

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2010 APR 29 PM 7:43

To: Office of the City Administrator
Attn: Dan Lindheim
From: Oakland Police Department
Date: May 11, 2010

Re: A Report And Proposed Resolution Authorizing The City Administrator, Or His Designee To Accept And Appropriate Reimbursement Funds, For the Period of May 1, 2010 Through September 8, 2010, In An Amount Not-To-Exceed Fifteen Thousand Dollars (\$15,000) From The United States Department of Agriculture (USDA), Office Of Inspector General To The Oakland Police Department (OPD) In Overtime Costs For Peace Officers, And Fifteen Thousand Dollars (\$15,000) For Surveillance Equipment, For Assisting In A Joint Investigation Into Food Stamp And EBT (Electronic Benefit Transfers) Fraud Within The City of Oakland

SUMMARY

Staff has prepared a report and proposed resolution authorizing the City Administrator to accept and appropriate reimbursement funds from the U.S. Department of Agriculture, Office of Inspector General to the Oakland Police Department (OPD) in an amount not to exceed \$15,000 in overtime reimbursement funds and \$15,000 in equipment costs for the participation of sworn personnel in the investigation of food stamp and EBT fraud within the City of Oakland. The joint investigation will be conducted for the period of May 1, 2010 through September 8, 2010.

FISCAL IMPACT

Approval of this resolution will authorize the City Administrator to accept and appropriate reimbursement funds to the Oakland Police Department from the U.S. Department of Agriculture for overtime expenditures incurred by the Police Department as result of officers working at the direction of USDA investigators during the period of May 1, 2010 through September 8, 2010. Overtime reimbursement funds in an amount not to exceed \$15,000 for staffing, and \$15,000 for equipment shall be appropriated and receipts posted to the Miscellaneous Grant Fund (2995), Special Operations Section (107710), Sworn Overtime Account (51214), Special Operation Program (PS13) and Project to be determined. Approval of this resolution will not impact the regular duties of the officers involved in the investigation. All operations will be conducted on an overtime basis and those costs will be completely reimbursed to the City of Oakland.

Item: _____
Public Safety Committee
May 11, 2010

BACKGROUND

In October 2009, the Oakland Police Department Alcohol Beverage Action Team (ABAT) discovered several EBT cards during the investigation of an alcohol establishment within the City of Oakland. The cards (10) were discovered next to the cash register. Stores often keep customers EBT cards as collateral to ensure the customer will return every month. Every month the government places money in an account, which is associated with a specific card, to use as credit to purchase food items. Store owners will illegally swipe the card for the full amount credited to the card and give the customer cash for half the value of the card and keep half without exchanging goods. The store will receive the full amount as reimbursement from the government.

The discovery was referred to the USDA for further investigation. Based on that investigation, the USDA has requested the assistance of the Oakland Police Department in conducting a joint investigation on food stamp and EBT fraud targeting alcohol establishments in the City of Oakland.

KEY ISSUES AND IMPACTS

Food stamp and EBT fraud is wide spread across the nation as well as throughout the City of Oakland. This type of fraud costs Americans taxpayers millions of dollars a year, which impacts not only the City of Oakland but the nation as a whole. Additionally, there have been documented cases where money collected through food stamp and EBT fraudulent activities have been linked to usage by terrorist organizations abroad.

This joint investigation will impact the City of Oakland by targeting alcohol establishments that are known or suspected to be involved in food stamp and EBT fraudulent activity. It is the goal, that at the conclusion of the investigation the targeted parties will be prosecuted and their assets seized to off set the fraudulently collected funds. In addition, the Oakland Police Department will report such activities to the Department Alcohol Beverage Control (ABC) and request suspension / revocation of their liquor license.

Residents of Oakland found to have participated in EBT fraudulent activities will be reported to the Alameda County Welfare Office for removal from the program, allowing the County to redirect those funds to qualified persons.

PROGRAM DESCRIPTION

The USDA is conducting an investigation into food stamp and EBT fraud within the City of Oakland, and has requested the assistance of Oakland police officers who are experienced in dealing with alcohol establishments and in dealing with EBT cards. The USDA will conduct the investigation (through the USDA Office of Inspector General) and will pay overtime costs for

local law enforcement officers, and shares in asset forfeiture with the Oakland Police Department.

This USDA investigation is designed to investigate all aspects of food stamp and EBT fraud occurring at target locations within the City of Oakland. Anticipated results include the arrest and prosecution of subjects involved in food stamp and EBT fraud, asset seizures, and possibly revocation of the subjects ABC license.

SUSTAINABLE OPPORTUNITIES

Economic: Reducing food stamp and EBT fraud and identifying citizens who are participating in such fraud will have a significant impact on local and county resources. With training and education, the Oakland Police Department will be able to more easily identify and report to the USDA fraud cases which will have a long term positive impact on the local and county economy.

Environmental: There are no environmental opportunities associated with this report.

Social Equity: Targeting alcohol establishments involved in food stamp and EBT fraud will level the playing field for legitimate businesses operating within local, state, and federal laws. Businesses involved in fraud have an unfair advantage over other businesses within the same geographic operating area.

DISABILITY AND SENIOR CITIZEN ACCESS

There are no ADA or senior citizen issues associated with this report.

RECOMMENDATION / RATIONALE

Staff recommends acceptance of this report and approval of the proposed resolution authorizing the City Administrator, or his designee to accept and appropriate reimbursement funds in an amount not-to-exceed \$15,000 in federal funds from the Department of Agriculture, Office of Inspector General to the Oakland Police Department in overtime costs for sworn officers and \$15,000 for equipment, for the period of May 1, 2010 through September 8, 2010 for work associated with an USDA investigation.

ACTION REQUESTED OF THE COUNCIL

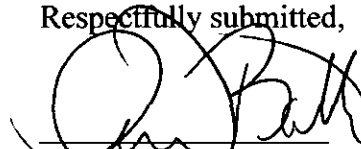
Staff requests acceptance of this report and approval of this resolution.

APPROVED AND FORWARDED TO
THE PUBLIC SAFETY COMMITTEE:



Office of the City Administrator

Respectfully submitted,



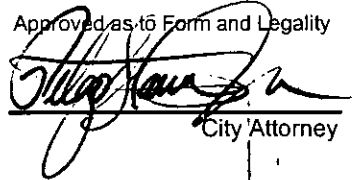
Anthony w. Batts
Chief of Police

Prepared by:
Sergeant Leroy Johnson
Alcohol Beverage Action Team

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2010 APR 29 PM 7:43

OAKLAND CITY COUNCIL

Approved as to Form and Legality



City Attorney

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR, OR HIS DESIGNEE TO ACCEPT AND APPROPRIATE REIMBURSEMENT FUNDS, FOR THE PERIOD OF MAY 1, 2010 THROUGH SEPTEMBER 8, 2010 IN AN AMOUNT NOT-TO-EXCEED FIFTEEN THOUSAND DOLLARS (\$15,000) IN FEDERAL FUNDS FROM THE UNITED STATES DEPARTMENT OF AGRICULTURE (USDA), OFFICE OF INSPECTOR GENERAL TO THE OAKLAND POLICE DEPARTMENT (OPD) IN OVERTIME COSTS FOR PEACE OFFICERS, AND FIFTEEN THOUSAND DOLLARS (\$15,000) FOR SURVEILLANCE EQUIPMENT, FOR ASSISTING IN A JOINT INVESTIGATION INTO FOOD STAMP AND EBT (ELECTRONIC BENEFIT TRANSFERS) FRAUD WITHIN THE CITY OF OAKLAND

WHEREAS, the United States Department of Agriculture (hereinafter "USDA") and the United States Department of Agriculture's Office of Inspector General are collaborating with the Oakland Police Department on a joint investigation into food stamp and EBT (Electronic Benefit Transfer) fraud in the City of Oakland targeting alcohol establishments; and

WHEREAS, the Oakland Police Department has initiated the investigation and solicited the assistance of the USDA to whom we relinquished the investigation; and

WHEREAS, the Oakland Police Department, as part of the agreement with the USDA, will retain all equipment purchased as it pertains to the investigation into food stamp and EBT fraud in the City of Oakland; and

WHEREAS, the USDA agrees to reimburse the City for the overtime costs incurred by the peace officers in an amount not-to-exceed \$15,000 for the period May 1, 2010 through September 8, 2010; and

WHEREAS, the USDA agrees to reimburse the City for the equipment costs incurred in an amount not-to-exceed \$15,000 for the period May 1, 2010 through September 8, 2010; and

WHEREAS, the USDA will not reimburse the City for any indirect costs related to the performance of overtime service; now, therefore be it

RESOLVED: That overtime reimbursement funds shall be deposited into the Miscellaneous Grant Fund (2995), Special Operations Section (107710), Sworn Overtime Account (51214), Special Operation Program (PS13) and Project to be determined; and be it

FURTHER RESOLVED: That equipment reimbursement funds shall be deposited in the Miscellaneous Grant Fund (2995), Special Operations Section (107710), Supplies: Technical and Scientific (52913), Special Operation Program (PS13) and Project to be determined; and be it

FURTHER RESOLVED: That the City Administrator is authorized to execute any further documents, contracts and agreements in order to implement the appropriation and allocation of these funds to the City.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, AND
PRESIDENT BRUNNER

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California