

COUNTYWIDE

Orange Nonprofit Will Pay \$1.7 Million to Settle Charges of Falsifying Records



Thy Vo for Voice of OC

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The nonprofit Horizon Cross Cultural Center will pay more than \$1.7 million to settle charges that it falsified records and overbilled local agencies for providing transportation services to elderly Orange County residents, according to a settlement agreement finalized last week.

The director of Horizon's transportation services and a project manager falsified trip records and billed both the county and city of Garden Grove for bus trips that never occurred, according to an internal investigation report conducted by the Orange County Transportation Authority that was also made public last week.

The Orange-based nonprofit group has received about \$1.2 million in federal funds through the Transportation Authority since 2009, "without adequate supporting documentation for invoiced amounts," according to the report.

Horizon, which was founded in 1976 to provide job, health, transportation and other supportive services to Vietnamese refugees and other immigrant populations, will auction off its building in Orange to pay off the settlement, with at least \$1.5 million in proceeds from the building sale due by May, according to the terms of the settlement.

The settlement comes amid an ongoing joint investigation by the Orange County District Attorney's Office and Sheriff's Department, which executed a search warrant on the organization's headquarters for computer hard drives late in February.

Horizon has already cut its staffing in half since losing its contracts with the three agencies, said Thuy Vo Dang, the organization's board chairwoman.

The cost of the settlement will likely result in further staff and program cuts, Vo Dang said.

The bulk of the settlement money, \$877,982, will go to the Transportation Authority; while \$450,000 will go to the county and \$442,060 to Garden Grove.

Complaints of Fraud

The Transportation Authority originally opened a limited audit into the over billing after a complaint to its fraud hotline in Dec. 2013. The complainant alleged Horizon management directed drivers to list cancelled trips on their daily sheets, according to the report.

In Jan. 2014, while that audit was ongoing, the Transportation Authority received another complaint that management directed staff to enter times, mileage and signatures for trips that had been cancelled weeks in advance.

Read the text of the Transportation Authority's investigative report

(<http://1ccaxf2hbhb1jcwiktlicz7.wpengine.netdna-cdn.com/wp-content/uploads/2015/03/Investigation-and-Limited-Scope-Review-of-Horizon-Cross-Cultural-Center-....pdf>) and settlement agreement.

(<http://1ccaxf2hbhb1jcwiktlicz7.wpengine.netdna-cdn.com/wp-content/uploads/2015/03/Executed-settlement-agreement-Horizon-OCTA-City-of-Garden-Grove-Count....pdf>)

The Transportation Authority did a sample review of trip logs for 4 of 43 drivers, identifying 30 trips, worth \$1,353, that couldn't have taken place based on odometer readings, according to the investigative report.

Horizon's Director of Transportation and project manager, who were both ultimately fired, admitted that the cancelled trips were still recorded so they could be billed.

The investigation report also pointed to a larger problem with oversight of Federal Transit Authority funds, noting that Transportation Authority staff is not familiar with federal documentation requirements and has provided organizations with reimbursements without the proper verification.

During the course of the Horizon audit, the Transportation Authority identified one other nonprofit that received reimbursements without proper documentation, according to the report. However, Joel Zlotnick, the Transportation Authority's spokesman, would not disclose the name of the organization.

It's unclear exactly how much Horizon overbilled the government agencies. According to Zlotnick, the \$1.7 million settlement figure "is the amount we've agreed that will resolve the situation."

Depending on whether the FTA approves that amount, Horizon would be on the hook for any additional recovery of government funds.

With the loss of its largest transportation contracts, revenue that has funded the organization's other core services like citizenship and ESL classes, Vo Dang said Horizon will likely rent a location closer to Little Saigon, where most of its clients are located.

"It's not great that we're losing a center that we were able to purchase, but now we're thinking about finding a location that will better serve our core clients," Vo Dang said.

Vo Dang, who was appointed to the board in 2011 and became chair in October 2013, said Horizon's Board of Directors first became aware of the Transportation Authority audit in Dec. 2013.

Vicki Connely, the executive director at the time the audit was launched, left the organization in June 2014. Vo Dang declined to comment on Connely's role in the overbilling dispute or the nature of her departure.

Vo Dang declined to give the names of the transportation director and project manager, noting that the agency's all-volunteer board of directors does not play a strong role in daily operations.

"The hiring and firing all happened through the CEO. We didn't have any role in letting these individuals go," she said.

Meanwhile, Lt. Jeffrey Hallock, spokesman for the Sheriffs' Department, confirmed that there is an ongoing investigation into "allegations of fraudulent billings presented to [the Transportation Authority]," and that a search warrant was served to one business, although he would not name the business.

"We are unable to provide further details about the investigation until the records have been fully reviewed which could take as long as two months," said Hallock in an email. "Based on the preliminary allegations, there are no [Transportation Authority] board members/executives who are implicated."

Vo Dang said the board has not been informed about the scope or purpose of the Sheriff's investigation since the search warrant was executed.

Their main concern, she said, is maintaining services and repairing the organization's reputation.

Horizon has been searching for a new executive director since December. Former Information Technology Director Duy Tran now serves as the interim executive director.

"We're just taking it day by day – we have some [contracts] that are ending...so we're just going to have to reapply and hope they get renewed," Vo Dang said. "It's going to be an uphill struggle to regain trust, but we do have very well-respect community leaders on our board."

"But I'm worried that this is a big red mark on our record," she added.

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