



John A. Carey
Inspector General

OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

INVESTIGATIVE RELATED REPORT CASE NUMBER: 2015-0003

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DELRAY BEACH-EMPLOYEE VENDOR PURCHASES

On November 24, 2014, while conducting a Purchasing Audit in the City of Delray Beach (City), OIG Auditors forwarded information to the OIG Investigations Division concerning the City's purchases from American Traffic Products & Services, Inc. (ATPS)¹ for various items including street signs, street sign posts, and reflective sheeting. According to OIG Auditors, Florida Department of State records identified Cesar Irizarry, a City Treatment Plant Operator, as the Registered Agent for ATPS, with a business address listed as 10665 South 228th Lane, Boca Raton, FL 33428.

Based on this information, the OIG Investigations Division initiated a preliminary investigation.

According to records obtained by the OIG from JP Morgan Chase Bank, the ATPS Corporate bank account² Master Account Agreement was signed by Mr. Irizarry as the Director and records showed another individual, Orlando Serrano as the Authorized Signatory. Mr. Serrano, also a City employee, is listed as the Contact Person for the account. The address of record for the account is the same as above.

Since at least 2010³, the City made 24 purchases from ATPS totaling **\$129,484.79**.

Mr. Irizarry had been a City employee since December 17, 1990 until his resignation on August 17, 2015. Mr. Serrano had been a City employee since October 1, 1996 until his resignation on March 27, 2015, during which time he was employed as a Traffic Maintenance Supervisor. As the City Traffic Maintenance Supervisor, Mr. Serrano had direct responsibility for all aspects of the City's purchases from ATPS (inventory control, obtaining quotes, processing, identifying need, etc.).

Mr. Irizarry and Mr. Serrano failed to disclose to the City their business interests and/or outside employment with ATPS and subsequently circumvented the City's procurement processes in order to direct business to their company. It appears ATPS, via Mr. Irizarry and/or Mr. Serrano, inflated its invoices by billing the City for more products than it actually delivered.

¹ ATPS has been registered as a City Vendor since May 14, 2007.

² The account was opened on June 4, 2007.

³ The OIG's scope was limited to purchases made between October 2010 and October 2014.

Based on the information obtained in the OIG's preliminary investigation that disclosed potential criminal violations, pursuant to Section 2-423(4) of the Inspector General Ordinance, on March 18, 2015, the information was provided to the Palm Beach County State Attorney's Office (SAO), Public Corruption Unit, for investigation.

On February 17, 2016, Cesar Irizarry and on February 18, 2016 Orlando Serrano were arrested by local authorities. They were both charged with Organized Scheme to Defraud (\$50,000 or more) [1st Degree Felony] and Grand Theft over \$100,000 [2nd Degree Felony]. In addition to the **\$129,484.79** identified by the OIG, the SAO found **\$28,654.42** due to their expanded scope⁴, for a total of **\$158,139.21**. Also, due to their expanded scope, the SAO was able to identify a third suspect, Former City Streets & Traffic Superintendent Harold Bellinger⁵, who was arrested by local authorities on February 19, 2016 and charged with the same two crimes as Cesar Irizarry and Orlando Serrano.



Cesar Irizarry

Orlando Serrano

Harold Bellinger

⁴ The SAO expanded their scope back to October 2009.

⁵ Mr. Bellinger resigned on August 10, 2015.