



# CITY OF PHILADELPHIA

OFFICE OF THE CITY CONTROLLER  
12th Floor, Municipal Services Bldg.  
1401 John F. Kennedy Boulevard  
Philadelphia, PA 19102

CHRISTY BRADY  
City Controller

May 22, 2025

Hon. David W. Sunday, Jr.  
Attorney General  
Pennsylvania Office of Attorney General  
16th Floor, Strawberry Square  
Harrisburg, PA 17120

Dear Attorney General Sunday:

My office recently completed the annual audit of the School District of Philadelphia (School District) for Fiscal Year 2024. While we were preparing to submit the audited work to the School District for final review and feedback, we were informed of alleged ACH fraud incidents involving nearly \$700,000 in payments made by the School District to individuals or entities posing as vendors.

We learned of four instances that occurred last year regarding fraudulent ACH payments. On March 12, 2024, an ACH transfer for \$563,151 was made for flood damage repair work. Additionally, on Feb. 6, Feb. 27 and March 8, ACH transfers for payments totaling \$126,056 were made for district compensatory services.

**It is currently believed that these payments were diverted by malicious actors through ACH fraud, resulting in the School District's vendors not receiving the funds. Furthermore, at this time, records indicate that the payments have not been recovered.**

Based on the information provided to our office, it appears the bad actors gained unauthorized access to the School District's banking data or manipulated existing payment systems to send unauthorized funds to their own accounts. Additionally, it is unknown if the fraudulent actors employed tactics that would allow them to embed themselves into financial workflow or systems, resulting in ACH fraud incidents in addition to what we have been provided to date.

We believe this is an urgent matter that warrants an investigation by the Pennsylvania Office of the Attorney General and to take any action you deem appropriate regarding this matter. We are available to provide any resources or support your office may need to assist with the investigation.

As the Philadelphia City Controller, my office has oversight and audit responsibilities related to the School District of Philadelphia, conducting audits of financial statements and federal grants and issuing reports on internal control and compliance. It is our responsibility to report potential instances of fraud to the appropriate authorities for further evaluation. We want to ensure that taxpayer dollars are used to support all educational needs and student enrichment.

Please contact Bill Rubin, First Deputy City Controller, at 215-686-6696 to discuss next steps in this matter, including how we can provide assistance to your office with any information and documents necessary.

Sincerely,

A handwritten signature in cursive script that reads "Christy Brady". The signature is written in black ink and is positioned below the word "Sincerely,".

CHRISTY BRADY  
City Controller  
City of Philadelphia