

THE UNITED STATES VIRGIN ISLANDS
OFFICE OF THE VIRGIN ISLANDS INSPECTOR GENERAL



**INVESTIGATION INTO ALLEGATION
OF THE UNAUTHORIZED REGISTRATION
OF MOTOR VEHICLES**

**ILLEGAL OR WASTEFUL ACTIVITIES SHOULD BE REPORTED TO
THE OFFICE OF THE VIRGIN ISLANDS INSPECTOR GENERAL BY:**

Calling:

(340) 774-3388

Web Site:

www.viig.org

Sending Written Documents to:

**Office of the Virgin Islands Inspector General
2315 Kronprindsens Gade # 75
St. Thomas, Virgin Islands 00802**

E-Mail:

taskforce@viig.org



GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS
OFFICE OF THE V. I. INSPECTOR GENERAL

2315 Kronprindsens Gade #75, Charlotte Amalie, St. Thomas, V. I. 00802-6468
No 1. Commercial Building, Lagoon Street Complex, Frederiksted, St. Croix, V. I. 00840

STEVEN VAN BEVERHOUDT
V.I. INSPECTOR GENERAL

Tel: (340) 774-3388 STT
(340) 778-9012 STX
Fax: (340) 774-6431 STT
(340) 719-8051 STX

October 1, 2018

Honorable Kenneth E. Mapp
Governor of the Virgin Islands
Government House
21-22 Kongens Gade
Charlotte Amalie, Virgin Islands 00802

Honorable Myron D. Jackson
Senate President
32nd Legislature
Capital Building
Charlotte Amalie, Virgin Islands 00802

Dear Governor Mapp and Senate President Jackson:

The attached report contains the results of our investigation into the allegation that an employee of the Virgin Islands Bureau of Motor Vehicles (BMV) had prepared and issued several vehicle registrations without those vehicles having been inspected by an authorized Motor Vehicle Inspector, in violation of established rules and procedures.

The investigation has confirmed that in fact the vehicles were registered without the proper inspection as required by the BMV rules and regulations. We also found that there was the unauthorized use of the inspector's stamp for the purpose of not only the issuance of new registrations, but in the clearance of vehicles leaving the territory.

As a result, we have concluded that the Office Manager: (i) violated the BMV's operating procedures by processing the vehicle registrations without the proper inspections; (ii) manipulated the BMV's computer system to show that the vehicles were properly inspected when they were not; and, (iii) by the repeated violations of the policies and procedures displayed a pattern of disregard to the BMV's operating procedures.

If you require additional information, please call me at 774-3388.

Sincerely,

Steven van Beverhoudt, CFE, CGFM
V. I. Inspector General

This page intentionally left blank.

INTRODUCTION

ALLEGATIONS

An investigation was initiated in response to allegations that an employee of the Virgin Islands Bureau of Motor Vehicles (BMV) had prepared and issued several vehicle registrations without those vehicles having been inspected by an authorized Motor Vehicle Inspector, in violation of established rules and procedures.

BACKGROUND

Among its other functions, the BMV is tasked with issuing registrations for personal and commercial vehicles throughout the territory. According to the BMV's Standard Operating Procedures manual, "All vehicles shall be inspected prior to registration by an Inspector and/or person(s) authorized by the Supervisor with the approval of the Director." Additionally, it further states that, "No Inspector or any other employee is to stamp vehicle registrations for anyone without the vehicle being driven to the Inspection Lane at the Bureau of Motor Vehicles for proper inspection."

The standard process for registering a new vehicle coming into the territory at the BMV entails that a moving permit be acquired from the BMV, and then the vehicle be driven directly from the port of entry to the BMV. The original title, proof of insurance, and a Road Tax clearance letter, proving that the associated road tax had been paid, would be submitted to the BMV. Additionally, if a commercial vehicle was being registered, a valid Business License would also need to be provided. At the BMV's inspection lane, the vehicle would be inspected to verify its vehicle identification number (VIN) against the Title. Once verified, an inspector stamps and initials the Road Tax clearance letter as verification that the vehicle was inspected, and when the associated fees are paid, a vehicle registration, title, license plate, and registration sticker are issued.

The standard process for shipping a vehicle out of the territory entails that an owner acquires a lien clearance document from the Office of the Lieutenant Governor, indicating that there are no liens on the vehicle. The owner would also need to verify that no outstanding fines, regarding citation tickets, are associated with the vehicle. The owner presents the vehicle's registration, certificate of title, and lien clearance document at the BMV. Then, a vehicle clearance form, which verifies that all criteria for shipment have been met, is prepared by the BMV and the associated fees are paid. The vehicle is then inspected by a BMV inspector, to verify the vehicle's VIN and record the odometer reading. Once the vehicle successfully passes inspection, the inspector stamps and initials the vehicle clearance form, thereby clearing the vehicle for transport out of the territory. If the vehicle is being shipped out of the territory to a new owner, then a new title and registration in the new owner's name are prepared at the BMV.

In May of 2018, thirteen new vehicles were brought to the island of St. Thomas by a business entity (Company). A complaint was received by this office, from the Director of the BMV, alleging that the Office Manager of the BMV had inappropriately processed the registrations of these vehicles without adhering to the standard operating procedures. Specifically, it was alleged that these vehicles were issued registrations without being properly inspected. Accordingly, it was determined that an investigation be launched to validate or refute these allegations.

INVESTIGATION

In order to obtain further information pertaining to the allegations, we traveled to the BMV and made contact with the Director. The Director stated that, in May of 2018, an employee of the Company (Company Employee), came to the Inspection Lane looking for a particular inspector (Inspector A), to have documents stamped so that vehicle registrations could be issued by the BMV's Office Manager for new company vehicles. The Director indicated that he told the Company Employee that the associated documents could not be stamped because new vehicles had to be brought to Inspection Lane to be properly inspected in order to make sure that each vehicle's VIN matched with its respective Title.

At the time, Inspector A was not present at the BMV, but another inspector (Inspector B) was present with the Director. When interviewed, Inspector B confirmed that the Company Employee made contact with the Director and himself at Inspection Lane and asked for Inspector A so that documents could be stamped and registrations be issued by the Office Manager. Inspector B further stated that both he and the Director repeatedly told the Company Employee that the vehicles had to be brought to Inspection Lane to be properly inspected before any documents could be stamped. When asked, Inspector B stated that at no time did he ever inspect new vehicles from the Company, nor did he ever stamp any documents related to those vehicles.

The Director further stated that on or about May 21, 2018, he saw a check attached to several packets of documents on the desk of the Office Manager. He took possession of the packets and check, and asked the Supervisor of Cashiers why the check had not been processed for payment. It was then that he discovered that the packets were for the same new vehicles that the Company Employee wanted to be stamped. He further stated that there were thirteen packets of documents, and when he reviewed them, each vehicle's Road Tax clearance letter had a BMV inspector's stamp. However, none were initialed by any inspector as proof of inspection. He stated that he then went with the documents to the inspectors to inquire which of them inspected the vehicles. He stated that neither Inspector A nor Inspector B had inspected the vehicles, and neither one had stamped the Road Tax clearance letters. The Director then initiated an audit of the BMV internal computer system for each registration. The BMV's internal computer system, among other things, logs all registrations issued, identifies the processor or person making the entry, and lists the inspector who conducted the inspection once entered. The computer system showed that the Office Manager prepared and issued each of the thirteen registrations and listed the inspector of each vehicle as Inspector A.

The Director provided us with the document packets for all thirteen vehicles in question. Each packet contained various documents pertaining to each respective vehicle, including the Road Tax clearance letter (with the un-initialed stamp), original Title, and registrations. Additionally, computer print-outs, from the BMV's internal computer system, displaying the registration application for each of the thirteen vehicles were provided. We were also provided with a copy of an invoice, which was signed as being prepared by the Office Manager that listed the associated registration fees for the thirteen vehicles in question. Our review of these documents confirmed the Director's statements, as each vehicle's registration was listed as being prepared by the Office Manager. Additionally, each vehicle's Tax Clearance letter was stamped

but not initialed, and according to the print-outs of the BMV's internal computer system, Inspector A was listed as the inspector of all thirteen vehicles.

Contact was made with Inspector A, who stated that sometime in May, he was in St. John conducting inspections when he was contacted by the Office Manager and told to go to the Company, meet with the Company Employee, and inspect several Company vehicles. He stated that he went to the Company and met with the Company Employee. However, the documents necessary for him to inspect the vehicles were not present at the time, and he informed the Company Employee that the vehicles had to be driven to the BMV to be inspected. He repeatedly denied ever inspecting the vehicles or stamping any of the vehicles' Road Tax clearance letters or any other documents relating to the vehicles in question.

The Office Manager was interviewed and was asked in general terms what the requirements were for registering a new vehicle coming to the territory for the first time. She explained that the process entails that the vehicle owner, if a business, has to provide a Business License, proof of insurance, original Title, a moving permit, and Road Tax clearance letter showing proof that the road tax has been paid. She stated that all vehicles must be inspected to verify that the VIN on the vehicle matches what is listed on the Title. She further stated that a Vehicle Inspector would stamp and initial the Road Tax clearance letter as verification that the vehicle was inspected.

The Office Manager was then asked specifically about the thirteen vehicles belonging to the Company. She confirmed that she prepared the registrations for all thirteen vehicles and that she instructed Inspector A to go to the Company to inspect the vehicles. She stated that she was under the impression that Inspector A had, in fact, inspected the vehicles and that was why she listed him as the inspector of the vehicles on the BMV's internal computer system when she prepared the thirteen registrations. When asked what the BMV inspector's stamp and initials meant on the Road Tax clearance letter, she repeated that it confirmed that the vehicles were appropriately inspected. She affirmed that the stamps should have been initialed by Inspector A. When asked why she did not, upon discovery that the stamps were not initialed, ask Inspector A to initial the stamps as required, she had no answer. She repeatedly denied placing the inspector's stamp on the Road Tax clearance letters. She identified the Company Employee as the representative of the Company with whom she dealt with during the registration of the vehicles in question. When asked, she stated that the physical stamps used by the inspectors are usually out by the BMV's inspection lane during inspection hours or on a shelf inside the BMV, and that potentially anyone has access to them.

When interviewed, the Company Employee stated that he had never gone through the procedure of registering new vehicles coming to the island and that he was not normally responsible for registering Company vehicles. He stated that he was informed by a colleague to contact the Office Manager for directions and guidance on how to proceed with the registrations. He stated that he went through the process of paying the Road Tax at the Bureau of Internal Revenue (BIR) for all thirteen vehicles and the obtaining of Road Tax clearance letters at the BIR. Then, packets containing all of the documents necessary for registration were put together for each vehicle. The Company Employee acknowledged that an inspector (Inspector A) did come to the Company, but at the time, only two of the vehicles were present. Additionally, he

indicated that he did not have possession of any of the documents necessary for the inspections to be conducted. He stated that the inspector told him that he could not inspect the vehicles without the appropriate documents and advised that the documents be brought in to the BMV. He further stated that the inspector instructed him to write the mileage of each vehicle on its corresponding Road Tax clearance letter.

The Company Employee stated that on the following day, May 9, 2018, he took all thirteen packets of documents to the BMV to have the Road Tax clearance letters stamped and the registrations processed. He stated that at the inspection lane, he made contact with another inspector (Inspector B) and the Director of the BMV. The Director informed him that all vehicles needed to be driven to the inspection lane of the BMV for proper inspection before any documents could be stamped and registrations processed. The Company Employee indicated that he was unsure of what to do and called another employee of the Company, who typically dealt with registering Company vehicles, for assistance. He stated that he was told, by this individual, to go to the Office Manager for guidance. He then went directly to the Office Manager, delivered the packets of documents to her personally, and gave her his phone number with the understanding that when the registrations were completed, she would call him. She would also prepare an invoice listing the associated registration fees for all thirteen vehicles, and he would get a Company check to cover the registrations. Later that day, after being contacted by the Office Manager, he picked up the registrations, plates, titles, and stickers for the thirteen vehicles directly from the Office Manager, as well as the invoice. He then took the invoice and submitted it for processing at the Company. A check was issued by the Company on May 11, 2018 and was delivered to the Office Manager on the same day by the Company Employee.

Other Instances of Inappropriate Action

Throughout the course of the investigation, it was discovered that the Office Manager had engaged in additional questionable practices. We received several additional packets of documents relating to vehicles that were not properly inspected.

Vehicles Coming Into the Territory. We reviewed documents relating to four new vehicles owned by another business entity (Company B). The registrations for these vehicles were processed and issued, but the vehicles were not inspected. Each packet of documents related to each of the four vehicles did not have a business license included nor did they bare the inspectors' stamp on the Tax Clearance letters, as required. A BMV processor is listed as preparing the four registrations, and according to the BMV's internal computer system, no one was listed as having inspected any of the four vehicles. An invoice listing the associated registration fees for the four vehicles for Company B, dated March 15, 2018, was listed as being prepared and signed by the Office Manager.

Vehicles Shipped Out of the Territory. We also reviewed three groups of document packets pertaining to vehicles that were leaving the territory. One group of document packets pertained to seven vehicles that were cleared to be shipped out of the territory. Each packet contained each respective vehicle's application for a new certificate of title, proof of insurance, the new owner's Business License, vehicle clearance form, original certificate of title, and new registration. The registrations for all seven vehicles, which were all in the name of the new owner, were listed as being prepared on September 16, 2015. All seven of the vehicle clearance forms, normally

prepared and signed by an inspector, were signed and authorized by the Office Manager. Additionally, the Office Manager's initials appeared where the inspector's stamp would be placed on all seven vehicle clearance forms, which indicates that the vehicles were not inspected by an authorized inspector.

We reviewed another group of document packets pertaining to ten other vehicles that were also cleared to be shipped out of the territory. Each document packet contained each respective vehicle's application for a new certificate of title, proof of insurance, the new owner's Business License, original certificate of title, and new registration. The registrations of all ten vehicles, which were in the name of the new owner, were listed as being prepared on July 27, 2017, except for one which was listed as being prepared on September 6, 2016. Additionally, all registrations for these vehicles were initialed by the Office Manager. None of these packets included vehicle clearance forms, which would normally be stamped and initialed by an inspector as proof of inspection.

We reviewed another group of document packets pertaining to eight additional vehicles that were also cleared to be shipped out of the territory. Likewise, each document packet contained each respective vehicle's application for a new certificate of title, proof of insurance, the new owner's Business License, original certificate of title, and new registration. The registrations of these eight vehicles, which were in the name of the new owner, were listed as being prepared on August 17, 2017, except for one which was listed as being prepared on September 2, 2016. All registrations for these vehicles were initialed by the Office Manager. There were also no vehicle clearance forms present in any of the document packets related to these eight vehicles. This indicates that although they were approved for shipment out of the territory, these vehicles were not inspected.

Conclusion

Based upon the results of the investigation, we conclude that the Office Manager violated the BMV's Standard Operating Procedures when she inappropriately processed the registrations of the thirteen Company vehicles and approved the processing of the registrations for the four Company B vehicles without them being inspected. Despite her denials of such, the preponderance of the evidence seems to suggest that the Office Manager placed the inspector's stamps on the Road Tax clearance letters of the thirteen vehicles, as the documents related to the vehicles were solely in her possession until later discovered by the Director.

Furthermore, the Office Manager manipulated the BMV's internal computer system when she listed Inspector A as the inspector of all thirteen vehicles. Regardless of whether she believed that Inspector A had in fact inspected the vehicles or not, the Office Manager had intimate knowledge of the proper process regarding the inspection and registration of vehicles. Upon seeing that none of the stamps on the thirteen vehicles' Road Tax clearance letters were initialed, even if they were in fact legitimately stamped by an inspector, she should have ceased processing the registrations and inquired as to why the stamps were not initialed in order to verify whether the vehicles were actually inspected.

Our findings regarding the thirteen Company vehicles and the four Company B vehicles were presented to the Virgin Islands Department of Justice.

Additionally, the investigation revealed that the Office Manager repeatedly circumvented the BMV's Standard Operating Procedures regarding the registration and inspection of vehicles by improperly approving or processing the registrations of vehicles, coming into or leaving the territory, which had not been properly inspected. Accordingly, we find that the Office Manager's actions display a pattern of disregard for the established standard operating procedures.

Recommendations

We recommend that the Director of the BMV:

- 1) Consider appropriate administrative actions against the Office Manager, to include the possibility of removing her access to the BMV's internal computer system and revoking her authority to process registrations.
- 2) Issue an agency-wide memorandum reinforcing the Standard Operating Procedures pertaining to the inspection of vehicles and the processing of registrations.
- 3) Ensure that the physical stamps used by the inspectors are properly secured to prevent unauthorized use.

Bureau of Motor Vehicles Response

The Director of the BMV in his September 10, 2018 response indicated agreement with all of the recommendations made in this report. It was stated that the time period to take disciplinary action had expired. Standard operating procedures will be reinforced and the inspection stamps will be secured.

V. I. Inspector General's Comments

Based on the response submitted, we consider all of the recommendations resolved. Regarding the Director's comment that the time period to take disciplinary action had expired, if the individual is going to maintain the same position and responsibilities, closer oversight of the activities and responsibilities should be established to ensure that proper procedures are followed. If similar violations occur, immediate action should be taken.

BUREAU OF MOTOR VEHICLES RESPONSE



LAWRENCE A. OLIVE
Director

GOVERNMENT
OF
THE VIRGIN ISLANDS OF THE UNITED STATES
BUREAU OF MOTOR VEHICLES

OFFICE OF THE DIRECTOR



Patrick Sweeny Headquarters
RR-01 Box 10065
St. Croix, V.I. 00850-9705
Tel: (340) 713-4268
Fax: (340) 713-0855

8101 Sub-Base #72
St. Thomas, V.I. 00802
Tel: (340) 774-4268
Fax: (340) 774-5574

Government Complex
Cruz Bay
St. John, V.I. 00831
Tel: (340) 776-6262
Fax: (340) 693-8275

September 10, 2018

Nicholas Peru
Chief of Investigations
Office of the VI Inspector General
2315 Kronprindsens Gade # 75
Charlotte Amalie, St. Thomas, VI 00802-6468

Dear Investigator Peru,

I concur with the findings of this investigation and I also agree with the recommendations as follows:

- Regarding the administrative action, the 30 days to do the administrative process has expired.
- The Standard Operating Procedure will be reinforced and will be issued to all employees.
- All inspector stamps will be properly secured and locked up when not in use.

Thank you for the assistance that you provided in this matter, and should you need further clarification please do not hesitate to contact me.

Sincerely,

Lawrence Olive
Director

cc: Asa Victor, Assistant Director
D Brenda Benjamin, Deputy Director HR/Payroll & Labor Relations
File

This page intentionally left blank.

This page intentionally left blank.

