies entrusted to Reach;
- f. The RCS and Reach billing of excess charges when insufficient funds existed in the account case ledgers to pay the charges.

SETTLEMENT SERVICES

- 92. RCS provided settlement services for over 55,000 Sheriff's foreclosure sales and received **\$115,462,038** in "pass-through" monies that RCS was to distribute to third parties for municipal liabilities, transfer taxes, and deed related expenses from 2005 to 2010. The Sheriff's Office also used two other title companies, Global Abstract and City Line Abstract for tax lien and delinquent tax sales. Each company handled about 3,000 sales between 2005 and 2010. Global and City Line provided limited settlement services for the tax lien and tax delinquent sales, which did not include distribution of city and state transfer taxes or monies for deed preparation, deed acknowledgment, and deed recording. RCS performed these services.
- 93. RCS apparently performed the settlement services for the Sheriff's Office from 2005 to 2010 without a contract that identified what services RCS would perform or the compensation that RCS would receive. We did not have access to RCS records nor did we have access to RCS owner, James Davis, Jr. This severely limited our ability to analyze whether RCS timely and properly distributed the **\$115,462,038** received from the Sheriff's Office.
- 94. If the Sheriff's Office had entered into a contract with RCS, it could have included a clause permitting the City the right to audit the RCS books in an attempt to ensure that

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RCS was timely and properly distributing the settlement monies received from the Sheriff's Office.

95. We attempted to examine RCS distribution of third party payments by analyzing Sheriff Office payments made directly to municipal agencies for liabilities which it appeared that RCS should have paid. We focused on Sheriff's Office payments to the Philadelphia Gas Works (PGW) and the Philadelphia Water Department (PWD) totaling **\$1,974,328** between 2006 and 2010 for utility bills for properties sold at Sheriff's sales.
96. We asked Sheriff's employees why the Sheriff's Office paid the water and gas bills directly to the utility companies rather than forwarding them to the title company responsible for paying the corresponding liabilities. They said that the invoices went to the Real Estate Division and either Crystal or Darrel Stewart issued a "Request for Disbursement," gave it to the Accounting Division with the directions to pay the bill, and they were paid. The Real Estate Division did not explain to Accounting why the invoices should be paid. When asked if any research was done to determine if a particular liability had already been paid, we were told that the Sheriff's check writer system made that very hard to determine.
97. We attempted to track a Sheriff's check paid directly to PGW or PWD and determine if the payments for that check related to a Sheriff's sale property and liabilities for which the Sheriff's Office had previously paid RCS. To do this, we had to navigate the Sheriff's Office check writer system.
98. We encountered considerable difficulties in trying to trace the payments through the Sheriff's accounting and check writer systems, which were not designed to facilitate our intended search. Given the lack of both functionality and detail captured by the Sheriff's system, linking a check payment to a particular liability associated with a specific book/writ in order to discover previous payments by the Sheriff for PGW or PWD liabilities proved to be unsuccessful.
99. We then focused on recent correspondence from PGW to the Sheriff's Office identifying 273 Sheriff's sale properties which PGW contended liabilities totaling **\$616,728.81** had not been paid. We selected ten of these properties that went to Sheriff's sale in January through March, 2010 for analysis. PGW records showed the unpaid liabilities for the ten properties totaled **\$26,112.70**. RCS handled the settlement on these properties and had the responsibility to issue checks to PWG to pay the liabilities.

100. Because of the identification of the specific liabilities and properties, we were able to develop an analytic approach to trace the liabilities through the Sheriff's records to the RCS invoices and supporting spreadsheets. Our analysis was time consuming and took two days to complete for the ten tested items.

SUSPECT CIRCUMSTANCES

101. In nine of the ten sales that we examined, we were able to trace a payment by the Sheriff's Office to RCS for a PGW liability in the exact amount that PGW is saying it did not receive payment.
102. In the tenth sale we examined, PGW records show an original balance of **\$3,280.99** and a payment of **\$966.19**, leaving a balance of **\$2,314.80**. However, the Sheriff's Office records show a payment to RCS for a PGW liability in the amount of the original balance of **\$3,280.99**, suggesting that RCS made only a partial payment on the liability.
103. The results of our analysis show that the Sheriff's Office paid RCS monies which RCS should have remitted to PGW to pay utility liabilities. The fact that PGW has these unpaid liabilities on their books for the properties we examined appears to be due either to RCS not remitting payment to PGW or PGW having inaccurate records. Without access to RCS records, we do not know if RCS has evidence by way of check or other document that it paid PGW for these and other utility liabilities.
104. Our testing of unpaid liabilities raises reasonable questions about the proper disbursement by RCS of monies it received from the Sheriff's Office since all ten tested items showed RCS receiving payments for apparent unpaid PGW liabilities. The results also require an analysis of RCS records by someone with the authority to access those records.

RCS FEES AND OTHER SERVICES

105. Identifying all the settlement related services that RCS performed for the Sheriff Office and the fees that RCS received was a challenge. Unlike advertising expenses, where we found two nearly identical letter agreements but with different payment terms, to our knowledge there are no signed agreements between RCS and the Sheriff's Office which identify the settlement related services RCS was to perform and the compensation they were to receive
106. Sheriff Green recently told us that he "suspected" that there was a contract with RCS for settlement services, but he did not know if there was one. We conducted an extensive

search of the files of the Sheriff's Office but could not locate any contract. We asked counsel for RCS/James R. Davis Jr. for copies of contracts that RCS had with the Sheriff's Office, but none were provided to us.

107. Sheriff Green could not tell us all the services that RCS performed for the Sheriff's Office. Initially he told us that the only services that RCS performed for the Sheriff's Office were computer related services. When asked if RCS performed other work, he interrupted the interview to make a telephone call to find out if RCS did anything else. Following the telephone call, he returned to the interview and, reading from handwritten notes, told us RCS performed settlement services. We asked the Sheriff who he had spoken with on the telephone, but the Sheriff would not disclose the identity of the person.
108. Sheriff Green said that RCS performed other services, but he did not know specifically what they were. He said he was generally aware that they did other things because he was in meetings where he was told that RCS was doing "a lot of stuff to ensure the functioning of the office."
109. Sheriff Green did not know how much RCS was paid for settlement services or for any other services it performed.
110. The Sheriff's Office, prior to our forensic investigation, had been uncooperative with the City Controller in providing contracts, documents and other information which would shed light on what RCS was doing for the Sheriff and how much RCS was paid.
111. In a series of email exchanges in August 2009 between a City Controller auditor and Crystal Stewart, Ms. Stewart was repeatedly asked by the auditor to identify all the fees and services provided by the title insurance companies to the Sheriff's Office; Ms. Stewart was unresponsive even after being asked three times for the information.
112. Ms. Stewart did not return our call requesting an interview.
113. Our forensic investigation disclosed that RCS performed **settlement services; deed related services** separate from the settlement service which apparently included **deed filing, deed preparation, and deed transfers; precertification services; recertification services; and providing of title distribution insurance.**

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114. From 2005 to 2010, RCS received **\$12,173,657** for these services. Our investigation has raised questions about the need for some of these services, the costs of which are borne by the defaulting homeowners or other third parties.
115. The Sheriff's Office employees we interviewed, including those that reviewed the RCS invoices, did not know how much RCS was to receive as mortgage sales settlement fees. As one employee told us, there was no way of knowing where the settlement charges appeared on the RCS invoice and the attached spreadsheet since there was no charge column identifying settlement costs. They said the same was true of the Global Abstract and City Line Abstract invoices and spreadsheets.
116. The heads of Global Abstract and City Line Abstract each told us that they were paid **\$175** per property for settlement closing costs for the tax lien and delinquent tax sales. The head of City Line also said there were times when City Line was paid less than **\$175** because there was not enough money remaining after municipal claims and liens had been paid.
117. Unlike the heads of Global Abstract and City Line Abstract, the head of RCS, Mr. Davis, did not agree to speak with us about the compensation that RCS received for its settlement and other services or to speak with us about any other subject.
118. It appears from an examination of the RCS invoices, accompanying spreadsheets, other documentation, and interviews that RCS received \$250 per property for settlement services. The extra \$75 appears to be for "**deed recording**" work. This apparently is for **filing of the deed** which we were told in interviews was subcontracted to the Tyler Firm for \$50.
119. RCS charged the Sheriff's Office **\$2,663,121** in settlement/deed processing fees from 2005 to 2010, according to RCS invoices and spreadsheets; over **\$798,000** of the fees appears to be for "**deed recording**" work.
120. RCS apparently received over **\$266,000** for being a middleman for deed filing services, according to interviews and documents we analyzed. The Sheriff's Office employees we interviewed could not explain why the Sheriff's Office did not contract directly with the Tyler Firm since the Tyler Firm was retained directly for other services or why the Sheriff's Office did not have competitive bidding for the service, all in an effort to reduce the settlement costs which ultimately had to be borne by the foreclosed homeowner.

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121. We discovered a letter agreement between RCS and the Sheriff's Office dated September 1, 2002, purportedly signed by James Cassell and James Davis as managing partners of RCS for **deed preparation** services. RCS was to be paid **\$75** per deed. Initially RCS charged **\$75** per deed which was later increased to **\$150** per deed, according to our analysis of the RCS invoices. We were unable to locate any signed contract or draft contract between the Sheriff's Office and RCS increasing the fee to **\$150** per deed.
122. RCS was also paid **\$4,958,006** in **deed transfer** fees and pass-through monies from 2005 through 2010. It appears that these monies represent deed transfer taxes and other fees such as City and State transfer taxes, deed recording and deed acknowledgement fees in connection with the tax lien and tax delinquent sales. These were services that were carved out for RCS from the settlement services that Global Abstract and City Line Abstract performed for these sales. RCS received **\$75 per deed** for these services.
123. RCS invoices and analysis of the book/writ case ledgers show that the Sheriff's Office also paid RCS for "**precertification**" services, which involve inserting the amounts of various liabilities received from City agencies and others onto a settlement spreadsheet for the purpose of settlement distribution.
124. RCS charged **\$75** per property for a precertification. RCS also charged \$75 per property whenever there was a postponement of the settlement, regardless of whether the liability balances actually changed due to the passage of time.
125. We examined case ledgers where RCS charged multiple precertification fees, sometimes totaling **\$375** for one property.
126. Since the termination of RCS, the Sheriff's Office has performed the precertification service and has decided not to charge the defendant whose home is being foreclosed an extra **\$75** precertification fee each time settlement is postponed.
127. RCS invoices and book/writ case ledgers show that RCS charged the Sheriff's Office **recertification** fees of \$75 per property. A recertification was ordered to identify outstanding liens and liabilities in mortgage foreclosure cases after a distribution policy was issued and the mortgage company had been paid. One member of the Sheriff's Office referred to this as "double dipping" since the distribution policy should have performed the same function as a recertification unless there is a lapse in time between the ordering of the distribution policy and the distribution of the sales proceeds.

128. RCS, Global Abstract, and City Line Abstract provided distribution insurance for Sheriff's property sales. RCS was the only provider of distribution insurance for Sheriff's foreclosure sales. Global Abstract and City Line provided distribution title insurance in tax lien and delinquent tax sales. The distribution insurance for mortgage foreclosure sales was more lucrative since it was based on a percentage of the sales price while the compensation for a tax sale distribution policy for Global and City Line was a flat \$300. Additionally, policies for mortgage foreclosure sales were ordered whenever there was competitive bidding regardless of whether there were excess funds resulting from the sale. Policies for tax lien and delinquent tax sales were ordered only when there were excess funds remaining after a sale, which occurred much less frequently than on mortgage foreclosure sales when there was competitive bidding.
129. The number of property sale settlements was not evenly divided among the three title insurance companies. It appears from an examination of the RCS invoices that RCS provided settlement services for over 55,000 sales from 2005 through 2010. It appears from an examination of Global Abstract and City Line Abstract invoices that Global and City Line each handled approximately 3,000 sales from 2005 through 2010.
130. The Acting Sheriff and her Chief Deputy for Finance and Accountability advised that the ordering of distribution policies in mortgage foreclosure cases have been changed; the distribution policies are now only ordered if all liabilities have been paid and there are excess funds resulting from the sale. It is anticipated that the number of policies ordered and the corresponding expense will be considerably reduced as a result of this practice.

SWEEP ACCOUNTS

131. Another service that RCS performed for the Sheriff's Office was to conduct "sweeps" of certain Sheriff's case accounts to identify and distribute any unpaid liabilities. RCS began these services after the Sheriff's Office remitted nearly three million dollars to the State and City in unclaimed funds in June 2006.⁷ The Sheriff's Office had to turn over these funds as a result of an audit by the State Treasury which found these unclaimed and undistributed monies in the Sheriff's case balances.
132. We found two signed original letter contracts for RCS sweep services in the Sheriff's Office files identified as belonging to Tyrone Bynum. Neither Mr. Bynum nor any other Sheriff's representative provided these contracts to the City Controller during their recent

⁷ \$1,237,006.40 went to the State and \$1,703,201.36 went to the City.

- audit. Neither contract appears to have been reviewed or approved by the City Law Department or maintained on a "proper registry" as required by the Home Rule Charter.
133. Both contracts are purportedly signed by Mr. Bynum on behalf of the Sheriff's Office. The first contract is dated November 3, 2006 and is purportedly signed by Mrs. Sheila R. Davis on behalf of RCS. The second contract is dated April 3, 2009 and is purportedly signed by Yvonne Cornell on behalf of RCS.
 134. In the November 2006 agreement, RCS agreed to "process payment of all liabilities, identified through the sweep of past real estate accounts" corresponding to Sheriff's sales from 2001 through 2004.
 135. In the April 2009 agreement, RCS was engaged to "process past mortgage foreclosure real estate accounts." The agreement does not reference any particular sales to be examined.
 136. In the November 2006 agreement, RCS was to receive a "reduced fee of \$55.00" for "all properties found, where there are outstanding liabilities." RCS was to be paid, in part, out of monies that would have gone to the City since the fees are to be deducted from "Sheriff's fee, commission, or liabilities payment covering the above books."
 137. RCS's compensation was increased over 100% in the April 2009 agreement. The fee under the second agreement was \$125 for properties where RCS found undisbursed funds or negative balances. This fee was to come totally from City designated monies: "This fee will be deducted from the grand total of the undisbursed Sheriff's fee and commissions."
 138. RCS swept approximately nine million dollars out of just one of the Sheriff's accounts over three years, according to a Sheriff's Office email. We cannot determine what RCS did with the money nor can we determine how much RCS was paid as compensation for their sweep services.
 139. We did not have access to RCS records to test RCS disbursements to determine whether monies were appropriately and correctly distributed. While the November 2006 letter agreement requires RCS to maintain a "digital database of all liability records and proof of payments," Deloitte did not discover any evidence that the Sheriff's Office received proof of payments or that it performed audits or testing to determine the extent and accuracy of the RCS sweep disbursements.

140. Based on the findings previously mentioned in this report, we recommend that someone with the authority to access the RCS records examine the RCS digital database of all liability records and proof of payments to determine the extent and accuracy of the RCS sweep disbursements.
141. We were unable to determine from the available records how much RCS was paid for its sweep services or where the money came from to pay for the services.
142. We located two RCS checks in the Sheriff's Office check writer system with memos referencing sweep accounts. One check memo said "RCS Sweep report 7/6/2006." The check was in the amount of \$30,658.29 and dated July 11, 2006, four months before the November, 2006 sweep agreement. The other memo read "Pre-cert sweep." The corresponding check was dated June 3, 2010 in the amount of \$65,294.77.
143. We cannot tell from available documents whether RCS was to be paid with a separate check or whether they retained some portion of the Sheriff's Office sweep check intended to pay the identified "sweep" liabilities. RCS did not designate on its sweep invoice or accompanying spreadsheet how much it was to receive for its sweep services nor were Sheriff's Office employees able to tell us what RCS received for these services. The available documents do not reveal how much, if any, RCS retained of the check the Sheriff's Office wrote to pay outstanding liabilities, taxes, and fees.
144. We are also unable to identify where the money came from to pay RCS for its sweep services. Although the RCS fees were to be deducted from the "Sheriff's fee, commission, or liabilities payment" we could find no documentation in the Sheriff's files showing the deductions. We lacked access to the RCS files to see if RCS had that information in their records.
145. The amount of money that RCS swept out of the mortgage foreclosure account placed the account in danger of being overdrawn. According to a Sheriff's Office email dated April 1, 2009, the Real Estate Division was advised to cease authorizing checks on the checking account and accounting personnel were advised "NOT to mail any Mortgage checks until the issue has been resolved."
146. The issue was resolved by transferring **\$14,438,775** from the Sheriff's Office Mortgage Foreclosure Capital Management Trust Fund Bank to the Sheriff's Office mortgage foreclosure account on April 9, 2009.

147. No one at the Sheriff's Office we interviewed could explain the source of the fourteen million dollars in the Capital Management Trust Fund, which we were told had been active since the late 1990's. We also asked why such a large deposit was made into the mortgage foreclosure account and were told the Sheriff's Office wanted to liquidate the Trust Fund so all of the money was transferred to the mortgage foreclosure account.
148. We were advised by Sheriff's Office employees that the purpose of sweeping the accounts was to avoid transferring money to unclaimed fund accounts.

UNCLAIMED FUNDS/FINDERS

149. The average monthly balance in the Sheriff's Office three unclaimed funds bank accounts from 2006 through 2010 totaled **\$5,172,805**. A primary source of these unclaimed funds was undistributed excess sales proceeds. These monies belonged to the evicted homeowner who was unaware of the existence of the monies, and the Sheriff was unable to locate the homeowner after eviction. As a consequence, the proceeds became unclaimed funds.

REACH/UNCLAIMED FUNDS/STATE AUDIT

150. The State Treasurer conducted an audit of the Sheriff's Office unclaimed property accounts in 2004 and a post audit examination in 2006. The state auditors were told by the Sheriff's Office that it relied on third parties as "finders" to locate former homeowners entitled to excess proceeds because the Sheriff's Office did not have a duty to locate former owners. Reach was one of these finders.
151. Darrell Stewart told us that the Sheriff's Office employed RCS and other title insurance vendors to find former homeowners owed excess funds, but he did not know what the finders did to locate the homeowners.
152. The Sheriff's Office used Reach as its representative in collecting and preparing financial data for the State Treasurer during its audit. The Treasury audit found that the Sheriff owed the State **\$2,940,208** from the unclaimed fund accounts. Treasury auditors met with representatives from the City's Law Department, Sheriff's Office and Reach, which identified potential owners of the unclaimed monies and amounts they were owed. Reach advised the state that it had located **\$376,124.78** in advertising expenses for mortgage foreclosure sales and **\$18,406.28** in advertising expenses on tax delinquent sales that had

not been distributed to the advertising vendor. Reach identified the advertising vendor which purportedly had not been paid, as itself, Reach Communication Specialists Inc.

153. Reach submitted a claim on unclaimed funds in possession of the State in the amount of **\$366,290.62** for advertising expenses that the Sheriff's Office purportedly failed to pay in connected with stayed properties. It appears from our analysis of Reach's invoices and interviews with Sheriff's employees that the Sheriff does not necessarily pay for newspaper advertising when a property sale is stayed. We examined numerous Reach invoices for 2005 to 2010 in which newspaper advertising expenses were zeroed out for sales that were timely cancelled.
154. State Treasury Supervisors questioned why Reach had never been paid by the Sheriff's Office for the advertising expenses, considering the close working relationship between the two. The field auditors reported that they posed that question to Reach and the Sheriff, but never received a satisfactory answer. Since Reach had filed a holder report and submitted documentation showing that the money had been collected by the Sheriff, but not distributed, the State approved payment of **\$366,290.62**. Payment was made on March 13, 2007.⁸
155. Peter J. Smith, the then Deputy State Treasurer for Audits and Investigations, and presently the United States Attorney for the Middle District of Pennsylvania, wrote a letter to the City Controller on April 28, 2008 noting Reach's "potential conflict of interest" resulting from Reach simultaneously submitting a claim for non-payment of advertising services by the Sheriff and acting as the Sheriff's agent in reporting to Treasury staff financial information about unclaimed property. Mr. Smith provided the information to the City Controller "for review and further action if warranted..."

⁸ Reach was not the only Sheriff's Office vendor to put in a claim for the State unclaimed funds. Reach also calculated from its review of the Sheriff's books that Jennifer St. Hill was owed **\$55,037** under her name and **\$11,000** under the name of one of her companies, Philadelphia Deed Services for unpaid deed preparation work. Ms. St Hill was the largest political contributor to Sheriff's Green campaigns for Sheriff and contributed a total of **\$18,355** from 2001 to 2009. Convergent Enterprises LLC, a company Ms. St. Hill is current owner of, received \$1,205,504.39 from the Sheriff's Office for apparent deed prep services from 2005 through 2010.

OTHER FINDERS

156. Claude Carter and his company, Alotta Edu, Inc. was the largest recipient of Sheriff's Office finder's checks. He received nearly \$4.5 million in excess fund payments on behalf of former homeowners who had lost their homes but could not be located by the Sheriff's Office following the Sheriff's sale and eviction. Mr. Carter kept a percentage of the \$4.5 million as a finder's fee. Mr. Carter advised us that he charged the foreclosed homeowner a commission ranging from 10% to 33%, depending on how much money there was and what the owners would negotiate.
157. We asked Mr. Carter for a list of his clients which he declined to do after speaking with his attorney. We were able to identify possible clients of Mr. Carter's by examining the Sheriff's Office checks written to individual payees c/o Alotta.Edu Inc. After a limited search of public records we located and contacted seven individuals who had business interaction with Mr. Carter. One person refused his services; the others received the proceeds of the sale of their forfeited homes through Mr. Carter and told us they were charged fees of thirty to thirty five per cent.
158. The person who declined Mr. Carter's services said she went to the Sheriff's Office to claim her funds, but was told that a check had already been issued to Mr. Carter. She demanded the payment be made directly to her. The Carter check was voided and she was issued a check for the full amount of the sale's excess proceeds. The reason noted in the Sheriff's check writer system for voiding the check was "wrong address."
159. Pennsylvania law, P.S. Section 1301.11(g)(2), limits the fee that a finder may receive for recovering unclaimed funds in the possession of the State Treasury to 15% of the value of the unclaimed property. No Philadelphia ordinance apparently covers a finder's fee for recovery of unclaimed funds in the possession of the Sheriff. With respect to unclaimed funds in the Sheriff's possession, finders can charge twice the amount permitted by state law, and upwards to 35%, as apparently was the case with Mr. Carter.
160. We understand that the Sheriff's Office recently instituted procedures that attempt to limit a finder's fee to a 15% commission.
161. The Sheriff's Office conducted thousands of sales over the course of a year, only a portion of which resulted in excess proceeds. It was these cases that a finder had to identify through various informational sources.

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162. We asked Mr. Carter how he knew which sales had undistributed proceeds. Mr. Carter said it was unclear which Sheriff's sales generated excess proceeds since the Sheriff conducted many sales which did not. He said that he used the computers in the Sheriff's Office to locate the appropriate sales, but the quality of the information in the system was "not great." He said he also used online versions of fee sheets for foreclosure activity of Sheriff's sales, which were less accurate than the Sheriff's computers.
163. We asked Mr. Carter if he had any personal relationships with anyone in the Sheriff's Office. He said that he did not when he first started, but developed a relationship with Darrell and Crystal Stewart to the point that they are good family friends and have an ongoing relationship. This was consistent with interviews with Sheriff's Office employees who said that Mr. Carter and the Stewarts appeared close and were often seen together in the Stewarts' offices. The Acting Sheriff told us that she asked Crystal Stewart why Claude Carter spent so much time in her office. Ms. Stewart said they were just friends. The Acting Sheriff also said that Mr. Stewart had a book where he kept track of the former homeowners who were owed money.
164. We asked Mr. Stewart about his relationship with Mr. Carter. Mr. Stewart said that he had no dealings with Mr. Carter, that he was not a personal friend, that there was no difference with Mr. Carter as opposed to any of the other finders, and that he met with everyone who came into the office.
165. In cases where Mr. Carter was a finder, the Sheriff's Office made out the check payable to the former owner and c/o Allota.Edu Inc. Sheriff's employees said that Darrell Stewart authorized the "Request for Disbursement" for these checks, instructed that they should be made payable to the individual payee c/o Allota.Edu Inc. and that they should be expedited.
166. We examined 151 Alotta.Edu Inc. check transactions totaling **\$4,460,961**. The 151 checks were made payable to the former homeowner entitled to the excess proceeds c/o Alotta.Edu Inc. We had access to the fronts and backs of 120 of these checks. All of the checks contained the sole endorsement of what appeared to be Alotta.Edu Inc. or an apparent representative thereof, and none had the endorsement of the individual payee.
167. Edward Chew, the former Legal Director for the Sheriff's Office, advised Deloitte FAS that he disapproved of the c/o method of payment since it allowed the checks to be cashed without the endorsement of the primary payee or former owner. Mr. Chew said he advised Sheriff personnel to end the practice. He said he told Darrell Stewart, as well as

the title companies, to stop having c/o Alotta.Edu Inc. on the checks. Mr. Chew said he also spoke with Commerce Bank as to why it would cash checks made out in this fashion.

168. The Sheriff's Office issuance of checks c/o Allota.Edu Inc. lacked internal controls to ensure that the foreclosed homeowner received the check proceeds.
169. There were several occurrences when the Real Estate Division requested the Accounting Division to issue a check to Alotta.Edu Inc. after the Sheriff's Office had issued a check directly to the former homeowner. In one instance, a check was issued to a former homeowner as payment for excess proceeds and a year later, a second check in the same amount for the same property was issued to Alotta.Edu Inc. The Sheriff's Accounting Division caught the error and the Sheriff's Office informed the former owner to return her portion of the proceeds of the second check totaling **\$21,651.70** and informed Mr. Carter to return **\$10,825.84**, the 33% fee he received from the duplicate check, which we understand he did. We examined documentation of two other instances where the Real Estate Division requested a duplicate check be issued to Alotta. Edu Inc. but the Accounting Division caught the previous disbursement and did not process the request.
170. A Post-Sheriff Sale Adjudication Unit was set up in the Sheriff's Office at the beginning of 2009 to verify the claims of former homeowners to excess funds and to help locate former homeowners who were entitled to excess funds. Mr. Chew was initially in charge of the Unit. Mr. Chew told us that he was not aware of any limitations on fees that finders charge, but thought that people should not be charged for receiving funds owed to them.
171. We were advised by a Sheriff's deputy that the Sheriff's Civil System's case ledger contained critical information about the existence of excess proceeds and case balances, but the Adjudication Unit had difficulty securing the information because Crystal Stewart denied them access to the records. Eventually members of the Adjudication Unit had to go to the Sheriff to get approval to access the information. This Sheriff's employee also said that while the excess proceeds cases were supposed to go through the Adjudication Unit, some cases with large proceeds were handled directly by Mr. Stewart.
172. We were told that there were also occasions when individuals contacted the Sheriff's Office in search of their excess proceeds but encountered lengthy delays in securing their money. One Sheriff's employee told us that Mr. Stewart would put off people seeking excess proceeds by saying that their paperwork had "fallen through the cracks" until the person would turn to a finder to help them get their money. Another Sheriff's Office employee advised us that there were more than five individuals he spoke to who

complained that they could not get their paperwork processed, some for upwards of two years. These individuals had been directed to RCS employees and told that their paperwork was lost or not submitted properly.⁹ These individuals also said that they were contacted by someone from Alotta, who said that they could get them their money in a short time for a fee, so they decided to go with Alotta and pay the fee in order to get their money more timely. We were told by Sheriff's employees that the only person who was successful in securing unclaimed funds quickly was Mr. Carter.

173. We received and reviewed an Alotta solicitation letter sent to an individual who was entitled to excess funds. The letter suggests that Alotta could secure the excess funds in a short time. The correspondence says in part: "In the last several months I sent you letters regarding your unclaimed cash. Perhaps you could meet me for coffee at the local Starbucks or Dunkin Donuts." The letter goes on to say "there is a strong possibility we could have your money by the holidays." The letter was dated on October 31.
174. There are other checks we found that were made payable to c/o allotta.edu Inc. The Sheriff's Commerce Bank records contain 14 checks totaling **\$64,141.18** made payable to Money Services Inc., c/o Claude B. Carter, allotta. edu Inc, 575 Pinetown Road, Box 51, Fort Washington, Pa. 19034 between October 31, 2005 and February 22, 2006. The checks are all endorsed with what appears to be the same signature written below a printed "alotta.edu,inc/POA." The Sheriff's Office was unable to provide any supporting documentation to explain why these checks were made payable to Money Services c/o Mr. Carter and alotta.edu or what business transactions the checks related to.
175. We exchanged several emails with Mr. Carter to obtain an explanation as to why he was receiving checks involving a company as opposed to a foreclosed homeowner. Mr. Carter said Money Services Inc. was a real estate company that bought and gave mortgages to buyers, and Alotta Edu, Inc. helped Money Services collect exceeds proceeds from tax sales.
176. We asked Mr. Carter the role he played since this did not appear to be a case of the Sheriff not knowing the whereabouts of Money Services and we did not understand why the Sheriff's Office did not write a check directly to Money Services. We also asked for Money Services address and Mr. Carter's commission. Mr. Carter replied that the Sheriff

⁹ We reviewed a Sheriff's Office internal letter where a would-be buyer attempted to obtain a refund of over \$25,000 put down on a sale that was stayed. The Real Estate Division directed the buyer to RCS in March 2006. Three months later the refund had not been processed causing the buyer to become "extremely upset" and threatening legal action.

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had marked Money Services as “address unknown” which meant they could not locate the company.

177. In our response we again asked for Money Services address and Mr. Carter's commission. He answered: “Not at this time on advice of counsel.”
178. We conducted a public records check of short duration which disclosed an address for Money Services, Inc. as 1001 Frankford Ave, Apt 3, Philadelphia Pa.
179. Pennsylvania law, P.S. Section 1301.11(g)2, limits the fee that a finder may receive for recovering unclaimed funds in the possession of the State Treasury to 15% of the value of the unclaimed property. There does not appear to be any reason why the limitation of a 15% commission on state unclaimed funds should not also be applied to unclaimed funds in the possession of the Sheriff. We recommend that Philadelphia adopt a similar limitation to avoid the evicted homeowner having to pay a finder a fee of over twice the state limitation with the only apparent distinction being whether possession of the unclaimed funds is in the hands of state or local authority.

SUSPICIOUS CHECKS

180. Six Sheriff's Office checks totaling **\$389,742.09** payable to three companies, the Processing Link, Yellow Rose Enterprises LLC, and 400 PTM LLC are of questionable legitimacy. Details surrounding these checks are fully set out in the main body of the report.
181. The six checks were written between June 11, 2009 and February 18, 2010. All cleared the bank but are not in the Sheriff's database or check writer system, and the Sheriff Office's has no records to support the payments. Investigation of the six checks totaling **nearly \$400,000** and their payees found little or no connection with the activities of the Sheriff's Office. Other checks with the same amounts, some having the same dates, with different check numbers and payees, were found. Some of these other payees were issued two checks with one of the two checks being voided.
182. **The Processing Link** – Of the six checks, the first two checks were written to the Processing Link on June 11, 2009 and August 13, 2009 and totaled **\$80,619.41**. The address on the checks is 5202 Viking Drive, Houston, Texas. There was no company by this name located at this address, but public records showed a company by this name in

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Stafford, Texas, and the contact for the company as Rory Lane Gazaway. Mr. Gazaway was located at his current place of employment, Envoy Mortgage Co, Houston, Texas.

183. We spoke with Mr. Gazaway by telephone at Envoy. Mr. Gazaway said that he was the owner of The Processing Link, but that the company was no longer doing business. He said that the company was a "real estate processing company", and the work that he did was "processing work". Mr. Gazaway was unclear about what work he performed for the Sheriff's Office. He eventually said he was paid by the Sheriff's Office, but did "due diligence type of work" for Reach. He did the work out of his Texas location, transacted business via telephone, worked with Ryan (could not recall last name) who was a friend with one of his friends in Houston who set up the job. When asked to provide more details on the work performed, Mr. Gazaway said he did not like the line of questioning and terminated the conversation.
184. The Sheriff's Office was unable to provide any supporting documentation which could explain the purpose of the checks.
185. **Yellow Rose Enterprises, LLC** - Two checks totaling **\$161,567.32** were issued to Yellow Rose Enterprises LLC. The first check is dated October 19, 2009 in the amount of **\$91,214.97**. The second check is dated two months later, December 29, 2009, in the amount of **\$70,352.35**. No record was found for real estate ownership by Yellow Rose Enterprises in Pennsylvania. The Sheriff's Office could not find any documentation to support these payments or explain their purpose.
186. The address listed for the Yellow Rose Enterprises is 108 W 13th Street, Wilmington, Delaware. That is not the address of Yellow Rose but of "Business Filings Inc.", a company that acts as the agent for forming LLCs and incorporating small companies. A representative of Business Filings said that they were not at liberty to provide ownership information concerning Yellow Rose Enterprises but would forward correspondence to the owner. We sent a letter to the owner of Yellow Rose Enterprise, via Business Filings, asking them to contact us, but we never received a response from them.
187. We found a Yellow Rose Enterprises, Inc. with an address at 30 West Baltimore Ave, Media, Pennsylvania. The company listed at that address is Media Antiques & Fine Orientals. We called the individual listed as the contact for the company and asked him if he was associated with Yellow Rose Enterprises. He answered "it is my company." When advised that we were retained by the City Controller and asked what work Yellow Rose performed for the checks received from the Sheriff's Office, the individual said he

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misunderstood the question, that he had nothing to do with Yellow Rose Enterprises, never heard of the company, and never did any work for the City or the Sheriff's Office.

188. **400 PTM, LLC** – The last two checks were issued to 400 PTM, LLC totaling **\$147,555.36**. The first is dated November 16, 2009 and the second is dated February 18, 2010. The checks are not in the Sheriff's Office files or database, and no distribution policy or other supporting record was found for the checks. Real estate records show that the owner of this company, Jackiem Wright purchased a property, 414 Siegel St, from Tyrone Bynum in 2007. According to Mark Stipa, Sheriff's Office Internal Affairs, Mr. Bynum had Mr. Wright's telephone number in his cell phone list. No record of incorporation or Dun & Bradstreet information could be found for 400 PTM.
189. 400PTM describes itself on its website as providing "a specialized combination of sports and entertainment management services designed to cater to the needs of each athlete, entertainer, or high-profile individual." The name "400PTM" refers to "People that Matter." The company states "we consider ourselves, our affiliates, and especially our clients, People that Matter."
190. Jackiem Wright was contacted by telephone. Mr. Wright said that he was the owner of 400PTM. When asked to provide details relating to the two checks, he said that he would not answer any questions without consulting his attorney.
191. The Sheriff's Office has referred the 400 PTM matter to the Philadelphia District Attorney's Office.

VOIDED CHECKS

192. The Sheriff's Office check writer database showed 785 individual voided check transactions totaling **\$22,885,395** to 319 payees from 2006 through 2009.
193. The reasons noted in the check writer system under "memo field" for voiding the check transactions were many. The most frequently cited were: wrong payee; wrong description on the check; wrong check amount; wrong check type used; wrong address; check made out to wrong company; misprinted check; and stale dated check.
194. In certain instances after a check was voided, a new check was issued using the same check number as the voided check. This is contrary to fundamental accounting controls.

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195. Internal controls on voiding checks and approving voids in the system were lacking. Any check writer at the Sheriff's Office had the ability to void a check.
196. Crystal Stewart had the ability as the system administrator to change or remove a void once it was entered. Ms. Stewart was the only Sheriff's employee with the authority to perform such a function, according to Sheriff's accounting employees.
197. We performed a voided check analysis to determine if any voided check cleared the bank and was cashed. The challenge to the analysis was the Sheriff's Office issuing checks with check numbers identical to the check numbers of voided checks. What at first appears to be voided checks that were cashed, further analysis of the check writer data reveals that subsequent checks were written using the same check numbers as the voided checks.
198. We discovered voided checks that were intended to be voided but were cashed. We found two checks written to Reach/RCS, numbers 14835 and 32665 dated March 19, 2008 and February 11, 2008, respectively, totaling **\$35,201.19** which were intended to be voided but cleared the bank. Check number 32665 in the amount of **\$12,225.00** was deposited into a RCS Searchers Inc. bank account on February 19, 2008.
199. Check number 14835 in the amount of **\$22,976.19** was issued to Reach Communications Specialists, Inc., dated March 19, 2008 and voided in the check writer with the memo notation "need reissue" (sic). It was written on the Sheriff's Tax Lien Account. The next day it was deposited into a different account, the Sheriff's Unclaimed Funds Tax Lien Account. There is a hand written notation by a Sheriff's Office employee on a copy of the front and back of the check saying "Once again! This check is void in our civil system. However it was cashed by RCS. Real Estate and RCS have been notified and we won't be getting anything back."
200. One week from the day that the Sheriff's Office issued check number 14835, the Sheriff's Office issued a duplicate check to Reach Communications Specialists, Inc., check number 14867, in the same amount of **\$22,976.19**.
201. There is another voided check issued to Reach Communication Specialists, Inc. that cleared the bank and was cashed by Reach, check number 34217, dated December 23, 2008 in the amount of **\$25,484.99**. This check was not identified as voided in the Sheriff's check writer system but a disbursements screenshot provided by the Sheriff's Office clearly identified it as marked void in bold large font upper case letters. A notation

on a document accompanying this screenshot reads "Crystal has the authority to remove "voids" from the system."

202. We were advised by Sheriff's Office personnel that Reach/RCS has failed to repay the **\$60,686.18** that cleared the bank on the voided checks.
203. We identified other checks that were cancelled but cleared the bank including check number 13860 in the amount of **\$726,594.36** dated March 6, 2007 written to City Line Abstract. We were advised by the Sheriff's Office that City Line notified the Sheriff that they mistakenly received the check and refunded the entire amount to the Sheriff. We were provided with City Line check number 1545 in the amount of **\$726,594.36** as a repayment as well as the bank records of the Sheriff showing the deposit on April 6, 2007.
204. We identified another check to City Line Abstract, check number 13311 in the amount of **\$238,830.24** dated July 13, 2006 that was voided but cleared the bank. We were advised by the President of City Line Abstract that a full refund of the **\$238,830.24** was given to the Sheriff's Office once it was recognized that City Line received these monies in error. As evidence of repayment, a disbursement statement from City Line's TitleExpress Escrow System along with a copy of the front and back of refund check number 1250 dated July 18, 2006 totaling **\$238,830.24** was provided. It was not apparent from the back of the check where the refund check was deposited. However, a review of the Sheriff's Office July 2006 Tax Lien Account (0364114454) bank statement shows a deposit in the amount of **\$238,830.24** on July 21, 2006.

CASH ADJUSTMENTS

205. We analyzed the Sheriff's Office records by filtering the available check writer database for cash adjustments to focus on the period 2006 through 2009 and found 41,932 cash adjustments totaling **\$6,036,242**.
206. Sheriff's Office employees advised that these cash adjustments were needed to capture transactions and amounts for which the Civil System, the Sheriff's Office accounting system, was not designed to capture such as main desk fees and lump sum deposits. As a result, cash adjustments are entered daily. Adjustments are also used to move amounts from one case balance account or book/writ to another to correct mistakes that were made when financial information was erroneously entered into the Civil System.

207. We sorted by amount and accompanying memo of explanation to identify if there were any common amounts or memos associated with these adjustments. A pivot table was also generated to sort by date to see if there were any dates which had an unusually large number of cash adjustments.
208. A sort by amount reveals several adjustment amounts appearing frequently such as **\$84.00, \$116.00, \$184.00, \$216.00, \$128.00, \$50.00, \$110.00, \$210.00, \$136.00, \$100.00** and **\$232.00**. In total, there are 24 specific amounts, each appearing more than 100 times, and all less than \$400 (some of which are offsetting negative amounts). These account for **39,465** adjustments or 94.1% of the total **41,932** adjustments totaling **\$5,587,038**. It appears that these commonly occurring adjustment amounts relate to main desk fees such as those for serving complaints, summons, subpoenas, and various writs. Additionally, positive and negative like amounts represent both sides of the adjustment showing the amount moving from one case balance (book/writ) to another.
209. The most common memo appearing in the check writer database notes "Not in acct system" and appears in numerous variations with different spellings and abbreviations. This memo is used for 40,903 entries or 97.5% of the cash adjustments. Nearly 90% of these adjustments (89.1%) are for the similar amounts mentioned above, and are equal to or less than \$400. There are 12 instances of adjustments over **\$10,000** with the largest being **\$75,548.00**. Most of these cash adjustments are cancelled out by corresponding negative adjustments for the same amount with the same date as the original adjustment entry signifying movement of money from one case balance to another to correct for previously erroneous entries.
210. Our analysis of the cash adjustments reveals that adjustments are frequently used for the purposes of accounting for transactions that the Civil System was not initially set up to capture.

CASH RECEIPTS

211. We were provided with 15 boxes of original hardcopy cash receipts packages by Sheriff's employees. These cash receipt packages consisted of hardcopy receipts for check and/or cash transactions that resulted from the sale of real property at Sheriff Sales from 2006 through 2009. Within these boxes were individual cash receipt records, adding machine tapes, bank deposit slips and printed deposit reports for cash receipt transactions that occurred from 2006 through 2009. Since the level of support accompanying the cash

receipts packages in 2009 was greater than those for 2008 and prior, a separate cash receipts analysis was performed for 2009.

- 212. We analyzed 232 judgmentally selected cash receipt transactions occurring in 2006 through 2008, and 67 judgmentally selected cash receipt transactions occurring in 2009. The specific procedures we performed are set forth in the report.
- 213. We discovered and have noted in the report the inconsistencies and/or errors in the recording of cash receipts in the Sheriff's Office accounting system.
- 214. However, based on our testing approach noted in the report, tested cash deposits collected at Sheriff's sales representing winning bidders' deposits at sale during 2006 through 2009 were appropriately accounted for, as evidence exists to show these cash receipts were deposited into a Sheriff's Office bank account.

IV. DETAILED FINDINGS

A. INTERRELATIONSHIPS: REACH/RCS - SHERIFF'S OFFICE

The interrelationships between RCS Searchers (RCS)/Reach Communication Specialists, Inc. (Reach) and the Sheriff's Office, set forth below, provided for little, if any, internal control over financial transactions between the Sheriff's Office and Reach/RCS. The Sheriff's employees we spoke with consistently described the working relationship between the Sheriff's Office and Reach/RCS. They said that RCS/Reach were involved in the operations of the Sheriff's Office to the point that Reach/RCS appeared to them to run the Sheriff's Office. The involvement was similarly described: "Reach had too much of a hold on the Sheriff's Office"; "RCS was in charge"; "we worked for RCS rather than the other way around"; "RCS was in control"; and "the Sheriff's Office was a subsidiary of Reach/RCS." The involvement of Reach/RCS in the Sheriff's Office culminated in September 2010 when Reach/RCS took possession and control of financial information relating to Sheriff's sales by moving the information from the Sheriff's computer server to a Reach/RCS server, thereby limiting Sheriff's employees direct access to their own information, and requiring them to go through Reach/RCS to retrieve Sheriff's sales data. One Sheriff's employee told us that after RCS took over the server, the review of Reach/RCS invoices and underlying data became so difficult that the accounting process was reduced to merely printing checks. When Reach/RCS was terminated in January 2011 following the release of the Audit Report by the City Controller, the Sheriff's Office was without four months of financial information relating to its own property sales.

We asked Darrell Stewart whether the interrelationships set out below constituted a conflict or appearance of a conflict of interest; he refused to answer the question based on advice from his attorney. A senior Sheriff's employee told us that apparent conflicts with Reach/RCS were brought to the attention of Sheriff Green but no action was taken until after he retired and Reach/RCS was terminated following the issuance of the City Controller's Audit Report. We asked other employees whether they raised questions about Reach/RCS/Sheriff Office interrelationships and were told that employees did not question the Sheriff on those issues.

Following are the interrelationships between Reach/RCS and the Sheriff's Office:

OPERATIONS

1. According to our investigation, which included interviews, review of records, and searches of public corporate records, Reach Communications Specialist, Inc. (Reach) and RCS Searchers (RCS) are owned by James R. Davis, Jr. The late James Cassell was a co-owner in Reach and RCS prior to his death in April of 2005.
2. RCS/Reach was the largest vendor of the Sheriff's Office during, before and after the period of our forensic investigation. Our review of Sheriff's Office checks payable to Reach and RCS showed payments of **\$206,110,116** for the years 2005 through 2010.
3. RCS offices were located one floor above the Sheriff's fifth floor office at 100 South Broad Street, Philadelphia, Pa. We were told that after Crystal Stewart began working in the Sheriff's Office, two direct **data lines** to RCS were installed in her office which permitted RCS to have direct connections to the Sheriff's Civil System and the financial information appearing on the Sheriff's accounting system. The now unused data connection outlets are still marked "Sixth Floor."
4. Crystal Stewart worked in the Sheriff's Office Real Estate Division and became Director of the unit in approximately 2006, according to present and former Sheriff's Office employees. Ms. Stewart is the sister of the owner of Reach/RCS, James R. Davis, Jr. In her position in the Real Estate Division, Ms. Stewart approved invoices submitted by her brother's companies, Reach and RCS, relating to Sheriff's sales and submitted "Requests for Disbursements" to the Sheriff's Accounting Division and directed checks be issued to Reach/RCS, according to our interviews and Sheriff's Office records. Additionally, records show Ms. Stewart as the person sometimes receiving checks on behalf of Reach/RCS that had been issued by the Sheriff's Accounting Division.

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5. Darrell Stewart is the brother-in-law of James R. Davis, Jr. and is married to Mr. Davis' sister, Crystal. Mr. Stewart was at one time the Director of the Real Estate Division at the Sheriff's Office and later the Undersheriff. Sheriff's employees told us and Sheriff's Office records show that Mr. Stewart approved Reach and RCS invoices and submitted "Requests for Disbursements" to the Sheriff's Accounting Division directing that checks be cut to his brother-in-law's companies. Mr. Stewart also supervised his wife in the Real Estate Division before she became Director of the Division.
6. Mr. Stewart told us that he and his wife reviewed and approved invoices for RCS and Reach.
7. As discussed in other sections of this report, multiple Sheriff's employees said that Crystal and Darrell Stewart expedited and "pushed" Sheriff's Office payments to Reach/RCS.
8. Sheriff John Green placed Mr. and Mrs. Stewart in their positions in the Sheriff's Office, according to interviews with Sheriff's employees.
9. RCS employees were physically present and worked in the Real Estate and Accounting Divisions of the Sheriff's Office, performing the responsibilities of Sheriff's employees. One of these RCS employees, Karen Coursey, is the sister of James R. Davis, Jr. and Crystal Stewart. Ms. Coursey worked in the Real Estate Division, handled settlements and had the same authority to authorize payment of invoices that her sister, Ms. Stewart, had. The invoices that she approved included the payment of utility bills. This is an issue discussed in greater detail later in this report under "Settlement Distributions" since RCS, not the Sheriff directly, was to pay utility bills as part of RCS' settlement responsibilities on behalf of the Sheriff's Office.
10. Another RCS employee who worked in the Sheriff's Office was Jessica Diaz, the daughter of James R. Davis, Jr., and the niece of Ms. Stewart. Sheriff's employees told us that Ms. Diaz had full access to the Sheriff's Civil System and its financial information.
11. RCS began performing settlement services for the Sheriff's Office mortgage foreclosure sales in approximately 2005. In addition to acting as the disbursement agent for Sheriff's sales, RCS was also a bidder for others at these sales. Sheriff's employees told us that RCS had a table physically set up at Sheriff's sales and bid on behalf of purchasers they secured through their website that posted the sale properties. The Sheriff's Office paid for maintenance of the website and posting of the sales. (See "Advertising" section of the

report). The "Conditions of Sheriff Sale" published in the Legal Intelligencer required ten percent of the highest bid be deposited in cash, certified check, attorney's check, or money order when the bid was registered at the sale. If the bidder failed to make the deposit "the bidder shall lose all benefit of this bid...." Sheriff's employees told us that RCS was not required to follow the deposit Condition of Sale and was permitted to make the ten percent deposit the next day at the Sheriff's Office.

12. Computer System

- a. Sheriff John Green sent a letter dated February 14, 2006, to Peter Smith,¹⁰ the then Pennsylvania Deputy State Treasurer for Audits and Investigations, in response to a state audit of the Sheriff's Unclaimed Funds Accounts. Sheriff Green represented in the letter that the Sheriff's Office was developing a new computer system which "will reengineer the way business is conducted and incorporate significant functionality and reporting features, which will aid in carrying out daily functions extremely efficiently." (Exhibit 1)
- b. Sheriff's Office employees advised that the upgraded computer system that Sheriff Green described in his letter to Mr. Smith was not instituted. The employees told us that they received training on a proposed new system from an outside vendor, tested the improvements which had various internal controls, and thought it was an upgrade over the existing system. The Sheriff's employees also told us that it was never implemented, but they did not know why it was not.
- c. Rather, the change in the computer system occurred in September 2010, a short time before the release of the Audit Report by the City Controller, when RCS took over the Sheriff's computerized accounting system known as the Civil System and placed the Sheriff's accounting and financial data relating to Sheriff's sales on the RCS server.¹¹ By doing so, the Sheriff's Office effectively relinquished control of its accounting and financial data to an outside vendor who was its largest provider of services. According to Sheriff's Office employees, accessing and printing copies of needed sales financial data became difficult and time consuming without a direct connection to its Civil System, and further reduced the ability to review the Reach/RCS invoices, especially with the direction from Crystal and Darrell Stewart to expedite payment of the invoices. The impact of relinquishing control of its financial data to Reach/RCS

¹⁰ Mr. Smith is presently the United States Attorney for the Middle District of Pennsylvania.

¹¹ Counsel for RCS provided a signed letter agreement between RCS and the Sheriff's Office dated September 10, 2010 relating to expansion of computer support services for the Sheriff's Office. (Exhibit 6)

was experienced after Reach/RCS was terminated in January 2011, and the Sheriff's Office was left with a void of four months of Sheriff's sales data, according to Sheriff's Office employees and representatives we spoke with.

13. Reference is made to the "Finders" section of the report addressing the interrelationship of Reach and the Sheriff's Office in its dealings with the State auditors in their audit of unclaimed funds in the possession of the Sheriff's Office. See the letter by Peter Smith, Pennsylvania Deputy State Treasurer for Audits and Investigations, to the Philadelphia City Controller, informing the City Controller of the potential conflict of interest by Reach in acting as the Sheriff's agent in researching and reporting financial information concerning owners of unclaimed funds to state auditors while at the same representing itself to be the owner of **\$366,290.62** in unclaimed funds. (Exhibit 2)

OTHER INTERRELATIONSHIPS

14. James Cassell, the late co-owner in Reach Communications Specialists, Inc., is listed as the Treasurer on six of Sheriff John Green's Campaign reports from 2002 through 2003.
15. Sheriff John Green purchased his residence from a company owned by Mr. Davis in May 2003. Sheriff Green was quoted in the Philadelphia Daily News November 18, 2005 newspaper article as saying that he paid market price for the home and did not receive any benefit as a result of his relationship with Mr. Davis, who Mr. Green described as part of his "inner circle" (Exhibit 3).
16. Darrell and Crystal Stewart received a **\$30,000** mortgage from a company owned by Mr. Davis and Mr. Cassell. Darrell Stewart told us he also received a loan from Mr. Davis to help finance the purchase of another property.
17. Reach Communications Specialists, Inc. is listed as a **\$30,000** creditor of Sheriff John Green's reelection campaign as of May 2007, according to campaign finance report filings. The filings list the debt to Reach as a TV and Radio Production Bill. The debt has not been reduced and as of the filing dated December 31, 2010 remained unpaid. It does not appear the **\$30,000** debt will be paid with money left from the campaign since **\$98** is the amount listed as the remaining cash balance in campaign accounts.

OUTSIDE INTERESTS

18. Sheriff John Green hired Tyrone Bynum as the Sheriff's Office Director of Finance in 2002. Mr. Bynum was terminated from his Sheriff's Office employment in January 2011.

19. We were advised by Sheriff's Office employees and the Acting Sheriff that Mr. Bynum spent considerable time outside the office. The Acting Sheriff provided us with a business card of Mr. Bynum found in his desk after he was terminated. The card represented that Mr. Bynum was part of a business named "Diversified Mortgage" which was described as a "Full Service Mortgage Firm." The company listed its address as the 15th floor of 100 South Broad Street, the same building that houses the Sheriff's Office.
20. According to unverified public record searches, Mr. Bynum purchased five properties from Homerun Properties Inc., a buyer of Sheriff sale properties. Mr. Bynum subsequently sold at least four of these properties at a profit. A purchaser of one of the properties was Jakiem Wright. In 2009, two questionable checks totaling over **\$147,000** were issued by the Sheriff's Office to Jakiem Wright's company, 400 PTM while Mr. Bynum was employed with the Sheriff Office (See "Suspicious Checks" section of the report).
21. Tyrone Bynum also purchased six properties through his company, Prodigy Corp, many of which appear to have been purchased at Sheriff's sales.

ETHICS

Pennsylvania Public Official and Employee Ethics Act

22. Section 1103 of the Pennsylvania Ethics Act states that "(n)o public official or public employee shall engage in conduct that constitutes a conflict of interest." One of the definitions of a conflict under 1102 includes:

"Conflict or conflict of interest. Use by a public official or public employee of the authority of his office or employment or any confidential information received through his holding public office or employment for the private pecuniary benefit of himself, a member of his immediate family or a business with which he or a member of his immediate family is associated."

23. A member of the immediate family includes a brother or sister under Section 1102.
24. The definition of being associated with a business under Section 1102 is as follows:

"Business with which he is associated. Any business in which the person or a member of the person's immediate family is a director, officer, owner, employee or has a financial interest."

25. With respect to Sections 1102 and 1103, our investigation has shown: Crystal Stewart was an employee of the Sheriff's Office and Director of its Real Estate Division; her brother, James R. Davis, Jr., is the owner of Reach and RCS; Reach and RCS were involved in numerous business transactions with the Sheriff's Office as set forth in this report; Ms. Stewart was involved in those transactions as Director of the Real Estate Division of the Sheriff's Office by approving invoices of Reach and RCS on behalf of the Sheriff's Office, issuing Requests for Disbursement to the Accounting Division for payment of the Reach and RCS invoices, and sometimes receiving the Sheriff's check payments to Reach and RCS on behalf of the companies.

The Philadelphia Ethics Code

26. Section 20-607(a) of the Philadelphia Ethics Code related to Conflicts of Interest states that:

“...no member of Council, or other City officer or employee shall be financially interested in any legislation including ordinances and resolutions, award, contract, lease, case, claim, decision, decree or judgment made by him in his official capacity, or by any board or body of which he is a member nor shall any financial interest be held by a parent, spouse, child, brother, sister or like relative-in-law, or by any person, firm, partnership, corporation, business association, trustee or straw party for his or her benefit; nor shall a member of Council or other City officer or employee be a purchaser at any sale or vendor at any purchase made by him in his official capacity.”

27. Section 20-607 covers a relative-in-law in addition to a sister.
28. The facts set forth in paragraph 25 above with respect to Crystal Stewart and the State Ethics Code are applicable to Section 20-607 of the City Ethics Code.
29. With respect to Section 20-607 and Darrell Stewart, our investigation has shown: Darrell is the husband of Crystal and the brother-in-law of James R. Davis, Jr.; during the time of his marriage to Crystal, Darrell was a City employee in the Sheriff's Office and the Director of the Real Estate Division prior to Crystal becoming Director, and later became the Undersheriff; while married to Crystal and a City employee at the Sheriff's Office, Darrell approved Reach and RCS invoices on behalf of the Sheriff's Office and issued Requests for Disbursement to the Accounting Division of the Sheriff's Office for payment of the Reach and RCS invoices.

B. CONTRACTS

BACKGROUND

30. This section of the report addresses contracts between the Sheriff's Office and vendors for various services relating to Sheriff's sales.
31. The City Controller asked the Sheriff for copies of all signed contracts between the Sheriff and Reach/RCS during its audit for fiscal years 2007 to 2009. None were provided.
32. Following the release of the City Controller's Audit Report of the Sheriff's Office in October 2010 and the retirement of Sheriff John Green, Reach and RCS were terminated as service providers. In January 2011, shortly after the Reach/RCS terminations, counsel for Mr. Davis and Reach/RCS provided the Sheriff's Office with a copy of a 2003 letter agreement contract between the Sheriff and Reach for advertising services and a copy of a 2010 letter agreement contract between the Sheriff and RCS for computer support services. (Exhibits 4, 5 and 6). We asked counsel for Mr. Davis for copies of any contracts or letter agreements between the Sheriff's Office and Reach or RCS. Counsel did not provide any.
33. No other current or former Sheriff's Office employee we interviewed, including the Acting Sheriff, was aware of any signed contracts with Reach, RCS, or Mr. Davis, other than the above mentioned purported letter agreements provided by counsel for Reach/RCS after Reach/RCS' termination.
34. We discovered in the Sheriff's files a signed original contract in the form of a letter agreement between the Sheriff and Reach for advertising services, three signed original contracts (letter agreements), a signed copy of a letter agreement between the Sheriff and RCS for various services, all different from the two letter agreements provided by counsel for Reach/RCS, and unsigned copies of various draft letter agreements between the Sheriff and RCS.
35. Reach provided advertising services to the Sheriff since at least the early 1990's, according to present and former Sheriff's employees and litigation documents.
36. We discovered in the files of the Sheriff's Office a memo dated 1/23/2003 from Sheriff John Green to Janet Pina, Compliance Officer, titled "Policy for Consultant and

Professional Service Providers.” The memo purports to contain the initials of Sheriff Green and reads in part:

“Effective immediately, the Philadelphia Sheriff’s Office will establish a new policy to obtain written agreements or contracts with all current and future vendors providing consulting and professional services. This new policy should be fully implemented within 90 days. **These written agreements and/or contracts will formalize verbal agreements now in place and will be kept in the Sheriff’s Office for public inspection.**”(Emphasis added) (Exhibit 7)

REACH CONTRACTS

37. There are two signed letter agreements for advertising services between the Sheriff’s Office and Reach Communications Specialists, Inc. on Reach Communications Specialists, Inc. letterhead. One is an original agreement which we found in a box of documents in the Sheriff’s Office in a folder marked “Vendor Agreements/Contracts (2002-2003) –Originals” (original) (Exhibit 8). The second letter agreement is a copy which was not in the aforementioned folder, but was provided via fax to the Sheriff’s Office in January 2011 by counsel representing Reach/RCS following Reach/RCS’s termination. (Exhibit 5)
38. Both letter agreements have the same cover letter date, February 25, 2003, and same date of execution, February 27, 2003. The agreements are identical in content,¹² including typographical errors, except for the section titled “Remuneration”.
39. The original letter agreement found in the Sheriff’s files states:

“Remuneration

Reach Communications Specialists, as the advertising agency of record for the Philadelphia Sheriff’s Offices, agrees to accept as compensation the 15 percent standard commission **paid by advertising mediums**¹³ along with one line per writ added only in the line count of the three major newspapers to cover production cost.¹⁴” (emphasis added) (Exhibit 8)

¹² The copy has smaller font size but that may be the result of faxing the document to the Sheriff’s Office.

¹³ Mr. Davis, through counsel in an answer to a July 2011 complaint filed by the Philadelphia Media Network LLC against Reach and Mr. Davis for non-payment of invoices for Sheriff sales, acknowledged a 15% **discount** on invoices from the newspapers.

40. The copy of the letter agreement provided by counsel for Mr. Davis states:

“Remuneration

The **Sheriff agrees to pay RCS** for their Services as follows (emphasis added):

1. The addition of two (2) lines to Sheriff's Sale writs in only one of three major newspapers to cover the cost of the necessary spacing between each individual advertised writ, the Sheriff's Sale heading that runs across each advertising page and to offset any administrative fee.
2. The addition of .9 lines to cover the cost of advertising the cost of the conditions of the Sheriff's sales; plus one (1) line to cover production costs. (Exhibit 5)

41. The copy of the letter agreement provided by Mr. Davis' counsel changes the remuneration paragraph to state that the “Sheriff agrees to pay RCS” and deletes language in the original letter agreement stating “paid by the advertising mediums”. The copy also deletes the 15% industry standard commission as the basis for computing compensation and substitutes payment based on 2.9 lines for each writ that is advertised.

42. By changing the remuneration paragraph, the copy agreement actually mentions the 2.9 lines twice since it repeats on the first page of the agreement what appears on the third page, not under “Remuneration” but “Production Services.” There are 11 paragraphs under this heading. All paragraphs describe various services that Reach will provide the Sheriff. Paragraph 11 begins with a Reach service:

“Provide computerized billing detailing costs for each writ along with supporting documentation for review and approval.”
(Exhibit 5)

¹⁴ A “line per writ” charge refers to the cost charged by the advertiser for the placement of one line worth of details used to describe the property being advertised for Sheriff's sale. The total line per writ count is a summation of each line of detail produced for the purposes of fully describing the property being advertised for Sheriff's sale.

and then inserts a compensation clause in language similar to that appearing under the "Remuneration" heading:

"To cover the lineage cost of the legally mandated conditions of Sheriffs Sales, the Sheriff's Sale headings that run across each advertising page, and the spacing between writs, the addition of 2.9 lines will be added only to the line count of one of the three major newspapers in the rotation for that specific sale." (Exhibit 5)

43. Both letter agreements contain what purports to be the signature of James R. Davis, Jr. who purportedly signed on behalf of Reach Communication Specialists, Inc. and both contain the purported signature of Janet Pina on behalf of the Philadelphia Sheriff's Office.
 44. Janet Pina was asked about the two letter agreements bearing identical cover letter dates and identical language with the exception of the remuneration paragraphs, and purportedly signed on the same day by Mr. Davis and her. Ms. Pina was the Compliance Office at the Sheriff's Office at the time of the execution of the contracts. She presently is co-owner of the Tyler Firm.
 45. Ms. Pina said the signatures on the two documents are not hers, she did not sign either contract, and she did not authorize any one to sign her name to the documents. She has signed letter agreements on behalf of the Sheriff's Office, but she did not sign Exhibits 5 and 8.
 46. Sheriff Green recently told us that: there never was a contract for advertising in the Sheriff's Office; Reach has been providing the advertising since 1990; the only advertising service Reach performs is placing newspapers ads for Sheriff sales; and he has no idea what the amount of advertising expenses are.
 47. Sheriff Green, in a Philadelphia Daily News article dated November 18, 2005, purportedly told the press that he put in writing a contract with Reach Communications Specialists, Inc. in February 2003 where Reach receives a **"15 percent commission from the media** with which it places the ads." (Emphasis added) (Exhibit 3)
 48. Mr. Davis, through counsel, declined our request for an interview.
- RCS SEARCHERS/GLOBAL ABSTRACT/ CITY LINE ABSTRACT/SECURITY
SEARCH & ABSTRACT INC.**

49. Distribution Insurance

- a. We found a signed original agreement between the Sheriff and RCS Searchers, as well as signed original agreements with two other companies, Global Abstract Agency, and Security Search & Abstract Inc. All of the agreements are dated 27th day of February 2003 and are purportedly signed by Janet Pina on behalf of the Sheriff's Office. James R. Davis, Jr. purportedly signed on behalf of RCS Searchers. Each title company "agrees to make and guarantee the correctness of all instruments affecting titles to real property." In return for issuing a distribution policy, each title company agreed to be paid according to the "state mandated rate structure as defined in the attachment..." No attachment was found in the document folder. The agreements were found in the same folder marked Vendor Agreement Contracts/Contracts as the original letter agreement between the Sheriff and Reach executed on the 27th day of February, 2003.

50. Preparation and Execution of Deeds

- a. We found copies of three contracts all dated September 1, 2002 between the Sheriff's Office and three companies to provide deed service for \$75 per deed. RCS Searchers was contracted to prepare and execute the deeds for Tax Lien Delinquent sales. The contract was purportedly signed by the then managing partners James Cassell and James Davis. (Exhibit 9)
- b. Philadelphia Deed Service was contracted to perform the deed service for Mortgage Foreclosure sales. Jennifer St. Hill purportedly signed the contract on behalf of Philadelphia Deed Service.¹⁵ (Exhibit 10)
- c. Deed preparation and execution service for Tax Delinquent sales was contracted with Elkins Park Abstract Co. The contract was purportedly signed by Daniel McCafferty. (Exhibit 11)
- d. Sheriff Green and Tyrone Bynum were copied on all the contracts. Janet Pina purportedly signed all three contracts on behalf of the Sheriff's Office.

¹⁵ Jennifer St. Hill was the largest contributor to Sheriff Green's political campaigns from 2001 through 2009 with contributions totaling \$18,355, according to campaign finance reports. During a legal proceeding, Ms. St. Hill stated that she was part owner of Preforeclosure4sale, Inc., which, according to public records was owned by James Cassell and shares an address with Reach.

51. Settlement Services

- a. RCS Searchers provided settlement services for Sheriff's mortgage foreclosure sales as well as part of the settlement services for the Sheriff's tax lien and tax delinquency sales, apparently without an executed contract. Global Abstract and City Line Abstract provided a portion of the settlement services for Sheriff's tax delinquency and tax liens sales without executed contracts.
- b. We discovered in the Sheriff's files a copy of an unsigned letter agreement dated November 11, 2003 from RCS Searchers on RCS letterhead to Tyrone Bynum, Director of Finance, Sheriff's Office, to provide deed recording services for Sheriff's sales at the cost of \$250 per deed or instrument (Exhibit 12). The letter states the "Sheriff acknowledges that RCS is currently and has been providing Settlement Services and wishes to continue to engage RCS to provide Settlement Services....." The unsigned letter agreement was found with a copy of an unsigned cover letter from RCS Searchers to Mr. Bynum dated January 29, 2004, referencing the agreement, and thanking him for the opportunity to act as the Sheriff's "primary provider of Third Party Closings." (Exhibit 13)
- c. We discovered unsigned letters on Sheriff's Office letterhead dated November 17, 2003 to RCS Searchers, Global Abstract Inc., and Security Search & Abstract inviting proposals from each to undertake "some of the functions" of the Sheriff sales closings as a result of the "Mandamus Action." This is an apparent reference to a Consent Order of Mandamus entered by Judge Eugene Cohen of Common Pleas Court on February 24, 2003 ordering the Sheriff's Office to timely provide deeds and distribute monies on Sheriff's sales. (Exhibits 14, 15 and 16)
- d. We examined files which Sheriff's employees represented came from the office of Tyrone Bynum. We found in these files a folder containing an apparent original signed letter from James R. Davis, Jr., managing partner at RCS Searchers to Mr. Bynum dated April 6, 2004. The letter sets forth the "Traditional Closing Process" and explains the settlement services that RCS proposed to supply to the Sheriff's Office:

"Our closing process will follow the traditional form used by all banking and mortgage companies that finance home-buyers every day. In this case, the Sheriff's Office will

collect all funds (10 plus 90 percent) needed to pay all liabilities and costs needed for processing deeds. **We would review and verify the amount needed to pay all liabilities and the cost needed for processing deeds, calculate the total, and request disbursement of funds from the Sheriff's Office** (Emphasis added). Your office would have the option of writing either one check to pay all the costs for each property or one check to pay all the costs for a group of properties, identified by book, writ, and address, from the Sheriff's Office. Once the disbursement is received from the Sheriff's Office, **RCS Searchers will pay off all costs needed to complete acquisition through the Sheriff's Sale process within a five to ten day period** (Emphasis added). RCS tracking computers, as outlined in our proposal, will be available for the Sheriff's Office." (Emphasis supplied) (Exhibit 17)

- e. Mr. Davis' letter refers to a flow chart that sets forth "a detailed layout of how this process would work." The flow chart, as well as an unsigned copy of the above mentioned November 11, 2003 letter, and a schedule of fees for the Sheriff were also included in the file.
- f. We also found in the Sheriff's files purportedly belonging to Tyrone Bynum copies of three unsigned letter agreements, on blank letterhead, addressed to RCS Searchers, Global Abstract Agency Inc., and City Line Abstract Company, dated November 12, 2004, for settlement services for the Sheriff's Office. (Exhibit 18, 19 and 20) A Sheriff's Office employee provided copies of the same documents and advised us that he received the documents from Mr. Bynum during the City Controller's recent audit and had asked Mr. Bynum for all contracts he had in response to a request by the auditors. The three unsigned letter agreements were the only documents Mr. Bynum provided.
- g. Mr. Bynum's name appears on all three letters as the person to sign on behalf of the Sheriff's Office. The letters are identical with respect to six enumerated settlement services; all three title companies are to be paid \$175 for each property that was settled. RCS is the only title company that is to provide a seventh service, "recording of deeds and other instruments." For this service, RCS was to be paid an additional \$75, for a total of \$250 per property. The \$75 did not include deed recording fees.

- h. Jacqueline Roberts, president of Global Abstract Agency, Inc. provided us with a copy of a letter agreement dated November 12, 2004, between Global Abstract and the Sheriff's Office, which was not fully executed. It appears identical to the letters we found in Mr. Bynum's files, except Ms. Roberts' copy is on Sheriff's letterhead. The copy provided by Ms. Roberts contains her signature, but not Mr. Bynum's. Ms. Roberts said she could not remember if she sent a signed copy to Mr. Bynum.
- i. Andrew Miller, president of City Line Abstract said that he provided settlement services and distribution polices to the Sheriff's Office for tax liens beginning in 2005, but never received a contract. He recalls Mr. Bynum calling sometime around the summer of 2009¹⁶ and asking Mr. Miller for a copy of his contract with the Sheriff. Mr. Miller said he told Mr. Bynum that they never had a contract. According to Mr. Miller, Mr. Bynum said that he would send him one, but never did.

52. Sweep Account Services

- a. We discovered an original letter agreement contract on RCS Searchers letterhead dated November 3, 2006 purportedly signed by Mrs. Sheila R. Davis on behalf of RCS Searchers and Tyrone Bynum. The document was found in files that Sheriff's employees said they took from Mr. Bynum's office. The contract states that "(w)e (RCS) understand that the Sheriff desires a process to sweep past real estate accounts for books 163 through and including 201 and to identify and pay all outstanding liabilities in these accounts." RCS was to charge a "reduced fee of \$55.00... for all properties found, where there are outstanding liabilities." The Sheriff was to pay RCS within two days of receipt of an invoice. (Exhibit 21)
- b. The \$55.00 charge was to "be deducted from the grand total of the Sheriff's fee, commission or liabilities payment covering the above books", thereby being paid on monies that could be remitted to the City of Philadelphia. We also discovered in the files purportedly belonging to Edward Chew, former Director of Legal Services for the Sheriff's Office, an unsigned copy of the same letter agreement dated six months earlier, May 2, 2006. (Exhibit 22) The letter in Mr. Chew's file does not contain the foregoing compensation provision. The letters are otherwise identical except for the deletion of one of the services in the signed letter.

¹⁶ This coincides with the time the City Controller was conducting his audit.

- c. We also discovered an original letter agreement contract on RCS Searchers letterhead dated April 3, 2009 purportedly signed by Yvonne Cornell, on behalf of RCS Searchers and Tyrone Bynum in the same files where the November 2006 letter agreement was found. (Exhibit 23) The contract states that “(t)he Sheriff wishes to engage RCS Searchers to process past mortgage foreclosure real estate accounts.” The contract sets forth various tasks that RCS will perform to “help the Sheriff’s Office resolve the remaining balances for past mortgage foreclosures to help achieve a zero balance.” The charge for the services is increased from the \$55 in the 2006 contract to \$125 “for all properties found where there is a record of undisbursed funds or negative balances.” RCS is to be paid out of “undisbursed Sheriff’s fee and commissions” and within two days of receipt of the invoice.

53. Finder Services

- a. Reach provided “finder” services to the Sheriff to locate former homeowners entitled to proceeds on real estate sales where the sales price exceeded the sum of all outstanding liabilities and fees and where the former homeowner could not be found at the time of the distribution of proceeds. We found no evidence that Reach provided these services pursuant to a contract or written terms of compensation.

APPROVAL PROCESS

- 54. Section 4-400 (C) of the Home Rule Charter requires the City’s Law Department “prepare or approve all contracts, bonds and other instruments in writing in which the City is concerned, and shall approve all surety bonds required to be given for the protection of the City. It shall keep a proper registry of all such contracts, bonds and instruments.” The Law Department advised us that the contracts entered into by the Sheriff need approval of the Law Department.
- 55. The Sheriff’s Office should have been aware of the need to obtain Law Department approval for contracts. We discovered in the Sheriff’s Office files a copy of a letter to a consulting company dated November 6, 2002, from Janet A. Pina, Contract Compliance Officer, in response to a request to provide consulting services to the Sheriff’s Finance Division. The letter states, in part, “(a)ll contracts are reviewed and executed by the City’s Law Department and your request, as presented, does not offer enough detail, specifically when addressing generated revenues.” Sheriff Green is copied on the letter. (Exhibit 24)

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56. We found five formal provider agreement contracts between the Sheriff's Office and various vendors including those for auction, computer services and other consulting services from 2002 to 2005 that were apparently approved and processed through the Law Department and needing Finance Division approval. These contracts are purportedly signed by appropriate City officials as well as Sheriff Green on behalf of the Sheriff's Office.
57. In the same file that contained the original letter agreement between Reach and the Sheriff's Office signed on February 27, 2003, which does not appear to have been submitted for approval and processing by the City's Law Department, there is an original April 24, 2003 proposal letter from the Visionary Group to the Sheriff for consulting services for implementation of new procedures to meet the requirements of the Common Pleas Mandamus Order. We found a corresponding formal contract containing the proposal letter that was processed and approved through the Law Department between the Visionary Group and the City and Sheriff's Office for the proposed consulting services and signed by City officials and Sheriff Green.
58. The original letter agreements for advertising, title insurance, and sweep account services between the Sheriff's Office and its largest vendor, Reach/RCS do not appear to have been processed or approved through the City's Law Department as required by the Home Rule Charter. The November 2006 and April 2009 letter agreements for sweep services with RCS Searchers are on RCS Searchers letterhead and are signed, not by Sheriff Green, but purportedly by Tyrone Bynum, the then Finance Director for the Sheriff's Office.
59. The Reach/RCS letter agreements do not appear to be available for public review. The letter agreements do not appear on a registry as required by the Home Rule Charter. A memo from Sheriff Green dated January 23, 2003 stated that letter agreements would be kept in the Sheriff's Office for public inspection (Exhibit 7). The City Controller asked the Sheriff's Office for contracts with Reach and RCS during its audit of fiscal years 2007 to 2009; none were provided.
60. RCS provided settlement services for the Sheriff from 2005 through 2010. During this time, the Sheriff collected and sent **\$115,462,038** to RCS to pay settlement closing costs, taxes, water rents, municipal claims, fees, commissions, and excess funds. The RCS services were apparently provided without a contract which identified the services RCS was to provide and the compensation it was to receive. The Sheriff's Office did not provide a settlement services contract to the City Controller during its audit and we did

not find one in the Sheriff's files during our forensic investigation. Counsel for Mr. Davis and Reach/RCS did not provide a settlement service contract to the Sheriff and did not provide one to us after we asked for any other contracts that Reach/RCS had with the Sheriff's Office in addition to the two documents counsel provided to the Sheriff's Office in January 2011. No one we interviewed was aware of a contract with Reach/RCS for settlement services.

61. Section 4-400(C) of the Home Rule Charter requires contracts "in which the City is concerned" to be in writing.

C. ADVERTISING

REACH ADVERTISING EXPENSES

62. Reach Communication Specialist Inc. (Reach) billed the Sheriff's Office **\$38,568,022** for advertising expenses from 2005 through 2010.

COURT RULES/ADVERTISING

63. Pa. R. Civ. Pro 3129.2 and Phila. County R. 3129.2 requires the Sheriff to publish notice of sales once a week for three successive weeks in the Legal Intelligencer and in one daily newspaper of general circulation. Handbills are to be posted in the Sheriff's Office and on the real estate to be sold.

REACH ADVERTISING LETTER AGREEMENTS

Two Letter Agreements/Authenticity

64. Our investigation revealed two nearly identical letter agreements purportedly signed on February 27, 2003, one an original found in the Sheriff's Office and the other a copy submitted to the Sheriff's Office in January 2011. The only difference between the two is that the copy is altered by dropping the 15% commission language/one line per writ production cost,¹⁷ substituting payment based on the cost of 2.9 lines for each writ, and

¹⁷ A "line per writ" charge refers to the cost charged by the advertiser for the placement of one line worth of details used to describe the property being advertised for Sheriff's sale. The total line per writ count is a summation of each line of detail produced for the purposes of fully describing the property being advertised for Sheriff's sale.

changing the 15% commission “paid by advertising mediums” to the “Sheriff agrees to pay RCS for their services.” The copy with the changed language was not found in the Sheriff’s Office. We do not know the reason why the 15% standard commission language was dropped in the letter agreement copy.

65. Both the original and the copy of the letter agreement contain the signature of Janet A. Pina. Ms. Pina told us that the signatures on the documents are not hers, she did not sign either contract, and she did not authorize any one to sign her name to the documents. She said that someone signed her name making it look like her signature, which was “stupid” for someone to do. Ms. Pina said that she does not use a felt pen and it was clear to her that the signature in the original document was written with a felt pen. Ms. Pina said she did not know who wrote her name. She also said she signed letter agreements for the Sheriff’s Office but not the original or copy of the Reach advertising letter agreements.
66. Ms. Pina also said that she would not sign two different agreements like this for the same vendor unless there was a good reason for the second agreement, and if that happened, one would be destroyed. She said that she cannot recall ever signing two agreements like this with different language for any vendor.
67. Sheriff Green recently told us in an interview that there “never” was an advertising contract with Reach. However, in 1999 he advised the City Controller that he would enter into a written contract with the advertising vendor (Reach) which would “clearly define billing rates, production fees, and other administrative costs.” In January 2003, Sheriff Green issued a memo stating he was implementing a “new policy” whereby the Office would have written agreements or contracts with its vendors for professional and consulting services, and in a November 2005 newspaper article (see below) the Sheriff was purportedly quoted as stating the Sheriff’s Office had a February 2003 contract with Reach.

PRODUCTION COSTS/15% COMMISSION

68. Ms. Pina said that she did not understand the “one line per writ language” in the original agreement for production costs and did not know what the 2.9 line language in the letter agreement copy meant.
69. Ms. Pina told us she understood that the only compensation that Reach received was the 15% commission **which she thought the newspapers paid**, not the Sheriff’s Office. She did not recall how it came about that Reach was paid 15% but said she thought that the

15% was standard in the advertising industry. Ms. Pina questioned why Reach should be paid for advertising production since it was receiving a 15% commission.

70. With respect to payment for advertising production costs, Edward Chew, the former Director of Legal Affairs for the Sheriff's Office told us there should not be an extra charge for advertising production since that should be included in the commissions paid to Reach.
71. Sheriff Green, in a Philadelphia Daily News article dated November 18, 2005, purportedly told the press that he put in writing a contract with Reach Communications Specialists, Inc. in February 2003 where Reach receives a **"15 percent commission from the media** with which it places the ads."¹⁸ (Exhibit 3) In his recent interview with us, Sheriff Green said that the media was to supposed to pay Reach and not the Sheriff's Office.
72. Mr. Davis, owner of Reach, through counsel in an answer to a July 2011 complaint filed by the Philadelphia Media Network LLC against Reach and Mr. Davis for non-payment of services for Sheriff's sales, acknowledged receiving **a 15% discount** on invoices from the newspapers.

ANALYSIS

73. We are faced with two letter agreements of questionable authenticity. For purposes of our analysis we used the original agreement with the "15% standard commission paid by advertising mediums" language, in part, because of the various references to the 15% industry standard commission we came across during our investigation, including that attributed to Sheriff Green in 2005, and because this was the only original contract we have between Reach and the Sheriff's Office.
74. The Reach letter agreement defines "production costs" as including "developing and maintaining a website for sheriff's sales, production for a radio commercials fro (sic) dubbing, and maintaining archives of handbills...for six years."
75. The letter agreement does not authorize separate charges for maintenance of websites, handbill printing, or any production costs beyond the one line per writ line count.

¹⁸ Philadelphia Daily News, November 11, 2008.

REACH ADVERTISING CHARGES

76. Reach charged the Sheriff for advertising in the Legal Intelligencer, Philadelphia Inquirer, Philadelphia Daily News, Philadelphia Tribune, at least ten community newspapers, three radio stations, and cable television (Comcast). Our analysis has shown that Reach received a 15% commission on this advertising which was **paid by the Sheriff, and not the media**. RCS received invoices from the newspapers which were discounted by 15%. Reach forwarded its own invoices to the Sheriff's Office with the non-discounted/ full amount of the newspapers invoices, which the Sheriff's Office paid, thereby turning the 15% discount into a 15% commission paid by the Sheriff's Office.
77. Reach charged the Sheriff for the maintenance of two internet websites relating to Sheriff's sales. One was the unofficial website of the Sheriff, www.phillysheriff.com. The second was www.sheriffsale.com. Both websites were owned and controlled by James R. Davis, Jr. according to unverified public records and persons interviewed.
78. Reach charged the Sheriff to put sales notices on Reach's website and then used the website to attract bidders to the Sheriff's sales, for a fee payable to Reach. Present and former Sheriff's employees advised that Reach used this website to identify potential buyers for homes sold at Sheriff's sales and represented buyers at Sheriff's sales and bid on sales on their behalf.
79. Screenshots taken from Reach's website showed that it had a "User Agreement" which required a \$10 monthly fee to use the website, a \$25 fee to be an online bidder for Sheriff's sales, and a \$75 fee processing fee if there is a winning bid. The website advertised that the online bidder would be "represented at the live Sheriff's Sale by an experienced bidder who will actively bid on your behalf. If the experienced bidder submits a winning bid on your behalf, you will be required to pay an additional \$75.00 processing fee." (Exhibit 25)
80. Neither the Sheriff's website nor the Reach website was referenced in the "Conditions of Sheriff Sale" accompanying Sheriff's Sale Notices published in any of the thirty-six issues of the Legal Intelligencer we examined dated July 2004 through November 2007.¹⁹ Rather, beginning in approximately March 2006, the "Conditions of Sheriff Sale"

¹⁹ The Legal Intelligencer is the official periodical for the publication of all sales notices. Philadelphia County Court Rule 430.2

directed prospective purchasers to two different websites for information about sale properties since the published descriptions of the properties were shortened to save on advertising costs. This change was pursuant to a Court Order of the Hon. C. Darnell Jones, II in which the Board of Judges amended Rule 3129.2 (b) (1). (Exhibit 26)

81. We also examined Sheriff's Sale Notices in selected issues of the Philadelphia Tribune, Philadelphia Inquirer and the Philadelphia Daily News and did not see any reference to either of Reach's websites. We did find a reference to the Sheriff's unofficial website in a copy of the Star and the Northeast Star, community newspapers.
82. Reach charged for advertising production costs not on a per line per writ basis but on a fixed fee of \$75 for each property.
83. Reach charged for the publication of handbills.

BREAKDOWN OF REACH ADVERTISING CHARGES

84. The Reach invoices sent to Sheriff's Office from 2005 to 2010, totaled **\$38,568,022.41** and are broken down as follows:
 - a. Newspapers \$30,208,534.88
 1. Legal Intelligencer 10,928,340.10
 2. Philadelphia Tribune 7,077,322.58
 3. Philadelphia Inquirer 4,988,103.99
 4. Philadelphia Daily News 3,999,276.85
 5. Community Papers 3,215,491.36
 - b. Other \$ 8,359,487.53
 - c.
 1. Advertising Production Costs 3,021,989.61
 2. Reach Website 1,835,680.00
 3. Handbill Printing 1,141,630.00
 4. Sheriff Website 1,080,900.00
 5. Radio 888,637.92
 6. Comcast 390,650.00

ANALYSIS OF REACH INVOICES

85. Reach invoices were sent to the Sheriff's Office to the attention of Darrell Stewart. The invoices identified the period for which the advertisement ran, the medium where it appeared, and the expenses associated with each medium. The invoices generally referred to "community papers" but did not consistently set forth the number or identity of the newspapers after July 2005. (Exhibit 27)
86. The Reach invoices delineated other categories of advertising and corresponding charges which appeared as follows: "SheriffSale.com Website; 3129's Posting on PhillySheriff.com; Printing Handbills; Advertising Production." Certain invoices also included charges for radio and cable television advertising.
87. The invoices had accompanying spreadsheets which set forth the advertising charges for each property sale by book and writ number with numerous data fields corresponding to each sale. These fields included lines and rates for daily newspapers, a fixed rate for community papers, and fixed rates for the websites, handbill printing, and advertising production. Reach increased the rates for several categories in 2008, increasing the cost from \$50 to \$70 per property for their own website, \$20 to \$40 for each property for the Sheriff's website, and \$20 to \$35 per property for handbill printing. These rate increases generally coincided with attempts by the Philadelphia Judiciary and other interested parties involved in Sheriff's sales to reduce advertising costs in an attempt to reduce the number of homes lost and people adversely impacted by the loss of a home due to a Sheriff's sale. We found no evidence that these increases were reviewed and approved by the Sheriff's Office.
88. Production costs were to be based on a calculation of one line per writ in the daily newspapers. The Reach invoices did not include production costs based on line charges, but a fixed fee of \$75 per property as listed under "Ad Prod" on the Reach invoices. Depending on the advertising medium, a rate range from \$9.33 to \$15.51 per line was being used for the three major newspapers, according to Reach invoice support from 2005 through 2010. At the median rate of \$12.20 per line, production costs based on a one line per writ calculation should be \$36.60 as opposed to the fixed fee of \$75 per property.
89. Based on an inspection of available Reach invoices from 2005 through 2010, advertising charges invoiced by Reach related to 49,388 properties. If the median rate of \$12.20 per

line as noted above was applied to the 49,388 properties advertised for three consecutive weeks, total production costs as calculated would be **\$1,807,601**, as opposed to the **\$3,021,990** as actually charged by Reach over this time period. The use of the flat \$75 charge for production costs as opposed to the contractual per line rate resulted in the Sheriff being over charged by Reach an estimated amount of **\$1,214,389**.²⁰ If applied only during the original period of the forensic investigation (7/1/06-6/30/09), the corresponding overcharges would be **\$675,748.01 (\$1,612,525.01 less \$936,777.00)** as result of the \$75 flat fee charged for production costs as opposed to charging for the additional one line.

90. The Reach invoices did not include a breakdown or explanation of what part of the media charges it received as compensation, any reference to a 15% commission, discount, or how it calculated fees for the production costs.
91. The lack of detail Reach provided in its invoices, Reach's non-authorized charges for websites and handbill printing, and its overcharges on production costs call into question the accuracy of other inputs to the total advertising cost calculation such as the rate per line and number of lines charged to advertise the property sale, particularly since the City Controller in a 1999 audit report found that Reach overcharged the Sheriff by an average of nearly three lines per ad.
92. Members of the Sheriff's Office, including the Acting Sheriff, told us that they did not know what services Reach performed for advertising production. Under the Sheriff's Office 2011 advertising contract with a new vendor, compensation is the standard 15% commission and does not provide for production fees. Community newspaper advertising has been reduced and the use of radio and Comcast advertising was terminated under the new contract. (Exhibit 28)

REACH ADVERTISING OVERCHARGES

93. From 2005 to 2010, Reach apparently overcharged the Sheriff **\$5,272,599** in advertising charges consisting of **\$2,916,580** for websites, **\$1,214,389** for production costs, and

²⁰ If the compensation clause from the copy of the February 27, 2003 letter agreement between Reach and the Sheriff's Office is considered, the amount of excess production costs is \$672,109. This is computed by multiplying the median rate per line of \$12.20 by 3.9 lines for one newspaper by 49,388 properties identified on Reach invoices from 2005 through 2010.

\$1,141,630 for handbill production, according to the terms of the original letter agreement and an analysis of the Reach invoices.

COMPARISON OF REACH INVOICES TO NEWSPAPER INVOICES

94. The Sheriff's Office did not receive invoices from the Legal Intelligencer, daily and community newspapers, or other media. Rather, the various media sent their invoices directly to Reach. The newspaper invoices contained a gross charge and a net charge with a discount of 15% clearly marked. Reach was to pay the net charge to the newspapers. Reach prepared its own invoice for submission to the Sheriff which included the total gross amount appearing on the newspaper invoices sent to Reach. The Sheriff paid Reach the gross amount, with Reach receiving a 15% commission as part of its compensation.
95. Reach did not forward the newspaper invoices to the Sheriff nor did the Sheriff receive copies of the invoices from the newspapers, thereby preventing the Sheriff's Office from determining the accuracy of the newspaper charges appearing on the Reach invoices.
96. The Sheriff's Office paid the invoices within seven to ten days of receipt, according to Sheriff's Office employees. These employees said that Darrell and Crystal Stewart instructed that the Reach Communication invoices as well as the RCS invoices be paid promptly. With a few exceptions, invoices of other vendors did not receive the same treatment, according to interviews with members of the Sheriff's Office.

PHILADELPHIA INQUIRER/ DAILY NEWS

97. We received copies of invoices from the Philadelphia Inquirer/Daily News that it issued to Reach for publications of Sheriff's sales for the period 2008 through 2010.
98. The gross amount of the Philadelphia Inquirer/Daily News invoices sent to Reach, which Reach sent to the Sheriff's Office for payment, was **\$4,972,547**. Deducting the 15% commission/discount, Reach owed the newspapers the net amount, **\$4,226,665**.
99. We compared the corresponding invoices that Reach sent to the Sheriff's Office to those that the Philadelphia Inquirer/Daily News had sent to Reach.
100. The Reach invoices sent to the Sheriff's Office totaled **\$5,282,764** or **\$310,217** more than the Philadelphia Inquirer/Daily News invoices sent to Reach. The Sheriff paid these Reach invoices, according to the Sheriff's accounting records.

101. There is no apparent justification for the apparent over charges of **\$310,217** that Reach invoiced the Sheriff for related to the Philadelphia Inquirer/Daily News publication expenses, and which the Sheriff paid. Mr. Davis declined a request for an interview.

PREVIOUS REACH OVERCHARGES

102. The issue of Reach overcharging for Sheriff's sales advertising was addressed twelve years ago. The City Controller examined Reach advertising invoices for Sheriff's sales occurring for fiscal year 1996 and 1997. The City Controllers 1999 Audit Report concluded that:

“For the two months we tested, vendor invoices (Reach) differed from our calculations by an average of three lines per ad extrapolated to the 650 properties billed during those months, we project that the Sheriff's Office could have overpaid advertising expenses by an estimated \$61,000.”

103. The City Controller concluded that the Sheriff's Office failed in its fiduciary responsibilities and lacked appropriate controls:

“The Sheriff's Office failed to safeguard its fiduciary assets and manage its resources efficiently. We found that it did not always check the accuracy of documents supporting disbursements or routinely ensure that disbursements were made when due. We projected that the Sheriff's Office overpaid advertising services by an estimated \$61,000 and lost an estimated \$23,000 in interest revenue for the city. In addition, the agency did not properly account for all receipts collected or all checks issued, thereby increasing the risk that errors or irregularities could occur and not be detected by management.”

104. Sheriff Green's response to the 1999 City Controllers Report stated:

“The Real Estate Unit is responsible for the newspaper copies and the line charges being accurate and complete as supporting documentation for each monthly disbursement. We identified a problem with the billing since it only clearly identified .9 lines being added to cover the cost of the conditions of Sale. In actuality,

additional 2 lines (total 2.9) were being added to cover the cost of production.

As recommended by the auditors, the Sheriff's Office will institute a written contract with the advertising vendor to clearly define billing rates, production fees, and other administrative costs."

105. The City Controllers report was issued in 1999. It was not until four years later, in 2003 that the Sheriff's Office and Reach entered into a contract; there are two versions of that letter agreement, one is the original in the Sheriff's files and the other is a copy provided by Reach's attorney. Together they do not appear to "clearly define" the advertising fees because of the inconsistency in payment terms between the two contracts.

INTERNAL CONTROLS/REACH/EXCESS CHARGES

106. We found little evidence of internal controls over Reach invoices being instituted in the intervening twelve years since the City Controller first addressed the issue of Reach overcharges. Following the audit report, the Sheriff assigned Crystal and Darrell Stewart, the sister and the brother-in-law of the owner of Reach to approve the invoices submitted by his company and be responsible for the accuracy and completeness of the invoices. Additionally, the Sheriff's Office records show Crystal Stewart not only approving certain Reach invoices, but also receiving payment for them on behalf of Reach.
107. The Reach invoices themselves provided little information on how Reach was to be compensated or what Reach was contractually entitled to. Present and former Sheriff's employees we interviewed, including the Acting Sheriff, did not know of the existence of the Reach letter agreement nor the compensation that Reach was to receive for advertising services, so they were unable to determine if Reach was over charging for its services. This included Darrell Stewart, the former Director of the Sheriff's Real Estate Division, Undersheriff and addressee for the Reach invoices, who told us that he did not know how Reach was to be compensated for their advertising services even though he approved the invoices. Mr. Stewart stated he was not aware of any contract with Reach nor could he remember during our interview what the two website charges were for. He also said he did not know why a fee was paid to Reach for the PhillySheriff.com website. He recalled reviewing the supporting documentation submitted with the Reach invoices. When asked how he could determine if the charges were correct without a contract, he said he did not know what the rates were. When asked if the newspaper charges appearing on the invoices included any profit for Reach, Mr. Stewart responded that he did not know.

108. An internal control to prevent Reach overcharges such as direct receipt of copies of newspaper invoices to compare the charges with those appearing in the Reach invoices was lacking.
109. The Reach invoices were reviewed by Accounting personnel for the limited purposes of determining if Reach had charged for more advertising expenses than there were sufficient funds in the case account to pay the advertising costs. Of the 179 Reach invoices totaling **\$38,552,337** for advertising expenses from 2005 to 2010, 43 of them were reduced by a limited review by employees in the accounting division for a total of **\$1,347,483** in reductions.
110. The limited review of the Reach invoices by accounting employees became more limited in September 2010. At that time, Reach/RCS took over control of the Sheriff Office's computer server and its Civil System, including the accounting system containing the financial information involving Sheriff's sales and placed the information on the Reach/RCS server. The Sheriff's accounting system became the RCS Civil System in the process. The Sheriff's primary vendor became the controller and the apparent owner of the information within the Sheriff's Office civil system, which included Reach/RCS's own billing data. The Sheriff's accounting personnel no longer had direct access to account balances and funds in the book/writ which was controlled through Crystal Stewart in the Real Estate Division. This restricted the accounting oversight of Reach invoices to the point that a Sheriff's employee described the reduced responsibility as "essentially printing checks."
111. Crystal Stewart did not return our call requesting an interview.
112. The lack of internal controls left the Sheriff's Office vulnerable to various forms of overcharging by Reach and without adequate review on other potential areas of overcharging such as the rates and the number of lines invoiced on Sheriff's sale advertisements.

IMPACT OF ADVERTISING EXPENSES /ATTEMPTS TO REDUCE ADVERTISING EXPENSES

113. The advertising expense for properties at Sheriff's sale was "ultimately paid by the defaulting homeowner/borrower as a condition of reinstatement." (Exhibit 29)

114. Since the defaulting homeowner had to pay advertising expenses as a condition to reinstate or fully satisfy the mortgage, reducing advertising costs could increase the chance of the “amiable” resolution of foreclosure action without homeowner eviction. By lowering advertising costs, the parties had a greater ability to reach resolution.
115. In an attempt to reduce advertising costs so the costs did not “become an obstacle to a homeowner preventing the sale through the reinstatement of the mortgage,”²¹ Local Rule of Civil Procedure 3129.2(b)(1) was changed pursuant to an order entered on March 16, 2006, by the Hon. C. Darnell Jones II. The rule reduced the number of advertising lines needed to describe a home, thereby shortening the property legal description. The change in the local rule resulted from the collective efforts of the Board of Judges, Philadelphia Bar Association, the Mortgage Foreclosure Committee, and others. (Exhibit 29). The Order shortened the description of the property by a third (Exhibit 30).²²
116. The Mortgage Foreclosure Committee was formed in 2004 by the Philadelphia Courts, First Judicial District of Pennsylvania and was overseen and facilitated by the Hon. Annette M. Rizzo. The Committee is composed of interested parties involved in Sheriff’s sales. A member of the Steering Committee advised the Sheriff’s Office in April, 2007 that costs of advertising “occupied the committee almost from its inception.” (Exhibit 30)
117. We discovered in the Sheriff’s files email correspondence and letters between the Sheriff’s Office and members of the Mortgage Steering Committee addressing the change in the local rule and the apparent lack of reduction in advertising costs a year after the implementation of the amended rule. Irwin Trauss, Supervisory Attorney, Consumer Housing Unit, Philadelphia Legal Assistance, and a member of the Mortgage Foreclosure Steering Committee, wrote an email to Edward Chew of the Sheriff’s Office on April 19, 2007 stating:

“At present, the Sheriff’s deposit of \$1700 includes \$300 to cover sheriff’s costs and about \$1400, to cover advertising costs – which prior to reduction in the size of the ad were typically running between \$900 and \$1000. The cost of the typical ad at this point should be in the neighborhood of \$600.00, which would translate to a substantial reduction in the deposit requirement, before

²¹ Explanatory Comment to amended Philadelphia Civil Rule 3129.2(b)(1).

²² Additional efforts by the Philadelphia Common Pleas Court and others to reduce the number of homeowners losing their residences is evident in the Mortgage Foreclosure Division Program. http://www.trfund.com/resource/downloads/policypubs/Foreclosure_Diversion_Initial_Report_Executive_Summary.pdf and http://www.trfund.com/resource/downloads/policypubs/Foreclosure_Diversion_Initial_Report.pdf

factoring in the reduced costs we anticipate will result from a new advertising contract. To date we have seen no reduction in the deposit requirements. We eagerly anticipate seeing these reductions implemented shortly. If our reasoning is faulty, perhaps at the meeting you could point out the defect in our reasoning which leads us to believe that a reduction in the deposit could have already been implemented.” (Exhibit 30)

118. Mr. Trauss, as well as George Gould, Managing Attorney of the Housing & Energy Units at Community Legal Services and a member of the Mortgage Foreclosure Committee, said that there were follow-up meetings with Sheriff Green and Mr. Chew, all with the aim of minimizing advertising costs. Mr. Trauss said that some of the meetings were attended by Mr. Davis, owner of Reach.
119. The focus of the advertising expense reduction was on newspaper costs. Mr. Trauss said he proposed competitive bidding for the newspapers, but the proposal was not adopted. We asked if the issue of the costs for the advertising vendor, Reach, was examined by the Mortgage Review Committee, or brought up by Sheriff Green or Mr. Davis. Mr. Trauss could not remember if Reach's costs had been addressed but thought that Reach received the standard industry 15% commission as a fee. Mr. Trauss was not aware if Reach received anything additional.
120. We discovered in the Sheriff's files an advertising cost study of newspapers for 2006 and 2007, along with correspondence from Edward Chew to the Philadelphia Inquirer/Daily News and the Legal Intelligencer asking, on behalf of the Sheriff, for their costs per ad pursuant to a “Confidential Inquiry” on ad costs. Mr. Chew advised us that he prepared a cost study on advertising expenses for the purpose of lowering them, but could not share the reasons how it came about because that was subject to attorney client privilege between him and the Sheriff. Mr. Chew said he presented the cost study to Judge Rizzo and the Mortgage Oversight Committee.
121. The cost study was limited to the Philadelphia Inquirer and Legal Intelligencer newspaper expenses and did not consider advertising expenses charged by Reach. When advised that there were many other charges that went into the advertising costs, such as charges for two websites, production costs, handbills, other newspapers and radio, Mr. Chew responded that he was not aware of some of these charges. He was handed a Reach invoice during the interview and said he had not seen one before. Mr. Chew added that there should not be extra charges for handbill or advertising production costs since those charges should be included in the percentage fee paid for the advertising.

122. Sheriff's Office aimed at reducing advertising costs, Reach increased its advertising charges to the Sheriff for maintenance of the Sheriff's website by 100%, maintenance of its own website by 40% and printing of the handbills by 75%.

COLLECTION AND PAYMENT OF ADVERTISING EXPENSES

123. It was the homeowner whose home was subject to Sheriff's sale or the judgment creditor who ultimately bore the burden of the advertising expenses. (Exhibit 26)
124. Advertising expenses were broken down and allotted according to each property sale and each book and writ, as Mr. Davis stated in his April 6, 2004 letter to Mr. Bynum.
125. Reach broke down and allocated the advertising expenses according to Book/Writ for the period of time subject to this forensic investigation.
126. Payments for advertising expenses collected by the Sheriff's Office from the homeowner and judgment creditor were forwarded to Reach to pay the newspapers.
127. Reach was a conduit between the homeowner/judgment creditor and the vendor newspapers.
128. Mr. Davis, in his April 6, 2004 letter to Mr. Bynum, represented that "(o)nce the disbursement is received from the Sheriff's Office, RCS Searchers will pay off all costs needed to complete acquisition through the Sheriff's Sale process within five to ten day period."
129. Representatives of the Sheriff's Office advised that the Reach invoices were paid promptly, within a week of receipt, pursuant to the direction of Crystal and Darrell Stewart.
130. The Acting Sheriff terminated the Reach/ RCS services in January 2011.
131. After Reach was terminated, representatives of numerous newspaper organizations approached the Sheriff's Office with invoices sent to Reach asserting that Reach had not paid, according to interviews with members of the Sheriff's Office and representatives of the newspapers.

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132. The Legal Intelligencer, the Philadelphia Inquirer/Daily News, and the Philadelphia Tribune presented unpaid aged invoices and/or accounts receivable records, dating to as early as February, 2010, to the Sheriff's Office. The invoices totaled **\$1,142,376**. As of May 31, 2011, the Legal Intelligencer was owed **\$733,151**, the Philadelphia Inquirer/Daily News was owed **\$309,892** and the Philadelphia Tribune was owed **\$99,333**, according to the newspapers claims. Sheriff's representatives advised that the Sheriff's Office had promptly forwarded payments to Reach for these invoices and that Reach should have forwarded payment to the newspapers.
133. The Legal Intelligencer and the Philadelphia Inquirer/Daily News filed separate lawsuits against Reach and the Sheriff's Office seeking repayment of unpaid invoices.
134. We scheduled the available Reach invoices from 2005 through 2010. The Sheriff's corresponding payment for each invoice was evidenced by a dated "PAID" stamp on the face of the invoice, detail check analyses specific to each check issued to cover an invoice, internal requests for disbursement, copies of cancelled checks and/or bank statement data. Check writer data was also used to evidence payment in instances where one check, rather than multiple checks was issued to cover one invoice. Our analysis and interviews with Sheriff's employees show that the Reach invoices were paid. For example, the last Reach invoice in the Sheriff's files is dated December 22, 2010 for **\$519,351** and was paid with 18 checks (37151 through 37168) totaling **\$517,853** dated December 29, 2010, and all checks cleared the bank. An invoice dated November 24, 2010 for **\$885,887** was paid with 27 checks (37001 through 37021 and 37024 through 37028) totaling **\$789,255**, and all checks cleared the bank. An invoice dated November 2, 2010 for **\$44,984** was paid with one check (16606) totaling **\$44,985**, which also cleared the bank. Differences between invoice amounts submitted by Reach and corresponding aggregate invoice payments by the Sheriff appear to reflect invoice adjustments made by Sheriff's employees upon further review of Reach invoice support in comparison to actual case ledger balances on a per property basis.
135. Representatives of the Legal Intelligencer and the Philadelphia Inquirer/Daily News advised us that Reach was consistently late in their payments. The Legal Intelligencer representative said that Reach was always four to six months late in paying their bills.
136. We did not have access to Reach records to determine what Reach did with the over one million dollars forwarded by the Sheriff's Office for payment to the newspapers. It is not

apparent why Reach did not forward to the newspapers the over **one million dollars** received from the Sheriff's Office or what Reach did with the money received.

137. The Sheriff's Office decided to pay a portion of the advertising costs that Reach failed to forward as a fiduciary. These payments included **\$295,409** to at least 15 news organizations.
138. As a result of Reach's failure to forward monies due to the various news organizations, the Sheriff's Office paid **nearly \$300,000** in advertising costs twice, first with monies from the owner or others involved in the Sheriff sales and a second time with monies taken from the Sheriff's Office mortgage foreclosure, tax lien, or tax delinquency checking accounts.

D. INTERNAL CONTROL/RCS/EXCESS CHARGES

139. We were told by Sheriff's employees that RCS invoices, like Reach invoices, were reviewed, but not to determine whether the RCS charges were correct or valid. Rather, the invoices were examined only to check if the case ledger balance for a particular book and writ had sufficient funds deposited in that case account to cover the RCS charges relating to that particular book/writ. The information that the Sheriff's employees looked at in the case ledger was information that was available to RCS to examine since they had access to the Sheriff's Civil System through Crystal Stewarts computer connections in the Sheriff's Office.
140. Sheriff's employees told us they sometimes discovered that RCS submitted invoices for charges for a particular book and writ in an amount greater than the case balance appearing in the case ledger. When that occurred, a Sheriff employee contacted RCS to advise RCS of the deficiency and was sometimes told "they are putting precert charges on faster than they're supposed to."
141. We examined the reduced RCS invoices between 2005 and 2010 and noted that there were a total of 164 invoices that Sheriff's employees reduced for insufficient funds in the case ledger balances totaling **\$2,321,262**. The Sheriff's Office employees reducing the invoices are identified in the records.
142. RCS had access to the Sheriff's Office Civil System and the ability to know that there were insufficient balances to pay the **\$2,321,262**. This raises the issue as to why RCS billed these excess charges to the Sheriff's Office. Without the ability to interview Mr.

Davis and Ms. Stewart, we are unable to obtain an explanation from them for these charges and why the excess charges resulted from negligent as opposed to intentional conduct.

143. When RCS took control of the Sheriff's Office Civil System by placing the accounting records on the RCS server in September 2010, the review of the RCS invoices for sufficient balances to pay the invoices submitted by RCS became difficult because of the challenges to accessing the appropriate case ledger to determine if a balance existed. By that point, we were told that Darrell and Crystal Stewart issued Requests for Disbursement for an RCS settlement checks and Sheriff's Office employees more often than not just printed the requested checks at the direction of Crystal and/or Darrell Stewart.

SUSPECT CIRCUMSTANCES

144. With respect to advertising expenses paid by the Sheriff's Office, and based on our document review, interviews results, and other evidence as set forth in this report, the following are suspect circumstances which require additional investigation by the City and others:
- a. The existence and execution of two letter agreements between Reach and the Sheriff's Office both identical in content except for the compensation paragraph and both purportedly signed on the same day, February 27, 2003;
 - b. Reach's repeated overcharges occurring more than a decade after overcharges were first identified by the City Controller;
 - c. Reach's charges to the Sheriff's Office for services not contractually authorized including charging the Sheriff's Office for publishing Sheriff's sale properties on Reach's website which Reach then used to solicit and represent bidders at Sheriff's sales for numerous fees;
 - d. Reach's unauthorized billing for production costs at a flat fee of \$75 rather than on the calculation of one line per writ in the daily newspapers;
 - e. Reach's apparent failure to remit to news organizations monies entrusted to Reach;

- f. The RCS and Reach billing of excess charges when insufficient funds existed in the account case ledgers to pay the charges.

E. RCS SETTLEMENT SERVICES/CONTRACTS/DISTRIBUTION INSURANCE

- 145. The Sheriff's Office conducts three types of property sales: mortgage foreclosure, tax lien, and delinquent tax. Prior to 2005, the Sheriff's Office directly disbursed the proceeds of these sales to pay expenses, such as water and sewer rents, title costs, utilities, commissions and fees; transfer taxes and other taxes and liens.
- 146. As a result of the 2003 Common Pleas Mandamus Order requiring more timely distribution of property sales proceeds, the Sheriff's Office, in approximately 2005, "outsourced" these responsibilities to three title insurance companies: RCS, Global Abstract, and City Line Abstract.²³
- 147. RCS was the primary provider of settlement services. Sheriff Green told us that he did not recall who solicited or selected RCS as a vendor.
- 148. Sheriff Green told us that he "suspected" that there was a contract with RCS for settlement services but he did not know if there was one. We conducted an extensive search of the files of the Sheriff's Office, but could not locate any contract. We asked counsel for copies of contracts that RCS had with the Sheriff's Office but none were provided to us.
- 149. Sheriff Green could not tell us all the services that RCS performed for the Sheriff's Office. Initially he told us that the only service that RCS performed for the Sheriff's Office was computer related services. When asked if RCS performed other work, there was a long pause. At this point in the interview, Sheriff Green interrupted the interview, made a telephone, shortly thereafter received a return call, and left the conference room. Following the telephone call, he came back to the conference room with handwritten notes and told us RCS performed settlement services. We asked the Sheriff who he had spoken with on the telephone, but the Sheriff would not disclose the identity of the person.

²³ We found unsigned copies of letters dated November 17, 2003 addressed to Global Abstract and RCS Searchers requesting proposals for the Sheriff's sales closings. A letter request for a proposal was also sent to Security Search & Abstract, but not City Line Abstract.

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150. In reading from his recently hand-written notes, Sheriff Green told us the following: around Y2K-2000 “something happened” and the computer system “crashed,” and “RCS mirrored the system, whatever that means”; because of the system crashing, the Sheriff’s Office had no computer information, so they could not make settlements, and as a result, they hired RCS and a few other companies to provide liability information to the Sheriff’s Office for settlements. He did not know where or how RCS or the other companies got the information for settlements. He could not recall the names of the other companies that assisted in the settlements.
151. Sheriff Green said that RCS performed other services, but he did not know specifically what they were. He said he was generally aware that they did other things because he was in meetings where he was told that RCS was doing “a lot of stuff to ensure the functioning of the office.”
152. Sheriff Green did not know how much RCS was paid for settlement services or for any other services RCS performed.
153. The three title insurance companies apparently provided settlement services without executed contracts which set forth the services to be provided and the compensation they were to receive. No current or former employee we interviewed, including the Acting Sheriff, was aware of any signed agreement concerning settlement services. The Acting Sheriff advised that contracts with outside vendors were the responsibility of Sheriff Green and Mr. Bynum. The head of City Line Abstract told us that he provided the settlement services without a contract. He told us that he had several meetings with Crystal and Darrell Stewart and they told him the format of the settlement distributions and the compensation he was to receive. The head of Global Abstract provided a copy of a contract that she had signed, but it was not signed by a representative of the Sheriff’s Office. The head of RCS, Mr. Davis, through his attorney, denied our request for an interview.
154. The attorney for Mr. Davis/RCS provided two purported letter agreements to the Sheriff’s Office following RCS’ termination in January 2011. Neither document dealt with the settlement services that RCS performed for the Sheriff’s Office. We wrote to counsel for Mr. Davis/RCS asking for all contracts between Reach/RCS and the Sheriff’s Office; we did not receive anything.
155. The closing services provided by the title companies are suggested in the three unsigned letter agreements on blank letterhead between the Sheriff’s Office and RCS, Global

Abstract, and City Line Abstract found in the Sheriff's files purportedly belonging to Mr. Bynum and dated November 12, 2004. These copies were the same as those provided to us by a Sheriff's employee who received them from Mr. Bynum during the recent City Controller's audit. The head of Global Abstract provided us with the same document except on Sheriff's Office letterhead.

156. The settlement services are set out in Appendix 1 attached to each unsigned draft letter agreement. All three enumerate the following services:
- a. Review of Sheriff's Sale files.
 - b. Processing of settlement sheets regarding (a) expenses to be paid, including title expenses, bank payoffs, outstanding liabilities, city revenue, utility charges (collectively, "Expenses"), (b) taxes and other outstanding liens (collectively, "Liens"), and (c) transfer taxes ("Transfer Taxes").
 - c. Issuance of direct checks for all Expenses, Liens and Transfer Taxes from the account designated by the Sheriff and send them to payee recipients.
 - d. Maintenance of records of the Sheriff's Sales processed by (City Line Abstract Company, Global Abstract Company, RCS Searchers).
 - e. Conducting the Settlement Services in accordance with the policies and procedures agreed to with the Sheriff, as same may reasonably change from time to time.
 - f. Providing such other Settlement Services as may be reasonably requested by Sheriff in connection with the sale of properties at the Sheriff's Sale.
157. The RCS draft unsigned contract adds a seventh service: "Recording of deed and other instruments."
158. The settlement services that RCS proposed to perform for the Sheriff's Office are contained in a April 6, 2004 letter from Mr. Davis, managing partner at RCS, addressed to Mr. Bynum, which we found in files identified as Mr. Bynum's:

"Our closing process will follow the traditional form used by all banking and mortgage companies that finance home-buyers every day. In this case, the Sheriff's Office will collect all funds (10 plus 90 percent) needed to pay all liabilities and costs needed for

processing deeds. **We would review and verify the amount needed to pay all liabilities and the cost needed for processing deeds, calculate the total, and request disbursement of funds from the Sheriff's Office.** (emphasis added) Your office would have the option of writing either one check to pay all the costs for each property or one check to pay all the costs for a group of properties, identified by book, writ, and address, from the Sheriff's Office. Once the disbursement is received from the Sheriff's Office, **RCS Searchers will pay off all costs needed to complete acquisition through the Sheriff's Sale process within a five to ten day period.** RCS tracking computers, as outlined in our proposal, will be available for the Sheriff's Office." (Emphasis added) (Exhibit 17)

159. Settlement services were not divided equally among the three title insurance companies. Based on our examination of the RCS, Global Abstract, and City Line invoices, and interviews with the heads of Global Abstract and City Line Abstract, Global and City Line provided settlement services only for tax and delinquent tax sales which were more limited than the settlement services RCS performed and did not include distribution of city and state transfer taxes or monies for deed preparation, deed acknowledgment and deed recording.
160. The number of property sale settlements was not evenly divided among the three title insurance companies. RCS handled the mortgage foreclosure sales. It appears from an examination of the RCS invoices that RCS provided settlement services for over 55,000 sales from 2005 through 2010. Global Abstract and City Line Abstract handled the tax lien and delinquent tax sales. It appears from an examination of their invoices that Global Abstract and City Line each handled approximately 3,000 sales from 2005 through 2010.
161. The Sheriff's Office paid RCS one lump sum check which represented the settlement costs for a group of properties sold at a mortgage foreclosure sale.
162. RCS received the lump sum check from the Sheriff's Office by sending the Sheriff one invoice for all mortgage foreclosure sales for a particular period. Attached to each invoice was a spreadsheet listing all of the books/writs/addresses for the properties sold at a Sheriff's mortgage foreclosure sale with columns for each distribution and the amount to be distributed associated with each expense or tax.²⁴ These amounts were supposed to

²⁴ The RCS spreadsheet included the following distributions for each book/writ: Writ Processing Fee, Petition Rule, Acknowledge Deed, Current Real Estate Tax Rents, Water Rents, Nuisance Claim, Meter Install, City Transfer Tax, State Transfer Tax, Record Deed, PGW, Location, Search, Conduct Processing Fee, Commission, City Law Cost,

be “passed through” by RCS by writing a check to the entity entitled to the payment, which Mr. Davis represented in his April 6, 2004 letter would be done within a five to ten day period after payment by the Sheriff.

163. The Sheriff's Office paid RCS **\$115,462,038**, for settlement costs from 2005 through 2010, according to our analysis. RCS was responsible for distributing these monies to appropriate third parties. We did not have access to the RCS records to determine whether these funds were actually or properly distributed. However, our analysis of payments to one of the parties that was to receive these payments, PGW, and the payment issues with the Philadelphia Inquirer/Daily News and the Legal Intelligencer, raises questions about the appropriate distribution of settlement monies. See the discussion below on “PGW.”

OTHER CLOSING SERVICES

164. RCS invoices reveal that the Sheriff's Office paid RCS for other services in addition to settlement distributions. The invoices relate to charges for deed preparation, deed recording, precertification, and recertification of liabilities. We could find no contracts between RCS and the Sheriff's Office for services relating these charges.
165. RCS was also paid **\$4,958,006** in **deed transfer** fees and pass-through monies from 2005 through 2010. It appears that these monies represent deed transfer taxes and other fees such as City and State transfer taxes, deed recording and deed acknowledgement fees in connection with the tax lien and tax delinquent sales. These were services that were carved out for RCS from the settlement services that Global Abstract and City Line Abstract performed for these sales. RCS received **\$75 per deed** for these services.

DISTRIBUTION POLICY INSURANCE/CONTRACTS

166. Several title companies provided distribution policy insurance for Sheriff's property sales. We found signed letter agreements between the Sheriff's Office and RCS and

Misc 1, Misc 2, Misc 3, Misc 4, Staying Sale, City Attorney, Prothonotary 1, Prothonotary 2, Delinquent Real Estate Tax, Tax Lien Sale, Condo Fee, Closing Costs, and Attorney Refund. Other columns on the RCS spreadsheet included Payout, Deposits, RCS Adj Deposits, Liability and Balance. The City Line and Global Abstract spreadsheets contained about half of these distributions since City Line and Global only distributed City liabilities.

Global Abstract, both dated February 27, 2003 for distribution insurance for mortgage foreclosure sales. (Exhibit 31 and 32) We also found a February 27, 2003 signed letter agreement between the Sheriff's Office and the Security Search & Abstract Company for distribution insurance for mortgage foreclosure sales. (Exhibit 33) By 2005, Security Search & Abstract was no longer used by the Sheriff's Office. City Line was used, but provided distribution insurance for tax lien and delinquent tax sales, not mortgage foreclosure sales and did so without a contract, according to the head of City Line. Additionally, beginning in 2005, Global Abstract no longer provided distribution insurance for mortgage foreclosure sales, and instead provided distribution insurance only for tax lien and delinquent tax sales, according to the head of Global Abstract. We were told that Global had been providing mortgage foreclosure distribution insurance to the Sheriff's Office since 1998, but it was taken away and given to RCS in 2005; the head of Global did not know the reason for the change.

167. While Global Abstract provided distribution insurance and settlement services for Sheriff's tax lien sales, both services were not necessarily provided for the same property sale, according to the head of Global Abstract. Rather, Crystal and Darrell Stewart decided whether Global Abstract or City Line would receive the distribution insurance policy placement. The head of Global told us that Ms. Stewart sometimes ordered policies through both Global and City Line for the same sale, and Global had to sustain the loss.

REMUNERATION: DISTRIBUTION POLICY INSURANCE

168. By 2005, RCS was the only provider of distribution insurance for the Sheriff's Office for mortgage foreclosure sales. We were told by the head of Global Abstract that there was a difference in price and frequency of placement between the two types of distribution insurance. Distribution insurance for mortgage foreclosure sales was more lucrative since it was based on a percentage of the sales price while the tax sale distribution policy for Global and City Line was a flat \$300. Additionally, policies for mortgage foreclosure sales were ordered whenever there was competitive bidding regardless of whether there were excess funds resulting from the sale. Policies for tax lien and delinquent tax sales were ordered only when there were excess funds remaining after a sale, which occurred much less frequently than on mortgage foreclosure sales when there was competitive bidding. The head of Global Abstract advised that the Sheriff's Office decision in 2005 to change the type of distribution policy Global provided the Sheriff made a significant financial difference for Global since the payment received on a mortgage foreclosure distribution insurance policy was based on a percentage of the sales price of the property

and could be significantly more than the flat \$300 received for distribution policies for tax lien or delinquent tax sales.

169. The Acting Sheriff and her Chief Deputy for Finance and Accountability advised that the procedure for ordering mortgage foreclosure distribution insurance has been changed and distribution policies are only ordered if all liabilities have been paid and there are excess funds. It is anticipated that the number of policies ordered and the corresponding expense will be considerably reduced.

REMUNERATION: SETTLEMENT SERVICES and OTHER CLOSING COSTS

Sheriff's Office Lack of Cooperation

170. Auditors for the City Controller attempted to identify all the services that RCS and the other title insurance companies performed and the compensation received for all the services during its most recent audit. Crystal Stewart of the Sheriff's Office was asked direct, repeated questions concerning these issues. She failed to answer the questions and provided incomplete answers to the questions she did answer, according to emails provided by the City Controller's Office.
171. In August 2009, Crystal Stewart was asked several times to identify the services that the title companies provided and the prices that were charged for those services.
- a. One of the auditors sent an email to Ms. Stewart on August 3, 2009 at 10:34am asking:
 - i. "What are the fees for **all** services provided by the title search companies?" (emphasis added)
 - ii. Ms. Stewart answered later that day: "The fee for the Tax sale policies is a flat rate of \$300 and \$75.00 for recertification. For the Mortgage sale the rate is based on sales price." (Exhibit 34)
 - b. The auditor advised us that she sent Ms. Stewart a follow-up email at 3:43pm on August 3, 2009. The auditor repeated her question about all fees paid to the title insurance companies since Ms. Stewart's response did not fully answer question. The auditor's question in the second email is identical to that asked Ms. Stewart earlier in the day:

- i. "What are the fees for all services provided by the title search companies?" (Exhibit 34)
- c. The auditor's follow-up email to Ms. Stewart on August 3, 2009, also asked additional questions about all services:
 - i. "What specific services are provided by each company? We would like to know all services provided by these companies from the initiation of the writ to the zeroing out of the accounts." (Exhibit 34)
- d. Ms. Stewart did not respond to the auditor's follow-up question. On August 7, 2009, the auditor sent a third email to Ms. Stewart referencing the unanswered questions in the August 3rd emails:
 - i. "I have yet to receive a response to this email. In addition to the request below (asking for identification of services), please provide a list of prices for ALL services that may be provided by any vendor for the whole process involved with properties sold at Sheriff's sales. We want to know any payments to vendors starting from the initiation of the writ to the zeroing out of accounts. Please indicate any differences in prices between the mortgage, tax lien, and delinquent tax sales. Please have this ready on or before Tuesday, August 11, 2009." (Exhibit 34)
- e. On August 17, 2009, Ms. Stewart responded to the auditor's email but did not provide the requested information identifying all the services that the title companies provided and how much they were paid for the services.
- f. Ms. Stewart did not return our call requesting an interview.

OTHER SOURCES

172. We asked Darrell Stewart about contracts with the title companies, their services and compensation. He did not know if there were contracts with RCS, Global Abstract, and City Line and said that "was not my responsibility." He said that RCS and the other title companies were paid \$175 per writ for settlement fees. He did not know what precertification fees were or their cost. He knew what recertification services were but did not know their cost. He identified other vendors as performing deed preparation

(Convergent) and deed filing services (The Tyler Firm), each for \$75 per property, but did not identify RCS as a vendor who performed those services.

173. The Sheriff's Office employees we interviewed, including those that reviewed the RCS invoices, did not know how much RCS was to receive as mortgage sales settlement fees. As one employee told us, there was no way of knowing where the settlement charges appeared on the RCS invoice and the attached spreadsheet since there was no charge column identifying settlement costs. They said the same was true of the Global Abstract and City Line Abstract invoices and spreadsheets.
174. The closing settlement compensation for the title companies is suggested in the three unsigned letter agreements on blank letterhead between the Sheriff's Office and RCS, Global Abstract, and City Line Abstract found in the Sheriff's files purportedly belonging to Mr. Bynum and dated November 12, 2004. The documents for Global Abstract and City Line state they will receive \$175 for each property settled. The RCS document states that it will receive \$175 for each property settled plus "\$75.00 per deed or instrument to be processed and recorded (but not including recording fees)" for a total of \$250. It is unclear from the unsigned contract what deed recording related service RCS will perform for the \$75 per property. The list of services that appears on the previous page of the document only states "Recording of deed and other instruments."
175. The heads of Global Abstract and City Line Abstract each told us that they were paid \$175 for settlement closing costs for the tax lien and delinquent tax sales. The head of City Line also said there were times when City Line was paid less than \$175 because there was not enough money remaining after municipal claims and liens had been paid. Both City Line and Global Abstract told us that the compensation they received for their payment of closing liabilities appeared under the "search" column of the detailed spreadsheet accompanying the invoice even though the services did not involve title searches.
176. Unlike the heads of Global Abstract and City Line Abstract, the head of RCS, Mr. Davis, did not agree to speak with us about the compensation that RCS received for its settlement services or to speak with us about any other subject.
177. Like the Global Abstract and City Line Abstract settlement spreadsheets, the RCS spreadsheet also contains a "search" column. For each book/writ there is an entry of \$250, which is consistent with the amount appearing in the unsigned draft letter agreement between RCS and the Sheriff's Office for RCS settlement services. According

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to the draft letter agreement, RCS was to receive \$75 more per property than Global or City Line for performing unspecified "deed recording" work in addition to settlement services.

178. It would appear that the charges identified in the RCS spreadsheets under "search" are for settlement and deed recording charges.
179. RCS charged the Sheriff's Office \$2,663,121 in settlement/deed processing fees from 2005 to 2010, according to RCS invoices and spreadsheets; over \$798,000 of the fees appears to be for "deed recording" work.
180. The **\$798,936** that RCS received for "deed recording" services appears to be connected with the filing of the deed. It would appear that RCS did not perform any service with respect to these fees, but rather subcontracted the work to the Tyler Firm, according to interviews with the owners of the firm, Patricia West and Janet Pina. The co-owners are both former long-time employees of the Sheriff's Office who left the Office and formed the Tyler Firm in 2004.
181. Ms. West told us that RCS subcontracted the deed filing work to the Tyler Firm from July 2005 through October 2010. The deed filing service involved reviewing the deed for accuracy and then filing it with the Recorder of Deeds. If corrections are needed, the deed is returned to the preparer, according to Ms. West.
182. Tyler received \$50 per deed for the service. Ms. West said RCS charged the Sheriff's Office \$75 per deed for filing services.
183. RCS received over \$266,000 for being a middleman for deed filing services, according to interviews and documents we analyzed.

DEED PREPARATION FEES

184. RCS invoices and book/writ case ledgers show that the Sheriff's Office paid RCS for deed preparation services. These invoices were separate from the RCS invoices for settlement/deed filing invoices. Initially RCS charged \$75 per deed pursuant to the September, 2002 contract with the Sheriff's Office (Exhibit 9). The fee was later increased to \$150 per deed, according to our analysis of the RCS invoices. We were unable to locate any signed contract or draft contract between the Sheriff's Office and RCS relating to the increase in deed preparation fees.

PRECERTIFICATION

185. RCS invoices and analysis of the book/writ case ledgers show that the Sheriff's Office also paid RCS for "precertification" services. We were told by Sheriff's employees that precertification service involved inserting the amounts of various liabilities received from city agencies and others onto a settlement spreadsheet for purpose of settlement distribution.
186. RCS charged \$75 per property according to RCS invoices and the Sheriff's Office case ledgers for precertification services. RCS also charged the \$75 fee to update the liabilities whenever there was a postponement of the settlement, which was scheduled to occur thirty days after sale. RCS charged the additional precertification fees regardless of whether the liability balances actually changed due to the passage of time.
187. We examined case ledgers where RCS charged multiple precertification fees, sometimes totaling \$375 for one property.
188. Sheriff's employees told us that the updating of the liabilities was a simple and quick process and did not understand why RCS charged \$75 for it. Since the termination of RCS, the Sheriff's Office has performed the precertification service and has decided not to charge the defendant whose home is being foreclosed an extra \$75 precertification each time settlement is postponed.²⁵

RECERTIFICATION

189. RCS invoices and book/writ case ledgers show that RCS charged the Sheriff's Office recertification fees of \$75 a property. These invoices were separate from the RCS invoices for settlement/deed recording invoices.
190. Auditors for the City Controller asked Crystal Stewart the purpose of a recertification. Ms. Stewart answered: "If funds are remaining after the mortgage company has been paid recertification identifies outstanding liens and liabilities of the defendant (if any) and

²⁵ 19% of the Sheriff's sale properties were "Postponed" in 2009 according to a pie chart showing the breakdown of Sheriff sales properties. Also included in this breakdown were "Stayed" properties and "Sold" properties representing 41% and 38% respectively (Exhibit 35).

pays out according.” Ms. Stewart did not inform the auditors the purpose of recertification in the tax lien and delinquent tax cases. (Exhibit 34)

191. Ms. Stewart was asked when a recertification was ordered. She replied: “A recertification is ordered on properties that are sold due to Mortgage Foreclosure after the foreclosing mortgage company has been paid and there are monies left on the account. Recertification is ordered on Tax properties if the monies that are left on the account are identified as “address unknown or unclaimed” and the claimant is identified.” (Exhibit 34)
192. The head of Global Abstract said that they did not process recertifications very often. When they did, they were infrequently paid the \$75 recertification fee. The head of City Line said that until recently he was not aware that City Line could charge for recertifications, and only began to charge in 2010. City Line also said it received payment in about half of the times that it charged recertification fees.

F. SETTLEMENT DISTRIBUTIONS

193. RCS provided settlement services for over 55,000 Sheriff's foreclosure sales and received **\$115,462,038** in “pass-through” monies that RCS was to distribute to third parties for municipal liabilities, transfer taxes, and deed related expenses from 2005 to 2010. The Sheriff's Office also used two other title companies, Global Abstract and City Line Abstract for tax lien and delinquent tax sales. Each company handled about 3,000 sales between 2005 and 2010. Global and City Line provided limited settlement services for the tax lien and tax delinquent sales, which did not include distribution of city and state transfer taxes or monies for deed preparation, deed acknowledgment, and deed recording. RCS performed these services.
194. RCS performed the settlement services for the Sheriff's Office from 2005 to 2010 apparently without a contract that identified what services RCS would perform or the compensation that RCS would receive.
195. We did have not access to RCS records nor did we have access to interviews with RCS personnel and its owner, James Davis, Jr. This severely limits our ability to analyze whether RCS timely and properly distributed the monies received from the Sheriff by “paying off all costs needed to complete acquisition through the Sheriff's Sale process within a five to ten day period” as Mr. Davis represented in his April 6, 2004 letter addressed to Mr. Bynum.

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196. We attempted to determine RCS payments by analyzing Sheriff's Civil System payment records regarding certain liabilities, which was also proved to be challenging because of the nature of the Sheriff's Office checking writing systems.
197. The liabilities we concentrated on involved payments by the Sheriff's Office to Philadelphia Gas Works (PGW) and the Philadelphia Water Department (PWD) in the amounts of **\$1,974,327.76** between 2006 and 2010 for utility bills for properties sold at Sheriff's sales:

PWD			PGW		
Year	Payment	Count	Year	Payment	Count
2006	163,106.33	99	2006	201,885.78	45
2007	403,775.75	86	2007	269,871.55	60
2008	162,665.66	79	2008	152,705.50	61
2009	119,536.18	91	2009	248,017.73	112
2010	69,866.64	82	2010	182,896.64	119
	918,950.56	437		1,055,377.20	397

198. We questioned why the Sheriff's Office continued to directly pay utilities after 2005 since title companies, primarily RCS, were hired to perform these payouts. While arguably some of the invoices may have been aged and related to books and writs predating 2005, the direct payments by the Sheriff's Office continued and even increased for PGW, by number of payment, if not total amount, in 2009 and 2010, by which time any aged invoices should have been paid.
199. We also considered the possibility of utility charges being missed during the closing process and billed to the Sheriff's Office following settlement. For that to happen the charges would have had to be missed during the closing process which included checking for outstanding liabilities through the precertification and recertification process, and the distribution policy process, which seems unlikely when all factors are considered, including the number of RCS precertification fees. In any event, we were advised by Sheriff Office employees that it is not the Sheriff's responsibility, but the responsibility of other parties and agents to the sale to pay for any missed charges.
200. Another reason for concentrating on PGW charges is that the Sheriff's Office received correspondence from PGW in July 2011 regarding unpaid PGW liabilities for Sheriff's sales occurring in 2010 during the time that RCS was responsible for paying these charges.

201. We asked Sheriff's employees why the Sheriff's Office paid the water and gas bills directly to the utility companies rather than forwarding them to the title company responsible for paying the corresponding liabilities. They said that the invoices went to the Real Estate Division and either Crystal or Darrel Stewart issued a "Request for Disbursement," gave it to Accounting with the directions to pay the bill, and they were paid. The Real Estate Division did not explain to Accounting why the invoices were to be paid. When asked if any research was done to determine if a particular liability had already been paid, we were told that the Sheriff's check writing system made it nearly impossible to determine.
202. We attempted to analyze a Sheriff's check paid directly to PGW or PWD and determine if the payments for that check related to a Sheriff's sale property and liabilities for which the Sheriff's Office had previously paid RCS. To do this, we had to navigate the Sheriff's check writer systems.
203. The Sheriff's Office had two check writer systems, Check Writer One and Check Writer Two. It was explained to us by Sheriff's employees that Check Writer One allowed for payment of one liability for multiple properties while Check Writer Two allowed payment by one check to be written for multiple liabilities for multiple properties or books and writs. The Sheriff's Office used Check Writer Two to pay the settlement closing costs. The Sheriff's employees also said that Check Writer Two did not facilitate finding previous payments nor did it have the controls that Check Writer One had. While Check Writer Two enabled one check to be written for all the closing costs on many properties, there was no apparent ability or easy way to internally verify payment for a particular liability for a particular property. Consequently the system did not allow for the identification of a previous payment for a particular book and writ if the payment had been made using Check Writer Two, which have been the case for checks that the Sheriff's Office wrote to RCS for payment of settlement costs.
204. We created a database of liabilities on a per property basis associated with properties sold at Sheriff's sales as identified on select RCS invoices dated in 2006 and 2007. An analysis of these liabilities in conjunction with Sheriff's disbursements (derived from the "checks" table within the Civil System) by transaction category, showing which portion of each check was payable for advertising, transfer tax, utility payments, etc. was performed. For liabilities related to "PGW," "Water," "Meter," "Petition Rule," "Commission" and "Misc.," an attempt was made to compare book/writ numbers as identified on the RCS invoices to corresponding "FILE" numbers from the Sheriff's

disbursements data in an effort to determine whether payments were made to the same payee for the same liability; "FILE" numbers appear to represent specific book/writ numbers sold at Sheriff sales. Given the lack of functionality of and level of detail captured by the Sheriff's system, linking a check payment to a particular liability associated with a specific book/writ in order to discover previous payments by the Sheriff for PGW liabilities proved to be unsuccessful.

205. We then focused on the July correspondence from PGW to the Sheriff's Office identifying 273 Sheriff's sale properties which PGW contended liability payments totaling **\$616,728.81** had not been made. We selected ten of these properties that went to Sheriff's sale in January through March, 2010 for analysis. PGW records showed the unpaid liabilities for the ten properties to total **\$26,112.70**.
206. We examined the PGW list of properties, RCS invoices and related supporting spreadsheets, and the Sheriff's accounting records including Detail Check Analyses, Requests for Disbursement, payment stamps, Check Writer data and copies of cancelled checks to determine if the Sheriff's Office paid monies to RCS for PGW liabilities appearing as unpaid according to PGW's records.
207. Analysis of the ten properties involved the following:
 - a. Manually locating and searching RCS invoices and supporting documents in order to determine if properties appearing on PGW lists also appeared on RCS settlement invoices and spreadsheets.
 - b. Identifying the total liability and PGW specific liability for each of the ten properties as listed on RCS invoices and determining whether the Sheriff's Office issued a check to RCS for payment of the liabilities.
 - c. Obtaining copies of canceled checks issued by the Sheriff's Office for payment of liabilities as submitted on RCS invoices to evidence payment.
208. The check tracking process was labor intensive, took us two days to complete, and limited the number of liabilities we could research for the following reasons:
 - a. A significant amount of time was needed to generate disbursement reports (e.g., Detail Check Analyses) and fee screenshots on a per property basis from the Sheriff's Civil System. These reports/screenshots are needed to identify specific

properties covered by aggregate checks and provide detailed listings of liabilities owed on each property covered by such checks.

- b. Once generated, a manual review of disbursement reports/fee screenshots is necessary to determine whether a property address covered by a check to RCS also appears as a property address listed by PGW as having outstanding/unpaid liabilities.
- c. If after performing this manual review it appears that the same property address covered by a check to RCS also appears on PGW's list of properties with outstanding liabilities, a review of the corresponding RCS settlement spreadsheet (provided as invoice support) is required to ascertain whether that same liability for "PGW" was already paid by the Sheriff to RCS via RCS settlement invoices.
- d. To evidence the Sheriff's Office's aggregate payment of such liabilities to RCS, a manual review of the Sheriff's bank statements is required to obtain copies of cancelled checks made payable to RCS for such liabilities.

SUSPECT CIRCUMSTANCES

- 209. In nine of the ten sales that we examined, we were able to trace a payment by the Sheriff's Office to RCS for a PGW liability in the exact amount that PGW is saying they have not received payment.
- 210. In the tenth sale we examined, PGW records show an original balance of \$3,280.99 and a payment of \$966.19, leaving a balance of \$2,314.80. However, the Sheriff's Office records show a payment to RCS for a PGW liability in the amount of the original balance of \$3,280.99.
- 211. From our analysis, the Sheriff's Office paid RCS to pay the PGW liabilities. The fact that PGW has these unpaid liabilities on their books for the properties we examined appears to be due to RCS not remitting payment to PGW or PGW's records being inaccurate. Without access to RCS records, we do not know if RCS has evidence by way of check or other document that it paid PGW for these and other liabilities.

G. SWEEP ACCOUNTS

212. The Sheriff's Office remitted nearly **three million dollars** to the State and City in unclaimed funds in June 2006,²⁶ as a result of the 2004 Treasury Audit of Unclaimed Funds.
213. We found an original letter agreement dated November 3, 2006 between RCS Searchers and the Sheriff's Office containing the purported signatures of Mrs. Sheila R. Davis on behalf of RCS and Tyrone Bynum, Director of Finance, on behalf of the Sheriff's Office. The document was found in files which Sheriff's employees represented as belonging to Mr. Bynum. (Exhibit 21)
214. The letter agreement does not appear to have been reviewed or approved by the City's Law Department.
215. RCS agreed to "process payment of all liabilities, identified through the sweep of past real estate accounts, as they relate to book and writ numbers offered and accepted in accordance with this agreement." The letter agreement identified the book and writ numbers in "books 163 through 201" as the accounts to be swept. A Sheriff's employee identified books 163 through 201 as corresponding to Sheriff's sales from 2001 through 2004.
216. RCS was to receive a "reduced fee of \$55.00" for "all properties found, where there are outstanding liabilities." RCS was to be paid, in part, out of monies that would have gone to the City since the fees are to be deducted from "Sheriff's fee, commission, or liabilities payment covering the above books." An earlier draft of the letter agreement, dated May 2, 2006, also found in the file that included the original agreement, was silent as to the source of monies to pay RCS for such sweep services. (Exhibit 21)
217. The Sheriff was to pay RCS within two days of receipt of an invoice, according to the agreement.
218. RCS represented in the agreement to maintain a "digital database of all liability records and proof of payments."

²⁶ \$1,237,006.40 went to the State and \$1,703,201.36 went to the City (Exhibit 36)

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219. The Sheriff and RCS apparently entered into a second sweep agreement on April 3, 2009. This letter agreement was purportedly signed by Yvonne Cornell on behalf of RCS and Tyrone Bynum, Director of Finance, on behalf of the Sheriff's Office. The document was found in files which Sheriff's employees represented as belonging to Mr. Bynum (Exhibit 23).
220. The letter agreement does not appear to have been reviewed or approved by the City's Law Department.
221. In the second purported agreement, RCS was engaged to "process past mortgage foreclosure real estate accounts." Unlike the first agreement which focused on sweeping the liabilities remaining for books and writs from 2001 – 2004, this agreement does not reference any particular books to be examined. An additional difference is that RCS is retained in the second agreement to help the Sheriff achieve a "zero balance" in the past mortgage foreclosure accounts. In addition to processing payments for past liabilities, the second agreement added a new task: "Identify unclaimed funds and assist with the preparation of the Pennsylvania Unclaimed Funds report." (Exhibit 23)
222. Another new task that appears in the April 3, 2009 letter agreement is that RCS "will identify any accounts that have a negative balance and forward them to the Sheriff's Office." (Exhibit 23)
223. RCS's compensation was increased over 100% from that provided for in the agreement three years earlier. The fee under the second agreement was \$125 for properties where RCS found undisbursed funds or negative balances. This fee was to come totally from City designated monies: "This fee will be deducted from the grand total of the undisbursed Sheriff's fee and commissions." (Exhibit 23)
224. The language identifying the type of proof of disbursements that RCS will maintain is also different and more conditional than the November 2006 agreement: RCS will "(m)aintain electronic records of all disbursements in a portable format to be determined."
225. We examined RCS sweep account invoices submitted to the Sheriff. The documentation consisted of a cover letter invoice requesting a check in a specific amount "to payout all liabilities." Attached to the invoice was a spreadsheet listing the sold properties by book/writ with columns for the various liabilities as well as the "Total Liability." There also was a column for "Case Balance" showing properties with case balances remaining

after deduction of all identified liabilities. Presumably, this represented excess funds available to distribute to the former property owner.

226. The Sheriff did not compensate RCS for its sweep services by issuing a separate check to RCS nor did RCS designate on its invoice or spreadsheet how much it was to receive for its sweep services. Some of the spreadsheets attached to the invoices had printed at the bottom “(a) reduced fee of \$55.00 will be deducted from the grand total of the Sheriff’s fee, commission or liabilities payments on all properties where there are outstanding liabilities,” and others did not. While one could do the arithmetic on a particular spreadsheet and calculate the total fee by multiplying the number of properties examined by \$55 to determine what RCS was supposed to receive for its services, the Sheriff’s Office could not determine how much RCS was actually paid. The Sheriff’s Office did not know from the existing documents how much RCS retained of the check the Sheriff wrote to pay outstanding liabilities/compensation/fees. We discovered no evidence that RCS notified the Sheriff how much it retained as compensation or where the money was taken from that it kept as payment.
227. We did not have access to RCS records to test RCS disbursements to determine whether monies were appropriately and correctly distributed. While RCS was to maintain a digital database of all liability records and proof of payments pursuant to the November 2006 letter agreement, Deloitte did not discover any evidence that the Sheriff’s Office received proof of payments or that it performed audits or testing to determine the extent and accuracy of the RCS sweep disbursements.
228. RCS swept approximately **nine million dollars** out of just one of the Sheriff’s accounts over three years, according to a Sheriff’s Office email. (Exhibit 37). The April 2009 email notes that the monies were taken from the mortgage foreclosure account and “we have been receiving sweep request (sic) going back as far as 151.” 151 appears to be a reference to book 151. We found no evidence of an agreement between the Sheriff’s Office and RCS to expand its sweep activities to include books earlier than book 163. Sheriff’s Office employees have advised that sweep requests originated with the heads of the Real Estate Division, Crystal and Darrell Stewart.
229. Sweeps were also performed on the Sheriff’s delinquent tax accounts. No one at the Sheriff’s Office attempted to perform an analysis of how much was swept related to tax delinquency accounts and therefore did not quantify anything with respect to tax delinquency sweeps.

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230. According to the April 9, 2009 email, the mortgage foreclosure account was in danger of being over drawn because of the sweep account activity, noting that more than nine million dollars had been swept in three years. The Real Estate Division was advised to cease authorizing checks on that account and accounting personnel were advised "NOT to mail any Mortgage checks until the issue has been resolved." (Exhibit 37)
231. We were advised by a Sheriff's employee that a TD Bank official called the Sheriff's Office at the beginning of April 2009 to advise them that the mortgage foreclosure account was about to go into the red. The employee stated that the shortfall with respect to that account balance was a result of the RCS sweeps.
232. TD Bank statements for the Sheriff's mortgage foreclosure account showed a balance of \$467,406.17 on April 1, 2009. Calculations from available TD Bank records show the average monthly balance in the mortgage foreclosure account was \$12,812,625 from January 2006 through 2010.
233. Resolution of the shortfall involved asking Tyrone Bynum to transfer a "minimum of 12 million dollars" from the Sheriff's "Mortgage Foreclosure Capital Management Trust Fund" into the Sheriff's mortgage foreclosure account, according to documentation and interviews with Sheriff Office employees. Both the Sheriff's Trust Fund account and the mortgage foreclosure account are with TD Bank.
234. TD Bank records for the Sheriff's Office mortgage foreclosure account show a credit deposit into the mortgage foreclosure account of \$14,438,775 on April 9, 2009.
235. We did not have access to TD Bank records of the Sheriff's Office Mortgage Foreclosure Capital Management Trust Fund past October 31, 2008. The balance in the Trust Fund was \$14,181,003 as of October 31, 2008. According to a Sheriff's Office employee, the April 9, 2009 transfer completely liquidated the Mortgage Foreclosure Capital Management Trust Fund as of that date.
236. We understand from various sources that the City's standard accounting procedures require bank accounts only maintain approximately three months worth of funds needed for distribution and that all interest earned on such funds be turned over to the City (i.e., Department of Revenue) at the end of each fiscal year.
237. No one at the Sheriff's Office we interviewed could explain the source of the millions of dollars in the Capital Management Trust Fund, which we were told was active since the

late 1990's. We also asked why such a large deposit was made into the mortgage foreclosure account and were told the Sheriff's Office wanted to liquidate the Trust Fund so all of the money was transferred to the mortgage foreclosure account.

238. We were advised by Sheriff's Office employees that the purpose of sweeping the accounts was to avoid transferring money to unclaimed fund accounts.

H. SUSPICIOUS CHECKS

239. Six Sheriff's Office checks totaling **\$389,742.09** payable to three companies, the Processing Link, Yellow Rose Enterprises LLC, and 400 PTM LLC are of questionable legitimacy for the reasons set forth below.
240. The six checks were written between June 11, 2009 and February 18, 2010. All cleared the bank but are not in the Sheriff's database or check writer system, and the Sheriff's Office has no records to support the payments. Investigation of the six checks totaling **\$389,742.09** and their payees found little or no connection with the activities of the Sheriff's Office. Other checks with the same amounts, some having the same dates, with different check numbers and payees, were found. Some of these other payees were issued two checks with one of the two checks being voided.

<u>Suspicious Checks – June 11, 2009 to February 18, 2010</u>					
<u>AMOUNT</u>	<u>PAYEE</u>	<u>DATE</u>	<u>CHECK#</u>	<u>IN SYSTEM</u>	<u>DISPOSITION</u>
\$46,500.73	The Processing Link	6-11-09	34861	No, not in check writer	Cleared
\$46,500.73	Jos. Robinson, Jr	6-11-09	13059	Yes, in check writer	Voided, did not clear
\$46,500.73	Jos. Robinson, Jr	6-11-09	15857	Yes, in check writer	Cleared
\$34,118.68	The Processing Link	8-13-09	35070	No, not in check writer	Cleared

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<u>AMOUNT</u>	<u>PAYEE</u>	<u>DATE</u>	<u>CHECK#</u>	<u>IN SYSTEM</u>	<u>DISPOSITION</u>
\$34,118.68	Philadelphia Sheriff's Office Unclaimed Funds	8-13-09	15671	Yes, in check writer	Voided, did not clear
\$34,118.68	Philadelphia Sheriff's Office Unclaimed Funds	2-18-10	16282	Yes, in check writer	Cleared
\$91,214.97	Yellow Rose Enterprises	10-19-09	35290	No, not in check writer	Cleared
\$91,214.97	Philadelphia Sheriff's Office Unclaimed Funds	10-19-09	2012103	Yes, in check writer	Voided, did not clear
\$70,352.35	Yellow Rose Enterprises	12-29-09	10109	No, not in check writer	Cleared
\$70,352.35	Citizens Bank of PA	11-21-09	35435	Yes, in check writer	Cleared
\$70,352.35	Department of Revenue – Unclaimed Funds	10-22-09	10378	Yes, in check writer	Cleared
\$70,352.35	Philadelphia Sheriff's Office Unclaimed Funds	4-21-08	14928	Yes, in check writer	Cleared
\$36,466.02	400 PTM, LLC	11-16-09	35302	No, not in check writer	Cleared
\$36,466.02	Dept. of Revenue-City Treasurer	11-16-09	34471	Yes, in check writer	Not found in bank statement data
\$111,089.34	400 PTM, LLC	2-18-10	35765	No, not in check writer	Cleared

241. **The Processing Link** – Of the six checks, the first two checks were written to the Processing Link on June 11, 2009 and August 13, 2009 and totaled **\$80,619.41**. The address on the checks is 5202 Viking Drive, Houston, Texas. There was no company by this name located at this address, but public records showed a company by this name in Stafford, Texas, and the contact for the company as Rory Lane Gazaway. Mr. Gazaway was located at his current place of employment, Envoy Mortgage Co, Houston, Texas.
- a. Mr. Gazaway was contacted by telephone at Envoy. He was advised of our retention by the City Controller's office and the purpose of the call was to clarify the work performed for checks received from the Sheriff's Office. Mr. Gazaway said that he was the owner of The Processing Link, but that the company was no longer doing business. He said that the company was a "real estate processing company," and the work that he did was "processing work." When asked who he worked for his answer was unclear so he was asked whether he worked for the Sheriff's Office or Reach Communications – RCS. Mr. Gazaway responded that he worked for Reach; he was paid by the Sheriff's Office, but did the work for Reach who had some type of working relationship with the Sheriff; and he did "due diligence type of work." He did the work out of his Texas location and transacted business via telephone and email. When asked how many payments he received from the Sheriff's Office he responded, "you have the records." When he was told that we were trying to confirm the number of payments made, he said that he thought he received three payments. He said that he worked with Ryan (could not recall last name), and that Ryan was a common friend of Brad Jeffers in Houston who set up the job. When asked to provide more details on the work performed, Mr. Gazaway said that he did not like the line of questioning, and terminated the conversation.
 - b. The Sheriff's Office was unable to provide any supporting documentation which could explain the purpose of the checks.
242. **Yellow Rose Enterprises, LLC** - Two checks totaling **\$161,567.32** were issued to Yellow Rose Enterprises LLC. The first check is dated October 19, 2009 in the amount of **\$91,214.97**. The second check is dated December 29, 2009, in the amount of **\$70,352.35**. The second check was written on the Sheriff's Unclaimed Funds Tax Lien Account. No record was found for real estate ownership by Yellow Rose Enterprises in Philadelphia. The Sheriff's Office could not find any documentation to support these payments or explain their purpose.

- a. The address listed for Yellow Rose Enterprises on the two checks is 108 W 13th street, Wilmington, Delaware, but that is not the address of Yellow Rose. Rather, it is the address of "Business Filings Inc.," a company that acts as the agent for forming LLCs and incorporating small companies. No other corporate information was found relating to this company.
 - b. We contacted a representative of Business Filings Inc. who advised that they were the agent for Yellow Rose Enterprises LLC, but they could not divulge any information about the company; if we wanted to contact the owner, they would forward any correspondence received to the company's representative. A letter was sent to Yellow Rose, via Business Filings Inc., asking them to contact us. No response was received.
 - c. We found information concerning a Yellow Rose Enterprises, Inc. with an address at 30 West Baltimore Ave, Media, Pennsylvania. The company listed at that address is Media Antiques & Fine Orientals. We contacted the listed individual by telephone. When initially asked if he was associated with Yellow Rose Enterprises at that address, he responded, "it is my company." When advised that we were assisting the City Controller's office in an audit of the Sheriff's Office and we wanted to clarify work performed for checks Yellow Rose received from the Sheriff, the listed individual said that he misunderstood the question, that he had nothing to do with Yellow Rose Enterprises, never heard of the company and never did any work for the City or the Sheriff's Office.
243. **400 PTM, LLC** – Two checks were issued to 400 PTM, LLC totaling **\$147,555.36**. The first is dated November 16, 2009 and the second is dated February 18, 2010. The checks are not in the Sheriff's Office files or database and no distribution policy or other supporting record was found for the checks. Real estate records show that the owner of this company, Jackiem Wright purchased a property, 414 Siegel St, from Tyrone Bynum in 2007. According to a Sheriff's Office employee, Mr. Bynum was an associate of Mr. Wright. No record of incorporation could be found for 400 PTM.
- a. The company's website provides a description of the company and its purpose:

"Jackiem Wright is a founding principal of the company. The 400 have a unique approach to handling client's affairs that includes providing a specialized combination of sports and entertainment management services designed to cater to the needs of each athlete, entertainer, or high-profile individual. In the mid-1800's, a self-appointed arbiter for New York society by the name of Samuel

Ward McAllister coined the phrase 'The Four Hundred,' referring to the number of people in New York who really mattered. These individuals were the people who felt at ease in the ballrooms of high society and thought of themselves and their affiliates as 'People That Matter (PTM).' The 400 is built upon this ideology in that we consider ourselves, our affiliates and especially our clients, People That Matter."

- b. Jackiem Wright was contacted by telephone. He was advised that we were retained the City Controller's Office to conduct a forensic audit of the Philadelphia Sheriff's Office. Mr. Wright said that he was the owner of 400 PTM, but when asked to provide details relating to the two checks from the Sheriff's Office, he said that he would not answer any questions without consulting his attorney.
- c. The Sheriff's Office has referred the 400 PTM matter to the Philadelphia District Attorney's office.

I. FINDERS/UNCLAIMED FUNDS

Background

- 244. Unclaimed funds accounted for large amounts of monies in the Sheriff's bank accounts. The average monthly balance in the Sheriff's various unclaimed funds bank accounts from 2006 through 2010 totaled **\$5,172,805**.
- 245. The monies accumulating in these accounts appear to come from multiple sources. A primary source was monies resulting from the failure to distribute excess sale proceeds to those who lost their homes through the Sheriff's sales process. This occurred when the sales price exceeded the sum of all outstanding liabilities and fees, but the evicted homeowner was unaware of the existence of the excess proceeds, and the Sheriff was unable to locate the homeowner after eviction.
- 246. The Sheriff's Office used third parties as "finders" to locate former home owners entitled to excess proceeds. Reach was one of these finders. (Exhibit 38). Claude Carter/Alotta Edu, Inc. was another finder who received nearly \$4.5 million on behalf of homeowners who did not receive excess proceeds due them following foreclosure proceedings.

247. The Sheriff's Office conducted thousands of sales over the course of a year, only a portion of which resulted in excess proceeds. It was these cases that a finder had to identify through various informational sources.
248. Fees for these finders varied. Pennsylvania law, P.S. Section 1301.11(g)2, limits the fee that a finder may receive for recovering unclaimed funds in the possession of the State Treasury to 15% of the value of the unclaimed property. No Philadelphia ordinance apparently covers a finder's fee for recovery of unclaimed funds in the possession of the Sheriff. With respect to unclaimed funds in the Sheriff's possession, finders over the years could, and did in the case of Mr. Carter, charge twice the amount permitted by state law, and up to 35%.
249. We understand that Sheriff's Office recently instituted procedures that attempt to limit a finder's fee to 15%.
250. The dispensing of excess proceeds to former homeowners was dependent upon the ordering of a distribution policy. A delay in the ordering of the policy following settlement increased the probability that the former homeowner may not be located since the greater the lapse of time, the harder it may be to find the new residence of the former homeowner, and the greater need of a finder to locate the homeowner.
251. Crystal Stewart determined when distribution policies should be ordered with respect to tax lien and tax delinquency sales. A policy was only ordered for these sales if the sale produced excess funds. The two title companies responsible for dispensing of settlement funds in tax lien and tax delinquency sales, Global Abstract Company and City Line Abstract, were dependent upon Ms. Stewart to notify them of the existence of excess proceeds since they received limited financial information on the results of the Sheriff's sales and could not determine from the information if excess funds existed.
252. Representatives of both Global Abstract and City Line Abstract advised us that it was not unusual for Ms. Stewart to order a distribution policy six months, or even up to a year or longer after settlement.

REACH

253. Representatives of the Office of the State Treasurer for Audits and Investigations met with representatives of the City Controller in July 2008 and shared some of the investigative results of their 2004 audit and 2006 post audit examination of the Sheriff's

Unclaimed Property Accounts. In particular, the state auditors wanted to discuss the \$366,290.62 payment by the Bureau of Unclaimed Funds to Reach in 2007.

254. The Treasury auditors advised the City Controller that Reach was one of three outside vendors that the Sheriff's Office had once used to find and pay former owners. (Exhibit 38) The Sheriff's Office told the state auditors that finders were used because the Sheriff did not have a duty to locate former owners. The Treasury auditors explained the process the Sheriff's Office used for transmitting the excess proceeds to the former homeowner when found by Reach. Rather than writing a check directly to the former homeowner and a separate check to Reach for its services, the Sheriff's Office wrote one check to Reach who in turn wrote a check to the homeowner and transmitted the money. Treasury auditors told the Controller's Office that they asked about the payment process, but Reach and the Sheriff only said that the Sheriff did not have a duty to locate former owners of foreclosed properties, so outside vendors were used. (Exhibit 38)
255. Darrell Stewart told us that the Sheriff's Office employed its title insurance vendors to find former homeowners, but he did not know what they did to locate them.
256. The Sheriff's apparent method of paying Reach with respect to its finder services as described by State auditors lacked internal controls to confirm that the former homeowner received the funds or determine what amount Reach received for its finder's services. Additionally, it does not appear that the Sheriff's Office entered into a contract with Reach for these services.
257. The Treasury audit found that the Sheriff owed the State **\$2,940,208** from the unclaimed fund accounts. Treasury auditors met with representatives from the City's Law Department, Sheriff's Office and Reach, which collected and prepared the financial data regarding the Sheriff's sales on the Sheriff's behalf and identified potential owners of the unclaimed monies and amounts they were owed. Reach identified **\$376,124.78** in monies that had not been distributed for advertising for mortgage foreclosure sales and **\$18,406.28** for advertizing on tax delinquent sales. The advertising vendor which purportedly had not been paid was Reach Communication Specialists Inc. (Exhibit 39)
258. In June 2006, State Treasury officials apparently agreed to allow the City to claim \$1,703,201, with the remainder, \$1,237,006, going to the State Treasurer. (Exhibit 36)
259. Within a month of the Sheriff's Office remitting the unclaimed funds to the State Treasury, Reach submitted a claim on the former Sheriff's unclaimed funds now in

possession of the State in the amount of \$366,290.62 for advertising expenses that the Sheriff purportedly failed to pay. These advertising charges were connected to individual book/writs which had not been paid by the Sheriff “especially when it involved a stay or postponement of the foreclosure,” according to a State auditor’s memorandum. (Exhibit 40) It appears that Reach’s entitlement to the unclaimed funds may be questionable if the basis for repayment is that Reach did not receive payment for stayed properties. It appears from our analysis of Reach’s invoices and interviews with Sheriff’s employees that the Sheriff does not pay for newspaper advertising when a property sale is stayed. We examined numerous Reach invoices for 2005 to 2010 in which newspaper advertising expenses were zeroed out for sales that were cancelled.

260. State Treasury Supervisors questioned why Reach had never been paid by the Sheriff for the advertising expenses noted above, considering the close working relationship between the two. The field auditors reported that they posed that question to Reach and the Sheriff, but never received a satisfactory answer. Since Reach had filed a holder report and submitted documentation showing that the money had been collected by the Sheriff, but not distributed, the payment of \$366,290.62 was approved. Payment was made on March 13, 2007.²⁷ (Exhibit 40)
261. City Controller’s representatives asked the state auditors why there was not a demand for proof from Reach before paying out the \$366,290.62. The state auditors advised that their function was more confirming the identity of the claimant rather than shifting the burden to the claimant to prove they were owed the money.
262. Peter J. Smith, the then Deputy State Treasurer for Audits and Investigations, and presently the United States Attorney for the Middle District of Pennsylvania, wrote a letter to the City Controller on April 28, 2008 concerning Reach simultaneously submitting a claim for non-payment of advertising services by the Sheriff and acting as the Sheriff’s agent in reporting to Treasury staff financial information about unclaimed property. The letter states, in part:

²⁷ Reach was not the only Sheriff’s vendor to put in a claim for the State unclaimed funds. Reach also calculated from its review of the Sheriff’s books that Jennifer St. Hill was owed **\$55,037** under her name and **\$11,000** under the name of one of her companies, Philadelphia Deed Services for unpaid deed preparation work. Ms. St Hill was the largest political contributor to Sheriff’s Green campaigns for Sheriff and contributed a total of **\$18,355** from 2001 to 2009. (Exhibit 40)

“In connection with a Pennsylvania Treasury Department review of unclaimed property claim payments by Treasury during the calendar year 2007, a \$366,290.62 payment involving property turned over to Treasury by the Philadelphia Sheriff's Office was noted. Due to the relationship between the claimant (Reach Communications Specialists Inc.) and the Philadelphia Sheriff's Office, I am providing the information to your office for review and further action if warranted.....

The property was reported (i.e. turned over) to Treasury by the Philadelphia Sheriff's Office on June 15, 2006 as part of a holder report for the calendar year 2005. As you may know, from early 2005 until the present, Reach Communications Specialists, Inc. (Reach) has served as the representative of the Philadelphia Sheriff's Office in regard to locating records and providing information to Treasury's staff relating to the reporting of unclaimed property. As a result of the potential conflict of interest resulting from Reach's role as an agent of the Philadelphia Sheriff's Office in regard to unclaimed property reporting while at the same time being the owner of unclaimed property reported by or on behalf of the Sheriff's Office, I am bringing the Reach claim to your attention.” (Exhibit 2)

263. Within five months of the State Treasurer's finding that the Sheriff possessed **\$2,940,208** in unclaimed funds that had to be turned over to the State and the City, the Sheriff and RCS Searchers (RCS), on November 3, 2006, entered into a letter contract without apparent City Law Department approval to have RCS “sweep past real estate accounts for books 163 through and including 201 and to identify and pay all outstanding liabilities in these accounts.” (Exhibit 21) According to a memo written by a Sheriff's Office employee, RCS removed or “swept” nine million dollars from these accounts over a three year period. Deloitte did not have access to the RCS records to trace how RCS disbursed the nine million dollars after it was swept from the Sheriff's accounts. See section on “Sweep Accounts.”

OTHER FINDERS

264. A number of individuals acted as finders. According to Sheriff's bank statements, checks, and other records, Claude Carter was the largest recipient of finder checks. He received, through his company, Alotta.Edu Inc., **\$4,460,961** from the Sheriff's Office between late 2004 and August 2010 on behalf of property owners owed money from Sheriff's sales.

265. Mr. Carter told Deloitte in a telephone interview that he worked independent of the Sheriff's Office. He said that he initiated a meeting with Sheriff John Green, Tyrone Bynum and RCS Searchers in late 2004, which marked the beginning of his Sheriff's sale work. He said that RCS Searchers was present at the meeting since they had the information about the Sheriff's sales. Mr. Carter provided Deloitte a December 2, 2004 letter to Sheriff Green where he said that he was looking forward to working with the Sheriff's staff and "RCS Searchers in an effort to return unclaimed funds to their rightful owners." (Exhibit 41)
266. We asked Mr. Carter how he knew which sales had undistributed proceeds. Mr. Carter said it was unclear which Sheriff's sales generated excess proceeds since the Sheriff conducted many sales which did not. He said that he used the computers in the Sheriff's Office to locate the appropriate sales, but the quality of the information in the system was "not great." He said he also used online versions of fee sheets for foreclosure activity of Sheriff's sales, which were less accurate than the sheriff's computers.
267. We asked Mr. Carter if he had any personal relationships with anyone in the Sheriff's Office. He said that he did not when he first started, but he developed a relationship with Darrell and Crystal Stewart to the point that they are good family friends and have an ongoing relationship. This was consistent with interviews with Sheriff's Office employees who said that Mr. Carter and the Stewarts appeared close and were often seen together in the Stewarts' offices. The Acting Sheriff told us that she asked Crystal Stewart why Claude Carter spent so much time in her office. Ms. Stewart said they were just friends. The Acting Sheriff also said that Mr. Stewart had a book where he kept track of the former homeowners who were owed money.
268. We asked Mr. Stewart about his relationship with Mr. Carter. Mr. Stewart said that he had no dealings with Mr. Carter, that he was not a personal friend, that there was no difference with Mr. Carter as opposed to any of the other finders, and that he met with everyone who came into the office.
269. Mr. Carter told us that he charged the former owners anywhere from 33% down to 10% for his services, depending on how much money there was and what the owners would negotiate. He said that business began to fall off about two and half years ago and he does very little now.

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270. We asked Mr. Carter for a list of his clients relating to Sheriff's sales, which he refused to provide after speaking with counsel. The Sheriff's financial records contain checks written to individual payees c/o Alotta.Edu Inc. After a limited search of public records, we located and contacted five individuals who had business interaction with Mr. Carter. One person refused his services; the others received the proceeds of the sale of their forfeited homes through Mr. Carter and were charged fees of 30% to 35%: one individual was a corporate officer who did not know his company had been owed money until contacted by Mr. Carter; another was an elderly lady who paid Mr. Carter's company a fee of 33% of the amount due her; a third said he was charged 35% by Mr. Carter; and a fourth person said she did not know that she could have received her money directly from the Sheriff, but paid 30% out of her proceeds for Mr. Carter's services.
271. The person who declined Mr. Carter's services said she went to the Sheriff's Office to claim her funds but was told that a check had already been issued to Mr. Carter. She demanded the payment be made directly to her. The Carter check was voided and she was issued a check for the full amount of the sale's excess proceeds. The reason noted in the Sheriff's check writer system for voiding the check was "wrong address."
272. The Sheriff's Office made the Claude Carter checks payable to the former owner or his/her heir as payee, c/o Allota.Edu Inc. Sheriff's employees said that Darrell Stewart authorized the "Request for Disbursement" for these checks, instructed that they should be made payable to the individual payee c/o Allota.Edu Inc. and that they should be expedited.
273. Edward Chew advised us that he disapproved of the c/o method of payment since it allowed the checks to be cashed without the endorsement of the primary payee or former owner. Mr. Chew said he advised Sheriff Office personnel to end the practice. He said he told Darrell Stewart, as well as the title companies, to stop having c/o Alotta.Edu Inc. on the checks. Mr. Chew said he also spoke with Commerce Bank as to why it would cash checks made out in this fashion.
274. We examined 151 Alotta.Edu Inc. check transactions totaling \$4,460,961. The 151 checks were made payable to the former homeowner entitled to the excess proceeds c/o Alotta.Edu Inc. We had access to the fronts and backs of 120 of these checks. All of them contained the sole endorsement of what appeared to be Alotta.Edu Inc. or an apparent representative thereof, and none had the endorsement of the individual payee.

275. The Sheriff's Office issuance of checks in this manner lacked internal controls to ensure that the individual payee received the check proceeds.
276. A Unit was set up in the Sheriff's Office at the beginning of 2009 to verify the claims of former homeowners to excess funds and to help locate former homeowners who were entitled to excess funds. Mr. Chew was in charge of the Unit, named the Post-Sheriff Sale Adjudication Unit. The purpose was to have the Sheriff's Office find the former homeowners as opposed to finders who would charge a fee. Mr. Chew told us that he was not aware of any limitations on fees that finders charge, but thought that people should not be charged for receiving funds that were owed to them.
277. We were advised by a Sheriff's deputy that the Sheriff's Civil System's case ledger contained critical information about the existence of excess proceeds and case balances, but the Adjudication Unit had difficulty securing the information because Crystal Stewart denied them access. Eventually members of the Adjudication Unit had to go to the Sheriff to get approval to access the information. The employee also said that while the excess proceeds cases were supposed to go through the Adjudication Unit, some cases with large proceeds were circumvented by Mr. Stewart.
278. We were told that there were also occasions when individuals contacted the Sheriff's Office in search of their excess proceeds but encountered lengthy delays in securing their money. One Sheriff's employee told us the Mr. Stewart would hold-off people seeking excess proceeds by saying that their paperwork had "fallen through the cracks" until the person would turn to a finder to help them get their money. Another Sheriff's employee advised us that there were more than five individuals he spoke to who complained that they could not get their paperwork processed, some for upwards to two years. These individuals had been directed to RCS employees whose offices were one floor above the Sheriff's Office and told that their paperwork was lost or not submitted properly.²⁸ These individuals also said that they were contacted by someone from Alotta, who said that they could get them their money in a short time for a fee, so they decided to go with him and pay the fee in order to get their money. We were told by Sheriff's employees that the only person who was successful in securing unclaimed funds quickly was Mr. Carter.

²⁸ We reviewed a Sheriff's Office internal letter where a would-be buyer attempted to obtain a refund of over \$25,000 put down on a sale that was stayed. The Real Estate Division directed the buyer to RCS in March 2006. Three months later the refund had not been processed causing the buyer to become "extremely upset" and threatened legal action.

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279. The Sheriff's Office files contained a letter that was forwarded by a person entitled to excess proceeds. The letter was addressed to this individual and appeared to be printed on the letterhead of "alotta.edu,inc." and "Unclaimed Cash Recovery Services." The letter states in part:

"In the last several months I sent you letters regarding your unclaimed cash. **As you know, you have over \$10,000 in unclaimed cash.**

Perhaps you could meet with me or the President of our company for coffee at the local Starbucks or Dunkin Donuts. It would be a shame to let your money remain uncollected.

...

If you have questions about us, we can answer those too. As well, you can visit the web site of the **Better Business Bureau** of Metropolitan Washington DC and Eastern Pennsylvania (www.mybbb.org) and see that our company **has never had a customer complaint in 11 years.**

Please give us a call if you would like to collect this money. There are 41 business days left in 2006. There is a strong possibility we could have your money by the holidays if we had this time period to work on your case." (Exhibit 42)

The letter is dated October 31, 2006 and is purportedly signed by a representative of alotta.edu, inc.

280. The individual also forwarded to the Sheriff's Office a copy of an envelope which purportedly contained letters from alotta, edu inc. Appearing on the face of the envelope is a copy of a dollar bill. The individual who forwarded it advised a Sheriff's Office employee that the envelope was received with the copy of the dollar bill already on it. (Exhibit 43)
281. We reviewed Sheriff's Office documentation including a letter and internal memo relating to a mortgage foreclosure sale where there was a three year delay in distributing

excess proceeds. According to the letter, RCS had marked the file "do not distribute" because of instructions from the Sheriff's Accounting Division, but now wanted to distribute the proceeds. The letter failed to state what the Accounting Division personnel told RCS that caused the "do not distribute" note. In the internal memo, Sheriff's Office Accounting personnel denied being responsible for the delay, asserted they had no knowledge or control over the allocation of the funds and any restrictions placed on them, and complained that RCS should have contacted the head of the Real Estate Division, Director of Finance, or the Legal Director who were the "only people with authority to place a hold on funds." (Exhibit 44)

282. Excess proceeds of **\$59,366.47** were eventually distributed in the case. It appears the Sheriff's Office issued a check to the individual payee c/o Alotta.Edu Inc.
283. There were occurrences when the Real Estate Division requested the Accounting Division to issue a check to Alotta.Edu Inc. after having issued a check directly to the former homeowner. In one instance, a check was issued to a former homeowner in payment for excess proceeds and a year later, a second check in the same amount for the same property was issued to Alotta.Edu Inc. The Sheriff's Accounting Division caught the error and the Sheriff's Office informed the former owner that she had to return her portion of the proceeds of the second check, **\$21,651.70** and informed Mr. Carter that he had to return **\$10,825.84**, the 33% fee he received from the duplicate check, which we understand he did. (Exhibits 45 and 46) We were advised by a Sheriff's employee that there were several other requests by the Real Estate Division to issue checks to Alotta. Edu Inc. where the Sheriff's Office had previously issued checks directly to the former owners for excess proceeds. These duplicate Requests for Disbursements were not processed. We reviewed documentation of two of these cases where funds had been previously disbursed, but the Real Estate Division requested that checks be issued to Allota.Edu Inc c/o Claude Carter.

MONEY SERVICES INC, C/O CLAUDE B. CARTER, ALOTTA.EDU INC

284. The Sheriff's Commerce Bank records contain 14 checks totaling **\$64,141.18** made payable to Money Services Inc, c/o Claude B. Carter, alotta. edu Inc, 575 Pinetown Road, Box 51, Fort Washington, Pa. 19034 between October 31, 2005 and February 22, 2006. Thirteen of the checks are written on the Sheriff's Office Delinquent Taxes Account and the fourteenth check is written on the Sheriff's Mortgage Foreclosure Account. The checks are all endorsed with what appears to be the same signature written below a printed "alotta.edu,inc/POA. The Sheriff's Office was unable to provide supporting

documentation to explain why these checks were made payable to Money Services c/o Mr. Carter and alotta.edu or what business transactions the checks related to. For 11 of the 14 checks, the Sheriff's Office did provide copies of the Request for Disbursement which originated in the Sheriff's Real Estate Division and the check analyses relating to the payments. In all 11 cases, the requests to disburse monies to Money Services Inc, c/o Claude B. Carter, alotta.edu Inc., appear to have been issued by Darrell Stewart.

285. The Sheriff's Office could locate only one distribution policy relating to the fourteen checks. The policy was issued by Old Republic National Title Insurance Company, represented by RCS Searchers, Inc. for distribution of proceeds for the Sheriff's sale of 1410 Orange Street, Philadelphia, Pa. The corresponding Money Services Inc. check is number 7781, dated September 15, 2005 for **\$5,320.14** and apparently represents an excess proceeds payment.
286. The distribution policy lists the various liabilities and their priority of distribution. Excess funds apparently remained, but were not distributed to the former homeowner, but rather to Money Services Inc: "BALANCE REMAINING AFTER TAX SALE: \$5,390.14. Balance To: Money Services Inc, c/o Claude B. Carter, alotta edu inc., 575 Pinetown Road, Box 51, Fort Washington, PA 19034". The Sheriff's Office was unable to provide documentation showing the relationship between the former homeowner and Money Services Inc or Claude Carter.
287. In addition to apparently submitting the Request for Disbursement for the check, it appears that Mr. Stewart also reduced the amount of excess funds to be disbursed to Money Services, Inc. There is a handwritten notation of "9-14-05 5,320.14" followed by Mr. Stewart's apparent signature suggesting that the check should be in the amount of \$5,320.14, which appears on the issued check, as opposed to the \$5,390.14 stated on the distribution policy.
288. The business purpose for the fourteen transactions between the Sheriff's Office and Money Services Inc, Claude B. Carter, and alotta.edu Inc. is unclear based on the documentation provided by the Sheriff's Office.
289. We asked Mr. Carter via email to explain the Money Services Inc. transaction. Mr. Carter responded :

"Money Services, Inc. was a real estate investment company that brought houses and gave mortgages to buyers. These mortgages

were recorded. Several of the houses went to tax foreclosure. The Sheriff's Department identified excess proceeds due Money Services, Inc. as a result of outstanding mortgage balances at the time of the tax sale. alotta edu, inc helped Money Services, Inc. collect excess proceeds from these sales. Hope this was helpful." (Exhibit 47)

290. Our public research (unverified) on two of the properties for which Money Services, c/o alotta edu received funds did not disclose a mortgage filed by Money Services.

291. We asked follow-up questions of Mr. Carter:

Thank you. Can you share with us why Money Services retained you and in what way you helped them get the monies due them? It doesn't sound like this was a case of the Sheriff not knowing the whereabouts of Money Services so the Sheriff could have cut a check directly to them. Was the money not available for payment directly to Money Services from the Sheriff? Can you help us with the address for Money Services and your commission? Thanks. (Exhibit 48)

292. Mr. Carter replied:

Sheriff had Money Services, Inc listed as "Address Unknown. A term used by the Sheriff's Department when they could not locate someone. (Exhibit 48)

293. In another follow-up email, we repeated questions Mr. Carter had not answered:

Appreciate the information. Will you share with us the address for Money Services and your commission? Thanks. (Exhibit 49)

294. Mr. Carter replied: "Not at this time on advice of counsel." (Exhibit 49)

295. We conducted a public records check of short duration which showed an address for Money Services, Inc. in Philadelphia, PA.

296. No one at the Sheriff's Office we spoke with was able to explain why a mortgage lender with a Philadelphia address that was readily available through a public records search would be listed as "address unknown" in the Sheriff's records.

297. Pennsylvania law, P.S. Section 1301.11(g)2, limits the fee that a finder may receive for recovering unclaimed funds in the possession of the State Treasury to 15% of the value of the unclaimed property. There does not appear to be any reason why the limitation of a 15% commission on state unclaimed funds should not also be applied to unclaimed funds in the possession of the Sheriff. We recommend that Philadelphia adopt a similar limitation to avoid the evicted homeowner having to pay a finder a fee of over twice the state limitation with the only apparent distinction being whether possession of the unclaimed funds is in the hands of state or local authority.

J. VOIDED CHECKS

298. The Sheriff's Office check writer database showed 785 individual voided check transactions totaling **\$22,885,395** to 319 payees from 2006 through 2009.
299. The reasons noted in the check writer system under "memo field" for voiding the check transactions were many. The most frequently cited were: wrong payee, wrong description on the check, wrong check amount, wrong check type used, wrong address, check made out to wrong company, misprinted check and stale dated check.
300. In certain instances after a check was voided, a new check was issued using the same check number as the void check. This is contrary to fundamental accounting controls.
301. Internal controls on voiding checks and approving voids in the system were lacking. Any check writer at the Sheriff's Office had the ability to void a check.
302. Crystal Stewart had the ability as the system administrator to change or remove a void once it was entered. Ms. Stewart was the only Sheriff's employee with the authority to perform such a function, according to Sheriff's accounting employees.
303. We performed a voided check analysis to determine if any voided check cleared the bank and was cashed or deposited. The challenge to the analysis was the Sheriff's Office issuing checks with check numbers identical to the check numbers of voided checks. For example, the initial comparison of voided checks to checks for Reach/RCS appearing as cashed in the Sheriff's Office bank statements resulted in the following information:

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Check Number	Amount	Voided Check Amount Equal Cashed Amount	Check Date	Check Clear Date (M/DD)	Bank Statement (MM/YY)
14835	22,976.19	Yes	3/19/2008	3/20	03/08
15156	15,261.90	Yes	6/11/2008	6/11	06/08
27824	25,517.17	Yes	1/20/2006	1/25	01/06
32665	12,225.00	Yes	2/11/2008	2/19	02/08
32676	29,041.74	Yes	2/6/2008	2/8	02/08
33435	27,244.00	Yes	7/7/2008	7/9	07/08
34041	15,655.39	Yes	11/13/2008	11/17	11/08
34472	19,984.64	Yes	3/4/2009	3/10	03/09
Total	\$167,906.03				

304. Upon further analysis of the check writer data, it appears that subsequent checks were written to Reach/RCS using the same voided check numbers for six of the eight voided checks highlighted in yellow.
305. One remaining voided check, check number 32665 in the amount of **\$12,225.00** was deposited into a RCS Searchers Inc. bank account.
306. The other remaining voided check, check number 14835 in the amount of **\$22,976.19** was issued to Reach Communications Specialists, Inc., dated March 19, 2008 and voided in the check writer with the memo notation "need reissue" (sic). It was written on the Sheriff's Tax Lien Account. The next day it was deposited into a different account, the Sheriff's Unclaimed Funds Tax Lien Account. There is a hand written notation by a Sheriff's employee on a copy of the front and back of the check saying "Once again! This check is void in our civil system. However it was cashed by RCS. Real Estate and RCS have been notified and we won't get anything back."
307. One week from the day that the Sheriff's Office issued check number 14835, the Sheriff issued a duplicate check to Reach Communications Specialists, Inc., check number 14867, in the same amount of **\$22,976.19**.
308. There is another voided check issued to Reach Communication Specialists, Inc. that cleared the bank and was cashed by Reach, check number 34217, dated December 23, 2008 in the amount of **\$25,484.99**. This check was not identified as voided in the Sheriff's check writer system but a disbursements screenshot provided by the Sheriff's Office clearly identified it as marked void in bold large font upper case letters. A notation

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on a document accompanying this screenshot reads "Crystal has the authority to remove "voids" from the system."

309. We were advised by Sheriff's Office personnel that Reach/RCS has failed to repay any monies that cleared the bank on the voided checks.

310. We identified other voided checks that cleared the bank:

Check Number	Amount	Voided Check Amount Equal Cashed Amount	Check Date	Check Clear Date (M/DD)	Bank Statement (MM/YY)
8751	5,338.80	Yes	12/16/2008	2/17	02/09
8831	1,050.00	Yes	2/2/2009	2/12	02/09
10062	12,645.95	Yes	1/24/2008	1/28	01/08
12954	3,750.00	Yes	3/13/2006	3/15	03/06
13120	3,000.00	Yes	5/24/2006	5/26	05/06
13153	3,569.12	Yes	5/19/2006	5/25	05/06
13245	119.97	Yes	6/15/2006	7/13	07/06
13248	90.00	Yes	6/15/2006	7/13	07/06
13311	238,830.24	Yes	7/13/2006	7/18	07/06
13315	107.41	Yes	7/21/2006	8/2	08/06
13450	3,999.88	Yes	9/20/2006	9/26	09/06
13860	726,594.36	Yes	3/6/2007	3/12	03/07
14014	5,576.95	Yes	5/22/2007	5/23	05/07
14632	132.22	Yes	12/31/2007	1/17	01/08
14804	28.00	Yes	3/17/2008	3/20	03/08
15857	46,500.73	Yes	6/11/2009	6/16	06/09
28068	100.00	Yes	2/16/2006	2/27	02/06
28458	1,537.50	Yes	3/27/2006	3/30	03/06
28810	1,700.00	Yes	5/17/2006	6/5	06/06
30016	546.21	Yes	10/23/2006	11/10	11/06
31508	388.13	Yes	6/20/2007	9/29	09/08
31596	5,482.36	Yes	7/3/2007	7/10	07/07
31636	22,753.58	Yes	7/10/2007	7/18	07/07
31837	207,965.35	Yes	8/1/2007	8/10	08/07
31879	1,477.79	Yes	8/15/2007	9/5	09/07
33172	54,251.91	Yes	4/21/2008	7/2	07/08
33602	13,870.00	Yes	7/31/2008	8/4	08/08
33804	7,507.80	Yes	9/15/2008	10/1	10/08
Total	\$1,368,914.26				

- 311. Seventeen of the twenty-eight voided checks highlighted in yellow were reissued to the same payees with the same check number as the voided check.
- 312. Check number 13860 in the amount of \$726,594.36 was written to City Line Abstract. We were advised by the Sheriff's Office that City Line notified the Sheriff's Office that they mistakenly received the check and refunded the entire amount to the Sheriff. We were provided with City Line check number 1545 in the amount of \$726,594.36 as a repayment as well as the bank records of the Sheriff showing the deposit.
- 313. We identified another check to City Line Abstract, check number 13311 in the amount of \$238,830.24 dated July 13, 2006 that was voided but cleared the bank. We were advised by the President of City Line Abstract that a full refund of the \$238,830.24 was given to the Sheriff's Office once it was recognized that City Line received these monies in error. As evidence of repayment, a disbursement statement from City Line's TitleExpress Escrow System along with a copy of the front and back of refund check number 1250 dated July 18, 2006 totaling \$238,830.24 was provided. It was not apparent from the back of the check where the refund check was deposited. However, a review of the Sheriff's Office July 2006 Tax Lien Account (0364114454) bank statement shows a deposit in the amount of \$238,830.24 on July 21, 2006.
- 314. The remaining nine checks are still under investigation.

K. CASH ADJUSTMENTS

- 315. The 2010 Audit Report by the City Controller noted the large number of cash adjustments appearing in the Sheriff's accounting records. Sheriff's Office employees advised that these cash adjustments were needed to capture transactions and amounts for which the Civil System, the Sheriff's accounting system, was not designed to capture such as main desk fees and lump sum deposits. As a result, cash adjustments are entered daily. Adjustments are also used to move amounts from one case balance account or book/writ to another to correct mistakes that were made when financial information was erroneously entered into the Civil System.
- 316. We analyzed the Sheriff's Office records by filtering the available check writer database for cash adjustments to focus on the period 2006 through 2009 and found 41,932 cash adjustments totaling \$6,036,241. All adjustments have the City of Philadelphia as the payee. All adjustments were sorted by amount and accompanying memo of explanation to identify if there were any common amounts or memos associated with these

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adjustments. A pivot table was also generated to sort by date to see if there were any dates which had an unusually large number of cash adjustments.

317. A sort by amount reveals several adjustment amounts appearing frequently such as \$84.00, \$116.00, \$184.00, \$216.00, \$128.00, \$50.00, \$110.00, \$210.00, \$136.00, \$100.00 and \$232.00. In total, there are 24 specific amounts, each appearing more than 100 times, and all less than \$400 (some of which are offsetting negative amounts). These account for 39,465 adjustments or 94.1% of the total 41,932 adjustments totaling \$5,587,038. It appears that these commonly occurring adjustment amounts relate to main desk fees such as those for serving complaints, summons, subpoenas, and various writs. Additionally, positive and negative like amounts represent both sides of the adjustment showing the amount moving from one case balance (book/writ) to another.
318. A sort by date reveals that more than 100 entries were made on 170 different dates from 2006 through 2009.
319. The most common memo appearing in the check writer database does not provide a clear explanation for the cash adjustments. The memo only notes "Not in acct system" and appears in numerous variations with different spellings and abbreviations. This memo is used for 40,903 entries or 97.5% of the cash adjustments. Nearly 90% of these adjustments (89.1%) are for the similar amounts mentioned above, and are equal to or less than \$400. There are 12 instances of adjustments over \$10,000 with the largest being \$75,548.00. Most of these cash adjustments are cancelled out by corresponding negative adjustments for the same amount with the same date as the original adjustment entry signifying movement of money from one case balance to another to correct for previously erroneous entries.
320. The cash adjustments are made against the seven bank accounts, three of which are no longer active accounts. Sheriff's employees advised that bank account data in the Civil System was not consistently updated to reflect current accounts in use. Nearly all of the adjustments (97.5%) with the memo "Not in acct system" or variations thereof are made against the Execution Account and the Appearance Account:

100018340 – Not an existing bank account (155 adjustments)

07000303522 – Not an existing bank account (1 adjustment)

0360528152 – Execution Account (31,114 adjustments)

0360528137 – Mortgage Foreclosure Account (239 adjustments)

0360528111 – Appearance Account (10,380 adjustments)

0360528103 – Delinquent Taxes Account (27 adjustments)

0361113061 – Not an existing bank account (16 adjustments)

321. The largest cash adjustment we found was discovered by sorting by memo. This resulted in finding a memo stating that check number 13680 was voided in error; with it appears 51 cash adjustments totaling **\$643,045.28**. All 51 of the cash adjustments are negative and appear to be the offsetting side of positive cash adjustments resulting from the movement of amounts from one set of case balances to another to correct for previously erroneous entries. These 51 negative adjustments appear to correspond to the individual cash adjustments made to correct for a **\$726,594.36** voided check cashed by an unintended recipient. According to a Sheriff's Office employee in the Accounting Division, these negative adjustments do not total the **\$726,594.36** amount because the Sheriff's employee making these correcting adjustments may not have been aware of each case balance affected or may have used more than one memo when making such corrections. The account number listed in the check writer data associated with these adjustments is 100018340, which is not a currently used bank account.
322. Check number 13860 was located twice in the check writer data. As we discussed in the "Voided Check" section of the report, it was not unusual to see the same check number appearing more than once in the Sheriff's check writer database since the Sheriff's Office would reuse the same check number of a check that had been voided.
323. The first check number 13860 we found is dated 20-Aug-02 and payable to Reach Communications for **\$26,452.38**. We continued our search and found check number 13860 dated 06-Mar-07 in the amount of **\$726,594.36** and payable to "City Line Abstract Company – Closing Costs." This check was issued, cashed and subsequently voided in the system on 18-Apr-07. We were advised that this check was originally intended to be issued to **Global** Abstract, not **City Line** Abstract. Since the void was placed on the check after the check was cashed, cash adjustments to each known book/writ for which that check was intended to cover had to be made to correct for this.
324. Sheriff's employees advised that City Line notified the Sheriff's Office that they had deposited a \$726,594.36 check written to them, but one in which they were not entitled. As a result, City Line refunded the entire amount via City Line check number 1545 dated April 6, 2007. We were provided a copy of this check as proof of the refund.
325. Sheriff's bank account statement (0364114454) as of April 30, 2007, shows a deposit made on April 11, 2007 in the amount of \$726,594.36.

- 326. The detail check analysis for check number 13860 printed from the Sheriff's Civil System was vouched back to 2 of the 51 individual case ledgers to evidence that those adjustments were actually recorded and subsequently corrected for.
- 327. On April 11, 2007, 54 positive cash adjustments totaling \$726,594.36 with the memo "payment error" were entered in the Sheriff's Civil System. The bank account number referenced in all of these adjustments, 100018340, is not an existing bank account. To a great extent, these 54 adjustments reconcile with those transactions that check number 13860 covered, which also relate to the 51 adjustments noted above. According to a Sheriff's office employee, these 54 positive adjustments do not reconcile exactly to the \$643,045.28 corresponding to the 51 negative adjustments noted above because the Sheriff's employee making these correcting adjustments may not have been aware of each case balance affected or may have used more than one memo when making such corrections.
- 328. Our analysis of cash adjustments reveals that adjustments are frequently used for the purposes of accounting for transactions that the Civil System was not initially set up to capture.

L. CASH RECEIPTS

- 329. We were provided with 15 boxes of original hardcopy cash receipts packages by Sheriff's employees. These cash receipt packages consisted of hardcopy receipts for check and/or cash transactions that resulted from the sale of real property at Sheriff sales from 2006 through 2009. Within these boxes were individual cash receipt records, adding machine tapes, bank deposit slips and printed deposit reports for cash receipt transactions that occurred from 2006 through 2009. Since the level of support accompanying the cash receipts packages in 2009 was greater than those for 2008 and prior, a separate cash receipts analysis was performed for 2009.
- 330. The following procedures were performed with respect to 232 judgmentally selected cash receipt transactions occurring in 2006 through 2008:
 - a. The 232 tested cash receipts were from November and December, 2006 (25), June and July, 2007 (69) and April, May and June, 2008 (138), and represented the winning bidder's deposit at sale for the property being purchased as a result of their successful bid.

- b. The total deposit amount collected (checks + cash) associated with the 232 tested receipts equaled **\$545,535**, of which **\$385,960** strictly represented cash deposit amounts.
 - c. A schedule was created to capture the following fields from the hardcopy cash receipt records, if available:
 - Date
 - Book No.
 - Writ No.
 - Receipt No.
 - Amount Bid
 - Total Deposit Paid
 - Cash Payment Amount
 - Property Address
 - Purchaser's Name
 - d. Tested cash receipt transactions as identified on the hardcopy records were traced to the bank deposit cash-only amount and the bank deposit total amount (cash + check amount) as listed on the bank deposit slips, if available.
 - e. Deposit amounts as listed on the bank deposit slips were traced to printed deposit reports maintained as part of the cash receipts packages.
 - f. Available bank statements were then analyzed to vouch bank deposits to aggregated deposit amounts as listed on deposit slips and other sources as noted above, to confirm actual deposit of individual cash receipts collected.
 - g. All tested 2006 through 2008 cash deposits were traced from the individual cash receipt records through to the cash receipt totals as indicated on deposit slips/printed deposit reports and ultimately through to the available bank statements.
331. Based on our testing approach noted above, tested cash deposits collected at Sheriff's sales representing winning bidders' deposits at sale from 2006 through 2008 were appropriately accounted for, as evidence exists to show these cash receipts were deposited into a Sheriff's Office bank account.
332. The following procedures were performed with respect to 67 judgmentally selected cash receipt transactions occurring in 2009:

- a. The 67 tested cash receipts were from May and June, 2009 and represented the winning bidder's deposit at sale for the property being purchased as a result of their successful bid.
- b. The total deposit amount (checks + cash) associated with the 67 tested cash receipts equaled **\$262,030**, of which **\$103,890** strictly represented cash payments.
- c. Of the 67 tested cash receipts, six cash receipt transactions were clearly classified as "VOID," one transaction appeared to be a void transaction since it was missing certain data elements (e.g., Total Deposit Paid) and one transaction contained insufficient detail to analyze further. The transaction without sufficient detail appeared to be a void transaction since many fields were left blank, but the word "VOID" was not clearly noted on the hardcopy receipt.
- d. A schedule was created to capture the following fields from the hardcopy cash receipt records, if available:
 - Date
 - Book No.
 - Writ No.
 - Receipt No.
 - Amount Bid
 - Total Deposit Paid
 - Cash Payment Amount
 - Property Address
 - Purchaser's Name
- e. Tested cash receipts were traced to the receipt package totals as indicated on the adding machine tapes.
- f. Tested cash receipt transactions as identified on the hardcopy records and adding machine tapes were traced to the bank deposit cash-only amount and the bank deposit total amount (cash + check amount) as listed on the bank deposit slips.
- g. Deposit amounts as listed on the bank deposit slips were traced to printed deposit reports maintained as part of the cash receipts packages.
- h. Available bank statements were then analyzed to vouch bank deposits to aggregated deposit amounts as listed on deposit slips and other sources as noted above, to confirm actual deposit of individual cash receipts collected.

- i. The 67 tested hardcopy 2009 cash receipts were then traced through the Sheriff's deposits data for the purposes of determining whether cash transactions were recorded in the Sheriff's Civil System and whether such entries appeared to have been recorded appropriately based on available support.
 - j. The "Receipt No." from the hardcopy records and the "CHECKNUM" from the deposits data were identified as the common fields to use when performing the tracing exercise.
- 333. All such payments excluding voids/blanks were traced from the individual cash receipt records through to the cash receipt totals as indicated on the adding machine tapes through to the bank deposit slips/printed deposit reports and ultimately through to the available bank statements.
- 334. The following inconsistencies/errors in the recording of the cash receipts in the Sheriff's accounting system were noted during our analysis:
 - a. Of the 67 tested receipts in 2009, six cash receipt transactions were classified as "VOID," one transaction appeared to be a void transaction since it was missing certain data elements (e.g., Total Deposit Paid) and one cash receipts transaction contained insufficient detail to analyze further since many fields were left blank.
 - b. Attempts to confirm these "VOID" cash receipts transactions were made through a review of the corresponding hardcopy property files (organized by book and writ) as well as through screenshots extracted from the Civil System's Real Estate Switch Board. Only one hardcopy property file of the eight total property files requested for further analysis was found in the Sheriff's files. According to a Sheriff's Real Estate employee, the remaining selected hardcopy property files have been archived in a South Philadelphia warehouse due to lack of file space at the Sheriff's Office and were not easily retrievable.
 - c. Based upon analysis of the screenshots extracted from the Civil System's Real Estate Switch Board for the void transactions, all but one of the void transactions appeared to be justified given the screenshots available for review.
 - i. Cash receipt number 43763 (Book 258, Writ 18) holds the status of "SOLD" in the Civil System yet that transaction appears to have been voided in June of 2009. According to system screenshots, no deposits were made on this "SOLD" property (5137 Hadfield Ave.), which reflects a purchase price of \$800.

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- ii. Additionally, after performing a public property search (Office of Property Assessment), this property is still owned by the City of Philadelphia.
 - iii. As a result, status for this property may be incorrectly reflected as "SOLD" in the Civil System, due to human error.
- d. Of the 67 tested cash receipts, one cash receipt number (i.e., 47908) appeared in the deposits data twice, as noted in the table below.
- i. The first occurrence, which was part of the 67 tested receipts was for \$1,900 and related to "FILE" 2582074.
 - ii. The second occurrence was for \$5,000 and related to "FILE" 2582065.

CHECK NUMBER	TRANS AMOUNT	TRANS CATEGORY	VENDOR	FILE (Book + Writ)
47908	1,900.00	Deposit At Sale (Succ. Bid)	LINEBARGER GOGGAN BLAIR PENA	2582074
47908	5,000.00	Deposit At Sale (Succ. Bid)	LINEBARGER GOGGAN BLAIR PENA	2582065

- e. Of the 67 tested cash receipts, the five cash receipt numbers 43529, 43792, 43798, 43800 and 47906, respectively were found in the deposits data, but by incorrect receipt number/check number, as listed in the table below.
- i. A further search of the deposits data by book and writ using the "FILE" field led to the discovery of these discrepancies.

CHECK NUMBER	TRANS AMOUNT	TRANS CATEGORY	VENDOR	FILE (Book + Writ)
43429	12,600.00	Deposit At Sale (Succ. Bid)	MICHAEL T. MCKEEVER	2570569
Cas43800h	1,020.00	Deposit At Sale (Succ. Bid)	LINEBARGER GOGGAN BLAIR PENA	2582049
487906	2,160.00	Deposit At Sale (Succ. Bid)	LINEBARGER GOGGAN BLAIR PENA	2582062
Cash43798	1,100.00	Deposit At Sale (Succ. Bid)	LINEBARGER GOGGAN BLAIR PENA	2582044
Ca4392sh	3,000.00	Deposit At Sale (Succ. Bid)	LINEBARGER GOGGAN BLAIR PENA	2582023

- f. Of the 67 tested cash receipts, the remaining 53 cash receipts were identified in the deposits data using the Receipt Number/Check Number link described above.
335. The discrepancies noted above demonstrate the inconsistencies and/or errors in recording cash receipts in the Sheriff's Office accounting system.
336. However, based on our testing approach noted above, tested cash deposits collected at Sheriff's sales representing winning bidders' deposits at sale during 2009 were appropriately accounted for, as evidence exists to show these cash receipts were deposited into a Sheriff's Office bank account.

V. PROCEDURES PERFORMED

We used the findings in the City Controller's audit report as the starting point for our forensic investigation. That led us to initially focus on the Sheriff's Office custodial accounts and, in particular, the accounts dealing with Sheriff's sales and unclaimed funds, where the largest concentration of monies was deposited. The focus included analyzing Sheriff's Office accounting and bank records related to these funds, which were not made available to the City Controller. The analysis of the accounting and other financial records of the Sheriff's Office led us to examine Reach/RCS documents in the possession of the Sheriff to trace the large flow of monies going through the Sheriff's Office to Reach and RCS. At the same time, we were following investigative leads generated from other documents in the Sheriff's Office files, such as the discovery of contracts not provided to the City Controller, as well as third party records, and results of our interviews that led us to areas beyond those addressed in the Controller's audit. These included Reach advertising costs and the importance of their minimization, RCS' possible non-payment of pass-through monies, the results of previous City and state audits, the Sheriff's use of finders and the high commission fees they received, the interrelationship of the Sheriff's Office and Reach/RCS, and the execution of Reach and RCS contracts or the lack of them. Concurrently, we analyzed the Sheriff's Office accounting and related records, as well as third party records, to gain a greater understanding of the Sheriff's Office use of void checks, the high number of cash adjustments, and the Sheriff's handing of cash receipts.

We performed the following procedures:

1. Engaged in interviews/discussions with the following individuals:
 - Richard Allen, Budget Bureau Assistant Director, City Finance Department
 - Fabio Bertoni, Vice President, Deputy General Counsel, ALM Media, LLC

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- Jeffrey Brummel, CBS-WYSP
- Nicholas Brown
- John Breslin, Accounting Supervisor, Accounting Unit, Sheriff's Office
- Rick Bell, Accounting Unit, Sheriff's Office
- Daniel Cantu-Hertzler, Law Department
- Gary Cardamone, Chief Deputy Sheriff
- Claude Carter, Alotta Edu, Inc.
- Edward Chew, Esq., Former Director of Legal Affairs, Sheriff's Office
- Claudia Christian, Weekly Press & University City Review
- Colby Christian, YNLME
- Anthony Clifford, Philadelphia Inquirer/Daily News
- Hal Cohen, Publisher, The Legal Intelligencer
- Robert Cohen
- James Cousounis, Esq., Law Department
- J. Shane Creamer, Jr., Executive Director, Philadelphia Board of Ethics
- Barbara Deeley, Acting Sheriff, Administrative Office
- Richard Driver, Jr., Scoop USA
- Lorraine Gazzara Doyle, Attorney, Udren Law Offices, P.C.
- Guerino Eugillo, Sergeant, Sheriff's Office
- Robert Fleming, Auditor, Office of the Controller
- Rory Lane Gazaway, The Processing Link, Stafford, Texas
- George Gould, Managing Attorney, Housing and Energy Units, Community Legal Services
- John D. Green, retired Sheriff
- Monte Guess, Post-Sheriff Sale Adjudication Unit
- Edward Hayes, Esq., Attorney, Fox Rothschild LLP
- Karen Hicks, WPHI 103.9 The Beat
- John Holmes, Finance Executive, Philadelphia Tribune
- Tyree Johnson, Westside Weekly
- Karen Lastata, KYW
- Constance Little, retired Undersheriff
- Sara Lomax-Reese, AM-WURD
- Maureen McGovern, Comcast
- Andrew Miller, President, City Line Abstract
- Ronald Mull, formerly with Pennsylvania Treasury Department, Bureau of Audits
- Brian Munley, Director of Audits, Pennsylvania Department of Treasury

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- Prince Muogbo
 - Karen Nicoletti
 - Christopher Niwinski, Nihill & Riedley
 - Ric Zayas, Nihill & Riedley
 - Charles Ondrejka, Supervisor, Main Desk, Sheriff's Office
 - Janet Pina, co-owner, Tyler Company; former Chief Deputy Sheriff
 - Representative of Business Filings, Inc, Wilmington, DE
 - Representative of Yellow Rose Enterprises, Inc
 - Jacqueline Roberts, owner, Global Abstract Company
 - Ronda Roberts, Clear Cannel
 - Laurie Santiago, City Line Abstract, former Sheriff's Office employee, Real Estate Division
 - Albert Scapertto, retired, City Controller's Office
 - Mark Segal, Philadelphia Gay News
 - Five clients of Alotta edu, Inc
 - Darrell Stewart, Former Real Estate Division Supervisor and Undersheriff
 - Mark Stipa, Inspector, Internal Affairs, Sheriff's Office
 - Frederick Stollsteimer, Director, Bureau of Unclaimed Funds, Pennsylvania Department of Treasury
 - Sin Su, Auditor, Office of the Controller
 - Richard Tyer, Real Estate Unit, Sheriff's Office
 - James Tayoun, Philadelphia Public Record
 - Catherine M. Recker, Attorney, Welsh & Recker
 - Irwin Trauss, Supervisory Attorney, Consumer Housing Unit, Philadelphia Legal Assistance
 - Amanda Vanderploeg, Roxborough Review/ West Oak Lane Leader
 - Joseph Vignola, Esq., Chief Deputy Sheriff for Finance and Accountability
 - Patricia West, co-owner, Tyler Company, former Chief of Civil Operations and Real Estate Division
 - Jackiem Wright, 400 PTM
2. Read and analyzed Sheriff's Office disbursements, adjustments, receipts, bank statements, system-generated reports such as detailed check analyses and sheriff sales financial transactions from 2005 through 2010.
 3. Read, organized, and analyzed vendor invoices submitted for settlement, title and advertising services by various entities during 2005 through 2010.

- Prepared numerous schedules detailing the individual charge categories appearing on each vendor invoice for further review and analysis. Schedules prepared included requested amounts charged by and disbursed to the following vendors:
 - RCS Searchers
 - Reach Communications
 - City Line Abstract
 - Global Abstract
 - Convergent Enterprises
 - Nathan Industries
 - Friedman Schuman
 - Tyler Co.
- 4. Searched through various files of the Sheriff's Office and analyzed selected documents found in these files.
- 5. Manually developed a MS Excel database containing cleared check data derived from available Sheriff's Office TD Bank, Commerce Bank and Advanced Bank statements for years 2005 through 2010.
- 6. Performed data analysis using cleared check data derived from available Sheriff's Office TD Bank, Commerce Bank and Advanced Bank statements for years 2005 through 2010 to determine if checks issued went unrecorded in the Check Writer database.
 - Identified and retrieved copies of unrecorded checks.
 - Performed additional data analysis specific to selected checks and payees of interest.
- 7. Performed data analysis on Sheriff Office payments/disbursements identified in Check Writer data stored on the Sheriff's Civil System.
 - Performed additional data analysis specific to checks addressed to P.O. Boxes, payments made to related-party payees and other payees of interest.
 - Identified and retrieved copies of checks of interest.
- 8. Read prior audit reports compiled by the City Controller's Office and PA Treasury Department to help determine investigative focus.

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9. Read and analyzed financial and non-financial information retrieved from various computers used by current and former Sheriff's Office employees.
10. Read and analyzed new property sales worksheets.
11. Read and analyzed grantee/grantor lists from Sheriff's sales.
12. Identified and read selected distribution policies ordered on properties sold at Sheriff Sale auctions.
13. Read, sorted and organized various records provided by third parties for scheduling and data analysis.
14. Performed data analysis specific to cash adjustments identified in the Sheriff's accounting system from 2006 through 2009; summarized adjustments by amount, date and memo to identify patterns associated with these adjustments.
 - Discussions specific to cash adjustments were held with members of the Sheriff's Office and Nihill & Riedley.
15. Read Sheriff's Office process documentation provided by Sheriff's representatives.
16. Conducted limited background investigations of present and past Sheriff's Office employees of interest, vendors of interest or of questionable legitimacy, certain purchasers of Sheriff sale properties, payees from the Sheriff's Office system of records who had no supporting documentation regarding payments and were unknown to Sheriff's Office personnel, individuals and entities involved in potential conflict of interest transactions, and third party expeditors.. Also conducted numerous real property searches relating to properties and/or individuals of interest.
17. Created various schedules by date and payee containing information specific to select expeditors/facilitators involved in the Sheriff's sales process.
18. Read, scheduled and analyzed various system-generated reports (i.e., fee schedules, case ledgers, detail check analyses etc.), letters, memoranda and other correspondence and documents (e.g., cancelled check copies) belonging to or provided by current and former Sheriff Office employees and other involved parties related to this matter.

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19. Contacted numerous advertising vendors used by the Sheriff's Office/Reach Communications for Sheriff Sale Advertisements from 2005 through 2010 to request copies of invoices for services rendered.
 - Read, organized and scheduled advertising invoices containing advertising costs incurred during the Sheriff's sales process by company and date for additional data analysis. Advertising vendors included the following:
 - Philadelphia Media Network (Inquirer/Daily News)
 - Legal Intelligencer
 - Tribune
 - Scoop USA
 - The Public Record
 - Jaramogi Communication
 - WRNB 107.9
 - Praise 103.9
 - KYW AM
 - Philadelphia Gay News
 - South Philadelphia Review
 - University City Review
 - AL DIA Newspaper Inc.
 - Sun Communication Group
 - Grupo Bogota Inc.
 - BRAVO Communication
 - Comcast
20. Conducted internet and database research to identify current and archived news articles related to the Philadelphia Sheriff's Office.
21. Examined select copies of Sheriff Sale advertisements ran in six local newspapers from 2004 through 2011 for mention of either www.phillysheriff.com or www.sheriffsale.com, including The Legal Intelligencer, The Tribune, The Philly Daily News, The Philadelphia Inquirer, The Star, and The Northeast Star.
22. Read and analyzed various Pennsylvania State Treasurer documents.
23. Identified and organized fifteen boxes of cash receipts packages by year for further review and analysis. The packages contained individual cash receipt records, adding

machine tapes, bank deposit slips, and printed deposit reports for a portion of cash receipt transactions that occurred from 2006 through 2009.

Judgmentally selected and scheduled 67 tested cash receipt transactions from 2009 and 232 tested cash receipt transactions from 2006 through 2008 and performed the following procedures:

- Traced individual hardcopy cash receipts to the receipt package totals as indicated on the adding machine tapes.
 - Traced each cash receipt transaction as listed on the hardcopy records and adding machine tapes to the bank deposit cash-only amount and the bank deposit total amount (cash + check amount) as listed on the bank deposit slips.
 - Traced deposit amounts as listed on the bank deposit slips to printed deposit reports maintained as part of the cash receipts packages.
 - Bank statements were then analyzed to vouch bank deposits to aggregated deposit amounts as listed on deposit slips and other sources as noted above, to confirm actual deposit of individual cash receipts collected.
 - For tested transactions identified as voids, the following additional procedures were performed:
 - Obtained and analyzed screenshots extracted from the Civil System's Real Estate Switch Board provided by Sheriff's employees.
 - The 67 tested hardcopy cash receipts from 2009 were also traced through the Sheriff's Office Deposits Data for the purposes of determining whether cash transactions were recorded in the Civil System and whether such entries were recorded appropriately based on available support.
 - The Receipt No. from the hardcopy records and the "CHECKNUM" from the data were identified as the common fields to use when performing the tracing exercise.
 - Participated in discussions with Nihill & Riedley and various Sheriff Office employees regarding Sheriff's cash receipts process.
24. Performed data analysis specific to duplicate/additional payments to utility companies, particularly PGW and PWD identified in Check Writer from 2006 through 2009.

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- Analyzed selected individual checks issued to pay a utility liability owed on one property as well as aggregate checks issued to cover multiple liabilities due on multiple properties.
25. Traced voided checks identified in Check Writer through to available bank statement data from 2006 through 2009 to determine if checks appearing as void in the Sheriff's accounting system ever cleared the bank.
- Identified and retrieved copies of checks in support of this analysis
 - Participated in discussions with Sheriff's Office Accounting personnel to understand the nature and extent of this issue and to determine if any refunds were provided by unintended payees that deposited/cashed the voided checks.
26. Reviewed and analyzed two lists of properties that sold in 2010 and 2011 according to the sales results that are provided to PGW. The lists covered 2,387 properties sold from January 2010 through June 2011.
- Compared select liabilities associated with properties on the PGW lists with those from corresponding RCS invoices and related supporting schedules, and the Sheriff's accounting records (i.e., Detail Check Analyses, disbursement requests, payment stamps) indicating check number, amount and date to determine if the outstanding liabilities associated with properties on PGW's lists were paid by the Sheriff to RCS but never ultimately remitted to PGW.
27. Read, organized and performed data analysis on records specific to unclaimed funds maintained by the Sheriff's Office from 2005 through 2010.
28. Performed a comparative analysis of available invoices from select vendors and corresponding payment amounts as listed in check writer data from 2006 through 2009 to identify excess payments.
29. Identified and read various City contracts executed by the Sheriff's office and various outside vendors.
30. Researched and read local rules of civil procedure, City Home Rule Charter, City and PA Ethics rules and statutes, and other statutes and regulations relevant to the subject matter being investigated.
31. Read the Manual of Title Insurance Rating, Bureau of Pennsylvania, amended through April 1, 2003

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- Recalculated distribution fees charged for a sample of prior sheriff sales based on Purchase Price and the rate structure(s) identified in Sections 5.14, 5.50 and 5.51 of the Manual of Title Insurance Rating.
32. Secured a computer printout of all grantee and grantor records for properties sold at Sheriff Sale and conducted various sorts on this data.
 33. Recalculated commissions charged for a sample of prior sheriff sales based on Purchase Price and the applicable percentages thereof.
 34. Performed an unrecorded deeds analysis related to deeds recorded by the Sheriff's Office subsequent to the termination of RCS Searchers (effective January 2011) but for which RCS was paid previously to record such deeds.

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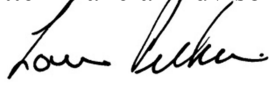
We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Our analyses and observations are based upon information provided to Deloitte FAS as of the date of this report. It is possible that if additional information is forthcoming, our analyses and observations could be materially different.

Very truly yours,

A handwritten signature in cursive script that reads "Deloitte Financial Advisory Services LLP".

Deloitte Financial Advisory Services LLP

By: 

Louis R. Pichini
Director
Forensic & Dispute Services
Deloitte Financial Advisory Services LLP

Exhibit List

1. Letter dated February 14, 2006 from Sheriff John Green to Peter Smith in response to a state audit of the Sheriff's Unclaimed Funds Accounts. Sheriff Green stated in the letter that the Sheriff's Office was developing a new computer system which "will reengineer the way business is conducted and incorporate significant functionality and reporting features, which will aid in carrying out daily functions extremely efficiently."
2. Letter dated April 28, 2008 by Peter Smith, Pennsylvania Deputy State Treasurer for Audits and Investigations, to the former Philadelphia City Controller, informing the City Controller of the potential conflict of interest by Reach in acting as the Sheriff's agent in researching and reporting financial information concerning owners of unclaimed funds to state auditors while at the same representing itself to be the owner of \$366,290.62 in unclaimed funds.
3. Philadelphia Daily News article dated November 18, 2005 where Sheriff Green described James R. Davis, Jr. as part of the Sheriff's "inner circle." Sheriff reportedly said in the article that he put in writing a February 2003 contract with Reach where Reach receives a "15 percent commission from the media with which it places the ads."
4. Cover letter dated January 10, 2011 from Catherine Recker of Welsh & Recker to Joseph Vignola, Chief Deputy Sheriff noting two purported letter agreements; one is a License and Services Agreement between RCS Searchers and the Sheriff's Office and the other is a letter agreement between Reach Communication Specialists, Inc. and the Sheriff's Office.
5. February 27, 2003 purported letter agreement between the Sheriff's Office and Reach for advertising services containing compensation based on 2.9 lines per writ and language that "Sheriff agrees to pay RCS..." and purportedly signed by Janet Pina and James R. Davis, Jr.
6. Letter agreement dated September 7, 2010 between the Sheriff's Office and RCS for computer support services; purportedly executed by Tyrone Bynum and Yvonne Cornell.

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7. A memo dated January 23, 2003 from Sheriff John Green to Janet Pina, Compliance Officer, titled "Policy for Consultant and Professional Service Providers" stating that the Philadelphia Sheriff's Office will obtain written agreements or contracts with all current and future vendors providing consulting and professional services which "will be kept in the Sheriff's Office for public inspection."
8. Original February 27 2003 letter agreement between the Sheriff's Office and Reach for advertising services with Reach receiving a "15% commission paid by advertising mediums;" purportedly executed by Janet Pina and James Davis, Jr.
9. Letter agreement dated September 1, 2002 between the Sheriff's Office and RCS to provide deed service for \$75 per deed for Tax Lien Delinquent sales. The contract was purportedly signed by the then managing partners of RCS, James Cassell and James Davis and Janet Pina of the Sheriff's Office.
10. Letter agreement dated September 1, 2002 between the Sheriff's Office and Philadelphia Deed Service to perform the deed service for \$75 per deed for Mortgage Foreclosure sales. Jennifer St. Hill purportedly signed the contract on behalf of Philadelphia Deed Service and Janet Pina purportedly signed on behalf of the Sheriff's Office.
11. Letter agreement dated September 1, 2002 between the Sheriff's Office and Elkins Park Abstract Company to perform deed preparation service for \$75 per deed for Tax Delinquent sales. Daniel McCafferty purportedly signed on behalf of Elkins Park Abstract and Janet Pina purportedly signed on behalf of the Sheriff's Office.
12. An unsigned letter agreement dated November 11, 2003 from RCS Searchers on RCS letterhead to Tyrone Bynum, Director of Finance, Sheriff's Office, to provide deed recording services for Sheriff's sales at the cost of \$250 per deed or instrument. The letter states the "Sheriff acknowledges that RCS is currently and has been providing Settlement Services and wishes to continue to engage RCS to provide Settlement Services....."
13. A copy of an unsigned cover letter from RCS Searchers to Mr. Bynum dated January 29, 2004, referencing the November 11, 2003 agreement, and thanking him for the opportunity to act as the Sheriff's "primary provider of Third Party Closings."
14. Unsigned letter on Sheriff's Office letterhead dated November 17, 2003 to RCS Searchers inviting a proposal to undertake "some of the functions" of the Sheriff sales closings as a result of the "Mandamus Action."

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15. Unsigned letter on Sheriff's Office letterhead dated November 17, 2003 to Global Abstract inviting a proposal to undertake "some of the functions" of the Sheriff sales closings as a result of the "Mandamus Action."
16. Unsigned letter on Sheriff's Office letterhead dated November 17, 2003 to Security Search & Abstract inviting a proposal to undertake "some of the functions" of the Sheriff sales closings as a result of the "Mandamus Action."
17. An apparent original signed letter from James R. Davis, Jr., managing partner at RCS Searchers to Mr. Bynum dated April 6, 2004. The letter sets forth the "Traditional Closing Process" and explains the settlement services that RCS proposed to supply to the Sheriff's Office.
18. Unsigned letter agreement, on blank letterhead, addressed to RCS Searchers dated November 12, 2004, for settlement services for the Sheriff's Office.
19. Unsigned letter agreement, on blank letterhead, addressed to Global Abstract Agency Inc. dated November 12, 2004, for settlement services for the Sheriff's Office.
20. Unsigned letter agreement, on blank letterhead, addressed to City Line Abstract Company dated November 12, 2004, for settlement services for the Sheriff's Office.
21. An original letter agreement on RCS Searchers letterhead dated November 3, 2006 purportedly signed by Mrs. Sheila R. Davis on behalf of RCS Searchers and Tyrone Bynum of the Sheriff's Office whereby RCS is to provide sweep services of old accounts for the Sheriff's Office at a "reduced fee of \$55.00" for "all properties found." The \$55.00 charge was to "be deducted from the grand total of the Sheriff's fee, commission or liabilities payment covering the above books."
22. An unsigned copy of the same letter agreement contract (on RCS Searchers letterhead) as the November 3, 2006 agreement between the Sheriff's Office and RCS, but dated six months earlier, May 2, 2006. This letter agreement was found in the files of the Sheriff's Office, but does not contain the provision that RCS fees are to be paid from the Sheriff's fee and commission, or from the liabilities.

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23. An original letter agreement on RCS Searchers letterhead dated April 3, 2009 purportedly signed by Yvonne Cornell, on behalf of RCS Searchers and Tyrone Bynum of the Sheriff's Office.
24. Letter to a consulting company dated November 6, 2002, from Janet A. Pina, Contract Compliance Officer, in response to a request to provide consulting services to the Sheriff's Finance Division. The letter states, in part, "(a)ll contracts are reviewed and executed by the City's Law Department." Sheriff Green is copied on the letter.
25. Screenshots extracted from www.sheriffsale.com, one of two websites owned and operated by Reach.
26. Court Order of the Hon. C. Darnell Jones, II signed March 16, 2006 amending Rule 3129.2(b)(1).
27. Example of a Reach invoice dated December 22, 2010 totaling \$519,350.91.
28. Unsigned engagement agreement dated March 1, 2011 between the Sheriff's Office and Cardenas-Grant Communications for advertising services.
29. Letter to Sheriff Green from members of the Mortgage Foreclosure Steering Committee RE: Committee Resolution Addressing Sheriff's Sale Advertising Costs.
30. Email from Irwin Trauss to Edward Chew dated April 19, 2007 recognizing the new rules allowing for shorter descriptions reduce the length of the average ad by about one-third.
31. Letter agreement between the Sheriff's Office and RCS Searchers dated February 27, 2003 regarding distribution policy issuance; purportedly signed by Janet Pina of the Sheriff's Office and Michelle Graham on behalf of RCS Searchers.
32. Letter agreement between the Sheriff's Office and Global Abstract Agency dated February 27, 2003 regarding distribution policy issuance; purportedly signed by Janet Pina of the Sheriff's Office and Jacqueline Roberts on behalf of Global Abstract Agency.
33. Letter agreement between the Sheriff's Office and Security Search & Abstract Company dated February 27, 2003 regarding distribution policy issuance; purportedly signed by Janet Pina of the Sheriff's Office and an undecipherable representative of Security Search & Abstract Company.

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34. Email exchanges between Sin Su, City Controller's auditor and Ms. Crystal Stewart of the Sheriff's Office from August 3, 2009 through August 17, 2009 in regards to the City Controller audit.
35. Pie chart graphic noting the Sheriff Sale Property breakdown for calendar year 2009.
36. Letter from Peter Smith, Deputy State Treasurer for Audits and Investigations to Sheriff Green dated June 22, 2006 Re: Satisfaction of Liability for Reportable Unclaimed Property as of December 31, 1998.
37. Email dated April 1, 2009 from Richard Bell to Tyrone Bynum, both employees of the Sheriff's Office at the time regarding the liquidation of funds from the Mortgage Foreclosure Investment account.
38. Memo dated July 11, 2008 from Brendan S. Joyce, Bureau of Audits to Peter Smith, Deputy State Treasurer for Audits and Investigations.
39. Memo from Gerri Long, Bureau Assistant Director to Brian Munley, Bureau Director, the subject of which was "Philadelphia Sheriff's Office Audit – Summary of Post Audit Work."
40. Memo dated July 26, 2006 from Gerri Long, Bureau Assistant Director to Brian Munley, Bureau Director, the subject of which was "Philadelphia Sheriff's Office."
41. Letter dated December 2, 2004 (on alotta.edu,inc. letterhead) from Claude Carter of alotta.edu,inc. to Sheriff Green stating that he looks forward to "working with you, Tyrone Bynum, other members of your department and RCS Searchers in an effort to return unclaimed funds to their rightful owners."
42. Letter dated October 31, 2006 from Mary Lawson of alotta.edu, inc. to a potential client in regards to the potential client's "over \$10,000 in unclaimed cash."
43. A copy of the envelope addressed to the potential client purportedly containing the October 31, 2006 letter from alotta.edu, inc.
44. Letter dated September 11, 2008 from Richard Bell to Tyrone Bynum RE: Memo from Wanda English Davis, RCS Searchers, - in reference to Book 210 Writ 729.

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45. Unsigned letter dated January 29, 2008 from Tyrone Bynum to Juanita Smallwood Re: Unclaimed Funds Checks for the property located at 649 Carpenter Lane, Philadelphia, PA 19119.
46. Unsigned letter dated January 29, 2008 from Tyrone Bynum to Claude Carter of alotta.edu, inc. Re: Unclaimed Funds Checks for the property located at 649 Carpenter Lane, Philadelphia, PA 19119.
47. Email dated October 4, 2011 at 10:08AM from Claude Carter to Louis R. Pichini, Deloitte Financial Advisory Services LLP RE: Money Services Inc.
48. Email exchanges dated October 4, 2011 between Claude Carter and Louis R. Pichini, Deloitte Financial Advisory Services LLP RE: Money Services Inc.
49. Email dated October 5, 2011 at 11:33AM from Claude Carter to Louis R. Pichini, Deloitte Financial Advisory Services LLP RE: Money Services Inc.

EXHIBIT 1

RESPONSE OF THE PHILADELPHIA SHERIFF'S OFFICE



OFFICE OF THE SHERIFF
CITY AND COUNTY OF PHILADELPHIA
Long Tale Building
100 South Broad Street, 5th Floor, Philadelphia, PA 19110

JOHN D. GREEN
SHERIFF

Tel. 215 686-3330
Fax 215 686-9579
john.d.green@ccph.org

February 14, 2006

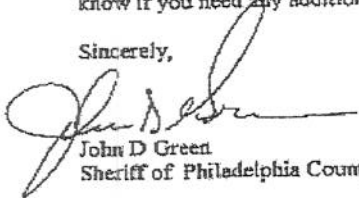
Peter J. Smith, Esq.
Deputy State Treasurer for Audits & Investigations
Commonwealth of Pennsylvania Treasury Department
Room 132B Finance Building
Harrisburg, PA 17120-0018

Dear Mr. Smith:

Thank you for the opportunity to respond to the findings reported by the Commonwealth of Pennsylvania Department of Treasury. We have attached our response and provided additional clarification where necessary.

Complying with state audit regulations is a top level priority for this office. Please let me know if you need any additional information or if I can assist you further.

Sincerely,



John D. Green
Sheriff of Philadelphia County

Cc: Brian Munley, Esq., CPA, CFE, Director, Bureau of Audits
James J. Zwniak, Senior Attorney, Law Department

JDG/cah

RESPONSE OF THE PHILADELPHIA SHERIFF'S OFFICE (Continued)

Office of the Philadelphia Sheriff

Response to Audit, Findings and Recommendations

Introduction

The Philadelphia Sheriff's Office ("Sheriff") has been cooperating with the Commonwealth of Pennsylvania Department of Treasury ("Treasury") for over a year to analyze, review and correct the problems with its unclaimed property reporting as outlined in Treasury's initial report issued to the Sheriff on Oct 19, 2004. We would also like to acknowledge your cooperation in extending this office every reasonable opportunity to respond and comply with the findings of the audit.

Post Attestation Examination Findings

It is a top level priority for the Sheriff to make the changes necessary to bring the Sheriff into compliance with the reporting of unclaimed property pursuant to its authority under the Pennsylvania Disposition and Abandoned and Unclaimed Property Act ("the Act"). Top personnel and support staff have been working continuously to complete the tasks and responsibilities outlined in Treasury's Audit report. The latest draft Post Attestation Examination confirms that the Sheriff has provided Treasury with more than 12,423 completely documented transactions to offset the Audit's initial demand for \$11,060,625.

The Sheriff's cooperation during the Post Attestation Examination resulted in a preliminary offset of \$6,833,450 with an opportunity to supply additional documentation for transactions that were not credited because adequate documentation was not provided. An opportunity was also provided for this office to submit any new transactions for offsets that were within the audit period. In both instances this office responded with documentation that should ultimately total offsets exceeding our initial projection of \$7.7 million.

Once Treasury reviews all documentation and a final offset figure is provided, the Philadelphia Sheriff's Office is prepared to forward all remaining funds for the audit period to Treasury unless otherwise stipulated between Treasury and the City of Philadelphia. It is our understanding that Treasury is currently in negotiations with the City of Philadelphia regarding the distribution of the funds remaining in the Sheriff's office for the audit period.

RESPONSE OF THE PHILADELPHIA SHERIFF'S OFFICE (Continued)

Recommendations Update

Internal Controls - There has been substantial progress made since the 1998 audit period covered in your report and we will continue to seek ways to improve the operation of the Sheriff's Office. Internal controls that have been initiated or strengthened include:

- Bank reconciliations are presently current and all deposit errors are corrected immediately upon discovery. As a result, far fewer deposit errors occur as the Sheriff's accountants review all deposit paperwork and acknowledge same prior to deposit of the funds with the bank. Deposits are made daily and we have hired an additional cashier to help facilitate the process. We also have taken steps to ensure coverage is available daily by a trained employee.
- A new filing procedure has been implemented for the Sheriff's "Request for Disbursements" sheets. All requests for disbursements are reviewed by the Director of Finance to ensure they have the appropriate authorized signature, then initialed and distributed to the appropriate personnel for processing.
- Upon completion of the processing, the paperwork is reviewed, signed and returned to personnel and copies of the request for disbursement and corresponding backup documents are filed in a designated cabinet and folder for that particular day. At the end of the month, all the sheets are compiled, labeled, and filed separately for future reference.
- Segregated accounts have been established for all funds marked as unclaimed per the requirements of the Act. Currently we have deposited monies in these accounts and have maintained accurate and corresponding records. At this point we are prepared to use the unclaimed funds procedure established by our office and initially provided to your office as a draft during the audit period. Since that time, we have modified and fully adopted this draft as an official procedure for dealing with unclaimed funds. We have found this to be extremely helpful as we strive towards a more efficient and effective office. The procedure is set forth below:

Unclaimed Funds Procedure

Real Estate Division

- Sheriff Sale is conducted.
- The day after the sale, the real estate division reviews the results of sale to determine if a property was stayed, sold or postponed.
- The real estate division requests distribution policies from the title companies on all writs where active bidding has occurred.

RESPONSE OF THE PHILADELPHIA SHERIFF'S OFFICE (Continued)

- After settlement by bidder or attorney, the Real Estate Division issues a request for disbursement to accounting to distribute all funds – (attorney refunds, liabilities, sheriff fees etc.) For any excess funds, the real estate division re-certifies the distribution policy.
- If a former owner's address is unknown, information is submitted to the under sheriff for review with title company.
- The real estate division submits a disbursement voucher to accounting to disburse corresponding funds to the appropriate unclaimed monies account.

Accounting Division

- Sheriff has designated an associate responsible for processing unclaimed money transactions.
- Requests are submitted to the Sheriff's Office Director of Finance, reviewed, approved, signed and given to associate for processing.
- Associate initiates a check for deposit in the corresponding unclaimed monies account as outlined on the request for disbursement.
- Sheriff's Office advertises names in a publication of general circulation a minimum of once yearly.
- All funds that remain unclaimed by the owner(s) for over one year shall be deposited with the City of Philadelphia Revenue Department.
- The new computer system will provide aging schedules, which are being programmed to both alert the real-estate division regarding the status of accounts and automatically trigger the unclaimed funds process.

The Sheriff is currently in the second phase of the development of its new computer system. This system will reengineer the way business is conducted and incorporate significant functionality and reporting features, which will aid in carrying out daily functions extremely efficiently. This system will further maximize our efficiency in processing and identifying unclaimed funds. The project management company installing the system is also creating a new procedure document outlining how our office will function within the framework of the new system.

Conclusion

The Sheriff believes that the internal management controls it has initiated, combined with the new computer system, will significantly improve its performance with regard to identifying, tracking, and disbursement of unclaimed funds. We look forward to cooperating with Treasury on its anticipated audit of Sheriff Sale proceeds received for the 1999 calendar year.

EXHIBIT 2



Treasury Department
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120-0018

April 28, 2008

Mr. Albert Scaperotto
Post Audit Deputy City Controller
Office of the Controller
1230 Municipal Services Building
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102-1679

Re: Philadelphia Sheriff's Office/Reach Communications Specialists, Inc.

Dear Mr. Scaperotto:

In connection with a Pennsylvania Treasury Department review of unclaimed property claim payments by Treasury during calendar year 2007, a \$366,290.62 payment involving property turned over to Treasury by the Philadelphia Sheriff's Office was noted. Due to the relationship between the claimant and the Philadelphia Sheriff's Office, I am providing the information to your office for review and further action if warranted:

Unclaimed Property Claim ID: 99827834
Property ID: 6859220
Description: Unpaid mortgage foreclosure advertising charges/credit balances
Holder: Philadelphia Sheriff's Office

Claimed By: Reach Communications Specialists, Inc., 1219 Spruce Street,
Philadelphia, PA 19107-5607
FEIN 23-2397836
ATTN: Darrell Lloyd, III

Claim Submitted: July 27, 2006
Claim Paid: March 13, 2007
Amount: \$366,290.62

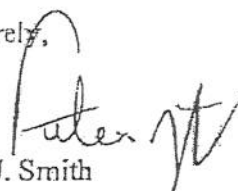
The property was reported (i.e., turned over) to Treasury by the Philadelphia Sheriff's Office on June 15, 2006, as part of a holder report for the calendar year 2005. As you may know, from early 2005 until the present, Reach Communications Specialists, Inc. (Reach), has served as the representative of the Philadelphia Sheriff's Office in regard to locating records and

Mr. Albert Scaperotto
April 28, 2008
Page Two

providing information to Treasury's staff relating to the reporting of unclaimed property. As a result of the potential conflict of interest resulting from Reach's role as an agent of the Philadelphia Sheriff's Office in regard to unclaimed property reporting while at the same time being the owner of unclaimed property reported by or on behalf of the Sheriff's Office, I am bringing the Reach claim payment to your attention.

Please let me know if any additional information concerning this matter is needed from Treasury.

Sincerely,



Peter J. Smith
Deputy State Treasurer for Audits
and Investigations
Room 132B Finance Building
Harrisburg, PA 17120
(717) 705-7318 Telephone
(717) 705-6623 Facsimile
pjsmith@putreasury.org

PJS:cmc

EXHIBIT 3

A look at sheriff's home purchase

By MARK McDONALD mcdonam
@phillynews.com

Source: Philadelphia Daily News (PA); 691 words

Published: 2005-11-18

Section: LOCAL | Page 04 | Edition: 4STAR

Sheriff John Green bought his East Mount Airy home two years ago from a company owned by James Davis, who holds lucrative no-bid contracts with the **Sheriff's** Office. Green said in an interview on Tuesday that he had paid a "premium price" for the home on East Mount Airy Avenue near Lynnewood Street.

City records show that the Cassell-Davis Partnership bought the property in September 2002, for \$92,500. Green paid \$120,000 for the home. He took out a \$102,000 mortgage to complete the transaction in May 2003. RCS Searchers, another Davis company, handled the paperwork, according to city records.

"It was fair-market value. In fact, I feel like I got cheated," Green said, later adding that he was just kidding. Green described Davis, who could not be reached for comment, as both a friend and member of his "inner circle."

Green said that Davis has helped him develop policies to privatize some **Sheriff's** Office activities. In turn, Green has given Davis no-bid contracts to carry out some of that work.

But Green denied that his actions were in any way linked to the pay-to-play culture that has come under attack from the U.S. Attorney's Office with indictments, from City Council with new legislation aimed at making local government more transparent and from the Street administration with ethics bills, which so far remain stalled in Council.

Rather, Green said he has consciously tried to steer contracts to minority-owned businesses. "When I ran [for election] the first time, I told people I was literally going to change the complexion of government, at least the part I was involved in," he said.

Asked why he had chosen to buy a house from a company with such close ties to his office, Green said: "What happened is that I was looking for a house, and they had this property and I said, 'OK.' If people want to say I'm loyal, OK. But this has something to do with friends and friendship and the people who have come with me to change the shape and complexion of government."

Green's comments came on a day that he suspended Darrell R. **Stewart**, supervisor of the office's real-estate unit, pending an investigation into **Stewart's** real-estate transactions involving properties that had earlier gone through **sheriff's** sale.

Stewart and his wife, **Crystal Smith Stewart**, also a **Sheriff's** Office employee, and Davis' sister, bought a property at 614 S. 54th St. in September 2003, with a mortgage of almost \$30,000 from the same company, Cassell-Davis Partnership. That property had not gone earlier to **sheriff's** sale.

Asked whether he thought **Stewart** was engaged in a conflict of interest by doing business with the Cassell-Davis Partnership, Green was confused at best. "I don't know. It depends. It would concern me. I'll have to look into it," he said.

Davis and his now-deceased partner, James Cassell, gained **sheriff's** work from Green 15 years ago. Only in February 2003 did Green put in writing a contract to handle advertising for **sheriff's** sales by Davis and Cassell's company, Reach Communications Specialists. The company gets a 15 percent commission from the media with which it places ads.

Despite repeated requests for information on how much advertising the **Sheriff's** Office places through Reach each year, the data has not been provided to the Daily News.

The same holds for another Davis company, RCS Searchers, a title company that gets \$175 for each property settled in **sheriff** sale, including the payment of taxes and other liabilities. The contract also provides \$75 for each deed or instrument recorded.

Again, the **Sheriff's** Office has not released any data on how much work RCS does annually or how much it's been paid.

Also in the mix is the Tyler Firm, a company owned by Janet Pina and Patricia West, two former **Sheriff's** Office employees who, in December 2004, submitted a proposal to do clerical work related to real-estate transactions. The company gets \$37.50 for each writ it handles, money that comes out of the \$100 writ-processing fee charged in **sheriff's** sales.

Pina declined to discuss how many writs her company handles each year.

But she said her company did not begin work on the contract until last March, more than a year after

EXHIBIT 4

CATHERINE M. RECKER

LAW OFFICES
WELSH & RECKER
A PROFESSIONAL CORPORATION
SUITE 2903
2000 MARKET STREET
PHILADELPHIA, PENNSYLVANIA 19103
(215) 972-6430
FAX (215) 972-6436

January 10, 2011

Via Facsimile 215-686-3579
Joseph C. Vignola, Esquire
Chief Deputy Sheriff
Office of the Sheriff
City and County of Philadelphia
Land Title Building
100 South Broad Street, 5th Floor
Philadelphia, PA 19110

Dear Mr. Vignola:

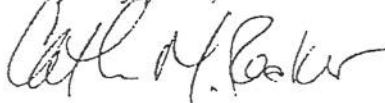
As we discussed, I am sending you copies of two contracts; one is a License and Services Agreement between RCS Searchers and the Sheriff's office, the other is a letter agreement between Reach Communication Specialists, Inc. and the Sheriff's office.

The terms of these contracts set forth the duties and obligation of the parties as well as the ability of the parties to terminate the agreement. The termination set forth in your letter dated January 7, 2011 is in breach of the terms of these contracts. I understand that you do not have copies of these agreements and therefore, I am sending them to you for your review.

I further understand that a lawyer from the City Solicitor's office will be responding to me to address these matters.

Do not hesitate to call me if you have any questions.

Very truly yours,



Catherine M. Recker

CMR/cab
Enclosures

cc: James R. Davis, Jr.

EXHIBIT 5

REACH COMMUNICATION SPECIALISTS, INC.
The REACH Building
1219 Spruce Street
Philadelphia, Pennsylvania 19107

February 25, 2003

Sheriff John D. Green
City of Philadelphia
Sheriff's Office
100 South Broad Street, 5th Floor
Philadelphia, Pennsylvania 19110

RE: Letter Agreement between the Sheriff's Office of the City and County of Philadelphia (the "Sheriff") and Reach Communication Specialists, Inc. ("RCS")

Gentlemen:

This letter (the "Letter Agreement") confirms our mutual agreement, pursuant to the terms and conditions set forth herein, to provide you with the services (as hereinafter defined and specifically described on Appendix 1).

Account Management

RCS will manage the advertising account for the Sheriff in compliance with the requirements of the Pennsylvania Rules of Civil Procedure regarding the valid posting of public notices for the sales of real property at Sheriff's sales. The management of the advertising account should include, without limitation, those responsibilities listed on Appendix 1 of this letter, as the Sheriff may change them from time to time upon adequate advance written notice to RCS (the "Account Management Services").

Production Services

RCS will provide production services for the Sheriff in compliance with legal requirements pertaining to the public notice advertising for the sales of real property at the Sheriff's sales. The production services shall include, without limitation, those responsibilities listed on Appendix 1 of this letter, as the Sheriff may change them from time to time upon adequate advance written notice to RCS (the "Production Services", which together with Account Management Services are collectively referred to as the "Services").

Remuneration

The Sheriff agrees to pay RCS for their Services as follows:

1. The addition of two (2) lines to Sheriff's Sale writs in only one of three major newspapers to cover the cost of the necessary spacing between each individual advertised writ, the Sheriff's Sale heading that runs across each advertising page and to offset any administrative fee.
2. The addition of .9 lines to cover the cost of advertising the cost of the conditions of the Sheriff's sales; plus one (1) line to cover production costs.
3. Payment for Sheriff's Sale Advertisements will be made by the Sheriff to RCS within twenty (20) days after the Sheriff is provided with invoicing from RCS.

Account Management Services

Account Management Services include:

1. Supervision of advertising activities to comply with schedules and deadlines after being provided with timely receipt of information regarding the sales from the Sheriff;
2. Respond to the Sheriff's request for new advertising placement and insertions into ads;
3. Monitor the accuracy of ads placed in the newspapers and other media; provided upon discovering an inaccuracy, RCS will use its reasonable efforts to correct same, whether the inaccuracy has been made by RCS or the Sheriff; and
4. Remove Stays and Postponements from the advertising schedule upon timely receipt of notice of said Stays and Postponements prior to placement of the advertising in accordance with the time constraints provided by the media with which the advertising is placed.

Production Services

Production Services include:

1. Compile legal and technical information needed in fulfilling legal requirements regarding the placement of ads, subject to receipt of such information from the Sheriff;
2. Inputting information into and maintaining a database format which is compatible and accessible to the Sheriff;
3. Typesetting and formatting (type specifications and alignment, etc.) in conformance with the newspapers in Philadelphia (of which there are currently three (3)), the *Legal Intelligencer* (or the equivalent regular legal community newspaper) and a broad range of community newspapers (as determined by RCS) (collectively, the "Newspapers");
4. Cause experienced proofreaders to proof each writ thoroughly;
5. Provide digitized outputs for the Newspapers;
6. Provide mechanicals/artwork for the Newspapers;
7. Prepare the script for and edit the radio spots for approval by the Sheriff;
8. Provide talent and production for radio commercials for dubbing;
9. Develop and maintain a website for Sheriff's sales, including conversions and date modifications needed to upload the Sheriff's sales property lists and the establishment and monitoring of an e-mail address;
10. Maintain archives of handbills, tear sheets, billing and originals of legal abstracts for six (6) years commencing as of the original date of the handbills, tear sheets, billing and originals of legal abstracts; and

11. Provide computerized billing detailing costs for each writ along with supporting documentation for review and approval. To cover the lineage cost of the legally mandated conditions of Sheriff's Sales, the Sheriff's Sale headings that run across each advertising page, and the spacing between writs, the addition of 2.9 lines will be added only to the line count of one of the three major newspapers in the rotation for that specific sale.

Term

The Sheriff acknowledges that RCS is currently and has been providing the Services and wishes to continue to engage RCS to provide the Services until December 31, 2004 (the "Term"); subject to automatic renewal for four (4) years commencing January 1, 2005 (the "Renewal Term") unless, between the sixtieth (60th) and thirtieth (30th) day prior to commencement of the Renewal Term, RCS receives written notice from the Sheriff's Office of its desire not to renew the Term of this Letter Agreement.

In consideration of Ten Dollars (\$10.00), the premises and undertakings herein, and other consideration, the receipt and sufficiency of which are hereby acknowledged, the Sheriff and RCS, intending to be legally bound, agree to the terms and conditions of the Letter Agreement.

Reach Communication Specialists, Inc.

By: 

Agreed to this 27th day of Feb., 2003

By: 

Philadelphia Sheriff's Office

EXHIBIT 6



LICENSE AND SERVICES AGREEMENT

This is a License and Services Agreement ("this Agreement"), made as of September 9, 2010, between RCS Searchers, Inc., with an address at 100 So. Broad Street, Suite 630, Philadelphia, Pennsylvania 19110 ("Licensor"), and Office of the Sheriff, City and County of Philadelphia with offices at 100 So. Broad Street, 5th Floor, Philadelphia, Pennsylvania 19110 ("Licensee").

Whereas, Licensor is an authorized title insurance agency licensed in the Commonwealth of Pennsylvania, which has developed a Sheriff's Sale Civil System ("RCS Civil System") with which over the past six years Licensor has provided technical and computer support to the Office of the Sheriff's real estate and accounting divisions. The RCS Civil System, through updates, modifications and supplements to the application, has developed into a unique computer application for processing, recording and tracking real estate and accounting transactions enabling RCS Searchers to pay out \$120 million dollars in liabilities over the past five fiscal years on the Sheriff's behalf. The reporting and tracking features of the RCS Civil System were also significant key components in providing the Commonwealth of Pennsylvania with financial documentation to resolve an \$11 Million unclaimed funds dispute.

Whereas, the Sheriff's Office acknowledges that Licensor is currently providing disbursement and tracking services using the RCS Civil System and Settlement Services for Office of the Sheriff and wishes to continue and expand such services as they have been, and may be in the future, expanded, on the terms and conditions set forth below.

In Witness Whereof, for ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound hereto, hereby agree as follows:

1. LICENSE.

1.1. Licensor grants Licensee a non-exclusive, conditional, revocable license to use the Licensed Software at the Licensee's office stated above. Licensor will maintain one backup or remote server intended to provide redundant backup capability in the event of failure or scheduled maintenance or other downtime involving the License Server.

1.2. Licensee shall use the Licensed Software solely for Licensee's own internal operations, and shall not sublicense, rent, make copies of software or documentation or otherwise permit any person other than Licensee's own employees to use or have access to the Licensed Software by any means.

1.3. Licensor shall provide access to the Licensed Software on Licensor's server and commence through to completion the conversion from the existing software system to the Licensed Software. Upon completion of the conversion and testing of the Licensed Software, Licensor shall train employees of Licensee and provide documentation on the use of the software in accordance with the terms and conditions of this Agreement.

1.4. Licensee shall not distribute, disclose, or transfer to any third party except for Licensee's authorized employees any portion of the Licensed Software or the Documentation, or use the Licensed Software or Documentation in any service bureau arrangement, facility management, or third party training, demonstration or presentation or use the Licensed Software for any purpose or application other than as permitted in this Agreement.

1.5. The license granted to Licensee does *not* include access to or any copies of the source code for the Licensed Software.

2. FEES AND PAYMENT TERMS.

Licensing fee is established at \$150 to Licensor for each foreclosure writ processed by the Sheriff's Office. Licensor shall deliver invoices for payment of fees due hereunder to Licensee at the address set forth herein. All payments are due within twenty (20) days after delivery to Licensee of Licensor's invoice.

3. PROPRIETARY AND INTELLECTUAL PROPERTY RIGHTS.

3.1. Licensor retains title to and ownership of the Licensed Software and any Documentation, including all copies in whatever form, whether supplied by Licensor or made by Licensee. Licensee acknowledges that the Licensed Software belongs to and is proprietary to Licensor, and shall at all times remain its property. The user license granted by this Agreement is revocable by Licensor and does not give Licensee any ownership interest in the Licensed Software, but only the right to use the Licensed Software under the specified provisional terms.

3.2. Licensee shall treat the Licensed Software and Documentation as confidential information and shall not publish, disclose or release them in whole or in part. Licensee shall alert its agents and outside contractors to Licensee's confidentiality obligations, and shall take all reasonable precautions to maintain the confidentiality of the Licensed Software and Documentation, exercising at least the same degree of care which any prudent commercial licensee would employ regarding software. Licensee shall not remove any copyright, patent, trademark or other notices or proprietary legends from any Licensed Software or Documentation.

4. LICENSEE'S OBLIGATIONS.

Licensee shall provide Licensor with specific and detailed information about and access to Licensee's work flow, procedures, transaction volumes and current and historical data solely as they relate to the applications of the Licensed Software. Additionally, Licensee shall designate a project manager to coordinate and work with Licensor in installation and implementation of the Licensed Software, including testing of the Licensed Software following installation.

5. INSTALLATION SUPPORT

Onsite installation support for the Licensed Software at Licensee's office is included within the license fees as specified in the *License Schedule*, and will be provided by Licensor on an "as needed" basis during the installation and implementation phase in accordance with the project timetable to be provided by Licensor.

6. TERM AND TERMINATION.

The user license granted by this Agreement shall continue in effect, unless revoked and by Licensor or terminated by Licensor as follows:

6.1. Notwithstanding the date of execution of this Agreement, the term of this Agreement commences as of September 13, 2010 and expires on September 15, 2014 ("Initial Term"), subject to automatic renewal beginning September 15, 2014 and expiring on September 14, 2018 ("Renewal Term"); unless and only if, between May 1, 2014 and July 1, 2014 written notice of termination is received by Licensor and/or RCS Searchers from the Sheriff's Office if the Sheriff's Office desire not to renew the term of this Agreement.

6.2. In the event of termination by the Sheriff's Office of this Agreement in accordance with the terms and conditions set forth above, Licensor shall facilitate conversion of the Licensed Software to the Sheriff's new system for no less than ninety 90 days after the expiration of the Initial Term plus \$ 125.00 per hour for software conversion services.

6.3. In the event that following termination of the license agreement, the Licensee seeks access to the underlying code of the software for the purpose of maintenance and modification for the sole use of the Licensee, provided that the software is not distributed in manner to any other party which is not the Licensee as named in this agreement, the Licensor will provide access to the code for a fee to be negotiated at the time of the request.

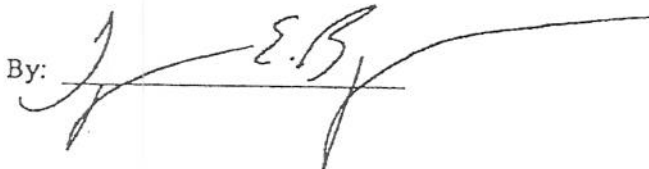
6.4. In the event that after termination of the license agreement, the Sheriff's Office wishes to continue the use of the Licensed Software, a licensing fee of \$80.00 per foreclosure writ shall be paid to Licensor for Software and Technical Support. Such licensing fee shall be due for a minimum of five years, and possibly longer as the parties may agree.

7. GENERAL.

Licensor shall not be liable for any delay or failure to perform under this Agreement to the extent attributable to causes beyond its control, and the timetable for performance shall be adjusted accordingly. Any party so precluded from performing shall promptly notify the other party of the anticipated delay and the steps proposed to be undertaken to mitigate the effects of the delay.

This Agreement is executed by the authorized representative of the parties, intending to be legally bound thereto, as of the date set forth above.

Office of the Sheriff
City and County of Philadelphia

By:  E.B.

RCS Searchers, Inc.

By:  Yvonne Cornell 9/7/2010

LICENSOR INFORMATION TECHNOLOGY SERVICES SCHEDULE

Provide a stabilized server and hardware environment for the operation, maintenance and back up of the current application and data for the real estate and accounting divisions.

Provide software to identify all paid and unpaid liabilities and process payment to a ledger journal for the purpose of cross checking, accuracy and auditing purposes

Provide computer hardware to supplement the out-dated deficiencies of the currently used computer equipment of the Sheriff's Office

Provide remote desktop access to application and data

Provide Full-time staff for technical support for computer hardware and software

Provide Full-time help desk during Sheriff's Office weekday business hours

Provide Full-time staff for data integrity support during Sheriff's Office weekday business hours

Provide general accounting and customized reports for analyzing data

Provide automated account reconciliation.

Provide the Sheriff's Office with electronic (and other medium access) to liability ledgers

Provide data back-up on a regular schedule and restoration as required

Provide Licensed Software modifications and supplements from time to time as required or requested

Provide documentation and training to Sheriff's staff as needed

Provide updates and enhancements to software from time to time as requested by Licensee or suggested by Licensor

Provide updated documentation and training to ensure staff's proficiency with the current version

Option to Replace Operating System Version: Licensee shall have the option, for no additional License Fee, to migrate the Licensed Software from Licensee's current operating system to another then-commercially available operating system that is supported by Licensor as set forth in the then-current Licensor Hardware and Software Requirements Guide, *provided, however,* that Licensee remains a subscriber on a continuous basis and Licensee gives thirty (30) days' prior written notice of such migration.

EXHIBIT 7



CITY OF PHILADELPHIA

SHERIFF'S OFFICE
100 S. Broad Street
5th Floor
Philadelphia, PA 19110

JOHN D. GREEN
Sheriff

(215) 686 - 3530

Memorandum

To: Janet Pina, Compliance Officer
From: John D. Green, Sheriff *JDG*
Date: 1/23/2003
Re: New Policy for Consultant and Professional Service Providers

Effective immediately, the Philadelphia Sheriff's Office will establish a new policy to obtain written agreements or contracts with all current and future vendors providing consultant and professional services. This new policy should be fully implemented within 90 days. These written agreements and/or contracts will formalize verbal agreements now in place and will be kept at the Sheriff's Office for public inspection.

cc: Jacque Whaumbush, Chief Deputy Sheriff
cc: Barbara Deeley, Chief of Staff
cc: Patricia West, Director of Public Information

EXHIBIT 8

REACH COMMUNICATION SPECIALISTS, INC.
The REACH Building
1219 Spruce Street
Philadelphia, Pennsylvania 19107

February 25, 2003

Sheriff John D. Green
City of Philadelphia
Sheriff's Office
100 South Broad Street, 5th Floor
Philadelphia, Pennsylvania 19110

RE: Letter Agreement between the Sheriff's Office of the City and County of Philadelphia (the "Sheriff") and Reach Communication Specialists, Inc. ("RCS")

Gentlemen:

This letter (the "Letter Agreement") confirms our mutual agreement, pursuant to the terms and conditions set forth herein, to provide you with the services (as hereinafter defined and specifically described on Appendix 1).

Account Management

RCS will manage the advertising account for the Sheriff in compliance with the requirements of the Pennsylvania Rules of Civil Procedure regarding the valid posting of public notices for the sales of real property at Sheriff's sales. The management of the advertising account should include, without limitation, those responsibilities listed on Appendix 1 of this letter, as the Sheriff may change them from time to time upon adequate advance written notice to RCS (the "Account Management Services").

Production Services

RCS will provide production services for the Sheriff in compliance with legal requirements pertaining to the public notice advertising for the sales of real property at the Sheriff's sales. The production services shall include, without limitation, those responsibilities listed on Appendix 1 of this letter, as the Sheriff may change them from time to time upon adequate advance written notice to RCS (the "Production Services", which together with Account Management Services are collectively referred to as the "Services").

Remuneration

Reach Communications Specialists, as the advertising agency of record for the Philadelphia Sheriff's Offices, agrees to accept as compensation the 15 percent standard commission paid by advertising mediums along with one line per writ added only in the line count of the three major newspapers to cover productions cost.

Payment for Sheriff's Sale Advertisements will be made by the Sheriff to RCS within twenty (20) days after the Sheriff is provided with invoicing from RCS.

Account Management Services

Account Management Services include:

1. Supervision of advertising activities to comply with schedules and deadlines after being provided with timely receipt of information regarding the sales from the Sheriff;
2. Respond to the Sheriff's request for new advertising placement and insertions into ads;
3. Monitor the accuracy of ads placed in the newspapers and other media; provided upon discovering an inaccuracy, RCS will use its reasonable efforts to correct same, whether the inaccuracy has been made by RCS or the Sheriff; and
4. Remove Stays and Postponements from the advertising schedule upon timely receipt of notice of said Stays and Postponements prior to placement of the advertising in accordance with the time constraints provided by the media with which the advertising is placed.

Production Services

Production Services include:

1. Compile legal and technical information needed in fulfilling legal requirements regarding the placement of ads, subject to receipt of such information from the Sheriff;
2. Inputting information into and maintaining a database format which is compatible and accessible to the Sheriff;
3. Typesetting and formatting (type specifications and alignment, etc.) in conformance with the newspapers in Philadelphia (of which there are currently three (3)), the *Legal Intelligencer* (or the equivalent regular legal community newspaper) and a broad range of community newspapers (as determined by RCS) (collectively, the "Newspapers");
4. Cause experienced proofreaders to proof each writ thoroughly;
5. Provide digitized outputs for the Newspapers;
6. Provide mechanicals/artwork for the Newspapers;
7. Prepare the script for and edit the radio spots for approval by the Sheriff;
8. Provide talent and production for radio commercials for dubbing;
9. Develop and maintain a website for Sheriff's sales, including conversions and date modifications needed to upload the Sheriff's sales property lists and the establishment and monitoring of an e-mail address;
10. Maintain archives of handbills, tear sheets, billing and originals of legal abstracts for six (6) years commencing as of the original date of the handbills, tear sheets, billing and originals of legal abstracts; and

11. Provide computerized billing detailing costs for each writ along with supporting documentation for review and approval. To cover the lineage cost of the legally mandated conditions of Sheriffs Sales, the Sheriff's Sale headings that run across each advertising page, and the spacing between writs, the addition of 2.9 lines will be added only to the line count of one of the three major newspapers in the rotation for that specific sale.

Term

The Sheriff acknowledges that RCS is currently and has been providing the Services and wishes to continue to engage RCS to provide the Services until December 31, 2004 (the "Term"); subject to automatic renewal for four (4) years commencing January 1, 2005 (the "Renewal Term") unless, between the sixtieth (60th) and thirtieth (30th) day prior to commencement of the Renewal Term, RCS receives written notice from the Sheriff's Office of it's desire not to renew the Term of this Letter Agreement.

In consideration of Ten Dollars (\$10.00), the premises and undertakings herein, and other consideration, the receipt and sufficiency of which are hereby acknowledged, the Sheriff and RCS, intending to be legally bound, agree to the terms and conditions of the Letter Agreement.

Reach Communication Specialists, Inc.

By: 

Agreed to this 27th day of Feb., 2003

By: 

Philadelphia Sheriff's Office

EXHIBIT 9

September 1, 2002

RCS SEARCHERS
1219 Spruce Street
Philadelphia, PA 19107

Attention: Messrs. James Cassell and James Davis, Managing Partners

Re: The Preparation and Execution of Deeds for Sheriff's Tax Lien Delinquent
and Third Party Sales

Pursuant to your interest in the preparation and execution of Deeds for the Philadelphia Sheriff's Office for Sheriff's Tax Lien Delinquent Sales, please be advised of the following terms and conditions:

Term: Month-to-Month Agreement commencing September 2002, of which this Agreement can be terminated at the end of any given month, at the Sheriff's sold option, giving vendor thirty days written notice.

Service: RCS SEARCHERS agents will attend monthly sheriff's sales and/or obtain all pertinent sale information on a weekly basis required for preparation of deeds.

The Sheriff's Office Real Estate Division must be in receipt of all deeds within ten (10) days following each settlement.

Conditions: All work performed by RCS SEARCHERS will be presented in hard copy as well as disc, and placed in transparent jackets.

Seventy-five (\$75.00) Dollars per deed will be made payable to RCS SEARCHERS within thirty days of receipt of invoice. An invoice must accompany each deliver of deeds.

Terms of Agreement
September 1, 2002
Page two

Please indicate your acceptance of the above terms and conditions by signing below and returning the executed copy of this document to our office.

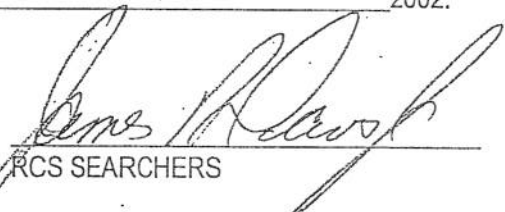
Sincerely,

Janet Arnette Pina
Compliance Officer

cc: John D. Green, Sheriff
Captain Robert Danford, Real Estate Division
Tyrone Bynum, Finance Director
Mandamus File

Agreed and accepted, this 1 day of Sept. 2002.


Philadelphia Sheriff's Office


RCS SEARCHERS


RCS SEARCHERS

EXHIBIT 10

September 1, 2002

Jennifer St. Hill, Esq.
Philadelphia Deed Service
1315 Walnut Street
Philadelphia, PA 19107

Re: The Preparation and Execution of Deeds for Sheriff's Judicial Mortgage Foreclosure Sales

Pursuant to your interest in the preparation and execution of Deeds for the Philadelphia Sheriff's Office for Judicial Mortgage Foreclosure Sales, please be advised of the following terms and conditions:

Term: Month-to-Month Agreement commencing September 2002, of which this Agreement can be terminated at the end of any given month, at the Sheriff's sold option, giving vendor thirty days written notice.

Service: Philadelphia Deed Service agents will attend monthly sheriff's sales and/or obtain all pertinent sale information on a weekly basis required for preparation of deeds.

The Sheriff's Office Real Estate Division must be in receipt of all deeds within ten (10) days following each monthly sale.

Conditions: All work performed by Philadelphia Deed Service will be presented in hard copy as well as disc, and placed in transparent jackets.

Seventy-five (\$75.00) Dollars per deed will be made payable to Philadelphia Deed Service within thirty days of receipt of invoice. An invoice must accompany each deliver of deeds.

Terms of Agreement
September 1, 2002
Page two

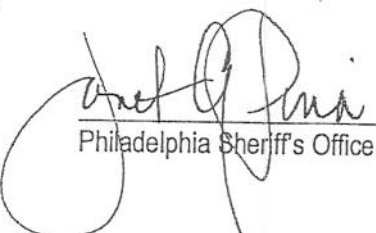
Please indicate your acceptance of the above terms and conditions by signing below and returning the executed copy of this document to our office.

Sincerely,

Janet Arnette Pina
Compliance Officer

cc: John D. Green, Sheriff
Captain Robert Danford, Real Estate Division
Tyrone Bynum, Finance Director
Mandamus File

Agreed and accepted, this 1 day of September 2002.


Philadelphia Sheriff's Office



Philadelphia Deed Service

EXHIBIT 11

September 1, 2002

ELKINS PARK ABSTRACT CO.
721 Dresher Road
Horsham, PA 19044

Attention: Daniel D. McCafferty, Esquire

Re: The Preparation and Execution of Deeds for Sheriff's Tax Delinquent

Dear Mr. McCafferty:

Thank you for your interest in the Philadelphia Sheriff's Office and welcome to our family. Relative to previous conversations with our office, your firm will prepare and executed deeds for the Sheriff's Tax Delinquent Sales that are held the third Wednesday of each month

Please review the following terms and conditions of your service agreement:

Term: Month-to-Month Agreement commencing September 2002, of which this Agreement can be terminated at the end of any given month, at the Sheriff's sole option, giving vendor thirty days written notice.

Service: ELKIN PARK ABSTRACT CO. agents will attend monthly sheriff's sales and/or obtain all pertinent sale information on a weekly basis required for preparation of deeds.

The Sheriff's Office Real Estate Division must be in receipt of all deeds within ten (10) days following each settlement.

Conditions: All work performed by ELKINS PARK ABSTRACT CO. will be presented in hard copy as well as disc, and placed in transparent jackets.

Seventy-five (\$75.00) Dollars per deed will be made payable to ELKINS PARK ABSTRACT CO. within thirty days of receipt of invoice. An invoice must accompany each deliver of deeds.

Please indicate your acceptance of the above terms and conditions by signing below and returning the executed copy of this document to our office.

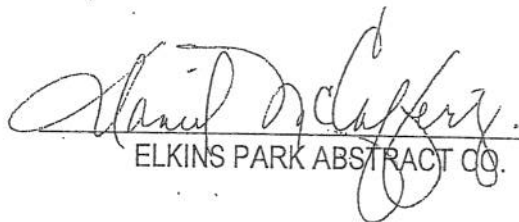
Sincerely,

Janet Arnette Pina
Compliance Officer

cc: John D. Green, Sheriff
Captain Robert Danford, Real Estate Division
Tyrone Bynum, Finance Director
Mandamus File

Agreed and accepted, this 1 day of September 2002.


Philadelphia Sheriff's Office


ELKINS PARK ABSTRACT CO.

ELKINS PARK ABSTRACT CO.

EXHIBIT 12

November 11, 2003

Tyrone Bynum
Director of Finance
City and County of Philadelphia
Sheriff's Office
100 S. Broad Street - 5th Floor
Philadelphia, Pennsylvania 19107

re: Letter Agreement between Sheriff's Office of the City and County
of Philadelphia (the "Sheriff") and RCS Searchers ("RCS")

Gentlemen:

We understand that the Sheriff desires a process which accounts for timely (i) recording of deeds from properties purchased at the Sheriff's sales, whether by attorney on the writ or by third parties, to facilities subsequent transfers and financings, and (ii) payment of outstanding taxes as well as transfer taxes owed to the City of Philadelphia and the Commonwealth of Pennsylvania. Sheriff desires to contract with RCS due to the unique qualifications which RCS possesses.

RCS is a title abstract company duly authorized and licensed to issue title insurance in the Commonwealth of Pennsylvania. RCS has experience in the preparation and recording of deeds, payment of title expenses, bank payoffs, outstanding liabilities, utility charges, taxes and transfer taxes, amongst other experience. Reach Communications Specialists, Inc., has experience with Sheriff's sales and understanding of the Sheriff's sale process.

This letter confirms our mutual agreement, pursuant to the terms and conditions set forth herein, to provide you with Settlement Services (as hereinafter defined and specifically described on Appendix 1).

Settlement Services

RCS will process settlements for Sheriff by recording deeds and other instruments and by paying outstanding taxes and liabilities, as required in connection with the filing of deeds granted attorneys on the writ and those to third parties as a result of sales from the Sheriff's sales process or as otherwise required by the Sheriff.

The duties of RCS shall include, without limitation, those responsibilities listed on Appendix 1 of this letter, as the Sheriff may change them from time to time upon adequate advance written notice to RCS (the "Settlement Services").

Renumeration

The Sheriff agrees to pay RCS for the Settlement Services as follows:

1. \$250.00 per deed or instrument to be recorded (including document preparation and recording service (but not including recording fees)); to be adjusted by ____% on the first anniversary of March 1, 2004 and each anniversary thereof hereinafter.

Payment will be made by the Sheriff to RCS within twenty (20) days after the Sheriff is provided with an invoice from RCS.

Term

The Sheriff acknowledges that RCS is currently and has been providing the Settlement Services and wishes to continue to engage RCS to provide the Settlement Services until October 31, 2006; subject to automatic renewal for three (3) year terms commencing November 1, 2006 (the "Renewal Terms") unless, between the sixtieth (60th) and thirtieth (30th) day prior to commencement of any Renewal Term, RCS receives written notice from the Sheriff of its desire not to renew the term of this letter agreement.

In consideration of Ten Dollars (\$10.00), the premises and undertakings herein, and other consideration, the receipt and sufficiency of which are hereby acknowledged, the Sheriff and RCS, intending to be legally bound, agree to the terms and conditions of this letter agreement.

RCS Searchers

By: _____

Agreed to by:

Sheriff's Office
City and County of Philadelphia

By: _____
Tyrone Bynum
Director of Finance

EXHIBIT 13



January 29, 2004

Tyrone Bynum
Director of Finance
Sheriff's Office
City and County of Philadelphia
100 S. Broad Street, 5th Floor
Philadelphia, PA 19107

Dear Mr. Bynum,

Thank you for the opportunity to act as the Philadelphia Sheriff's Office's primary provider of "Third Party Closings". Attached for your convenience is a copy of the agreement.

We intend to launch this program immediately. We will manage this project with the highest standards available.

Looking forward to a committed and amicable working relationship, as your service provider.

Sincerely,

Glenda A. Christopher
Director of Client Services

EXHIBIT 14



CITY OF PHILADELPHIA

SHERIFF'S OFFICE
100 S. Broad Street
5th Floor
Philadelphia, PA 19110

JOHN D. GREEN
Sheriff

(215) 686 - 3530

November 17, 2003

Ms. Michelle A. Graham
RCS Searchers
100 South Broad Street, 19th Floor
Philadelphia, PA 19110

Dear Ms. Graham:

This letter is to remind you of our meeting held earlier this year where it was discussed our desire and the real possibility to have the sheriff sale closings be handled by title companies.

The main benefits of this process would accelerate the time purchasers would have to wait to settle with the Sheriff. Next, it would place limits on the room for errors due to the volume of work, and lastly, as the numbers of sheriff sales increase monthly, this would take a great deal of work off of a limited staff, by allowing them to concentrate on required issues raised in the Mandamus Action.

We are now ready to start the process and would like to know if you are interested in being considered to perform some of these functions. If so, you would need to submit to me your company's proposal within the next days 10 days to be eligible for consideration.

Thank you in advance for your attention in this matter.

Sincerely,

John D. Green
Sheriff

EXHIBIT 15



CITY OF PHILADELPHIA

SHERIFF'S OFFICE
100 S. Broad Street
5th Floor
Philadelphia, PA 19110

JOHN D. GREEN
Sheriff

(215) 686 - 3530

November 17, 2003

Ms. Jacqueline M. Roberts
Global Abstract Agency, Inc.
1442 Lombard Street
Philadelphia, PA 19107

Dear Ms. Roberts:

This letter is to remind you of our meeting held earlier this year where it was discussed our desire and the real possibility to have the sheriff sale closings be handled by title companies.

The main benefits of this process would accelerate the time purchasers would have to wait to settle with the Sheriff. Next, it would place limits on the room for errors due to the volume of work, and lastly, as the numbers of sheriff sales increase monthly, this would take a great deal of work off of a limited staff, by allowing them to concentrate on required issues raised in the Mandamus Action.

We are now ready to start the process and would like to know if you are interested in being considered to perform some of these functions. If so, you would need to submit to me your company's proposal within the next days 10 days to be eligible for consideration.

Thank you in advance for your attention in this matter.

Sincerely,

John D. Green
Sheriff

EXHIBIT 16



CITY OF PHILADELPHIA

SHERIFF'S OFFICE
100 S. Broad Street
5th Floor
Philadelphia, PA 19110

JOHN D. GREEN
Sheriff

(215) 686 - 3530

November 17, 2003

Mr. Jack Hornstein
Security Search & Abstract
Company, Inc.
926 Pine Street, 3rd Floor
Philadelphia, PA 19107

Dear Mr. Hornstein:

This letter is to remind you of our meeting held earlier this year where it was discussed our desire and the real possibility to have the sheriff sale closings be handled by title companies.

The main benefits of this process would accelerate the time purchasers would have to wait to settle with the Sheriff. Next, it would place limits on the room for errors due to the volume of work, and lastly, as the numbers of sheriff sales increase monthly, this would take a great deal of work off of a limited staff, by allowing them to concentrate on required issues raised in the Mandamus Action.

We are now ready to start the process and would like to know if you are interested in being considered to perform some of these functions. If so, you would need to submit to me your company's proposal within the next days 10 days to be eligible for consideration.

Thank you in advance for your attention in this matter.

Sincerely,

John D. Green
Sheriff

EXHIBIT 17



April 6, 2004

Tyrone Bynum
Finance Director
Philadelphia Sheriff's Office
100 South Broad Street
Philadelphia, PA 19110

Dear Mr. Bynum:

Thanks again for taking time to meet with us in order to work out a process to move forward with the Sheriff's Office's initiative to contract with licensed title agencies to complete the closing process for Sheriff's Sale properties. As you know, RCS Searchers has submitted a bid to process the closings for mortgage foreclosure properties, and at our last meeting we discussed options for the implementation of the closing process. For clarity, I have worked out the process that you agreed would work more favorably for the Philadelphia Sheriff's Office.

Traditional Closing Process

Our closing process will follow the traditional form used by all banks and mortgage companies that finance home-buyers everyday. In this case, the Sheriff's Office will continue to collect all funds (10 plus 90 percent) needed to pay all liabilities and costs needed for processing deeds. We would review and verify the amount needed to pay all liabilities and the cost needed for processing deeds, calculate the total, and request disbursement of funds from the Sheriff's Office. Your office would have the option of writing either one check to pay all the costs for each property or one check to pay all the costs for a group of properties, identified by book, writ and address, from the Sheriff's Office. Once the disbursement is received from the Sheriff's Office, RCS Searchers will pay off all costs needed to complete acquisition through the Sheriff's Sale process within a five to ten day period. RCS tracking computers, as outlined in our proposal, will be available for the Sheriff's Office.

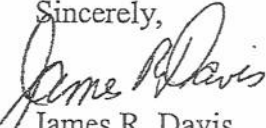
The advantage of this process, as expressed in our meeting, is that it would substantially reduce the number of checks the Sheriff's Office will have to write to complete the Sheriff's Sale process. Again, it will allow more time to concentrate on any backlog or

unpaid liabilities, and most importantly it will help the Sheriff's Office improve its services.

I have also included a flow chart for your review and approval that gives a detailed layout of how this process would work. Please let me know what you think. We are ready to start this process for the April 13, 2004 Sale, but we also have the capability of closing properties exposed at the February and March 2004 sales if you need those services.

Thanks again for taking the time to meet with us. If you have any questions, please give me a call at 215-564-0041.

Sincerely,

A handwritten signature in dark ink, appearing to read "James R. Davis", is written over the typed name.

James R. Davis
Managing Partner

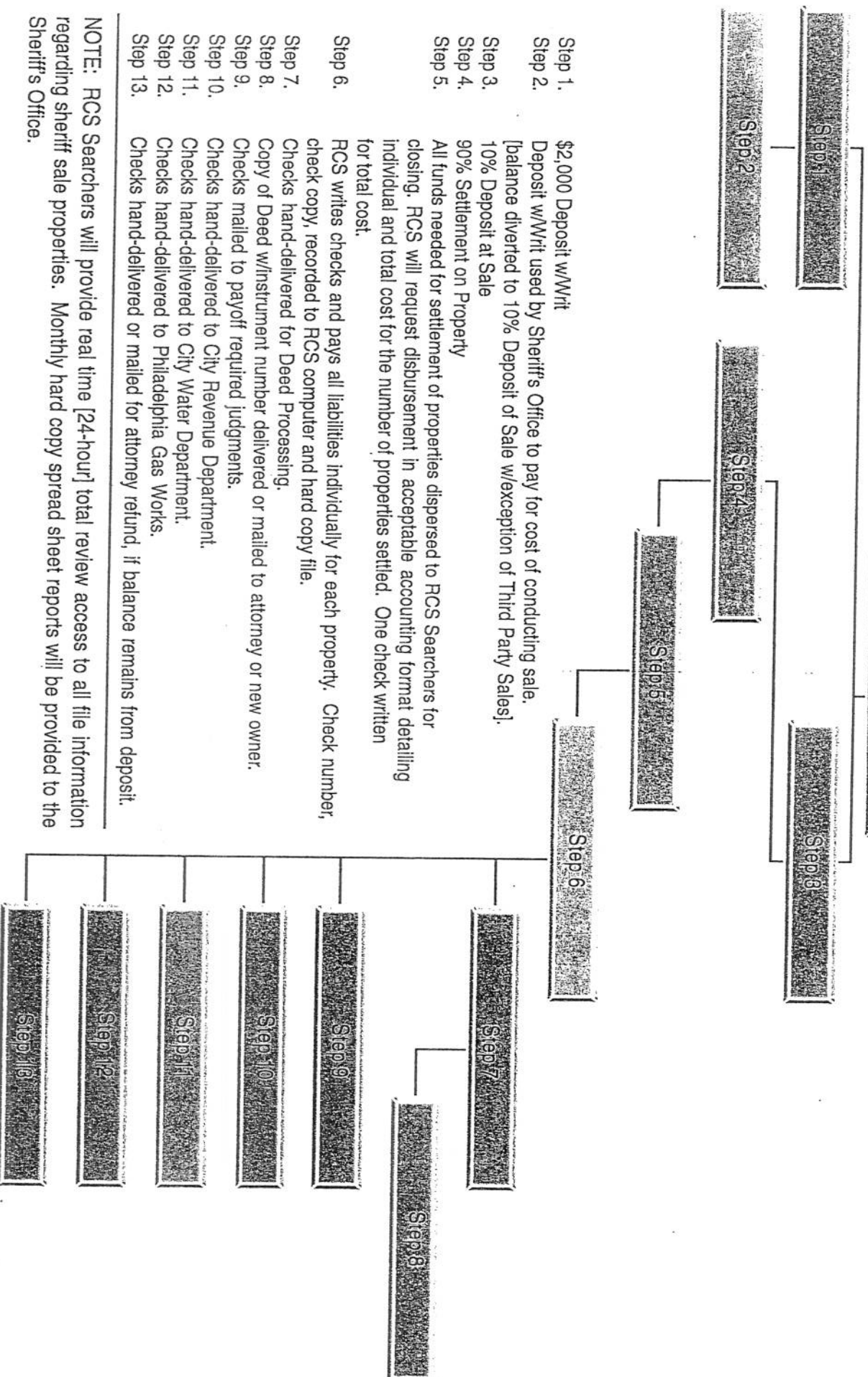
Enclosures 1

Cc: Sheriff John D. Green
Undersheriff Jedelle Baxter

PHILADELPHIA SHERIFF'S SALE SETTLEMENT SUMMARY

4/8/04

SETTLEMENT FLOW CHART



NOTE: RCS Searchers will provide real time [24-hour] total review access to all file information regarding sheriff sale properties. Monthly hard copy spread sheet reports will be provided to the Sheriff's Office.

EXHIBIT 18

November 12, 2004

RCS SEARCHERS
Land Title Building
100 So. Broad Street, Suite 630
Philadelphia, Pennsylvania 19110

RE: Letter Agreement between Sheriff's Office of the City and County
of Philadelphia (the "Sheriff") and RCS Searchers ("RCS")

You understand that the Sheriff's Office desires a process, which accounts for timely (i) Payment of liabilities and recording of deeds from properties purchased at the Sheriff's Sales, whether by attorney on the writ or by third parties, to facilities subsequent transfers and financings, and (ii) payment of outstanding taxes as well as transfer taxes owed to the City of Philadelphia and the Commonwealth of Pennsylvania. Sheriff desires to contract with RCS due to the unique qualifications, which RCS possesses.

This letter confirms our mutual agreement, pursuant to the terms and conditions set forth herein, for your company to provide Settlement Services (as hereinafter defined and specifically described on Appendix 1).

Settlement Services

RCS will process settlements for Sheriff by recording deeds and other instruments and by paying outstanding taxes and liabilities, within a 30 day period, from the time of settlement (rule 3136) as required in distribution of proceeds in connection with the filing of deeds granted attorneys on the writ and those to third parties as a result of sales from the Sheriff's Sales process or as otherwise required by the Sheriff.

The duties of RCS shall include, without limitation, those responsibilities listed on Appendix 1 of this letter, as the Sheriff may change them from time to time upon adequate advance written notice to RCS (the "Settlement Services").

Remuneration

The Sheriff agrees to pay RCS for the Settlement Services as follows:

1. \$175.00 for each property settled in accordance with this agreement.
2. \$75.00 per deed or instrument to be processed and recorded (but not including recording fees).

Payment will be made by the Sheriff to RCS within twenty (20) days after the Sheriff is provided with an invoice from RCS.

Term

The Sheriff acknowledges that RCS is currently and has been providing the Settlement Services and wishes to continue to engage RCS to provide the Settlement Services until October 15, 2005 (the "Pilot Period"); subject to renewal for two (1) year terms commencing March 1, 2007 (the "Renewal Terms") unless, between the sixtieth (60th) and thirtieth (30th) day prior to commencement of any Renewal Term, RCS receives written notice from the Sheriff of its desire not to renew the term of this letter agreement.

In consideration of Ten Dollars (\$10.00), the premises and undertakings herein, and other consideration, the receipt and sufficiency of which are hereby acknowledged, the Sheriff and RCS, intending to be legally bound, agree to the terms and conditions of this letter agreement.

RCS Searchers

By: _____

Agreed to by:

Tyrone E. Bynum

By: _____

Appendix 1

Settlement Services

Settlement Services include:

1. Review of Sheriff's Sale files.
2. Processing of settlement sheets regarding (a) expenses to be paid, including title expenses, bank payoffs, outstanding liabilities, city revenues, utility charges (collectively, "Expenses"), (b) taxes and other outstanding liens (collectively, "Liens"), and (c) transfer taxes ("Transfer Taxes").
3. Issuance of direct checks for all Expenses, Liens and Transfer Taxes from the account designated by the Sheriff and send them to payee recipients.
4. Recording of deeds and other instruments.
5. Maintenance of records of the Sheriff's Sales processed by RCS.
6. Conducting the Settlement Services in accordance with the policies and procedures agreed to with the Sheriff, as same may reasonably change from time to time.
7. Providing such other Settlement Services as may be reasonably requested by Sheriff in connection with the sale of properties at the Sheriff's Sale.

EXHIBIT 19

November 12, 2004

GLOBAL ABSTRACT AGENCY, INC.
1442 Lombard STREET
PHILADELPHIA PA 19146

RE: Letter Agreement between Sheriff's Office of the City and County
of Philadelphia (the "Sheriff") and Global Abstract Agency, Inc.

You understand that the Sheriff's Office desires a process, which accounts for timely (i) Payment of liabilities for properties purchased at the Sheriff's Sales, whether by attorney on the writ or by third parties, to facilities subsequent transfers and financings, and (ii) payment of outstanding taxes as well as transfer taxes owed to the City of Philadelphia and the Commonwealth of Pennsylvania. Sheriff desires to contract with Global Abstract Agency, Inc. due to the unique qualifications, which Global Abstract Agency, Inc. possesses.

This letter confirms our mutual agreement, pursuant to the terms and conditions set forth herein, for your company to provide Settlement Services (as hereinafter defined and specifically described on Appendix 1).

Settlement Services

Global Abstract Agency, Inc. will process settlements for Sheriff by paying outstanding taxes and liabilities, within a 30 day period, from the time of settlement (Rule 3136) as required for distribution of proceeds in connection with the filing of deeds granted attorneys on the writ and those to third parties as a result of sales from the Sheriff's Sale process or as otherwise required by the Sheriff.

The duties of Global Abstract Agency, Inc. shall include, without limitation, those responsibilities listed on Appendix 1 of this letter, as the Sheriff may change them from time to time upon adequate advance written notice to Global Abstract Agency, Inc. (the "Settlement Services").

Remuneration

The Sheriff agrees to pay Global Abstract Agency, Inc. for the Settlement Services as follows:

1. \$175.00 for each property settled in accordance with this agreement.

Payment will be made by the Sheriff to Global Abstract Agency, Inc. within twenty (20) days after the Sheriff is provided with an invoice from Global Abstract Agency, Inc.

Term

The Sheriff acknowledges that Global Abstract Agency, Inc. is currently and has been providing the Settlement Services and wishes to continue to engage Global Abstract Agency, Inc. to provide the Settlement Services until October 15, 2005 (the "Pilot Period"); subject to renewal for two (1) year terms commencing March 1, 2007 (the "Renewal Terms") unless, between the sixtieth (60th) and thirtieth (30th) day prior to commencement of any Renewal Term, Global Abstract Agency, Inc. receives written notice from the Sheriff of its desire not to renew the term of this letter agreement.

In consideration of Ten Dollars (\$10.00), the premises and undertakings herein, and other consideration, the receipt and sufficiency of which are hereby acknowledged, the Sheriff and Global Abstract Agency, Inc., intending to be legally bound, agree to the terms and conditions of this letter agreement.

Global Abstract Agency, Inc.

By: _____

Agreed to by:

Tyrone E. Bynum

By: _____

Appendix 1

Settlement Services

Settlement Services include:

1. Review of Sheriff's Sale files.
2. Processing of settlement sheets regarding (a) expenses to be paid, including title expenses, bank payoffs, outstanding liabilities, city revenues, utility charges (collectively, "Expenses"), (b) taxes and other outstanding liens (collectively, "Liens"), and (c) transfer taxes ("Transfer Taxes").
3. Issuance of direct checks for all Expenses, Liens and Transfer Taxes from the account designated by the Sheriff and send them to payee recipients.
4. Maintenance of records of the Sheriff's Sales processed by Global Abstract Agency, Inc
5. Conducting the Settlement Services in accordance with the policies and procedures agreed to with the Sheriff, as same may reasonably change from time to time.
6. Providing such other Settlement Services as may be reasonably requested by Sheriff in connection with the sale of properties at the Sheriff's Sale.

EXHIBIT 20

November 12, 2004

CITY LINE ABSTRACT COMPANY
SUITE 200
301 CITY AVENUE
BALA CYNWYD, PA 19004

RE: Letter Agreement between Sheriff's Office of the City and County
of Philadelphia (the "Sheriff") and City Line Abstract Company.

You understand that the Sheriff's Office desires a process, which accounts for timely (i) Payment of liabilities for properties purchased at the Sheriff's Sales, whether by attorney on the writ or by third parties, to facilities subsequent transfers and financings, and (ii) payment of outstanding taxes as well as transfer taxes owed to the City of Philadelphia and the Commonwealth of Pennsylvania. Sheriff desires to contract with Security Search & Abstract Co. due to the unique qualifications, which City Line Abstract Company possesses.

This letter confirms our mutual agreement, pursuant to the terms and conditions set forth herein, for your company to provide Settlement Services (as hereinafter defined and specifically described on Appendix 1).

Settlement Services

City Line Abstract Company will process settlements for Sheriff by paying outstanding taxes and liabilities, within a 30 day period, from the time of settlement (Rule 3136) as required for distribution of proceeds in connection with the filing of deeds granted attorneys on the writ and those to third parties as a result of sales from the Sheriff's Sale process or as otherwise required by the Sheriff.

The duties of City Line Abstract Company shall include, without limitation, those responsibilities listed on Appendix 1 of this letter, as the Sheriff may change them from time to time upon adequate advance written notice to City Line Abstract Company (the "Settlement Services").

Remuneration

The Sheriff agrees to pay City Line Abstract Company for the Settlement Services as follows:

1. \$175.00 for each property settled in accordance with this agreement.

Payment will be made by the Sheriff to City Line Abstract Company within twenty (20) days after the Sheriff is provided with an invoice from City Line Abstract Company

Term

The Sheriff acknowledges that City Line Abstract Company is currently and has been providing the Settlement Services and wishes to continue to engage City Line Abstract Company to provide the Settlement Services until January 15, 2005 (the "Pilot Period"), subject to renewal for two (1) year terms commencing March 1, 2007 (the "Renewal Terms") unless, between the sixtieth (60th) and thirtieth (30th) day prior to commencement of any Renewal Term, City Line Abstract Company receives written notice from the Sheriff of its desire not to renew the term of this letter agreement.

In consideration of Ten Dollars (\$10.00), the premises and undertakings herein, and other consideration, the receipt and sufficiency of which are hereby acknowledged, the Sheriff and City Line Abstract Company, intending to be legally bound, agree to the terms and conditions of this letter agreement.

City Line Abstract Company

By: _____

Agreed to by:

Tyrone E. Bynum

By: _____

Appendix 1

Settlement Services

Settlement Services include:

1. Review of Sheriff's Sale files.
 2. Processing of settlement sheets regarding (a) expenses to be paid, including title expenses, bank payoffs, outstanding liabilities, city revenues, utility charges (collectively, "Expenses"), (b) taxes and other outstanding liens (collectively, "Liens"), and (c) transfer taxes ("Transfer Taxes").
 3. Issuance of direct checks for all Expenses, Liens and Transfer Taxes from the account designated by the Sheriff and send them to payee recipients.
 4. Maintenance of records of the Sheriff's Sales processed by City Line Abstract Company
 5. Conducting the Settlement Services in accordance with the policies and procedures agreed to with the Sheriff, as same may reasonably change from time to time.
-
6. Providing such other Settlement Services as may be reasonably requested by Sheriff in connection with the sale of properties at the Sheriff's Sale.

EXHIBIT 21



November 3, 2006

Mr. Tyrone Bynum
Director of Finance
City and County of Philadelphia
Sheriff's Office
100 S. Broad Street, 5th Floor
Philadelphia, PA 19110

Re: Letter Agreement between Sheriff's Office of the City and County of Philadelphia (the Sheriff) and RCS Searchers ("RCS")

Dear Mr. Tyrone Bynum:

We understand that the Sheriff desires a process to sweep past real estate accounts for books 163 through and including 201 and to identify and pay all outstanding liabilities in these accounts.

RCS is a title abstract company duly authorized and licensed to issue title insurance in the Commonwealth of Pennsylvania. RCS has experience in the preparation and recording of deeds, payment of title expenses, bank payoffs, outstanding liabilities, utility charges, taxes and transfer taxes, amongst other experience. Reach Communications Specialists, Inc., has experience with Sheriff's sales and understanding of the Sheriff's sale process.

This letter confirms our mutual agreement, pursuant to the terms and conditions set forth herein, to provide you with Settlement Services (as hereinafter defined and specifically described on Appendix 1).

Settlement Services

RCS will process payment of all liabilities, identified through the sweep of past real estate accounts, as they relate to book and writ numbers offered and accepted in accordance with this agreement.

The duties of RCS shall include, without limitation, those responsibilities listed on Appendix 1 of this letter, as the Sheriff may change them from time to time upon adequate advance written notice to RCS (the "Settlement Services").

Remuneration

The Sheriff agrees to pay RCS for the Settlement Services as follows:

1. In books 163 through book 201 a reduced fee of \$55.00 charge will be assessed for all properties found, where there are outstanding liabilities. This charge will be deducted from the grand total of the Sheriff's fee, commission or liabilities payment covering the above books.
2. Payment will be made by the Sheriff to RCS within two (2) days after the Sheriff is provided with an invoice from RCS.

Term

The Sheriff acknowledges that RCS is currently and has been providing the Settlement Services and wishes to continue to engage RCS to provide the Settlement Services for this sweep project for books 163 through 201.

In consideration of Ten Dollars (\$10.00), the premises and undertakings herein, and other consideration, the receipt and sufficiency of which are hereby acknowledged, the Sheriff and RCS intending to be legally bound, agree to the terms and conditions of this letter agreement.

RCS Searchers

By: Mrs. Phyllis R. Davis

Agreed to by:

Sheriff's Office
City and County of Philadelphia

By:

Tyrone Bynum
Director of Finance

SERVICES OFFERED

Develop software to identify all unpaid liabilities, individually or by book number, to process payments to an acceptable ledger journal for cross checking, accuracy and auditing purposes.

Provide the Sheriff's Office with hard copies of all liability ledgers to be placed in a hard cover binder, capable of holding all transactions for a minimum of twelve (12) months.

Computer tracking and digital processing to maintain easily assessable records of all liability payments.

Maintaining a digital database of all liability records and proof of payments.

Preparation and printing of individual checks to pay all liabilities separately.

Hand delivery of checks to pay City liabilities and obtain individual payment receipts.

Monthly account reconciliation reports.

EXHIBIT 22



May 2, 2006

Mr. Tyrone Bynum
Director of Finance
City and County of Philadelphia
Sheriff's Office
100 S. Broad Street, 5th Floor
Philadelphia, PA 19110

Re: Letter Agreement between Sheriff's Office of the City and County of Philadelphia (the Sheriff) and RCS Searchers ("RCS")

Dear Mr. Tyrone Bynum:

We understand that the Sheriff desires a process to sweep past real estate accounts for books 163 through and including 201 and to identify and pay all outstanding liabilities in these accounts.

RCS is a title abstract company duly authorized and licensed to issue title insurance in the Commonwealth of Pennsylvania. RCS has experience in the preparation and recording of deeds, payment of title expenses, bank payoffs, outstanding liabilities, utility charges, taxes and transfer taxes, amongst other experience. Reach Communications Specialists, Inc., has experience with Sheriff's sales and understanding of the Sheriff's sale process.

This letter confirms our mutual agreement, pursuant to the terms and conditions set forth herein, to provide you with Settlement Services (as hereinafter defined and specifically described on Appendix 1).

Settlement Services

RCS will process payment of all liabilities, identified through the sweep of past real estate accounts, as they relate to book and writ numbers offered and accepted in accordance with this agreement.

The duties of RCS shall include, without limitation, those responsibilities listed on Appendix 1 of this letter, as the Sheriff may change them from time to time upon adequate advance written notice to RCS (the "Settlement Services").

Remuneration

The Sheriff agrees to pay RCS for the Settlement Services as follows:

1. In books 163 through book 201 a reduced fee of \$55.00 charge will be assessed for all properties found, where there are outstanding liabilities.

Payment will be made by the Sheriff to RCS within two (2) days after the Sheriff is provided with an invoice from RCS.

Term

The Sheriff acknowledges that RCS is currently and has been providing the Settlement Services and wishes to continue to engage RCS to provide the Settlement Services until October 31, 2006 (the "Renewal Terms") unless, between the sixtieth (60th) and the thirtieth (30th) day prior to commencement of any Renewal Term, RCS receives written notice from the Sheriff of its desire not to renew the term of this letter agreement.

In consideration of Ten Dollars (\$10.00), the premises and undertakings herein, and other consideration, the receipt and sufficiency of which are hereby acknowledged, the Sheriff and RCS intending to be legally bound, agree to the terms and conditions of this letter agreement.

RCS Searchers

By: _____

Agreed to by: _____

Sheriff's Office
City and County of Philadelphia

By: _____
Tyrone Bynum
Director of Finance

SERVICES OFFERED

Develop software to identify all unpaid liabilities, individually or by book number, to process payments to an acceptable ledger journal for cross checking, accuracy and auditing purposes.

Develop software that will enable the Sheriff's Office to write one check from its computer system to pay all outstanding liabilities for one or multiple books and will automatically update all referenced accounts to show and document payments that have been made.

Provide the Sheriff's Office with hard copies of all liability ledgers to be placed in a hard cover binder, capable of holding all transactions for a minimum of twelve (12) months.

Computer tracking and digital processing to maintain easily assessable records of all liability payments.

Maintaining a digital database of all liability records and proof of payments.

Preparation and printing of individual checks to pay all liabilities separately.

Hand delivery of checks to pay City liabilities and obtain individual payment receipts within ten (10) days.

Monthly account reconciliation reports.

EXHIBIT 23



April 3, 2009

Mr. Tyrone Bynum
Director of Finance
Office of the Sheriff
City and County of Philadelphia
100 South Broad Street, 5th Floor
Philadelphia, PA 19110

Re: Letter of Agreement between the Office of the Sheriff, City and County of Philadelphia (the Sheriff) and RCS Searchers Title Insurance Agency (RCS)

Dear Mr. Bynum:

RCS Searchers is a title insurance agency duly authorized and licensed to issue title insurance in the Commonwealth of Pennsylvania. RCS has experience in the preparation and recording of deeds, payment of title expenses, bank payoffs, outstanding liabilities, utility charges, real estate and transfer taxes. RCS has extensive experience with Sheriff's Sales and the Sheriff's Sale process.

The Sheriff wishes to engage RCS Searchers to process past mortgage foreclosure real estate accounts. We will perform the following tasks in order to help the Sheriff's Office resolve the remaining balances for past mortgage foreclosure accounts to help achieve a zero balance:

- Review account balances for all mortgage foreclosure accounts in the Sheriff's Civil Process database

- Review all available disbursement records, including check stubs, cancelled checks, bank statements, spreadsheets and deposit slips to determine if transactions have been accurately recorded

- Provide hard copies of our findings, and assist with updating the Sheriff's Civil Process database to reflect a more complete record of deposits and disbursements

- Maintain an electronic database of disbursement records for review and audit purposes for a time period that is equal to the retention guidelines in place for the Sheriff's Office

Identify any accounts that have a negative balance and forward them to the Sheriff's Office for investigation

Develop a list of all accounts that may have unpaid, gas, water, real estate or nuisance claim charges and investigate to determine if the charges are still due

Process payments for any unpaid, gas, water, real estate or nuisance claim charges

Hand deliver checks to pay city liabilities and Sheriff's fees

Process payments for all Sheriff's fees

Process payments of unpaid attorney refunds

Maintain electronic records of all disbursements in a portable format to be determined

Identify unclaimed funds and assist with the preparation of the Pennsylvania Unclaimed Funds report

Monitor disbursed payments to determine if they have cleared, void checks, and make account adjustments when necessary

Remuneration

The Sheriff agrees to pay RCS for Settlement Services as follows:

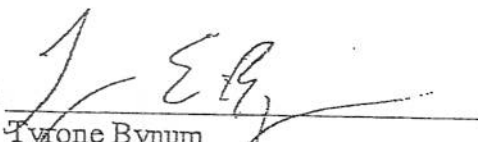
A fee of \$125.00 will be assessed for all properties found where there is a record of undisbursed funds or negative balances. This fee will be deducted from the grand total of the undisbursed Sheriff's fee and commissions.

In consideration of Ten (10) Dollars, the receipt and sufficiency of which are hereby acknowledged, the Sheriff and RCS intending to be legally bound, agree to the terms and condition of this letter of agreement.

Office of the Sheriff
City and County of Philadelphia

RCS Searchers, Inc.

By:


Tyrone Bynum
Director of Finance

By:

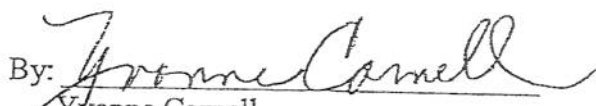

Yvonne Cornell
Vice President

EXHIBIT 24

November 6, 2002

Mr. Zvi H. Muscal
ZHM Consulting
P.O. Box 386
Narberth, PA 19072-0386

Re: Professional Service Contract Request

Dear Mr. Muscal:

Our office is in receipt of your recent request to provide professional consulting services to our Finance Department. However, it is necessary for you to offer specific details as to the scope of services you will provide.

All contracts are reviewed and executed by the City's Law Department, and your request, as presented, does not offer enough detail, specifically when addressing generated revenues.

I will await your amended contract request.

Sincerely,

Janet A. Pina,
Contract Compliance Officer

cc: John D. Green, Sheriff
file

EXHIBIT 25

http://sheriffaale.com/

Go

124 captures
1 View - 2 Pgs

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2012



A BLOOMING LIFE: An author's observation of the world is captured in a series of images and text, presented by a former teacher (1/1/12)

Outlines, Comments of Comments, please email to: sheriffaale.com or call 1-800-912-7272

 Equal Housing Opportunity

http://www.sheriffsale.com/Program/User.Cfm

Go

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SheriffSale.Com User Agreement

I agree to pay the monthly charge of \$10.00 to become a user of SheriffSale.com. I authorize SheriffSale.com to make monthly charges against my credit card and to receive my payment. My enrollment as a user and access to SheriffSale.com will be denied if my credit card declines payment to SheriffSale.com at any time.

I wish to become a user of SheriffSale.com. I agree to abide by the terms, agreements, procedures, rules and regulations of SheriffSale.com throughout this website, as they may change from time to time, with or without notice. I understand that if I violate any of the terms, agreements, procedures, rules and regulations of SheriffSale.com, my membership may be suspended or terminated. In the event of suspension or termination, I agree not to create a new user identity unless granted permission by SheriffSale.com. Notice The SheriffSale.com website is intended to aid bidders in the Sheriff's Sale process. It should not be used as the bidder's sole source of information regarding properties listed. It is the bidder's responsibility to visit and verify any properties of interest prior to bidding on a property. Errors or Omissions that result in unsatisfactory purchases are not the responsibility or liability of the publisher. All bidders regardless of status will be charged a fee of \$25 to participate in the online bidding per auction. You will not be charged a \$25 fee per bid. All active members will be charged a \$10 monthly membership fee. If you wish to cancel your account call our office or click on cancel my account. Please save your cancellation confirmation.

I confirm that I am eighteen years of age or older and have the legal ability to enter into a contract with SheriffSale.com.

☒ I do not agree ☐ I agree

[Submit](#)

Welcomell! The Sheriffsale.Com Application Wizard will walk you through the necessary steps to complete your mortgage pre-qualification application.

- Step 1 - Enter Personal Information.
- Step 2 - Enter Employment and Financial Information.
- Step 3 - A Sheriffsale Loan Officer Will Contact You.

Next



How It Works

Start The Animated Tour!

The Philadelphia Sheriff's Office has entered the world of e-commerce with the launching of SheriffSale.com. This on-line auction site makes the Sheriff's Sale process available to more people and helps us move forward with our goal of making the Sheriff's Office more accessible to the people we serve. Anywhere that you can log on to a computer, you can virtually visit communities throughout Philadelphia and submit bids on properties scheduled for Sheriff's Sale.

You can use SheriffSale.com to search for properties by geographic location and view real debt amounts. Very soon the property description will include the market value. Before you can bid on a Mortgage Foreclosure property, you must complete a SheriffSale.com registration form. A valid credit card or bankcard is required for online registration. The contact and financial information that you provide us will only be used in accordance with the guidelines of our Privacy Statement.

SheriffSale.com is a pre-bid process, which ends three days before the live Sheriff's Sale. When the auction closes, the highest online bidder will be asked to submit ten percent of the bid, plus a \$25.00 representation fee. If the highest bidder does not submit the required deposit, the second highest bidder will be given the opportunity to be represented at the live Sheriff's Sale. Payment can be made via Wire Transfer or Certified Check and must be received by SheriffSale.com by 5:00 p.m. EST the following business day. The online bidder will be represented at the live Sheriff's Sale by an experienced bidder who will actively bid on your behalf. If the experienced bidder submits a winning bid on your behalf, you will be required to pay an additional \$75.00 processing fee.

SheriffSale.com's bidder will submit bids up to but not exceeding the maximum bid that you have authorized. It is possible that the SheriffSale.com's bidder will be able to secure the property for thousands less than your highest bid. SheriffSale.com's bidder will only submit the required ten percent. Any funds in excess of the \$25.00 representation fee, \$75.00 processing fee, plus ten percent of the winning bid, will be refunded to the online bidder within 3 - 4 working days.

SheriffSale.com will submit your ten percent deposit to the Sheriff's Office on the day of the live sale. A receipt of your deposit and specific instructions for paying the 90% balance will be sent to you via a traceable courier. You will have 30 days

SheriffSale.com will submit your ten percent deposit to the Sheriff's Office on the day of the live sale. A receipt of your deposit and specific instructions for paying the 90% balance will be sent to you via a traceable courier. You will have 30 days to pay the balance of your bid for the property. The winning bidder should correspond directly with the Sheriff's Office in regards to payment of the balance and acquiring the deed to the property. Please note that the balance of the payment must be submitted to the Sheriff's Office in the form of cash, certified check, attorney's check or money order may payable to the Sheriff of Philadelphia County. No Credit Cards, personal checks, drafts or promises to pay will be accepted. If you do not submit the balance of the funds for the property within the allotted time, your deposit will be forfeited.

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caution Specialists, you may not copy, reproduce or sell the photos on SheriffSale.com website without written expressed consent, or sold for gain or otherwise. Reason Communication Specialists will, prospective to the fullest extent of the law.

[Letter to Library, Fox...](#)

[Document3 - Microsoft...](#)



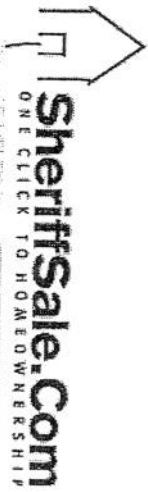
http://www.sheriffssaleblog.com

6 captures
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Go

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Wednesday, January 3, 2010

HUD approved Housing Counseling Agencies in PHILADELPHIA

ACORN HOUSING CORPORATION846 N Broad St 2nd floorPhiladelphia, PA 19130-2234Phone: 215-765-1221 Fax: 215-765-0045Type of Counseling:Default/Foreclosure Counseling, Prepurchase Counseling

ASSOCIACION PUERTORRIQUENOS EN MARCHA600 West Diamond StreetPhiladelphia, PA 19122Phone: 215-235-6070 Fax: 215-235-7335E-mail: esaporte@amphousing.orgType of Counseling:Prepurchase Counseling, Rental Counseling, Default/Foreclosure Counseling

CENTRO PEDRO CLAVER, INCORPORATED3565 N 7th StPhiladelphia, PA 19140-4401Phone: 215-227-7111 Fax: 215-227-7105E-mail: centro@libertynet.orgType of Counseling:Prepurchase Counseling, Default/Foreclosure Counseling

CONSUMER CREDIT COUNSELING SERVICE OF DELAWARE VALLEY1515 Market St Ste 1325Philadelphia, PA 19102Phone: 215-563-5665 Fax: 215-563-7020Toll-Free: 800-999-2227E-mail: dtglaferro@cccsdv.orgWebsite: http://www.cccsdv.org/Type of Counseling:Default/Foreclosure Counseling, Rental Counseling, Prepurchase Counseling, HECM Counseling

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Latest

▼ 2010 (2)

▼ January (2)

HUD approved Housing
Counseling Agencies in
PHILAD...
Counseling Services

► 2009 (25)

Wednesday, January 6, 2010

HUD approved Housing Counseling Agencies in PHILADELPHIA

ACORN HOUSING CORPORATION 846 N Broad St 2nd floor Philadelphia, PA 19130-2234 Phone: 215-765-1221 Fax: 215-765-0045 Type of Counseling: Default/Foreclosure Counseling, Prepurchase Counseling

ASOCIACION PUERTORRIQUENOS EN MARCHA 600 West Diamond Street Philadelphia, PA 19122 Phone: 215-235-6070 Fax: 215-235-7335 E-mail: eaponte@amphousing.org Type of Counseling: Prepurchase Counseling, Rental Counseling, Default/Foreclosure Counseling

CENTRO PEDRO CLAVER, INCORPORATED 3565 N 7th St Philadelphia, PA 19140-4401 Phone: 215-227-7111 Fax: 215-227-7105 E-mail: centro@Libertynet.org Type of Counseling: Prepurchase Counseling, Default/Foreclosure Counseling

CONSUMER CREDIT COUNSELING SERVICE OF DELAWARE VALLEY 1515 Market St Ste 1325 Philadelphia, PA 19102 Phone: 215-563-5665 Fax: 215-563-7020 Toll-Free: 800-989-2227 E-mail: dtagliaferro@cccsdv.org Website: <http://www.cccsdv.org> Type of Counseling: Default/Foreclosure Counseling, Rental Counseling, Prepurchase Counseling, HECM Counseling

CONSUMER CREDIT COUNSELING SERVICE OF DELAWARE VALLEY 7340 Jackson Street Philadelphia, PA 19136 Toll-Free Phone: 800-989-2227 E-mail: customerservice@cccsdv.org Website: <http://www.cccsdv.org> Type of Counseling: Prepurchase Counseling, Default/Foreclosure Counseling, HECM Counseling, Rental Counseling

DIXON OF DIVERSIFIED COMMUNITY SERVICES 1920 S. 20th Street Philadelphia, PA 19146 Phone: 215-336-3511 Fax: 215-551-4327 E-mail: demetra.hilton@verizon.com Type of Counseling: Prepurchase Counseling, Default/Foreclosure Counseling, Rental Counseling

GERMANTOWN SETTLEMENT 218 W. Cheltenham Avenue Philadelphia, PA 19144 Phone: 215-849-3104 Fax: 215-843-7264 Type of Counseling: Default/Foreclosure Counseling, Prepurchase Counseling, Rental Counseling

HISPANIC ASSOCIATION OF CONTRACTORS AND ENTERPRISES 167 W. Allegheny Avenue, Suite 200 Philadelphia, PA 19140 Phone: 215-426-8025 Fax: 215-426-9122 Type of Counseling: Prepurchase Counseling, Default/Foreclosure Counseling, Rental Counseling

HOUSING ASSOCIATION INFORMATION PROGRAM 658-60 N Watts St Philadelphia, PA 19123-2422 Phone: 215-978-0224 Fax: 215-765-7614 Type of Counseling: Default/Foreclosure Counseling, Rental Counseling, Prepurchase Counseling

HOUSING CONSORTIUM FOR DISABLED INDIVIDUALS 4701 Pine Street Philadelphia, PA Phone: 215-528-5056 Fax: 215-528-5848 E-mail: HCDIhelps@aol.com Type of

Counseling: Rental Counseling, Prepurchase Counseling, Default/Foreclosure Counseling

INTERCULTURAL FAMILY SERVICES, INCORPORATED 4225 Chestnut St Philadelphia, PA 19104-3014 Phone: 215-386-1298 Fax: 215-386-9348 E-mail: ifsi@isfinc.org Website: <http://www.ifsinc.org> Type of Counseling: Rental Counseling, Prepurchase Counseling, Default/Foreclosure Counseling, HECM Counseling

KOREAN COMMUNITY DEVELOPMENT SERVICES CENTER 6053-55 North 5th Street Philadelphia, PA 19120 Phone: 215-276-8830 Fax: 215-224-8150 Type of Counseling: Prepurchase Counseling, Default/Foreclosure Counseling, HECM Counseling, Rental Counseling

MOUNT AIRY, U S A 6639-41 Germantown Ave Philadelphia, PA 19119 Phone: 215-844-6021 Fax: 215-844-9167 Type of Counseling: Rental Counseling, Default/Foreclosure Counseling, Prepurchase Counseling

NATIONAL ASSOCIATION OF REAL ESTATE BROKERS HOUSING COUNSELING AGENCY OF PHILADELPHIA 1420 W. Susquehanna Philadelphia, PA 19121 Phone: 215-235-3737 Fax: 215-763-3799 E-mail: C21H37004@AOL.COM Type of Counseling: HECM Counseling, Default/Foreclosure Counseling, Rental Counseling, Prepurchase Counseling

NEW KENSINGTON COMMUNITY DEVELOPMENT CORPORATION 2513-15 Frankford Ave Philadelphia, PA 19125-1708 Phone: 215-427-0322 Fax: 215-427-1302 Website: <http://www.newkensingtoncdc.com> Type of Counseling: Default/Foreclosure Counseling, Prepurchase Counseling

NORTHWEST COUNSELING SERVICE 5001 N Broad St Philadelphia, PA 19141-2217 Phone: 215-324-7500 Fax: 215-324-8753 E-mail: nwcs@erols.com Type of Counseling: HECM Counseling, Default/Foreclosure Counseling, Rental Counseling, Prepurchase Counseling

NUEVA ESPERANZA, INCORPORATED 4261 N. 5th Street Philadelphia, PA 19140 Phone: 215-324-0746 Fax: 215-324-2542 E-mail: motero@nueva.org Website: <http://www.nueva.org> Type of Counseling: Prepurchase Counseling, Default/Foreclosure Counseling


PHILADELPHIA COUNCIL FOR COMMUNITY ADVANCEMENT 100 N 17th St Ste 700 Philadelphia, PA 19103-2736 Phone: 215-567-7803 Fax: 215-567-2236 Toll-Free: 800-930-4663 E-mail: mail@philapcca.org Website: <http://www.philapcca.org> Type of Counseling: HECM Counseling, Prepurchase Counseling, Default/Foreclosure Counseling, Rental Counseling

PHILADELPHIA HOUSING DEVELOPMENT CORPORATION 1234 Market St 17th Fl Philadelphia, PA 19107-3721 Phone: 215-448-3132 Fax: 215-448-3188 E-mail: thomasroberta@hotmail.com Type of Counseling: Prepurchase Counseling, Rental Counseling

PHILADELPHIA NEIGHBORHOOD HOUSING SERVICES, INCORPORATED 511 North Broad St 4TH Floor Philadelphia, PA 19123 Phone: 215-988-9879 Fax: 215-988-1297 Type of Counseling: Prepurchase Counseling, Default/Foreclosure Counseling
UNEMPLOYMENT INFORMATION CENTER 1201 Chestnut Street, #702 Philadelphia, PA

19107Phone: 215-557-0822 Fax: 215-557-6981Type of
Counseling: Default/Foreclosure Counseling

URBAN LEAGUE OF PHILADELPHIA251-53 S. 24th StPhiladelphia, PA 19103-
5529Phone: 215-451-5005 Fax: 215-451-5006E-mail: rwsulp@aol.comType of
Counseling: Default/Foreclosure Counseling, Prepurchase Counseling, Rental
Counseling, HECM Counseling

Posted by Sheriffsale.com at 8:57 AM 0 comments 

Counseling Services

Homebuyer Counseling

Post-Purchase Counseling

Home Repair/Refinance Qualifying

Credit/Budget/Money Managment

Anti-Predatory (Post Loan) Counseling

Fair Housing Issues

Mortgage Delinquency Counseling


Sheriff Sale Postponment

Reverse Mortgage Counseling

Pre-Bankruptcy Counseling

Tenant Counseling

Contact Local Housing Counseling Agencies in Philadelphia for More Info

Posted by Sheriffsale.com at 8:48 AM 0 comments 

Tuesday, September 22, 2009

Tax Collection Sale Sept, 24, 2009

This Thursday there will be a Tax Collection Sale this thursday @ 10am. The location is 3801 Market St. Philadelphia PA, 3rd floor. Please make sure you have your 10% deposits!!!


Posted by Sheriffsale.com at 8:22 AM 0 comments 

Wednesday, September 9, 2009

September 24, 2009

Check out www.sheriffsale.com and get the latest photos and property descriptions for the Tax Collection sale coming up!! Seriously, you don't want to miss this is

incredible opportunity. Who wouldn't want to win a property for as low as \$3,000.00!?!

Posted by Sheriffsale.com at 9:02 AM 0 comments 

Tuesday, August 18, 2009

Questions for Next Weeks Sheriffsale.com Radio show? Post here

If you have any questions AT ALL for the next edition of Sheriffsale.com Radio hour which hairs Monday's from 12pm-1pm on 900 AM WURD then here is the place to ask them. Post all of your questions and we will address them live on the air. If you would like to call in and participate in our live show simply listen to 900AM WURD and we will give out the station information so that you are able to call in and give your thoughts/opinions as well as questions.


Posted by Sheriffsale.com at 12:04 PM 0 comments 

VA loans ADVANTAGES!

VA Loans have advantages:

- No down payment required--reducing the origination cost of the loan.
- The loan maximum may be up to 100 percent of the VA-established reasonable value of the property.
- You have flexibility in negotiating interest rates with the lender.
- There is no monthly mortgage-insurance premium (private mortgage insurance, or PMI).
- There is a limit on the buyer's closing costs.
- The buyer receives an appraisal that shows the property value.
- 30-year loans have a choice of repayment plans:
 - Traditional fixed-payment: constant principal and interest; increases or decreases may be expected in property taxes and homeowner's insurance coverage
 - Graduated-payment mortgage (GPM): low initial payments that gradually rise to a level payment starting in the sixth year
- Growing equity mortgages (GEMs) have gradually increasing payments with all of the increase applied to the principal, resulting in an early payoff of the loan.
- For most loans for new houses, construction is inspected at appropriate stages to ensure compliance with the approved plans, and a one-year warranty is required from the builder that the house is built in conformity with the approved plans and specifications. In those cases where the builder provides an acceptable 10-year warranty plan, only a final inspection may be required.
- The mortgage is assumable, subject to VA approval of the assumer's credit.
- No pre-payment penalty.
- The VA performs personal loan servicing and offers financial counseling to help veterans avoid losing their homes during temporary financial difficulties.

The only disadvantage is that the inspection and warranty requirements are cumbersome to the realtor and seller (some sellers shy away from buyers with VA loans).

Posted by Sheriffsale.com at 11:27 AM 0 comments 

TAX Lien Sale WED August 19th 2009 1pm

Hello sheriffsaleblog followers. There is a Tax Lien sale that begins tomorrow @ 1pm @ 3801 Market St. on the 3rd floor. Visit www.sheriffsale.com to view color photos as well as FULL property descriptions on the properties being auctioned at the sale. For further questioning call our office @ 215-772-1925. I greatly appreciate you for following us and lets get you into the home that you've always wanted.

Posted by Sheriffsale.com at 10:56 AM 0 comments

Contact Us

Welcome To SheriffSale.com

Welcome to SheriffSale.com a advertising site for Philadelphia's Sheriff Sale properties.

SheriffSale.com is the only website that allows you search and pre-bid on actual Philadelphia Sheriff Sale properties.

As a member of SheriffSale.com you can search for properties in areas you desire by clicking on our map. You can also view property descriptions, judgment amounts and market value. Each month you will have the opportunity to view over 600 color photos of properties throughout the city of Philadelphia.

We are committed to continually updating and checking the accuracy of the information presented on this website.

We take your security seriously. You should know that any sensitive information submitted by our registered users is encrypted and protected by a Secure Socket Layer (SSL) to provide you with the confidence and security to bid online. We will make every effort to make sure your bidding experience on SheriffSale.com is rewarding. Lets get started!

Methods to Contact Us

You may email us at ldavis.shs@sheriffsale.com

If you want to cancel your account, please email us at ldavis.shs@sheriffsale.com. Please include your first name, last name, and username.

You may call us at 1-800-952-7322 or 1-215-772-1925

You may write us at SheriffSale.com 1219 Spruce Street, Philadelphia, Pa. 19107

Blog Blog Blog Blog

Visit sheriffsaleblog.com for all the latest information on Sheriff's sales, foreclosures and much more!
[Click](#)

EXHIBIT 26

FIRST JUDICIAL DISTRICT OF PENNSYLVANIA
IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY

President Judge General Court Regulation No. 2006-01

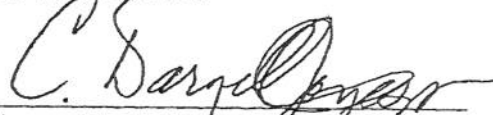
In Re: Adoption of Philadelphia Civil Rules
229.1 and *3129.2(b)(1)

ORDER

AND NOW, this 16th day of March, 2006, the Board of Judges of Philadelphia County having voted at the Board of Judges' meeting held on February 16, 2006 to adopt Philadelphia Civil Rules 229.1 and *3129.2(b)(1), IT IS HEREBY ORDERED that Philadelphia Civil Rule Philadelphia Civil Rules 229.1 and *3129.2(b)(1) are adopted as attached hereto.

This General Court Regulation is issued in accordance with Pa.R.Civil.P.No. 239 and, as required by Rule 239, the original General Court Regulation shall be filed with the Prothonotary in a Docket maintained for General Court Regulations issued by the President Judge of the Court of Common Pleas of Philadelphia County, and copies shall be submitted to the Administrative Office of Pennsylvania Courts for publication on its website, and the Civil Procedural Rules Committee. Copies of the Order shall also be submitted to American Lawyer Media, *The Legal Intelligencer*, Jenkins Memorial Law Library, and the Law Library for the First Judicial District of Pennsylvania, and posted on the website of the First Judicial District: <http://courts.phila.gov>.

BY THE COURT:



Honorable C. Darnell Jones, II
PRESIDENT JUDGE
COURT OF COMMON PLEAS OF
PHILADELPHIA COUNTY

Philadelphia Civil Rule 229.1 Settlement Recommendations, Demands and Offers.

From time to time, a judge may recommend a settlement amount, and a party may make a settlement demand or offer. Any settlement amount, demand or offer made shall be communicated forthwith to the client by his, her or its counsel.

Adopted by the Board of Judges on 2-16-06

Philadelphia Civil Rule *3129.2(b)(1)

(A) For the purpose of Pa. R. C.P. 3129.2 (b)(1), which specifies the contents of the handbills required to be posted by the Sheriff, and for the purpose of Pa. R. C.P. 3129.2(d), which requires the publication in newspapers of the information contained in the handbill, the requirement of "a brief description of the property, to be sold, its location [and] any improvements" shall be satisfied, in the case of Residential Properties consisting of four (4) units or less, by providing the following information:

- (a) for "location": the street address of the property with the zip code, extended zip code if available, and ward number;
- (b) for "a brief description of the property" : the approximate size of the property in square feet or acres and the Philadelphia Bureau of Revision of Taxes (BRT) account number - designated as follows: "BRT # XXXXXXXXXX";
- (c) for "improvements": the words "Residential Property."

(B) Plaintiff, when preparing a Writ of Execution for transmission to the Sheriff, shall include therein a description which conforms to the requirements of this Rule.

(C) The Sheriff's conditions for sale shall provide the following paragraph in bold:

"Prospective purchasers are directed to the Web site of the Philadelphia Bureau of Revision of Taxes, (BRT) "brtweb.phila.gov" for a fuller description of the properties listed. Properties can be looked up by the BRT number - which should be cross checked with the address. Prospective purchasers are also directed to the Philadelphia Department of Records, at Room 154 City Hall, 215-686-1483 and to its web site at <http://philadox.phila.gov> where they can view the deed to each individual property and find the boundaries of the property. PROSPECTIVE PURCHASERS ARE RESPONSIBLE FOR DETERMINING THE NATURE, LOCATION, CONDITION AND BOUNDARIES OF THE PROPERTIES THEY SEEK TO PURCHASE."

The Sheriff's condition of sale shall add to the "Explanation" section the following:
The "BRT #" refers to a unique number assigned by the City Bureau of Revision of Taxes to each property in the City for the purpose of assessing it for taxes. This number can be used to obtain descriptive information about the property from the BRT web site.

Explanatory Comment

The Pennsylvania Rules of Civil Procedure require that notice of the sale of Real Property provide *inter alia*, "a brief description of the property to be sold, and any improvements..." In Philadelphia County these descriptions have generally included a description of the property that includes the metes and bounds defining the lot. Such a description, sufficient under the holdings of the Pennsylvania Supreme Court in Shimkus v. Klimatis, 377 Pa. 546 (Pa., 1954) and Senge v. Border, 319 Pa. 481, 483 (Pa., 1935), is not necessary. See Nutt v. Berlin Smokeless Coal &

Clay Mining Co., 262 Pa. 417 (Pa., 1918)(advertisement which simply refers to the number of the warrant of a tract of land is a sufficient description), and results in descriptions that are lengthy and uninformative. The length of the descriptions results in unnecessary costs being borne by the judgment creditors initiating the sale or by the judgment debtors. This situation is particularly problematic when the advertising costs become an obstacle to a homeowner preventing the sale through the reinstatement of the mortgage. The metes and bounds descriptions is also not helpful in that it does not necessarily provide meaningful information regarding the type of property that is being sold and has resulted in confusion for buyers. This Rule seek to remedy both those problems as it relates to the sale of Residential Properties consisting of four (4) or fewer dwelling units by permitting a notice that is both shorter and more informative than the metes and bounds descriptions currently being used, thereby saving costs and reducing potential confusion.

Adopted by the Board of Judges on 2-16-06

March 23, 2006

Board of Judges consists of all 122 Judges, plus 22 Senior Judges.

Many people have no access to a computer.

Create lack of participation in sale process, as there are many new questions regarding the actual description of the property.

The properties are more likely to go back to the Mortgage Companies rather than being sold outright.

There is no real benefit to the owners of these properties, there are few refunds and even fewer redemptions, as the real benefit is to the Mortgage Company.

Records Department will only allow one to research 3 properties in one day.

The Prothonotary's Office will only allow one to research 10 properties per day.

Working class people do not have the time to research these properties at City Hall and in most cases do not own a computer.

As witnessed by the Tax Lien Sale, the short descriptions lend confusion as the average potential bidder does not understand and will often bid on the wrong property.

EXHIBIT 27



Reach Communications Specialists, Inc.
Reach us and you reach the community.

22-December-10

**SHERIFF'S OFFICE
CITY & COUNTY OF PHILADELPHIA
THE LAND TITLE BUILDING
100 SOUTH BROAD STREET, 5TH FLOOR
PHILADELPHIA, PA 19110**

Attn: Darrell Stewart

INVOICE

Description/Items	Terms:	Invoice: Daily News/LI	Cost
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**Sheriff's Sale Ads in the Philadelphia Daily News,
The Legal Intelligencer, Community Papers and
2 Websites—December 2010 Advertising / January 4, 2011 Sale**

The Philadelphia Daily News:	\$155,135.22
12/13/10 Sheriff Sale	
12/20/10 Sheriff Sale	
12/27/10 Sheriff Sale	
The Legal Intelligencer:	\$161,621.25
12/13/10 Sheriff Sale	
12/20/10 Sheriff Sale	
12/27/10 Sheriff Sale	
Community Papers:	\$ 70,759.44
Radio Stations:	\$ 20,185.00
SheriffSale.com Website:	\$ 36,670.00
Printing Handbills:	\$ 18,985.00
3129's Posting on PhillySheriff.com:	\$ 21,080.00
Advertising production:	\$ 37,915.00
Total due at this time	\$519,350.91

EXHIBIT 28



Cárdenas-Grant Communications

Communications for a diverse world

CGC EIN: 20-2147576
City Tax ID: 489-8346025
Business
Privilege License: 308776
OEO Registration: 7690109HC

PHILADELPHIA SHERIFF'S
OFFICE
STARTEGIC COMMUNICATIONS

PROFESSIONAL SERVICES AND
FEE
ENGAGEMENT AGREEMENT

March 1, 2011

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PROJECT UNDERSTANDING

Barbara Deeley became Philadelphia's Acting Sheriff on January 3, 2011.

On January 7, 2011, Sheriff Deeley terminated all business relationships between the Sheriff's Office and Reach Communications.

Services of Reach Communications Services included, but were not limited to, advertising sheriff sales, design and operation of Sheriff website, and general communications and marketing.

The termination of RCS has created an emergency situation for the Sheriff's Office in that April 2011 Sheriff Sales require March 2011 advertising which must be executed by March 15, 2011. In addition, as the Sheriff Office's website are currently the property of RCS, the Sheriff's Office must design and launch its own site immediately.

CARDENAS-GRANT COMMUNICATIONS is, therefore, submitting this proposal to stand as the Sheriff's advertising agency on an emergency interim basis.

ENGAGEMENT

CARDENAS-GRANT COMMUNICATIONS is hereby engaged by the Philadelphia Sheriff's Office for the following services:

CARDENAS-GRANT
COMMUNICATIONS
2 PENN CENTER
SUITE 200
PHILADELPHIA, PA 19102
EMAIL: info@cgimpact.com
PHONE: 215.854.4089
A PROFESSIONAL CORPORATION

CARDENAS-GRANT COMMUNICATIONS

PHILADELPHIA SHERIFF'S OFFICE
STARTEGIC COMMUNICATIONS

PROFESSIONAL SERVICES AND FEE
ENGAGEMENT AGREEMENT

March 1, 2011

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1) Advertising.

CARDENAS-GRANT COMMUNICATIONS shall oversee and inventory all current advertising of Sheriff Sales and direct all future advertising while it develops an RFP for selection of the Sheriff's Office next ad agency. Until the selection of its full-time advertising agency, CARDENAS-GRANT COMMUNICATIONS shall be the exclusive advertising agency for purposes of Sheriff Sales. CARDENAS-GRANT COMMUNICATIONS shall be responsible for designing said RFP.

2) Web Site Design and Management

CARDENAS-GRANT COMMUNICATIONS shall inventory the current Sheriff's Office web site for the purposes of overseeing the design, launch and management of the new Sheriff's Office website.

3) Strategic Communications

CARDENAS-GRANT COMMUNICATIONS shall provide strategic communications consulting including:

Press Response
Crisis Communications
Public Relations

TERM OF SERVICE Commencement: January 3, 2011

Term: Month to Month

PROFESSIONAL FEES Upon execution of the Agency of Record Letter, CARDENAS-GRANT COMMUNICATIONS shall be compensated for its work based upon standard advertising industry commission rates for similarly situated advertising.

CARDENAS-GRANT COMMUNICATIONS
WWW.CGIMPACT.COM

A PROFESSIONAL CORPORATION

CARDENAS-GRANT COMMUNICATIONS

PHILADELPHIA SHERIFF'S OFFICE
STRATEGIC COMMUNICATIONS

PROFESSIONAL SERVICES AND FEE
ENGAGEMENT AGREEMENT

March 1, 2011

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TERMINATION AND
WORK PRODUCT

The Sheriff's Office has the right to terminate CARDENAS-GRANT COMMUNICATIONS services at any time.

If the Sheriff's Office decides to terminate CARDENAS-GRANT COMMUNICATIONS' services, the Sheriff's Office agrees to give 30 days written notice and pay for all services rendered by CARDENAS-GRANT COMMUNICATIONS prior to termination.

Upon termination of its services, CARDENAS-GRANT COMMUNICATIONS shall return all work product to the Sheriff's Office, that work product being at all times the property of the Sheriff's Office.

FINAL AGREEMENT

CARDENAS-GRANT COMMUNICATIONS is ready to begin work immediately upon signing of this proposal. We are excited to be given the opportunity to work on this project.

CARDENAS-GRANT COMMUNICATIONS
WWW.CGIMPACT.COM

A PROFESSIONAL CORPORATION

CARDENAS-GRANT COMMUNICATIONS

PHILADELPHIA SHERIFF'S OFFICE
STRATEGIC COMMUNICATIONS

PROFESSIONAL SERVICES AND FEE
ENGAGEMENT AGREEMENT

March 1, 2011

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CARDENAS-GRANT	Accepted by:
BARBARA GRANT President	Printed name:
	Company:
Date: 1 March 2011	Date:

CARDENAS-GRANT COMMUNICATIONS
WWW.CGIMPACT.COM

A PROFESSIONAL CORPORATION

CARDENAS-GRANT COMMUNICATIONS

PHILADELPHIA SHERIFF'S OFFICE
STRATEGIC COMMUNICATIONS

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March 1, 2011

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ABOUT CARDENAS-GRANT

Cardenas-Grant Communications (CGC) entered the Philadelphia marketplace in 2005 as an urban-oriented marketing communications agency that offers high quality, timely and cost-efficient communications products. While CGC is positioned as a full service agency with the ability to serve those needing mainstream marketing communications services, our mission is to open gateways into multi-cultural communities for large corporations, government entities and non-profit organizations who need to position themselves for lucrative opportunities to provide products and services to culturally and linguistically diverse markets. These organizations also frequently need the services of a "press secretary" who can ably handle any number of crisis-related issues where messages must be delivered under severe pressure in a timely and well-thought out manner while simultaneously catering to a variety of audiences (from consumer to congressional).

One of the strengths of CGC is that the tangible skills of the principals were forged in Fortune 500 and large institutional environments both in the US and abroad in the following areas:

- * Financial Services
- * Health Care
- * Municipal Government
- * Public Education
- * Broadcast and Print Media
- * National Housing and Not-for-Profit Institutions

Our more than 50 years of combined experience have produced results oriented and internationally acclaimed public information campaigns. We understand that successful communications solutions depend on knowing our clients business--that's why we don't think of ourselves as solving communications problems, but solving business problems with communications and marketing tools.

CARDENAS-GRANT COMMUNICATIONS
WWW.CGIMPACT.COM

A PROFESSIONAL CORPORATION

EXHIBIT 29

The Hon. John D. Green
Sheriff, Philadelphia County
Land Title Building
100 South Broad Street
Phila., PA 19110

RE: Committee Resolution Addressing Sheriff's Sale Advertising Costs

Dear Sheriff Green:

We respectfully correspond on behalf of the Mortgage Foreclosure Steering Committee, created by Order of the Hon. Annette M. Rizzo. The issue we are addressing involves Sheriff's costs, - the deposits which are required by the Sheriff's office in order to list a property for Sheriff's Sale, and the cost of advertising such Sales.

The Committee has worked with various constituencies, the Board of Judges, the Philadelphia Bar Association and others, ultimately facilitating the adoption of Phila. Local Rule 3129.2 (b)(1), as amended. The new rule implemented by Order of the Hon. C. Darnell Jones, President Judge on March 16, 2006, shortens the property legal description and reduces the number of lines required to describe a property subject to foreclosure. It was anticipated that the new rule change would result in a reduction in the cost of the Sheriff's sale advertising, which is ultimately paid by the defaulting homeowner/borrower as a condition of reinstating or fully satisfying the subject mortgage. All constituencies represented by Committee participants concur in the assessment that reduced advertising costs advance the goals of the Committee and the community to facilitate the amicable resolution of foreclosures in Philadelphia.

Follow-up data is currently being gathered as part of an ongoing analysis concerning the effectiveness of the rule change in accomplishing the goal of anticipated savings in Sheriff's Sale costs. Therefore, a response is respectfully requested to the following areas of inquiry:

1. The Committee respectfully requests information regarding the current status of negotiations with the publications in which Sheriff's Sale advertisements are placed.
2. The Committee requests information as to whether volume discounts are being negotiated, since advertisements will be very closely comparable in length and content.
3. The Committee requests information as to when it is reasonably anticipated that reductions in the advertising costs and Sheriff's Sale deposits will be accomplished.

The Committee and the various constituencies, including community representatives, look forward to your responses and appreciate your continuing cooperation in this important matter.

Respectfully,

Members of the Mortgage Foreclosure Steering Committee

EXHIBIT 30



"Irwin Trauss, Esq."
<itrauss@philalegal.org>

04/19/2007 02:32 PM

Please respond to
itrauss@philalegal.org

To Edward.Chew@phila.gov

cc Rob Saltzman <RSaltzman@pbslaw.org>,
Lesia.Kuzma@phila.gov, annette.rizzo@courts.phila.gov,
charles.mapp@courts.phila.gov,

bcc

Subject Re: Response to Committee Letter Re Sheriff's Costs

Dear Mr. Chew:

We write as a follow up to your letter of March 29, 2007 in anticipation of the discussion at today's meeting regarding the sheriff's costs. As you noted in your letter, compliance with the new rules allowing for a shorter description is at about 90%. As I believe we all recognize the shorter descriptions reduce the length of the average ad by about 1/3. At present the Sheriff's deposit of \$1,700 includes \$300.00 to cover sheriff's costs and about \$1400, to cover advertising costs - which prior to the reduction in the size of the adds were typically running between \$900 and \$1000.00. The cost of the typical add at this point should be in the neighborhood of \$600.00. Which would translate to a substantial reduction in the deposit requirement, before factoring in the reduced costs we anticipate will result from a new advertising contract. To date we have seen no reduction in the deposit requirements. We eagerly anticipate seeing these reductions implemented shortly. If our reasoning is faulty, perhaps at the meeting you could point out the defect in our reasoning which leads us to believe that a reduction in the deposit requirements could have already been implemented.

Regarding your presentation of the bids submitted in response to the request for proposals that the Sheriff published last year, it is our understanding that the main criteria for the selection of a successful bidder will be the ability of the publication to provide the largest exposure to the public in the Philadelphia area at the smallest cost per column inch. (We describe this as "eyes per cost per column inch.") It is our understanding that this criteria will serve one of the primary purposes, if not the primary purpose, of the notice, to be seen by as many people as possible, at the lowest cost to the homeowner, who is ultimately responsible for bearing the cost of the notice. We would appreciate it if at the meeting you could let us know if this is not the primary criteria the sheriff will be using in deciding on the winning bid. We would also appreciate your sharing the proposals that have been submitted with us and explaining those things in the proposals which the sheriff views as "value added" which should be paid for by the homeowner..

We would like very much to focus on the costs of advertising and the deposit requirements so that we can come to a concrete resolution of this issue which has occupied the committee almost since its inception over three years ago.

Thank you for your assistance and cooperation and all the time you have devoted to participating in this process.

Sincerely,



Irwin Trauss and George Gould itrauss.vcf

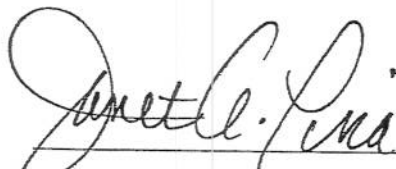
EXHIBIT 31

Letter of Agreement between the Philadelphia Sheriff's Office
and RCS Searchers, a Licensed Title Company
in the Commonwealth of Pennsylvania

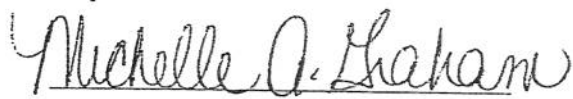
RCS Searchers, as a licensed and bonded title company authorized to do business in the Commonwealth of Pennsylvania, agrees to make and guarantee the correctness of all instruments affecting titles to real property, as required by the Pennsylvania Rules of Civil Procedures, sold at Sheriff's Sales conducted by the Philadelphia Sheriff's Office. A distribution policy will be issued within 30 days after the date of the sale based on these finding.

RCS Searchers also agrees to accept payment in accordance with state mandated rate structure and cost established and approved by the Philadelphia Sheriff's Office as defined in the attachment requiring the signature of the authorizing agent for RCS Searchers along with a copy of their title license.

Agreed and accepted, this 27th day of February 2003.



Philadelphia Sheriff's Office



RCS SEARCHERS
1219 Spruce Street
Philadelphia, PA 19107

MICHELLE A GRAHAM

License Number 189965

is licensed to engage in the business of insurance in the Commonwealth of Pennsylvania in the capacity stated below, subject to applicable laws and rules.

LICENSE TYPE

Resident Title Agent

QUALIFICATIONS

Title



EXPIRATION DATE

06-23-2003

CE REQUIREMENTS

Title Only

GRAHAM, MICHELLE A

1818 PENNINGTON ROAD

PHILADELPHIA, PA 19151

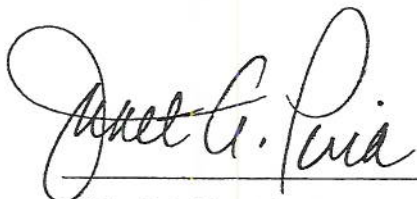
EXHIBIT 32

Letter of Agreement between the Philadelphia Sheriff's Office
and Global Abstract Agency, Inc., a Licensed Title Company
in the Commonwealth of Pennsylvania

Global Abstract Agency, Inc., as a licensed and bonded title company authorized to do business in the Commonwealth of Pennsylvania, agrees to make and guarantee the correctness of all instruments affecting titles to real property, as required by the Pennsylvania Rules of Civil Procedures, sold at Sheriff's Sales conducted by the Philadelphia Sheriff's Office. A distribution policy will be issued within 30 days after the date of the sale based on these finding.

Global Abstract Agency, Inc. also agrees to accept payment in accordance with state mandated rate structure and cost established and approved by the Philadelphia Sheriff's Office as defined in the attachment requiring the signature of the authorizing agent for Global Abstract Agency, Inc. along with a copy of their title license.

Agreed and accepted, this 27th day of February 2003.


Philadelphia Sheriff's Office


Global Abstract Agency, Inc.
1442 Lombard Street
Philadelphia, PA 19107

EXHIBIT 33

Letter of Agreement between the Philadelphia Sheriff's Office
and Security Search & Abstract Company Inc., a Licensed Title Company
in the Commonwealth of Pennsylvania

Security Search & Abstract Company Inc., a licensed and bonded title company authorized to do business in the Commonwealth of Pennsylvania, agrees to make and guarantee the correctness of all instruments affecting titles to real property, as required by the Pennsylvania Rules of Civil Procedures, sold at Sheriff's Sales conducted by the Philadelphia Sheriff's Office. A distribution policy will be issued within 30 days after the date of the sale based on these finding.

Security Search & Abstract Company Inc. also agrees to accept payment in accordance with state mandated rate structure and cost established and approved by the Philadelphia Sheriff's Office as defined in the attachment requiring the signature of the authorizing agent for Security Search & Abstract Company, Inc. along with a copy of their title license.

Agreed and accepted, this 27th day of February 2003.


Philadelphia Sheriff's Office


Security Search & Abstract
Company, Inc.
926 Pine Street, 3rd Floor
Philadelphia, PA 19107

EXHIBIT 34

Crystal Smith/SHERIFF/Phila

08/17/2009 01:39 PM

To Sin Su/Controller's Office/Phila@PHILA

cc Mariam Adeyamo/Controller's Office/Phila@Phila, Richard Bell/SHERIFF/Phila@Phila, Robert Fleming/Controller's Office/Phila@Phila, Sin Su/Controller's Office/Phila@Phila

Subject Re: FY 2007/2008 Audit [Link](#)

Sin Su/Controller's Office/Phila

08/07/2009 10:53 AM

To Sin Su/Controller's Office/Phila@PHILA

cc Crystal Smith/SHERIFF/Phila@PHILA, Mariam Adeyamo/Controller's Office/Phila@PHILA, Richard Bell/SHERIFF/Phila@PHILA, Robert Fleming/Controller's Office/Phila@PHILA

Subject Re: FY 2007/2008 Audit [Link](#)

Crystal,

I have yet to receive a response to this email. In addition to the request below, please provide a list of prices for ALL services that may be provided by any vendor for the whole process involved with properties sold at Sheriff's sales. We want to know any payments to vendors starting from the initiation of the writ to the zeroing out of the accounts. Please indicate any differences in prices between the mortgage, tax lien, and delinquent tax sales. Please have this ready on or before Tuesday, August 11, 2009.

Thank you,
Sin Su
Audit Associate
Philadelphia City Controller's Office
12th Floor- Municipal Services Bldg.
1401 John F. Kennedy Blvd.
Philadelphia, PA 19102-1679
Voice (215)686-9098
Fax (215)686-3957
Sin.Su@phila.gov

Sin Su/Controller's Office/Phila

08/03/2009 03:43 PM

To Crystal Smith/SHERIFF/Phila@Phila

cc Mariam Adeyamo/Controller's Office/Phila@PHILA, Richard Bell/SHERIFF/Phila@PHILA, Robert Fleming/Controller's Office/Phila@PHILA

Subject Re: FY 2007/2008 Audit [Link](#)

Crystal,

Thank you for your prompt response. Can you please provide a few clarifications to your responses.

- How are the services delegated between each company? **RCS Searchers - Mortgage Sales, City Line Abstract - Tax Delinquent & Tax Lien, Global Abstract - Tax Lien & Tax Collections**
 - What specific services are provided by each company? We would like to know all services provided by these companies from the initiation of the writ to the zeroing out of the accounts.
 - When do title search companies provide the initial certification? **For Mortgage Sales the initial policy is order after the auction if there was bidding on the property, for the Tax sales the policy is order once all city liens & Liabilities that have been identified are paid and there is monies left on the account.**
 - For Mortgage Sales, how long does the title search companies have to provide the initial certification once the property has been sold? **30 days**
 - For Tax sales, how long does it take to pay off all city liens & liabilities that have been identified? If there is monies left in the account, when will the policy from the title search companies' certification be available? (Please indicate the time frame, such as, 30 days from the final payment). **45 days** Is this considered the initial certification or recertification?
 - What are the fees for all services provided by the title search companies? **For the Mortgage sale the rate is based on the sales price.**
 - Please give the tier rates by indicating sales price ranges with their corresponding rates.
Done

Thank you,
Sin Su
Audit Associate
Philadelphia City Controller's Office
12th Floor- Municipal Services Bldg.
1401 John F. Kennedy Blvd.
Philadelphia, PA 19102-1679
Voice (215)686-9098
Fax (215)686-3957
Sin.Su@phila.gov

Crystal Smith/SHERIFF/Phila

08/03/2009 12:52 PM

To Sin Su/Controller's Office/Phila@PHILA

cc Mariam Adeyamo/Controller's Office/Phila@Phila, Richard Bell/SHERIFF/Phila@Phila, Robert Fleming/Controller's Office

Subject Re: FY 2007/2008 Audit [Link](#)

Sin Su/Controller's Office/Phila

08/03/2009 10:34 AM

To Crystal Smith/SHERIFF/Phila@Phila

cc Mariam Adeyamo/Controller's Office/Phila@PHILA, Robert Fleming/Controller's Office/Phila@Phila, Richard Bell/SHERIFF/Phila@Phila

Subject FY 2007/2008 Audit

Crystal,

As part of our FY 2007/2008 audit of the Sheriff's Office, we are documenting the process involved with properties sold at Sheriff's sales. Please explain how the title search companies are involved in this process. Please indicate whether there are any differences depending on if it is a Mortgage Foreclosure, Tax Lien, or Delinquent Tax sale. In your explanation, please be sure to include the answers to the following:

- What are the names of the title search companies? *RCS Searchers Abstract, Global Abstract, & City Line Abstract*
- How are the services delegated between each company? *RCS Searchers - Mortgage Sales, City Line Abstract - Tax Delinquent & Tax Lien, Global Abstract - Tax Lien & Tax Collections*
- When do title search companies first become involved in the process? *Over 10 years, When I started working they were ordering Title Policies on Sheriff Sale Properties.*
- When do title search companies provide the initial certification? *For Mortgage Sales the initial policy is order after the auction if there was bidding on the property, for the Tax sales the policy is order once all city liens & Liabilities that have been identified are paid and there is monies left on the account. the recertification? A recertification is ordered on properties that are sold due to Mortgage Foreclosure after the foreclosing mortgage company has been paid and there are monies left on the account. Recertifications are ordered on Tax properties if the monies that are left on the account are identified as "address unknown or unclaimed" and the claimant is identified.*
- What is the purpose of the initial certification? *The Initial certification for Mortgage properties is to certify the amount of the mortgage debt, and liabilities, to identify other mortgages, if any transfer of title has taken place, bankruptcy, etc... and to ensure that proper notice was given. to the recertification? If funds are remaining after the mortgage company has been paid then recertification identifies outstanding liens & liabilities of the defendant (if any) and pays out accordingly.*
- What is the cut-off date for including liens against the property when recertification occurs? *Up to the date of the sale*
- What are the fees for all services provided by the title search companies? *The fee for the Tax sale policies is a flat rate of \$300.00 and \$75.00 for recertification. For the Mortgage sale the rate is based on the sales price.* Indicate whether it is a flat rate or percentage rate.

Please provide this on or before Thursday, August 6, 2009. If you have any questions, please do not hesitate to contact me.

Thank you for your assistance.

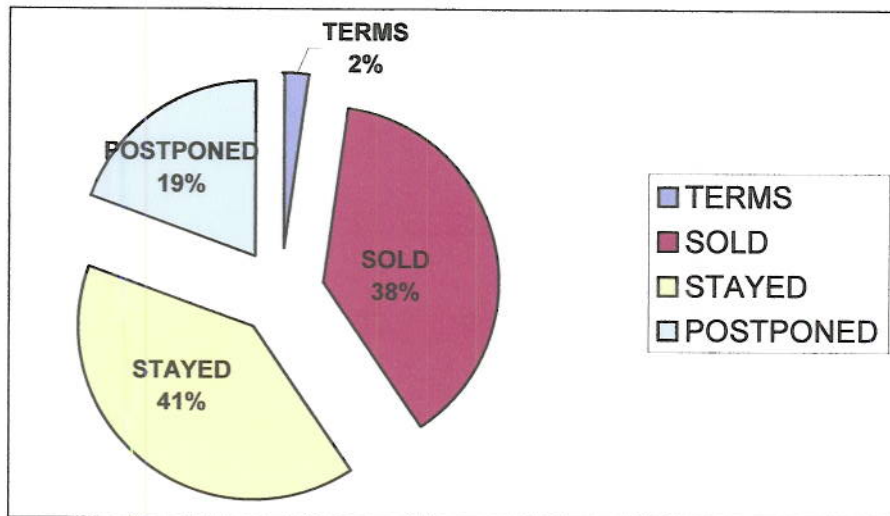
Sin Su
 Audit Associate
 Philadelphia City Controller's Office
 12th Floor- Municipal Services Bldg.
 1401 John F. Kennedy Blvd.
 Philadelphia, PA 19102-1679
 Voice (215)686-9098
 Fax (215)686-3957
Sin.Su@phila.gov

EXHIBIT 35

SHERIFF SALE PROPERTIES FOR CALENDER YEAR 2009

TOTAL SCHEDULED	7960
----------------------------	-------------

TERMS	184
SOLD	3015
STAYED	3167
POSTPONED	1538



Approximately 32% of the properties that were scheduled are repeat properties*

**properties that were previously scheduled between July '01 and December '08

EXHIBIT 36

June 22, 2006

Via overnight mail

The Honorable John D. Green, Sheriff
City and County of Philadelphia
100 South Broad Street, 5th Floor
Philadelphia, PA 19110

Re: Satisfaction of Liability for Reportable Unclaimed Property as of December 31, 1998

Dear Sheriff Green:

Pertaining to the Pennsylvania Treasury Department's unclaimed property report of October 2004 and post-audit examination issued in March 2006, this will serve as notification that the liability for reportable unclaimed property as of December 31, 1998, has been satisfied.

Treasury's post-audit examination, released in March 2006, identified a liability in the amount of \$2,940,207.76 for reportable unclaimed property as of December 31, 1998. On June 9, 2006, Treasury's audit staff received three checks made payable to Treasury in the total amount of \$1,237,006.40, along with a report identifying the owners, if known, of unclaimed property. In addition, for the remaining liability of \$1,703,201.36, Treasury's audit staff examined documentation relating to three checks made payable to the City of Philadelphia totaling this amount. Our audit work verified this portion of the liability as monies due and owing to the City of Philadelphia.

As a result, the liability for reportable unclaimed property as of December 31, 1998, has been satisfied. We are pleased that this matter has been resolved.

The initial unclaimed property report of October 2004 identified a liability in excess of \$11 million. That conclusion was the result of the unavailability of records and the inadequacy of accounting procedures and management controls in the Sheriff's Office. Beginning in early 2005, our audit staff worked with representatives of your office and the City of Philadelphia Law Department to locate and examine records and arrive at a determination of the actual unclaimed property held by the Sheriff's Office, as well as the payment to the City of money verified as due to it. The cooperation and diligence of representatives of your office were essential to the successful completion of that work.

The Honorable John D. Green, Sheriff
June 22, 2006
Page Two

Thank you for your assistance in this matter. We look forward to working with your staff in the future and the permanent implementation of adequate record keeping and management controls relating to reporting unclaimed property by the Sheriff's Office.

Sincerely,

Peter J. Smith
Deputy State Treasurer for Audits and
Investigations
Room 132B Finance Building
Harrisburg, PA 17120
(717) 705-7318 Telephone
(717) 705-6623 Facsimile
pjsmith@patreasury.org

cc: James J. Zwolak, Esquire, City of Philadelphia Law Department (*Via overnight mail*)
James Davis, President, Reach Communications (*Via overnight mail*)

EXHIBIT 37

Richard Bell/SHERIFF/Phila
04/01/2009 10:02 AM

To tyrone.bynum@phila.gov
cc connie.little@phila.gov
bcc

Subject The liquidation of funds from the Mortgage Foreclosure
Investment Account

Tyrone,

Currently RCS has sweep more then 9 million dollars in 3 yrs. from the Mortgage foreclosure account alone. I reviewed the copy of the 2006 contact that they submitted for the sweeps that cover books 163 through book 201. However, I noticed that we have been recently receiving sweep request going back as far as 151. I have informed the Real Estate Department that ALL transactions in the mortgage account has been placed on hold. I have also informed the check writers that they are NOT to mail any Mortgage checks until this issue has been resolved.

I spoke to Charles Jones, the manager for the TD Investment accounts, and he stated that he will need a email from you stating that the Sheriff's Office wishes to liquid a minium of 12 Million dollars from the Mortgage investment account. Mrs. Jones stated that he can not start the process until he recieves this authorization email. The email also must include the account number of the investment account were the funds are to liquidated from and the account number that the funds are to receive these funds once the cash has been made available. I have included the account numbers below.

- Philadelphia City Sheriff Department Mortgage Foreclosure Capital Management Trust Fund - Account Number 6107101
- Philadelphia Sheriff's Office Mortgage Foreclosure Account - 360528137

The contact information for Mr. Jones in listed below:

Mr. Charles Jones
TD Investment Manager
215-282-4462
cjones@yesinvest.com

Respectfully,

Rick Bell
Accounting Department
Philadelphia Sheriff's Office

EXHIBIT 38

MEMORANDUM

To: Peter J. Smith
Deputy State Treasurer for Audits and Investigations

Brian Munley
Director, Bureau of Audits

From: Brendan S. Joyce
Bureau of Audits

Subject: Synopsis of meeting between the Bureau of Audits and the Office of the City Controller for the City of Philadelphia on July 2, 2008, regarding the audit of the Philadelphia Sheriff's Office; in particular, the payment by the Bureau of Unclaimed Property of \$366,290.62 to Reach Communication Specialists, Inc. on March 13, 2007

Purpose: To follow up on the letter sent by Audits to the Controller's Office on April 28, 2008, in regard to the payment to Reach Communication, and the implications of this payment to separate and concurrent audits undertaken, or to be undertaken, of the Sheriff's Office by Audits and the Controller

Date: July 11, 2008

On July 2, 2008, a meeting was held between representatives of the Commonwealth of Pennsylvania's Treasury Department, Bureau of Audits (hereinafter "Audits") and the Office of the City Controller for the City of Philadelphia at the Municipal Services Building, Office of the City Controller for the City of Philadelphia (hereinafter "Controller"), in Philadelphia, PA. The main topic of this meeting was to discuss the audit of the Philadelphia Sheriff's Office (hereinafter "Sheriff"); in particular, the payment by the Bureau of Unclaimed Property of \$366,290.62 to Reach Communication Specialists, Inc. (hereinafter "Reach")

Present at this meeting for Audits was Brian Munley, Director of the Bureau of Audits; Ron Mull; and Brendan Joyce; representing the Controller was Albert F. Scaperotto, Post Audit Deputy City Controller; Timothy Reddick, Director of Fraud and Special Investigations; Beverly Martin, Audit Supervisor; and Charles Carlin of Fraud and Special Investigations.

Audits described the findings of our past audit of the Sheriff in 2004, and a post-audit report issued in 2006, vis a vis Sheriff's Sales of mortgage foreclosure and tax delinquent properties. Audits emphasized the difficulty of obtaining records from the Sheriff in a timely and accurate manner, even while using Reach as an outside vendor to help locate records to identify unclaimed property in the Sheriff's possession. Audits explained that, in 2006, we identified a

liability for unclaimed property in the Sheriff's possession of \$2.94 million, \$1.237 million of which was paid to Treasury¹. Audits referenced the letter sent to the Controller on April 28, 2008 (hereinafter "April letter"), that Reach had placed a claim to the Treasury Department's Bureau of Unclaimed Property (hereinafter "BUP") for \$366,290.62. Audits referenced to the Controller in this meeting the April letter to their office the possibility for an apparent conflict of interest on the Reach claim, due to the fact that Reach had an active role, "...as an agent of the Philadelphia Sheriff's Office in regard to unclaimed property reporting while at the same time being the owner of unclaimed property reported by or on behalf of the Sheriff's Office..."²

The Controller asked if Reach had such a close working relationship with the Sheriff, why did Reach wait until July 2006, one month after they submitted the list of identifiable unclaimed property claimants to Treasury, to claim nearly \$370,000 owed to Reach by the Sheriff, a debt which had been due since December of 1998? Audits stated that we had talked about this issue internally in Treasury as well, and Audits had determined the need to ask this question to both the Sheriff and Reach in our present audit of the Sheriff.

In response to a question by the Controller, as to what would be the motivation and/or gain to the Sheriff and Reach to act in such a potentially questionable manner, in both the issue raised in the April letter, and in their record keeping and bookkeeping in general, Audits responded by summarizing what our past and present research has shown. Audits stated that the law requires any money remaining from the proceeds of a Sheriff's Sale of tax delinquent or mortgage foreclosure property in Philadelphia County, after the settlement of any outstanding debts, should be returned to the property's former owners. To accomplish this, the Sheriff is employing three outside vendors, including Reach, to attempt to find and pay these former owners. To this end, it appears to Audits that Reach (which is involved in mortgage foreclosure payments) is being used as a check disbursement agency, requesting money from the Sheriff when they find these owners; Reach then writes a check to these owners, rather than the Sheriff's Office itself. Furthermore, when Audits had asked Reach and the Sheriff about why this is the process used, Audits was told that the Sheriff does not have a duty to locate the former owners of these foreclosed properties, hence the Sheriff's use of contracted outside vendors.

¹ \$1.7 million of the original finding of \$2.9 million was paid to the City of Philadelphia, after meetings and document review by Audits, the Sheriff, and the City of Philadelphia Law Department (*see* letter dated June 22, 2006, to Sheriff John Green, titled Re: Satisfaction of Liability for Reportable Unclaimed Property as of December 31, 1998)

² *See* letter dated April 28, 2008, to Albert Scaperotto, titled Re: Philadelphia Sheriff's Office/Reach Communication Specialists, Inc.

Audits shared information with the Controller concerning the multiple bank accounts, both in-state and out-of-state that had been opened and closed by the Sheriff in the past ten years. Both Audits and the Controller commented that the repeated use by the Sheriff in performing these actions are in direct contravention to the Sheriff and Philadelphia County's own policies involving bank accounts. In regard to this issue, and the unclaimed property monies, the Controller asked where the interest on the unclaimed property money was, or where it went. Audits surmised that the interest accumulated was either invested elsewhere by the Sheriff, or is still located in one of the multiple bank accounts maintained by the Sheriff.

The Controller asked how the cooperation is going with the Sheriff and Reach, in light of these problems and our current audit. Audits stated that past dealings with the Sheriff had proved difficult, because of reticence on the Sheriff's part for unknown reasons. Presently, Audits is still awaiting a response to a request to the Sheriff and Reach, made in late 2007/early 2008 and which is overdue by over two months, regarding account reconciliations and payments. The Controller concurred with our reports of difficulty in receiving timely responses from the Sheriff, noting this in several of the Controller's own prior audits of the Sheriff.

The Controller, in referencing back to the April letter regarding the Reach payment, stated that they might have invoices from Reach to the Sheriff for the time period of our current audit (1999-2001), which may shed light on the legitimacy of Reach's claim for unclaimed property. Audits asked if it were possible for the Controller, in the near future, to share these work papers, and any other pertinent records and information regarding the Sheriff they discovered in the Controller's past audits of the Sheriff; the Controller agreed to this request.

In regard to the \$1.237 million remitted by the Sheriff to Treasury, the Controller asked if any of the other identified parties and placed a claim on their unclaimed property, and have we taken a closer look to see if these payments had been made. Audits stated that this specific information is available at BUP, and that we could request this information and share it with the Controller. The Controller also asked why we didn't scrutinize the Reach payment further, i.e. demand proof of Reach's claim for this money. Audits stated that our function is more of confirming that claimants to unclaimed property funds are who they say they are, rather than shifting the burden to the claimant to prove they are owed this money. Audits explained that is why we require auditees to file a holder report, to show the auditees due diligence in identifying potential owners of unclaimed property.

ACTION TO BE TAKEN

Audits will request from BUP any and all records of payments made to claimants from the \$1.237 million remitted by the Sheriff in 2006, including the \$366, 290.62 payment to Reach. After review of these documents, pertinent copies will be shared with the Controller.

Audits will also make arrangements to review the work papers from the Controller's past audits of the Sheriff, especially any records from the years 1999-2001 (this review is tentatively scheduled for July 21-23, 2008).

Additionally, Audits will make all efforts to maintain open communication and comity with the Controller, including the scheduling of meeting between our two respective parties to share information and records, when necessary.

EXHIBIT 39

MEMO

To: Brian Munley, Bureau Director
From: Gerrie Long, Bureau Assistant Director
Date: June 5, 2006
Subject: Philadelphia Sheriff's Office Audit- Summary of Post Audit Work

The following information will document post audit work performed on the Philadelphia Sheriff's Unclaimed Property Audit and offer a recommendation as to the final collection of the audit finding.

Background:

An audit was completed on the Philadelphia Sheriff's Office which resulted in a report issued October 19, 2004 containing a finding for \$11,060,625 in unclaimed property. The audit period was as of December 31, 1998.

At the request of the Sheriff's Office, an extension for payment was granted to allow time to search for supporting documentation to reduce the finding. To accomplish this, the Sheriff's Office contracted with Reach Technologies to construct a detailed property database recording all deposits, charges, and disbursements for each potential foreclosed property. As the database was being constructed, monies identified by the Sheriff's Office as previously paid were allowed as offsets from the \$11,060,625 finding. The Sheriff's Office was granted offsets totaling \$7,693,772.68. In addition, the Sheriff's Office voluntarily remitted \$426,644.56 of the finding during this process. This resulted in \$2,940,207.76 still owing to Pennsylvania Treasury Department.

Post Audit Summary

On June 2, 2006, a meeting was held with Tyrone Bynum, Philadelphia Sheriff's Office, Jim Davis, and Yvonne Cornell, Reach Technologies, Jim Zwolak, City of Philadelphia, Gerrie Long and Brian Munley, Pennsylvania Treasury, to discuss payment of the \$2,940,207.76. Per request by Jim Zwolak, a decision was made to allow the Sheriff's Office to issue a check directly to the City instead of using the State as a conduit.

At the meeting, the apportionment of the \$2,940,207.76 as it relates to individual owners, one of which is the City of Philadelphia, was also discussed. On 5/21/06, Yvonne Cornell sent an email categorizing the following amounts and potential owners. She stated that Advertising (tax delinquent), Sheriff's Fees (Mortgage and Tax Delinquent) was owed to the City of Philadelphia. Her categorization consisted of:

	\$ 376,124.78 for Advertising
	\$ 18,406.28 for Advertising (tax delinquent)*
	\$ 55,037.22 for Deed Prep (vendor mortgage)
	\$ 11,518.88 for Deed Prep (vendor tax Delinquent)
	\$ 135,333.30 for Distribution Policy Mortgage
	\$ 915.87 for Distribution Policy Tax Delinquent
	\$1,351,713.40 for Sheriff's Fees Mortgage*
	\$ 333,081.68 for Sheriff's Fees Tax Delinquent*
	\$ 38,946.05 for Former Home Owners Mortgage
	\$ 144,436.00 for Former Home Owners Tax Delinquent
	\$ 443,486.54 for Unknown owners
Total	\$2,900,000.54
Total Finding	<u>\$2,940,207.76</u>
Difference	(\$ 40,207.76)

In a separate email, Yvonne enclosed 4 spreadsheets breaking out the above categories by individual property accounts. Three of her 4 spreadsheets combined two categories; consequently, testing was performed on 7 of the 11 categories. In preparing her spreadsheets, Yvonne analyzed each account to ensure the following:

- A charge was assigned and recorded for disbursement at the time of the sale
- That funds were collected for the charge
- Sufficient funds remained in the individual property account to pay the charge
- The charge was not already paid
- That the charge in question would be paid in proper priority order of payment

To determine if the amount in each category was accurate, the spreadsheets were tested in the following manner:

- Every 10th unpaid charge from each spreadsheet was selected
- The selected charge was traced back to the property account database (this database was deemed a reliable source document after first rejecting its completeness on 6/24/05 but retesting it several times after revisions were made). This test was performed to ensure that sufficient funds existed as of 12/31/98 to cover the charge. If funds did not exist as of 12/31/98, then they would not have been included in the finding and, therefore, could not be paid from the \$2,940,207.76 finding at this time.
- Each selected charge was also traced to the offset spreadsheet prepared by auditor at the time of prior requested offsets to ensure credit was not already given from the original \$11,060,625 finding.
- Spreadsheet amounts were matched to the amounts listed on Yvonne's email of 5/21/06.

To test that the City of Philadelphia is the true owner of the portion of the property listed above, a copy of the authorization, City Code, Title 10.1002, was obtained from Jim Zwolak.

Auditor Conclusion:

Yvonne mistakenly sent only 4 spreadsheets containing 7 categories for testing. Spreadsheets for Advertising (tax delinquent), Former Home Owners (Mortgage), Former Home Owners (Tax Delinquent) and Unknown Owners were not submitted and therefore were not tested. The test results from all other categories proved accurate with a only few immaterial exceptions (3 advertising charges were included in a prior offset, which Yvonne will correct and adjust on the HRS report), I, therefore, recommend that the City of Philadelphia be allowed to claim \$1,703,201.36 (\$1,351,713.40 from Sheriff's Mortgage fees, \$333,081.68 from Sheriff's Tax Delinquent fees, and \$18,406.28 from Tax Delinquent Advertising). The remaining money, \$1,237,006.40 must be remitted to Treasury by June 9, 2006 as agreed by the Sheriff's Office.

EXHIBIT 40

Memo

To: Brian Munley, Director
From: Gerrie Long, Asst. Director
Date: July 26, 2006
Cc: Mary Beth Stringent, Director
Maureen Ferrari, Division Manager
Subject: Philadelphia Sheriff's Office

As you requested, I reviewed the Holder's reports submitted by the Philadelphia Sheriff's Office from the Wager's System and completed a test of a small number of dollar amounts included in the reports. I hope this answers some of the questions that you and Mary Beth had asked in the email chain copied to me on July 25, 2006.

First, the database referred to in the email thread was the Water Revenue Bureau database from Jim Zwolak, Philadelphia City Attorney, to Yvonne Cornell and cc'd erroneously to us. As you recall, it caused some confusion since it had very little to do with the audit finding. Therefore, I suggest UCP disregard the database altogether because the information is not pertinent to their questions.

Second, as you pointed out in your email to Jim Zwolak, we should be able to trace any claim back to supporting documentation obtained through our audit. I did this by selecting and testing a small number of dollar amounts from the 3 most recent Holder reports submitted by the Sheriff's Office dated 7/05/06, 6/15/06, and 6/15/06. The total amount of these reports is \$1.2 million, the exact amount of our finding less the \$1.3 million sent directly from the Sheriff's Office to the City of Philadelphia. Since the Sheriff's Office was allowed to send a check directly to the City, there should be no money included in the 3 reports payable to the City.

I selected 5 dollar amounts from each of the 3 reports and traced the amounts back to the Book/Writ database prepared by Yvonne Cornell and obtained during the course of our fieldwork. I found each to be correct as owing to the assigned owner and in the amount stated as due. Also, I tested each report to answer additional questions contained in the email thread (see email dated July 25, 2006 from Mary Beth Stringent).

- The \$366,290 is owed to Reach Communication. My test revealed that not all of the advertising charges were paid at the time of service, especially when it involved a stay or postponement of foreclosure. I verified that there was money collected, that a balance existed in the account after the property was sold, and that the payment was not disbursed. (I understand Mary Beth's and Maureen's concern in questioning why this was never paid. We had the same question, which was never satisfactorily answered. As we discussed, the question of conflict of interest will be addressed in future audits.)

- The reason there are two amounts, one for \$55,037 to Jennifer St. Hill and \$11,000 to Deed Services when in fact Ms. St. Hill is the owner of Deed Services, is that the \$55,037 was issued from the Mortgage Foreclosure account and the \$11,000 was issued from the Tax Foreclosure account. It was necessary for the Sheriff's Office to segregate Mortgage Foreclosure money from Tax Foreclosure money and therefore issue checks from the respective accounts. I verified Ms. St. Hill's ownership of Deed Services from Yvonne Cornell.

My test showed that a charge was recorded but not paid for deed prep service for each amount selected; however, the Sheriff's Office made the determination that Deed Services (or Jennifer St. Hill) was due the money.

- After all of Yvonne's efforts to construct a database for the Sheriff's Office, she was unable to assign a name to \$346,221, consequently she submitted it as unknown owner per my instruction. Our only alternative was to allow the Sheriff's Office to keep this money and that is not an acceptable alternative and not our bureau's current policy.

I hope this answers some of your questions, but there any further clarification is needed, please call me at (215) 560-3929.

EXHIBIT 41

December 2, 2004

Sheriff John D. Green
Office of the Sheriff
100 South Broad Street, 5th floor
Philadelphia, PA 19110

Dear Sheriff John D. Green,

It was a pleasure meeting you on Tuesday. Thanks for attending our meeting and sharing your thoughts concerning unclaimed funds.

We covered a lot of material in our meeting. I'd like to review those highlights and share a new development.

After our meeting I called Mark Vacella, Assistant Director, Bureau of Unclaimed Property. I wanted to share our discussions and have him re-evaluate his requirements concerning a verification letter for unclaimed fund recipients.

We discussed the foreclosure procedure and the type of information that is normally available during this process. He understood your concerns and agreed the "current address" and "social security number" should not be required in a letter from your office.

We also discussed possible discrepancies that may arise between the original claim information and the results of a title search. He suggested we use the title search information to properly identify the true claimant. If discrepancies do occur, he suggested that both the original and updated information be noted in the verification letter from your office.

I am encouraged by these recent developments and the meeting we had on Tuesday. Below is a review of the information requirements we discussed at each step.

To process a claim the Pennsylvania Bureau of Unclaimed Property will require:

- Claim Form
- Claimant's Driver's License or Social Security Card
- Verification Letter from the Philadelphia Sheriff's Office

Verification letter from the Philadelphia Sheriff's Office should contain:

- Owner's Name
- Address of foreclosed property
- The amount of excess proceeds due the owner(s).

To issue a verification letter the Sheriff's department will require:

- Copy of the Pennsylvania State Claim Form
- Copy of the Power of Attorney Document
- Copy of Owner or Claimant's Driver's License

To research a verification letter for the Sheriff's department, RCS will require:

- Copy of the Pennsylvania State Claim Form
- Copy of the Power of Attorney Document
- Copy of Owner or Claimant's Driver's License
- Second form of Government issued ID to verify identity

I hope this recap is helpful. Please call me with your comments.

Once again it was a pleasure to meet you. I look forward to working with you, Tyrone Bynum, other members of your department and RCS Searchers in an effort to return unclaimed funds to their rightful owners.

Sincerely,



Claude B. Carter
President

EXHIBIT 42

alotta.edu, inc.
Unclaimed Cash Recovery Services

October 31, 2006

Teresa F. Kennedy
PO Box 34054
Philadelphia, PA 19101

Dear Teresa,

In the last several months I sent you letters regarding your unclaimed cash. **As you know, you have over \$10,000 in unclaimed cash.**

Perhaps you could meet with me or the President of our company for coffee at a local Starbucks or Dunkin Donuts. It would be a shame to let your money remain uncollected.

If you have questions about your unclaimed money or the procedure to collect, let us know. We would like to answer them for you.

If you have questions about us, we can answer those too. As well, you can visit the web site of the **Better Business Bureau** of Metropolitan Washington DC and Eastern Pennsylvania (www.mybbb.org) and see that our company **has never** had a customer complaint in 11 years.

Please give us a call if you would like to collect this money. There are 41 business days left in 2006. There is a strong possibility we could have your money by the holidays if we had this time period to work on your case.

Please call me at 215-830-1412. I look forward to your call.

Sincerely,



Mary Lawson
215-830-1412

pg 1

EXHIBIT 43

2300 Computer Ave, Suite 1-4
Willow Grove, PA 19090



2300 Computer Ave, Suite 1-4
Willow Grove, PA 19090

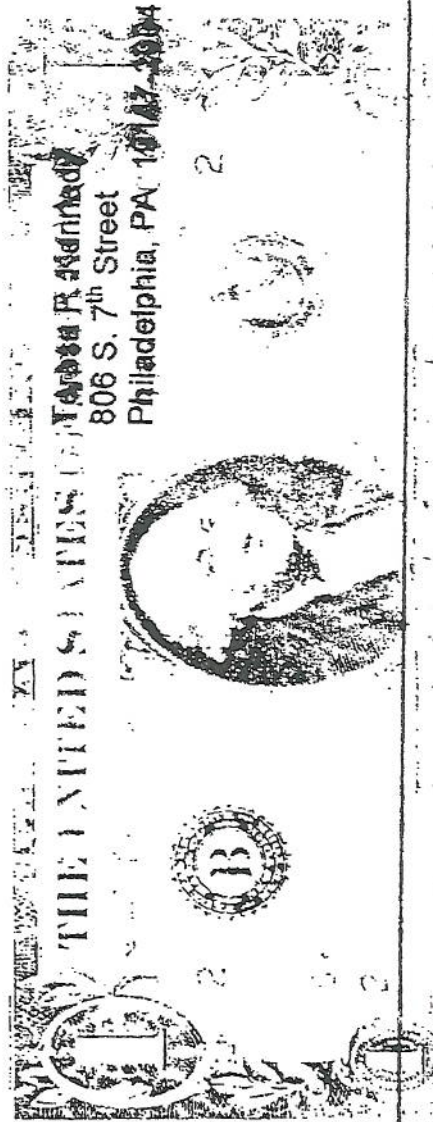


EXHIBIT 44



CITY OF PHILADELPHIA

SHERIFF'S OFFICE
100 S. Broad Street
5th Floor
Philadelphia, PA 19110

JOHN D. GREEN
Sheriff

(215) 686 - 3530

September 11th, 2008

Mr. Tyrone Bynum
Director of Finance and Compliance
Philadelphia Sheriff's Office

COMPLETED

RE: Memo from Wanda English Davis, RCS Searchers, - in reference to Book 210 Writ 729

Tyrone:

Yesterday I received the attached memo from Wanda Davis in RCS Searchers. There are several issues with this memo and I addressed them below:

- There is no documentation and I do not remember having the suggested 7/2007 conversation with Mrs. Davis in reference to Book 210 Writ 729.
- The only documentation I have pertaining to Book 210 Writ 729 is an unclaimed funds policy made out to the Register of Wills.
- The Accounting Department does not have access to and does not process any information on the allocation of funds collected from the selling of a property. We are provided Disbursement Policies that are created by the Title Search companies and we work off of the information that is entered into the Civil System by the Real Estate Department. Hence, without a Disbursement Policy, the Accounting Department does not have any knowledge or control over the allocation of these funds and any restrictions that maybe placed on a Book and Writ.
- Mrs. Davis did not contact the Head of the Real Estate Department, Attorney Chew or You, the Director of Finances, who are the only people with the authority to place a hold on Funds to confirm the note she placed in her records.

Therefore, I have no idea why Mrs. Davis wrote a note and placed it in her records for Book 210 Writ 729. It is my understanding that Mrs. Davis is aware of the chain of Command at the Sheriff's Office, and that there are several people of Authority who should have been informed of this issue before she contacted the Accounting Department. Therefore, I have addressed this memo to you so the proper individuals can determine the course of acting for the *other* interested parties involved with this Book and Writ.

Respectfully,
Richard Bell
Richard Bell
Accounting Department
Philadelphia Sheriff's Office

EXHIBIT 45

January 29th, 2008

Juanita Smallwood
5507 33rd Avenue, South
Seattle, Washington 98118

Tyrone Bynum
Director of Finance & Compliance
Philadelphia Sheriff's Office

Re: Unclaimed Funds Checks for the property located at
649 Carpenter Lane, Philadelphia, PA 19119

Mrs. Smallwood,

It was recently brought to my attention that you received a check for **\$21,651.70** from Alotta Edu. Inc.. This check represented the unclaimed funds that we, the Philadelphia Sheriff's Office, collected from the selling of the property located at 649 Carpenter Lane, Philadelphia, PA 19119. However, you received these funds in error.

On February 15th, 2007 you cashed a Philadelphia Sheriff's Office check # 995 for \$32,477.54. This check was for your portion of the unclaimed funds for the property located at 649 Carpenter Lane. (Included you will find a copy of this canceled check.)

By Pennsylvania state mandate, **18 P.S. § 3924, Theft of Property lost, Mislaid or delivered by mistake**, it is imperative that you return the funds that you received from Alotta Edu. Inc. to the Philadelphia Sheriff's no later then February 29th, 2008 . My contact information is listed below, Please feel free to contact me if you have any questions.

Respectfully,

Tyrone Bynum
Director of Finance and Compliance
Philadelphia Sheriff's Office
100 South Broad Street
5th floor
Philadelphia, PA 19110

EXHIBIT 46

January 29th, 2008

Claude B. Carter
President, Alotta.edu, Inc.
2300 Computer Avenue, Suite I-4
Willow grove, PA 19090

Tyrone Bynum
Director of Finance & Compliance
Philadelphia Sheriff's Office

Re: Unclaimed Funds Checks for the property located at
649 Carpenter Lane, Philadelphia, PA 19119

Mr. Carter,

As you are aware, the Philadelphia Sheriff's office unclaimed funds check that you received for the property located at 649 Carpenter Lane, Philadelphia, PA was processed in error.

In February 2007, the Philadelphia Sheriff's Office generated check # 995 for \$32,477.54. This check was for Mrs. Juanita Smallwood's portion of the unclaimed funds for the property located at 649 Carpenter Lane. Therefore, the check (Number 1030) made out to Alotta.edu.inc, was a duplicate payment.

The Sheriff's Office has contacted Mrs. Smallwood to inform her that she must remit the \$21,651.70 that she received from Alotta.edu.inc,. However, this letter is to inform you that Alotta.edu.Inc, will be responsible for remitting the difference of the these two-checks. The amount that Alotta.edu.Inc, has to reimburse to the Sheriff Office is \$10,825.84.

By Pennsylvania state mandate, **18 P.S. § 3924, Theft of Property lost, Mislaid or delivered by mistake**, it is imperative that you return the funds that you received from the Philadelphia Sheriff's Office no later then February 29th, 2008. My contact information is listed below, Please feel free to contact me if you have any questions.

Respectfully,

Tyrone Bynum
Director of Finance and Compliance
Philadelphia Sheriff's Office
100 South Broad Street
5th floor
Philadelphia, PA 19110

(215) 686-3530

EXHIBIT 47

Pichini, Louis (US - Philadelphia)

From: Claude B. Carter [ccarter@llcarter.com]
Sent: Tuesday, October 04, 2011 10:08 AM
To: Pichini, Louis (US - Philadelphia)
Subject: RE: Money Services Inc

Lou,

As I recall Money Services, Inc. was a real estate investment company that bought houses and gave mortgages to buyers.

These mortgages were recorded.

Several of the houses went to tax foreclosure.

The Sheriff's Department identified excess proceeds due Money Services, Inc. as a result of outstanding mortgage balances at the time of the tax sale.

alotta.edu, inc. helped Money Services, Inc. collect excess proceeds from these sales.

Hope this was helpful.

Claude B. Carter

EXHIBIT 48

Pichini, Louis (US - Philadelphia)

From: Claude B. Carter [ccarter@llcarter.com]
Sent: Tuesday, October 04, 2011 3:31 PM
To: Pichini, Louis (US - Philadelphia)
Subject: RE: Money Services Inc

Lou,

Sheriff had Money Services, Inc listed as "Address Unknown". A term used by the Sheriff's Department when they could not locate someone.

Regards,

Claude B. Carter

From: Pichini, Louis (US - Philadelphia) [mailto:lpichini@deloitte.com]
Sent: Tuesday, October 04, 2011 3:19 PM
To: Claude B. Carter
Subject: FW: Money Services Inc

Claude,

Thank you. Can you share with us why Money Services retained you and in what way you helped them get the monies due them? It doesn't sound like this was a case of the Sheriff not knowing the whereabouts of Money Services so the Sheriff have cut a check directly to them. Was the money not available for payment directly to Money Services from the Sheriff? Can you help us with the address for Money Services and your commission? Thanks.

Regards,

Lou

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v.E.1

From: Claude B. Carter [mailto:ccarter@llcarter.com]
Sent: Tuesday, October 04, 2011 10:08 AM
To: Pichini, Louis (US - Philadelphia)
Subject: RE: Money Services Inc

Lou,

As I recall Money Services, Inc. was a real estate investment company that bought houses and gave mortgages to buyers.

These mortgages were recorded.

Several of the houses went to tax foreclosure.

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alotta.edu, inc. helped Money Services, Inc. collect excess proceeds from these sales.

Hope this was helpful.

Claude B. Carter

EXHIBIT 49

Pichini, Louis (US - Philadelphia)

From: Claude B. Carter [ccarter@llcarter.com]
Sent: Wednesday, October 05, 2011 11:33 AM
To: Pichini, Louis (US - Philadelphia)
Subject: RE: Money Services Inc

Categories: Red Category

Lou,

Not at this time on advice of counsel.

Regards,

Claude B. Carter

From: Pichini, Louis (US - Philadelphia) [mailto:lpichini@deloitte.com]
Sent: Tuesday, October 04, 2011 9:48 PM
To: Claude B. Carter
Subject: RE: Money Services Inc

Claude,

Appreciate the information. Will you share with us the address for Money Services and your commission?
Thanks.

Lou

From: Claude B. Carter [mailto:ccarter@llcarter.com]
Sent: Tuesday, October 04, 2011 3:31 PM
To: Pichini, Louis (US - Philadelphia)
Subject: RE: Money Services Inc

Lou,

Sheriff had Money Services, Inc listed as "Address Unknown". A term used by the Sheriff's Department when they could not locate someone.

Regards,

Claude B. Carter

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To: Claude B. Carter
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directly to Money Services from the Sheriff? Can you help us with the address for Money Services and your commission? Thanks.

Regards,

Lou

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v.E.1

From: Claude B. Carter [<mailto:ccarter@llcarter.com>]

Sent: Tuesday, October 04, 2011 10:08 AM

To: Pichini, Louis (US - Philadelphia)

Subject: RE: Money Services Inc

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These mortgages were recorded.

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Claude B. Carter