

**Guam Police Department
Safe Streets Foundation**

**Investigative Audit
1997 through 2000**

**OPA Report No. 03-01
February 2003**



OFFICE OF THE PUBLIC AUDITOR

Guam Police Department Safe Streets Foundation

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EXECUTIVE SUMMARY

OPA Report No. 03-01 February 2003

Investigative Audit of the Safe Streets Foundation 1997 through 2000

In response to a May 2002, request from the Prosecution Division of the Office of the Attorney General, the Office of the Public Auditor (OPA) conducted an investigation into allegations of misuse of funds of the Safe Streets Foundation. The Safe Streets Foundation is a non-profit association that was formed, among other things, for the support of "Organizations, Associations, Departments and various other groups in helping keep our streets safe." The Foundation received funds from federal, local, and off-island governments, as well as donations from private businesses and citizens in order to carry out their mandates.

Due to our own limited resources and other audits in progress, we did not begin our investigation until October 2002. We reviewed the documents provided by the Office of the Attorney General and those obtained from other sources. Our objective was to determine whether evidence supported allegations that Guam police officers and other Government of Guam personnel had misused the Foundation's funds for personal purposes. Based on the information provided to us, we attempted to reconstruct a statement of receipts and expenditures of the Foundation's activities for the 34-month period from July 1997 through April 2000. This statement is included as **Appendix A** in the report.

We have concluded that Police Officer III John D. Manibusan, vice president and later the president of the Foundation and Superior Court Probation Officer Roy B. Duenas, treasurer of the Foundation, were grossly negligent in their duty to maintain adequate financial records of transactions relating to appropriations, grants, donations, registration fees, and promotional revenues and expenditures of the Foundation. As a result, these individuals failed to safeguard, control, and properly account for more than \$849,000 of funds contributed by the Government of Guam, other governments, and private businesses and, in effect, may have conspired by their control of funds to benefit themselves personally.

During the 34 months that the Foundation was active, the Chiefs of Police then in charge of the department were derelict in their oversight responsibility for Foundation activities that were conducted under the auspices of the Guam Police Department (GPD). We did not find any evidence that any Chief of Police (Jack Shimizu, Joseph Mafnas, Henry Terlaje, and James Marques) in charge of the department during the period ever requested an accounting of funds or any type of report for any of the five conferences the Foundation sponsored. Chief of Police Ed Kabina initiated an inquiry of Foundation activities, which did not lead to any conclusion as to wrongdoing.

The GPD inquiry was referred to the Attorney General's office in June 2000. While we recognize that investigations of this nature take time, and that there was turnover in the AG's office, it appears that no further action was taken in the Attorney General's Office until it requested the OPA to review the documents in May 2002.

No records were kept of promotional sales and registration fees collected for the five conferences. Documentation for disbursements to various payees was often lacking. Among our findings:

- Manibusan received at least \$24,300 by endorsing checks made payable to cash;
- Immediately after Typhoon Paka, Manibusan spent \$4,439 in Foundation funds for his and his family's stay at the Pacific Star Hotel;
- Duenas received at least \$12,331 by endorsing checks made payable to cash;
- Another \$71,696 went to unknown payees because the cancelled checks were missing;
- Payments of \$14,600 were made to Foundation members without documentation;
- Ogo's Catering was paid \$54,133 without supporting documentation;
- Manibusan claimed that Teresita Ogo, owner of the catering company, received a \$33,000 loan;
- Teresita Ogo claimed she repaid the amounts by providing catering services for functions that Manibusan scheduled;
- Payments of \$343,692 were made to various vendors without supporting documentation.

We calculated that the range of registration income from the five conferences ranged from a low \$28,000 to a high \$192,000. There was \$107,445 in unidentified deposits. Between estimated registration income and promotional sales, the amount of fees and promotional sales could have ranged between \$128,000 and \$292,000. In summary, \$522,452 in Foundation disbursements were unsubstantiated.

The Guam Police Department authorized the payments of \$88,785 on behalf of the Foundation, the majority of which were Federal Asset Forfeiture funds. These payments further demonstrated that the Foundation was under the auspices of GPD. Even with the payments of federal funds on behalf of the Foundation, at no time did any Chief of Police ever request an accounting of the Foundation activities.

The Bureau of Planning also processed claims on behalf of the Foundation amounting to \$66,021 in federal funds. Bureau of Planning Director Clifford Guzman was also derelict in his oversight responsibility by failing to ask for an accounting of federal funds or summary of activities paid for the Foundation.

Based on our findings we recommend the following:

- The Attorney General determine whether civil or criminal actions are warranted.
- The new Chief of Police determine whether any of the personnel involved in the Safe Streets Foundation should or can be subject to disciplinary action.
- The new Chief review the GPD internal inquiry report to determine why the Department itself did not take action at the time the inquiry revealed many of the irregularities we have disclosed in this report.

We have been advised by the OPA independent consultant who reviewed this report in draft form that the "60 day rule" created by the Civil Service Commission is contrary to anti-fraud policies, which exist in most local government entities. We concur with this observation and recommend that the Guam Legislature consider legislation to abolish any rule or policy that would inhibit the detection and prevention of fraud within the Government of Guam.



Doris Flores Brooks, CPA
Public Auditor



Table of Contents

Introduction	1
Background Information	1
Objective	3
Scope and Methodology	3
Prior Audit Coverage	3
Overall Conclusion	4
Summary of Findings	4
Specific Findings	5
Noncompliance with Legal Requirements – Lack of Filing Appropriate Documents	5
Lack of Accountability – Insufficient Documentation of Receipts and Disbursements	5
Lack of Accountability – No Documentation of Gift Sales	6
Lack of Accountability – No Documentation of Registration Fees	7
Lack of Accountability – Asset Forfeiture Funds Used	7
Lack of Accountability and Oversight – Claims paid by the Guam Police Department	8
Lack of Accountability and Oversight – Claims Processed by Bureau of Planning with Federal Funds	8
Evidence of Abuse in Expenditure of Foundation Funds	9
Evidence of Misappropriation of Funds – Checks Written to Cash	9
Evidence of Misappropriation of Assets – Checks Written to a Local Caterer	10
Evidence of Misappropriation of Assets – Government Fuel Requisitions Used for Privately Owned Vehicles	10
Request for Accounting of Funds by Guam Visitors Bureau	10
Chief of Police Requests Internal Affairs Report on Foundation	11
No Action Taken on IAD Report	11
Conclusion	11
Recommendations	12
Management Response	12
Limitations of Report	13

Appendices

Appendix A: Reconstructed Statement of Receipts and Disbursements	14
Appendix B: Checks Written to Cash.....	16
Appendix C: Schedule of Hotel Expense by Event	18
Appendix D: Table of Private Business/Citizen Donators with Donations Greater than \$1,000	20
Appendix E: Table of Unsupported Reimbursements to Safe Street Foundation Committee Members	21
Appendix F: Schedule of Hotel Expense by Vice President /GPD POIII – Manibusan.....	21
Appendix G: Table of Foundation Bank Account Withdrawals and Deposits – Period from July 1997 through April 2000	22
Appendix H: Table of Undeterminable Foundation Check Disbursements Period from July 1997 through April 2000	23
Appendix I: Government Funding Sources – Appropriations, Sponsorships, and Registration Fees	25
Appendix J: Table of Government Payments on Behalf of the Foundation	28
Appendix K: Table of Unsupported Vendor Disbursements.....	29
Appendix L: Management Response	31



Introduction

In response to a May 6, 2002 request from the Prosecution Division of the Office of the Attorney General, the Office of the Public Auditor (OPA) conducted a review of materials provided by the Chief Prosecutor into concerns related to the activities of the Safe Streets Foundation¹. The issues included the “lack of accountability in the sale of accessories including ‘War on Ice’ t-shirts, jackets, etc. and the apparent excessive expenditure of funds for fuel, hotel rooms, conference rooms, and banquet expenses to include catering services...”

Background Information

The Safe Streets Foundation was a non-profit association that was formed for the support of “Organizations, Associations, Departments, and various other groups in helping keep our streets safe.”² The objectives of this Foundation set forth in its Constitution are:

- “To help provide financial support to various groups who are targeting our streets and highways safe for the people of Guam.
- To help provide assistance to law enforcement agencies and departments who prioritize enforcement on the streets and highways.
- To help provide financial assistance to Annual Pacific Rim Vehicular Homicide DUI Seminar and other conferences that are directly related to keeping our streets and highways safe held on Guam.
- To help provide financial assistance to Students Against Drunk Driving.
- To help provide assistance to Mothers Against Drunk Driving.
- To help provide assistance to law enforcement officers to attend specialized training on equipment being used to help keep our streets and highways safe.
- To help fund other conferences that are directly related to keeping our streets safe.
- To help provide assistance to groups that also target prevention and education dealing with helping keeping our streets safe.
- To help provide financial assistance to law enforcement agencies in any activities that promote goodwill among its members.
- To foster and promote activities and/or events which are determined to be within the best interest of the foundation.”

¹ Although the request was received in May 2002, an investigation was not initiated by the OPA until October 2002 due to staff limitations and other audits already in progress.

² Safe Streets Foundation Constitution filed July 14, 1997, at Department of Revenue & Taxation.

Founding members of the organization included members of the Guam Police Department, Guam International Airport Authority Police Department, Superior Court of Guam, the Bureau of Planning, the Department of Public Health and Social Services, and individuals and companies from the private sector. John D. Manibusan, a Police Officer III, held the position of Vice President³ until he assumed the position of President upon the departure of the original President, who was from the private sector. Several officers from the Guam Police Department and employees from other Government of Guam agencies were detailed on a periodic basis to coordinate the activities of the Foundation. Although several GPD officers were assigned to assist the organization, Officer Manibusan was assigned on what appears to be a full time basis and was involved with the Foundation throughout its operation.

The Foundation sponsored the following educational seminars:

Event	Dates of Event	Chief of Police
1 st Annual Pacific Rim Vehicular Homicide/DUI Seminar, Hyatt Regency, Guam	January 21 – 24, 1997	Chief #1 (Jack Shimizu)
2 nd Annual Pacific Rim Vehicular Homicide/DUI Seminar, Pacific Star Hotel, Guam	February 2 – 6, 1998	Chief #4 (James Marques)
Pacific Rim “War on Ice” Seminar, Hyatt Regency, Guam	August 18 – 21, 1998	Chief #4 (James Marques)
1999 Pacific Rim Lifesavers Conference, Hilton, Guam	April 28 – 30, 1999	Chief #4 (James Marques)
2 nd Pacific Rim “War on Ice” Seminar, Hyatt Regency, Guam	August 31 – September 3, 1999	Chief #4 (James Marques)

The sponsored events were funded primarily by contributions from the Government of Guam and the private sector. Some of the documentation indicated that federal grants were utilized to pay hotel and living expenses of conference speakers for some of the events. The records provided to us did not include any financial reports or summaries of activities prepared by the Foundation officers except one report to the Guam Visitors Bureau. Essentially the only records available to us at the start of our investigation in October 2002⁴ were bank statements, some cancelled checks, some invoices, some registration forms from the various conferences and a report prepared in June 2000 by the Internal Affairs Division (IAD) of the Guam Police Department.

³ Safe Streets Foundation Constitution, Chapter 6.

⁴ Although the request was received in May 2002, an investigation was not initiated by the OPA until October 2002 due to staff limitations and other audits already in progress.

Chiefs of Police

This report makes reference to various persons who held the position of Chief of Police during and after the operation of the Safe Streets Foundation. The following chart clarifies our naming conventions for these individuals:

Chief of Police is referred to as	Chief of Police	Date of Service
Chief of Police 1	Jack Shimizu (Confirmed)	1/1995 to 5/1997
Chief of Police 2	Joseph P. Mafnas (Acting)	5/1997 to 9/1997 1/2000 to 4/2000
Chief of Police 3	Henry Terlaje (Acting)	9/2/97 to 9/25/97
Chief of Police 4	James Marques (Confirmed)	9/1997 to 2/1998 3/1998 to 12/1999
Chief of Police 5	Ed Kabina (Confirmed)	4/2000 to 1/2003
Chief of Police 6	Earl Aguigui (Acting)	1/2003 to Present

Objective

We performed an investigation of the Safe Streets Foundation and their transactions based on documents provided by the Attorney General and those obtained from other sources. Our objective was to determine whether evidence supported allegations that Guam police officers and other Government of Guam personnel misused the Foundation's funds for personal purposes.

Scope and Methodology

The scope of our work included the period from July 1, 1997, through April 30, 2000, which encompassed essentially all of the transactions of the Foundation. We examined the documentation provided to us and summarized them into working schedules identifying Foundation receipts and disbursements to determine the appropriateness of expenditures and the proper recording of Foundation accounting transactions. Additionally, we interviewed management and officers from the Guam Police Department and evaluated additional materials obtained directly from them. Based on the information provided to us, we attempted to reconstruct a statement of receipts and expenditures of the Foundation's activities for the 34-month period. Details are included as **Appendix A**. **Appendices B** through **I** detail other information that we have reconstructed regarding some of the activities of the Foundation.

Prior Audit Coverage

We are not aware of any prior audits of the Guam Police Department as it relates to its affiliation with the Safe Streets Foundation. We reviewed general-purpose

financial statement audit reports and compliance and internal control audit reports of the Government of Guam for the last three fiscal years and determined there are no audit findings related to the subject of our investigation.

Overall Conclusion

We have concluded that the Foundation officers were grossly negligent in their duty to maintain adequate financial records of transactions relating to appropriations, grants, donations, registration fees, promotional revenues, and expenditures of the Foundation.

As a result, these individuals failed to safeguard, control, and properly report the more than \$849,000 of funds contributed by the Government of Guam, other governments, and private businesses and, in effect, may have conspired by their control of funds to benefit themselves personally.

In addition, during the 34 months that the Foundation was active, the Chiefs of Police then in charge of the department were derelict in their oversight responsibility for Foundation activities that were conducted under the auspices of the Guam Police Department.

Summary of Findings

No records were kept of registration fees collected for the five conferences or promotional sales during those conferences. Payments of \$343,692 were made to various vendors without supporting invoices to substantiate the payments (See **Appendix K**). The bank statements disclosed disbursement of \$71,696 to unknown payees because the cancelled checks were missing (See **Appendix H**). Similarly, another \$38,331 was unaccounted for because the checks were written to cash without supporting documentation. Of the checks written to cash, Guam Police Officer III, John D. Manibusan, the Vice President and later the President of the Foundation endorsed checks amounting to \$24,300. Superior Court Senior Probation Officer Roy B. Duenas, the Treasurer of the Foundation, cashed another \$12,331 in checks written to cash without supporting documentation.⁵ We could not determine who endorsed the remaining \$1,700 in checks made to cash. Reimbursements to Foundation committee members amounting to \$14,600 were not supported by documentation. We also found payments of \$54,133 to a local caterer with no documentation (See **Appendices B and E**).

⁵ Manibusan retired from government service under the early retirement law passed in 1999 and no longer reside on Guam. Duenas resigned from government service on October 2002.

In summary, a total of \$522,452 in Foundation disbursements was unsubstantiated.

During the 34 months that the Foundation was active, no Chief of Police then in charge of the department ever requested an accounting of funds or any type of report for any of the five conferences. These Chiefs of Police—Jack Shimizu, Joseph P. Mafnas, Henry Terlaje, and James Marques--were derelict in their oversight responsibility for activities that were conducted under the auspices of the Guam Police Department.

The Director of the Bureau of Planning Clifford Guzman authorized the use of \$66,021 of federal funds for the benefit of the Foundation. Director Guzman was also remiss in his oversight responsibility for failing to request an accounting of Foundation funds.

Based on the information provided to us we attempted to reconstruct a statement of receipts and expenditures of the Foundation's activities for the 34-month period. Details are included as **Appendix A**. **Appendices B** through **K** detail other information that we have reconstructed regarding some of the activities of the Foundation.

Specific Findings

Noncompliance with Legal Requirements – Lack of Filing Appropriate Documents

We reviewed copies of the Articles of Incorporation, By-Laws, and other documents related to the Safe Streets Foundation that are on file at the Department of Revenue and Taxation. The Safe Streets Foundation is registered as a non-profit association; however, there is no evidence that the entity ever applied for or received an exemption from income taxes. Additionally, the Foundation failed to obtain the necessary authorizations for the sale of items relating to any and all sponsored events. Guam law⁶ also requires that financial statements for not-for-profit organizations be published annually in a local newspaper. We found no evidence that financial statements were ever prepared or published.

Lack of Accountability – Insufficient Documentation of Receipts and Disbursements

Deposits to the bank account of the Safe Streets Foundation totaled \$692,606 (See **Appendix G**). Of this amount, \$200,000 was a direct appropriation from the Government of Guam General Fund⁷, \$12,000 was from the Guam Visitors

⁶ 18 GCA §14102

⁷ Public Law 24-59, Chapter III, § 41.

Bureau, and private donations amounted to \$222,026. Seminar revenues totaled \$151,135 and other unidentified deposits totaled \$107,445.

The Government of Guam expended another \$154,806 on behalf of the Foundation in the form of purchase orders and direct payments using local funds of \$20,743 and federal grants of \$133,963. In addition to the \$366,806 in GovGuam and federal funds expended by or for the Safe Streets Foundation, GovGuam paid the Foundation another \$96,190 in registration fees for government employees to attend the various seminars (See **Appendix I**).

Total Foundation funds received from all sources, which include registration fees from other than GovGuam, are estimated to have amounted to \$849,038 (See **Appendix A**).

For the checks written by the Foundation, we were not able to determine the validity of check disbursements of \$522,452, as there was no documentation to support the expenditures. These checks included \$38,331 paid to cash (See **Appendix B**), \$14,600 paid as reimbursements to Foundation committee members (See **Appendix E**), \$54,133 to Ogo's Catering (See **Appendix E**) and another \$71,696 of unidentified check payments (See **Appendix H**). There was also \$343,692 in payments to various vendors for which there were no supporting invoices or other form of documentation (See **Appendix K**).

The documentation also indicated non-cash contributions were received in the form of cell phone and airtime usage from a local cellular telephone service provider, rental car usage donated by a local car rental company, and fuel provided by local gas stations. We were not able to determine the dollar value of these donated services or whether such donations were used exclusively for the benefit of the Foundation.

The Foundation's disbursements from its bank account totaled \$691,317 and its total deposits amounted to \$692,606 (See **Appendix G**). As of April 30, 2000, there was a balance of \$1,288 in the Foundation bank account (See **Appendix G**). By the time the matter was referred to the OPA, virtually all of the bank balance had been consumed by bank charges.

Lack of Accountability – No Documentation of Gift Sales

Some of the literature we obtained indicated that certain promotional items such as t-shirts, polo shirts, hats, pins, and jackets were being sold during the conferences. Our review of vendor invoices indicated that the Foundation spent approximately \$55,144 to purchase these promotional items. The documents we reviewed indicated the following:

Items	Number Purchased	Average Cost	Sale Price
Adult t-shirts	6,671	\$4	\$12
Children's t-shirts	1,025	\$3	\$10
Polo shirts	731	\$17	\$25
Hats	726	\$7	\$15
Jackets	231	\$38	\$50

If all of the items had been sold at list price, the revenue would have amounted to \$131,117. While it is unlikely that all of the items were sold at list price, there was no supporting documentation on which a realistic estimate of revenue could be made. Nor could we identify from bank records if deposits to the Foundation bank account on or about the time of the seminars relate to these items or relate to registration fees. The IAD report indicated that Officer Manibusan had been seen carrying large wads of cash and giving money to other conference coordinators during the seminars. But there were no records to substantiate this allegation.

Lack of Accountability – No Documentation of Registration Fees

We did not find any complete records summarizing the number of persons who attended the seminars and the amount charged for registration. We did find some registration forms for some of the conferences. We were unable to determine how much should have been collected for registration fees of attendees.

Based on Foundation registration forms we were provided, we determined that the registration fees ranged from \$175 for the 1999 Pacific Rim Lifesavers Conference to \$400 for the 2nd Pacific Rim "War on Ice" Seminar. There were no complete attendance logs to determine the actual number of registrants at each of the conferences. Based on summarized registration forms, the estimated number of participants ranged from a low of 160 to a high of 480 at each event. From this information we calculated that the range of registration income from the five events ranged from a low of \$28,000 to a high of \$192,000.

There was \$107,445 in unidentified deposits. Between registration fees of \$28,000 to \$192,000 and estimated promotion sales of \$100,000⁸, the amount of fees and promotional sales could have ranged between \$128,000 and \$292,000.

Lack of Accountability – Asset Forfeiture Funds Used

In the documentation we reviewed, we found a letter from the U.S. Department of Justice dated January 6, 2000, and addressed to Chief of Police James Marques requesting clarification of certain expenditures amounting to \$160,342 that had been paid out of the Asset Forfeiture Fund. Included in the list was nearly

⁸ The estimate of \$100,000 in revenue sales assumes that not all of the goods purchased were sold.

\$23,000 of charges for “War on Ice” activities, of which \$21,700 was for supplies and \$998 for a smoke generation machine.

Acting Chief of Police Mafnas responded in a letter dated March 29, 2000, indicating \$21,700 was for supplies for the Life Savers Conference and “War on Ice” Conference and the smoke generator was purchased to provide a “dramatic effect to the ‘War on Ice’ presentations.” We asked GPD to show us where the machine is stored, but the Department was unable to present the unit to us.

The supplies purchased were:

Life Savers Conference			
Rollerball Pens	1,000 ea	\$1,315	Unit cost \$1.31
Letter Size Portfolio	500 ea	\$2,330	Unit cost \$4.66
Custom Vinyl Decal Badge	20,000 ea	\$8,350	Unit cost \$0.42

War on Ice Conference			
Canvas Portfolio Bag	500 ea.	\$5,100	Unit cost \$10.20
2 Fold Folders	800 ea.	\$1,250	Unit cost \$1.56
War on Ice Booklet	1,200 ea.	\$3,358	Unit cost \$2.80

Lack of Accountability and Oversight – Claims paid by the Guam Police Department

After the conclusion of the Foundation’s “First Annual Pacific Rim Vehicular Homicide/DUI Seminar,” there was a \$17,076 bill dated January 24, 1997, from the Hyatt Regency Guam for rental of meeting rooms and banquet facilities that remained outstanding. On June 5, 1997, acting Chief of Police Henry Terlaje authorized the payment of GPD funds to pay for this outstanding bill. We question the appropriateness and the basis for which the acting Chief of Police authorized the payment of the Foundation bill. There was no request for an accounting of funds or activities for this conference yet the acting Chief was willing for GPD to pay the debt. The Guam Police Department authorized the payments of another \$71,709, which were mainly federal funds (See **Appendix J**) on behalf of the Foundation. These payments demonstrate that the Foundation was under the auspices of GPD and further demonstrates that the various Chiefs of Police did not ask for an accounting of Foundation funds and activities.

Lack of Accountability and Oversight – Claims Processed by Bureau of Planning with Federal Funds

The Director of the Bureau of Planning Clifford Guzman approved claims on behalf of the Foundation amounting to \$66,021 using federal funds -- PIRAAP Block Grant (See **Appendix J**). Of this amount \$7,779 were processed in August 1998 and \$58,242 in August 1999. We found no evidence that Director Guzman ever requested an accounting of Foundation Funds in either 1998 or

1999. The Director was also derelict in his oversight responsibility in failing to ask for an accounting of funds or summary of activities paid for the Foundation.

Evidence of Abuse in Expenditure of Foundation Funds

During the period when the Foundation was active⁹, it incurred hotel charges of \$257,024, of which the Government of Guam paid \$93,076 directly. The average spent on hotel charges for each of the five events was more than \$51,000. In some instances, the persons attending the conferences were provided with breakfast and dinner each day during the conference. The bills included room charges for local police officers to stay during the conference. The officers incurred charges for meals, mini-bar, and miscellaneous purchases (See **Appendix C**).

A statement from the Pacific Star Hotel indicated that Officer Manibusan ran up a bill of \$4,439 from December 19, 1997, to January 16, 1998 (See **Appendix F**). The charges included room accommodations, breakfast, lunch, room service, and mini bar purchases that were paid by the Foundation. This period does not coincide with any of the seminars or events sponsored by the Foundation. There is no documentation to explain why it was necessary to incur these hotel charges or how they benefited the organization. This time period was in the immediate aftermath of Super Typhoon Paka, which hit Guam on December 16, 1997. The evidence suggests that these hotel charges were for personal purposes and should not have been paid by the Foundation.

Evidence of Misappropriation of Funds – Checks Written to Cash

The check disbursements detailed in **Appendices B** and **E** indicate that the Foundation wrote checks to “cash” totaling \$38,331, and to Foundation members or affiliates totaling \$14,600. Notations on the checks indicated they were reimbursements for meals and supplies, but we were unable to locate supporting documentation for any of the disbursements. Officer Manibusan received \$24,300 by cashing checks made to cash and Probation Officer Duenas received \$12,331 in the same fashion. Total cash payments of \$52,931 had no documentation whatsoever.

Dual signatures were on the checks written by the Foundation. Manibusan and Duenas co-signed nearly all the checks written to cash. Because of the absence of controls, Manibusan and Duenas were able to write checks to cash and in turn endorse the checks to themselves. The failure of the Police Chiefs Shimizu, Mafnas, Terlaje, and Marques to require Manibusan and Duenas to regularly account for the Foundation’s finances allowed the rampant disregard of accountability for government funds.

⁹ The Safe Streets Foundation lapsed into dormancy in April 2000.

Evidence of Misappropriation of Assets – Checks Written to a Local Caterer

Review of other check disbursements showed that the Foundation wrote checks to Ogo's Catering totaling \$54,133. In nearly all instances, there was no supporting invoice or other documentation to support the payments.

This issue was addressed to Officer Manibusan in an interview conducted by an agent of the Department of Revenue & Taxation in conjunction with the IAD investigation. During the interview, Manibusan said that he had loaned Ogo's Catering \$33,000 from Foundation funds. In an interview by the IAD Officer, Ms. Ogo said that she was unable to repay the loan and offered in-kind services in lieu of cash payments. She claimed that she repaid the loan by catering personal parties for Officer Manibusan. The IAD requested that she provide all documentation related to transactions with the Foundation. No documentation was ever provided.

Evidence of Misappropriation of Assets – Government Fuel Requisitions Used for Privately Owned Vehicles

The materials gathered by the IAD included a series of Government of Guam Fuel Requisition slips, which included the names of GPD Officers assigned to activities of the Foundation and license plates of privately owned vehicles. When we interviewed the IAD staff, we were advised that Chief of Police Marques had written a letter authorizing these expenditures. However, the IAD was unable to obtain a copy of this alleged letter. Total gas purchases using Government of Guam Fuel Requisition slips amounted to \$1,118.

Request for Accounting of Funds by Guam Visitors Bureau

On September 2, 1998, the acting General Manager Therese Cruz of the Guam Visitors Bureau sent the Foundation a letter stating the GVB was "disturbed about room reservations made for high ranking officials and staff of the Guam Police Department; we wonder who paid for the rooms, if complimentary rooms were provided to off-island officials and federal funds secured the venue and promotional materials for the seminar." The letter requested a detailed cost breakdown of the \$10,000 contribution made by GVB.

A response was prepared and transmitted by Foundation Treasurer Roy Duenas April 22, 1999, after GVB sent a second letter February 22, 1999, repeating its request for the information. In his letter, Duenas stated that the Foundation used the \$12,000 from GVB as follows: \$6,657 to American Printing, \$2,760 to Shimbros Production, \$1,590 to Graphic Center. This was the only report of an accounting of funds that we found.

We applaud acting General Manager Therese Cruz for raising concern regarding how the Foundation used GVB funds. Ms. Cruz was the only Government of Guam official to request for any kind of accounting.

Chief of Police Requests Internal Affairs Report on Foundation

In February 2000, after Chief of Police Ed Kabina received complaints concerning the Foundation, he requested the Internal Affairs Division (IAD) of GPD to examine the activities of the Safe Streets Foundation. The IAD conducted an investigative inquiry with persons related to the Foundation and gathered evidence to support statements made in the interviews. In our discussions with IAD personnel, we were advised the IAD report was forwarded to the Office of the Attorney General in June 2000.

The IAD report indicated that complaints had been received by the GPD that a local gasoline retailer had donated coupons for free gasoline to be given out as gifts and door prizes at Foundation sponsored events. The vendor complained that the gasoline coupons were not given out as prizes, but rather were being used by GPD personnel. Because of the lack of documentation, we were unable to determine who received the gas coupons.

No Action Taken on IAD Report

In June 2000, Chief Kabina forwarded the IAD report to the Attorney General's Office. While we recognize that investigations of this nature take time, and that the Assistant Attorney assigned to this investigation later resigned, it appears that no further action was taken in the Attorney General's Office until it requested the OPA to review the documents in May 2002. Unfortunately due to limited personnel and audits in progress, the OPA could not begin its review until October 2002.

Conclusion

We have concluded that in overseeing the Foundation's activities, Officer Manibusan and Probation Officer Duenas abused their authority and were derelict in their responsibility to account for the more than \$849,038 in funds received or paid on behalf of the Foundation. These individuals were grossly negligent in their responsibilities for safeguarding, controlling, and reporting of funds contributed by the Government of Guam, other governments and private businesses and, in effect, may have conspired by their control of funds to benefit themselves personally.

Further, we believe that Chiefs of Police Shimizu, Mafnas, Terlaje and Marques were negligent and derelict in their failure to provide meaningful oversight over the activities of the personnel assigned to the Safe Streets Foundation. We found no evidence that any of the four Chiefs of Police ever requested an accounting of funds after the first conference, which was held on January 21 – 24, 1997. Had Chief of Police Shimizu asked for an accounting of funds after the first conference, measures, controls, and appropriate checks could have been put in place that would have prevented the subsequent abuses. The Safe Streets Foundation activities occurred over a span of 34 months in which five conferences occurred. At no time did any of the four Chiefs of Police ever

request an accounting of Foundation activities or an accounting of funds. By not demanding an accounting of funds and activities the Chiefs of Police, in essence, sanctioned and condoned the misuse of government funds.

Director Clifford Guzman of the Bureau of Planning was also derelict in his oversight responsibility by his failure to request an accounting of PIRAAP Block Grant that was paid on behalf of the Foundation.

Government officials and private businesses that donated money and materials to the Foundation did so with an expectation that the funds would be handled in a manner consistent with the faith, trust, and responsibility that is placed in the island's chief law enforcement agency. Unfortunately the Chiefs of Police and the other GPD officers and government employees who participated in the running of the Foundation failed to meet this standard of trust expected of law enforcement officers.

Recommendations

1. In a series of communications with the Chief Prosecutor and an Investigator from the Office of the Attorney General from September 2002 thru November 2002, we recommended a strategy for proceeding with a criminal investigation.
2. We recommend that the Attorney General determine whether civil or criminal actions are warranted.
3. We recommend that the new Chief of Police determine whether any other personnel involved in the Safe Streets Foundation should or can be subject to disciplinary action.¹⁰
4. We recommend that the new Chief of Police review the Internal Investigation Report to determine why the Department itself did not take action at the time the report revealed many of the irregularities we have disclosed in this report.
5. We have been advised by the OPA consultant who reviewed this report in draft form that the "60 day rule" created by the Civil Service Commission is contrary to anti-fraud policies, which exist in most local government entities. We concur with this observation and we recommend that the Guam Legislature abolish any rule or policy, which would inhibit the detection and prevention of fraud within the Government of Guam.

¹⁰ We recognize that as a result of their retirement from government employment, neither Manibusan nor Duenas is subject to adverse actions under the merit system and that the 60-day rule relative to initiating adverse actions may also preclude other culpable persons still with the department from being disciplined.

Management Response

The draft report was provided to the Acting Chief Police of the Guam Police Department and to the Attorney General. The Chief of Police provided a response in writing that indicated he found the report to be “disturbing.” Further, he stated that a “thorough inquiry by the Attorney General is warranted.” The remainder of the comments indicated a general concurrence with the findings of the report. The letter stated that steps have already been taken to address the recommendations outlined for the Guam Police Department (See **Appendix L**).

Limitations of Report

This report does not provide conclusions involving legal determinations. This report contains only evidentiary conclusions based on documentation available during our review.

This report has been released to the Governor of Guam, the Speaker and members of the 27th Guam Legislature, the Attorney General of Guam, the Acting Chief of Police of the Guam Police Department, the United States Attorney for Guam, and the Guam branch of the Inspector General of the U. S. Department of Interior. This letter is a matter of public record and its distribution is not limited.

The employees of the Office of the Attorney General, the Guam Police Department, and the Department of Revenue and Taxation contributed information that materially assisted the OPA in completing this report. The cooperation of these individuals and agencies is gratefully acknowledged.

OFFICE OF THE PUBLIC AUDITOR



Doris Flores Brooks, CPA
Public Auditor

OPA Report No. 03-01
February 2003

APPENDIX A: Reconstructed Statement of Receipts and Disbursements

Reconstructed Foundation Receipts

Cash Contributions/Sponsorships:

Government (See **Appendix I**):

Appropriation - General Fund	200,000.00
Sponsorship - Guam Visitors Bureau	<u>12,000.00</u>
Total Government Contributions/Sponsorships	212,000.00

Private Business & Citizens-Greater Than \$1,000 (See Appendix D)	176,500.00
Private Business & Citizens-Less Than \$1,000	<u>45,526.00</u>
Total Private Donations	222,026.00

Total Cash Contributions/Donations **434,026.00**

Other Receipts (See **Appendix I**):

Seminar Revenues:

Local Government	96,190.00
Federal & Off-Island Government	<u>54,945.00</u>
Total Seminar Revenues	151,135.00

Other - Unidentified (registration fees & promotional sales)	<u>107,444.67</u>
Total Other Receipts	258,579.67

Total Deposits into Foundation **692,605.67**

Government Payments on Behalf of Foundation (See **Appendix J**):

GPD Federal Asset Forfeiture Funds	67,943.00
PIRAAP Federal Block Grant	<u>66,020.50</u>
Total Federal Government Payments	133,963.50

GPD Local Asset Forfeiture Funds	3,765.60
Government Direct Payment on Behalf of Foundation	<u>17,076.40</u>
Total Local Government Payments	20,842.00

Total Government Payments on Behalf of Foundation **154,805.50**

Fuel:

Government Provided	1,118.25
Private Donation Provided	<u>509.00</u>
Total Estimated Fuel	<u>1,627.25</u>

Total Contributions/Donations/Government Assistance **849,038.42**

APPENDIX A: Reconstructed Statement of Receipts and Disbursements

Reconstructed Foundation Expenses

Disbursements with Supporting Documentation:

Seminar Hotel Meals & Accommodations	138,200.69
Promotional Items, Materials, & Supplies	<u>30,565.62</u>
Total Documented Disbursements	168,766.31

Bank Service Charge	99.00
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Unsupported Disbursements:

Cash (See Appendix B)	38,331.49
Re-imbursements to SSF Committee Members (See Appendix E)	14,599.61
Caterer (See Appendix E)	54,132.50
Vendor Disbursements (See Appendix K)	343,692.33
Unidentified	<u>71,695.97</u>
Total Unsupported Disbursements	522,451.90

Total Disbursements	<u>691,317.21</u>
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Government Payments on Behalf of Foundation (See **Appendix J**):

Hotel Meals & Accommodations with Approved Purchase Order	76,000.00
Materials & Advertising with Approved Purchase Order	61,729.10
Government Direct Payment on Behalf of Foundation	<u>17,076.40</u>
Total Government Payments on Behalf of Foundation	154,805.50

Fuel:

Government Provided	1,118.25
Private Donation Provided	<u>509.00</u>
Total Estimated Fuel	1,627.25

Total Disbursements and Government Assistance	<u>847,749.96</u>
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Bank Balance as of April 2000	1,288.46
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Reconciled Amount	<u>849,038.42</u>
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APPENDIX B: Checks Written to Cash

Date	Check #	Position	Check Information	Amount
Checks Cashed By The Vice President / GPD POIII -- John D. Manibusan				
15-Dec-97	120	Vice President / GPD POIII	Cash	2,000.00
11-Mar-98	216	Vice President / GPD POIII	Cash	400.00
18-Mar-98	219	Vice President / GPD POIII	Cash	300.00
31-Mar-98	221	Vice President / GPD POIII	Cash	300.00
14-Apr-98	225	Vice President / GPD POIII	Cash	500.00
17-Apr-98	227	Vice President / GPD POIII	Cash	500.00
23-Apr-98	228	Vice President / GPD POIII	Cash	500.00
04-May-98	233	Vice President / GPD POIII	Cash	600.00
12-May-98	234	Vice President / GPD POIII	Cash	600.00
15-May-98	236	Vice President / GPD POIII	Cash	1,000.00
21-May-98	239	Vice President / GPD POIII	Cash	500.00
29-May-98	243	Vice President / GPD POIII	Cash	600.00
04-Jun-98	246	Vice President / GPD POIII	Cash	1,000.00
08-Jun-98	248	Vice President / GPD POIII	Cash	1,200.00
16-Jun-98	251	Vice President / GPD POIII	Cash	600.00
22-Jun-98	258	Vice President / GPD POIII	Cash	600.00
29-Jun-98	260	Vice President / GPD POIII	Cash	600.00
02-Jul-98	263	Vice President / GPD POIII	Cash	2,000.00
22-Jul-98	272	Vice President / GPD POIII	Cash	600.00
13-Aug-98	289	Vice President / GPD POIII	Cash	600.00
16-Feb-99	334	Vice President / GPD POIII	Cash	200.00
15-Mar-99	351	Vice President / GPD POIII	Cash	650.00
12-Jul-99	412	Vice President / GPD POIII	Cash	500.00
27-Jul-99	418	Vice President / GPD POIII	Cash	600.00
28-Jul-99	419	Vice President / GPD POIII	Cash	400.00
19-Aug-99	431	Vice President / GPD POIII	Cash	600.00
23-Aug-99	430	Vice President / GPD POIII	Cash	600.00
14-Sep-99	463	Vice President / GPD POIII	Cash	300.00
16-Sep-99	464	Vice President / GPD POIII	Cash	350.00
25-Sep-99	467	Vice President / GPD POIII	Cash	850.00
08-Oct-99	468	Vice President / GPD POIII	Cash	200.00
21-Oct-99	471	Vice President / GPD POIII	Cash	1,000.00
26-Oct-99	472	Vice President / GPD POIII	Cash	1,350.00
18-Nov-99	477	Vice President / GPD POIII	Cash	300.00
23-Nov-99	478	Vice President / GPD POIII	Cash	400.00
01-Dec-99	482	Vice President / GPD POIII	Cash	700.00
17-Dec-99	486	Vice President / GPD POIII	Cash	300.00
Total Checks Cashed By The Vice President / GPD POIII				<u>24,300.00</u>

APPENDIX B: Checks Written to Cash

Date	Check #	Position	Check Information	Amount
Checks Cashed By The Treasurer / Senior Probation Officer -- Roy B. Duenas				
13-Jan-98	139	Treasurer / Senior Probation Officer	Cash	400.00
26-Jan-98	155	Treasurer / Senior Probation Officer	Cash	3,246.29
02-Feb-98	164	Treasurer / Senior Probation Officer	Cash	2,000.00
19-Feb-98	201	Treasurer / Senior Probation Officer	Cash	300.00
27-Feb-98	207	Treasurer / Senior Probation Officer	Cash	300.00
04-Dec-98	330	Treasurer / Senior Probation Officer	Cash	1,320.00
04-Dec-98	331	Treasurer / Senior Probation Officer	Cash	600.00
18-Feb-99	335	Treasurer / Senior Probation Officer	Cash	200.00
16-Mar-99	352	Treasurer / Senior Probation Officer	Cash	150.00
18-Mar-99	354	Treasurer / Senior Probation Officer	Cash	200.00
19-Mar-99	356	Treasurer / Senior Probation Officer	Cash	200.00
24-Mar-99	1	Treasurer / Senior Probation Officer	Cash	200.00
01-Apr-99	9	Treasurer / Senior Probation Officer	Cash	200.00
03-May-99	42	Treasurer / Senior Probation Officer	Cash	750.00
08-Jun-99	406	Treasurer / Senior Probation Officer	Cash	190.00
06-Aug-99	422	Treasurer / Senior Probation Officer	Cash	300.00
02-Sep-99	451	Treasurer / Senior Probation Officer	Cash	1,050.00
17-Nov-99	476	Treasurer / Senior Probation Officer	Cash	125.20
16-Dec-99	485	Treasurer / Senior Probation Officer	Cash	400.00
12-Jan-00	489	Treasurer / Senior Probation Officer	Cash	200.00
Total Checks Cashed By The Treasurer / Senior Probation Officer				<u>12,331.49</u>
Checks Cashed By An Undeterminable Endorser				
16-Jan-98	145	Undeterminable	Cash	600.00
18-Jul-98	268	Undeterminable	Cash	500.00
12-Aug-99	428	Undeterminable	Cash	600.00
Total Checks Cashed By An Undeterminable Endorser				<u>1,700.00</u>
Total Checks Written to Cash				<u>38,331.49</u>

APPENDIX C: Schedule of Hotel Expense by Event

EVENT: 2nd ANNUAL PACIFIC RIM VEHICULAR HOMICIDE / DUI SEMINAR

Hotel 1

Room Accommodations & Wet Bar	5,356.19
Room Service	0.00
Seminar Room	0.00
Breakfast	34,106.60
Lunch	38,800.30
Dinner	851.65
Bar	11,926.04
Total Event Related Charges	<u>91,040.78</u>

Non Event Related Charges

Room Accommodations & Wet Bar -- John D. Manibusan	4,439.15
Room Service	0.00
Seminar Room	0.00
Breakfast	287.10
Lunch	0.00
Dinner	0.00
Bar	0.00
Total Non - Event Related Charges	<u>4,726.25</u>

Total Hotel Charges 95,767.03

EVENT: 1999 PACIFIC RIM LIFESAVERS CONFERENCE

Hotel 2

Room Accommodations & Wet Bar	0.00
Room Service	0.00
Seminar Room	18,400.00
Breakfast	0.00
Lunch	0.00
Dinner	0.00
Bar	0.00
Other	0.00

Total Hotel Charges 18,400.00

APPENDIX C: Schedule of Hotel Expense by Event

Hotel 3	EVENT: 1st ANNUAL PACIFIC RIM VEHICULAR HOMICIDE / DUI SEMINAR	EVENT: PACIFIC RIM "WAR ON ICE" SEMINAR	EVENT: 2nd PACIFIC RIM "WAR ON ICE" SEMINAR	Total Hotel Charges
Room Accommodations & Wet Bar	11,002.80	0.00	25,235.10	36,237.90
Room Service	0.00	0.00	0.00	0.00
Seminar Room	0.00	74,929.74	0.00	74,929.74
Breakfast	10,560.00	0.00	0.00	10,560.00
Lunch	18,480.00	0.00	0.00	18,480.00
Dinner	0.00	0.00	0.00	0.00
Bar	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Total Event Related Charges	40,042.80	74,929.74	25,235.10	140,207.64
Non Event Related Charges				
Room Accommodations & Wet Bar	0.00	0.00	0.00	0.00
Room Service	0.00	0.00	0.00	0.00
Seminar Room	0.00	0.00	2,649.37	2,649.37
Breakfast	0.00	0.00	0.00	0.00
Lunch	0.00	0.00	0.00	0.00
Dinner	0.00	0.00	0.00	0.00
Bar	0.00	0.00	0.00	0.00
Total Non – Event Related Charges	0.00	0.00	2,649.37	2,649.37
Total Hotel Charges	40,042.80	74,929.74	27,884.47	142,857.01

**APPENDIX D: Table of Private Business / Citizen Donators with Donations
Greater than \$1,000**

Private Business/Citizen Donators	Donation Amount
DFS	31,000.00
Atkins Kroll Inc.	20,000.00
Insurance Association of Guam	19,400.00
Mobil Oil Guam, Inc.	16,000.00
PacifiCare	10,000.00
Mid-Pac Liquor	7,500.00
Hawaiian Rock Products, Guam	6,200.00
Armored Express Services, Inc.	5,000.00
Chinese Assn. Of Guam	5,000.00
FHP, Inc.	5,000.00
GMHP Health Insurance, LTD.	5,000.00
Guam Memorial Health Plan	5,000.00
Market Wholesale & Distributors	5,000.00
Payless Markets, Inc.	5,000.00
Pepsi Cola Bottling CO., Guam, Inc.	5,000.00
Perez Bros. Inc.	5,000.00
R & C Tours (Guam) Inc.	4,500.00
Topsy Distributing Company	2,500.00
Bank of Guam	2,000.00
Bank of Hawaii	2,000.00
PMT Guam Corp.	2,000.00
Goodwill Development Corporation (Micro. Mall)	1,200.00
Guam Toy's Inc. DBA Toys Are Awesome	1,200.00
DFS Saipan Limited	1,000.00
Guam Chamber of Commerce	1,000.00
Rotary Club of Tumon Bay	1,000.00
Saipan Friendship Lions Club	1,000.00
Shen's Corp. DBA Prestige Automobiles	1,000.00
Young Men's League of Guam	1,000.00
Total Donations	<u>176,500.00</u>

APPENDIX E:**Table of Unsupported Reimbursements to Safe Street Foundation
Committee Members**

Officer / Committee Members	Re-imbusement Amount
Bruno Sablan of GPD	4,791.92
Janice Asano of GPD	2,747.69
Jesse V. G. Sablan of GPA	2,400.00
Eugene Santos of DPHSS	2,115.00
Raymond C. Benavente of GPD	1,250.00
Richard Cress of GPD	695.00
Joseph Zulka – Private Citizen – President	600.00
	14,599.61

**Table of Unsupported Disbursements to Ogo's Catering or an Affiliate of
Ogo's Catering**

Date	Check No.		Disbursement Amount
2-Jan-98	130	Ogo's Catering	15,000.00
26-Jan-98	156	Bernie Guerrero	450.00
6-Feb-98	175	Ogo's Catering	4,982.50
29-May-98	241	Ogo's Catering	1,000.00
11-Jun-98	250	Ogo's Catering	4,700.00
19-Jun-98	255	Ogo's Catering	7,000.00
20-Jun-98	257	Ogo's Catering	2,000.00
23-Jun-98	259	Ogo's Catering	6,000.00
30-Jun-98	261	Ogo's Catering	7,000.00
2-Jul-98	262	Ogo's Catering	6,000.00
			54,132.50

**APPENDIX F: Schedule of Hotel Expense by Vice President / GPD POIII --
Manibusan**

Hotel 1	
Room Accommodations & Taxes	3,885.00
Room Service	194.70
Breakfast	56.10
Lunch	146.05
Mini Bar	50.60
Video Rentals	77.70
Telephone	29.00
Total Charges	4,439.15

**APPENDIX G: Table of Foundation Bank Account Withdrawals and
Deposits -- Period from July 1997 through April 2000**

Date	Check Disbursements / Withdrawals	Deposit	Balance
July-97	-	650.00	650.00
August-97	56.41	-	593.59
September-97	3.00	-	590.59
October-97	111.25	5,087.83	5,567.17
November-97	3,607.77	20,000.00	21,959.40
December-97	47,766.64	215,325.00	189,517.76
January-98	99,321.72	18,675.00	108,871.04
February-98	138,441.53	63,215.00	33,644.51
March-98	22,087.69	5,500.00	17,056.82
April-98	14,830.46	1,500.00	3,726.36
May-98	6,538.82	30,000.00	27,187.54
June-98	49,767.98	45,698.00	23,117.56
July-98	66,128.23	56,899.00	13,888.33
August-98	71,481.33	77,302.84	19,709.84
September-98	21,826.05	10,167.00	8,050.79
October-98	6,364.00	6,960.00	8,646.79
November-98	3,803.00	867.00	5,710.79
December-98	5,012.54	111.00	809.25
January-99	814.65	114.00	108.60
February-99	8,890.50	10,688.00	1,906.10
March-99	14,289.62	19,000.00	6,616.48
April-99	14,631.21	18,524.00	10,509.27
May-99	12,548.00	13,690.00	11,651.27
June-99	13,673.37	10,729.00	8,706.90
July-99	6,955.50	10,200.00	11,951.40
August-99	18,448.72	29,130.00	22,632.68
September-99	21,613.04	7,753.00	8,772.64
October-99	6,148.32	2,625.00	5,249.32
November-99	13,790.29	10,750.00	2,209.03
December-99	1,713.57	400.00	895.46
January-00	303.00	-	592.46
February-00	-	235.00	827.46
March-00	346.00	610.00	1,091.46
April-00	3.00	200.00	1,288.46
Totals	<u>691,317.21</u>	<u>692,605.67</u>	

**APPENDIX H: Table of Undeterminable Foundation Check Disbursements
Period from July 1997 through April 2000**

Date	Check No.	Check Information	Amount
10-Dec-97	115	Undeterminable	124.08
08-Jan-98	133	Undeterminable	500.00
15-Jan-98	128	Undeterminable	3,638.89
16-Jan-98	127	Undeterminable	25.00
23-Jan-98	149	Undeterminable	500.00
23-Jan-98	152	Undeterminable	600.00
26-Jan-98	150	Undeterminable	805.00
27-Jan-98	159	Undeterminable	300.00
30-Jan-98	157	Undeterminable	2,022.00
06-Feb-98	168	Undeterminable	972.00
09-Feb-98	170	Undeterminable	1,854.00
13-Feb-98	181	Undeterminable	2,400.00
17-Feb-98	188	Undeterminable	6,135.60
17-Feb-98	195	Undeterminable	768.50
23-Feb-98	183	Undeterminable	450.00
23-Feb-98	185	Undeterminable	1,500.00
03-Mar-98	150	Undeterminable	569.00
18-Mar-98	186	Undeterminable	4,500.00
03-Apr-98	196	Undeterminable	4,680.00
03-Apr-98	222	Undeterminable	1,000.00
07-Apr-98	210	Undeterminable	1,839.75
07-Apr-98	223	Undeterminable	800.00
09-Apr-98	224	Undeterminable	1,000.00
30-Apr-98	218	Undeterminable	147.00
09-Jun-98	247	Undeterminable	2,509.80
30-Jul-98	274	Undeterminable	1,037.00
05-Aug-98	280	Undeterminable	1,170.60
06-Aug-98	278	Undeterminable	603.84
06-Aug-98	279	Undeterminable	647.00
06-Aug-98	282	Undeterminable	1,500.00
07-Aug-98	284	Undeterminable	1,000.00
07-Aug-98	285	Undeterminable	319.95
08-Aug-98	286	Undeterminable	1,200.00
26-Aug-98	302	Undeterminable	1,560.00
26-Aug-98	303	Undeterminable	836.00

**APPENDIX H: Table of Undeterminable Foundation Check Disbursements
Period from July 1997 through April 2000**

Date	Check No.	Check Information	Amount
27-Aug-98	306	Undeterminable	3,600.00
28-Aug-98	294	Undeterminable	650.00
01-Sep-98	304	Undeterminable	850.00
04-Sep-98	297	Undeterminable	3,550.00
04-Sep-98	315	Undeterminable	1,000.00
22-Oct-98	322	Undeterminable	2,000.00
04-Nov-98	323	Undeterminable	500.00
13-Nov-98	325	Undeterminable	1,900.00
16-Nov-98	324	Undeterminable	800.00
16-Nov-98	326	Undeterminable	600.00
29-Mar-99	7	Undeterminable	200.00
29-Mar-99	357	Undeterminable	170.68
30-Mar-99	4	Undeterminable	159.80
13-Apr-99	11	Undeterminable	500.00
21-Jun-99	404	Undeterminable	99.59
21-Sep-99	454	Undeterminable	700.00
30-Sep-99	458	Undeterminable	1,293.76
01-Oct-99	447	Undeterminable	108.00
18-Oct-99	469	Undeterminable	3,000.00
14-Dec-99	484	Undeterminable	59.13
03-Jan-00	488	Undeterminable	100.00
09-Mar-00	490	Undeterminable	340.00
Checks Written to Undeterminable Payees			<u>71,695.97</u>

APPENDIX I: Government Funding Sources – Appropriations, Sponsorships, and Registration Fees

Deposit Date	Government Source	Deposit Amount
12-Dec-97	Government of Guam (General Fund Appropriation)	200,000.00
27-Aug-98	Government of Guam	975.00
01-Sep-98	Government of Guam	650.00
05-Oct-98	Government of Guam	5,225.00
30-Apr-99	Government of Guam	2,100.00
28-May-99	Government of Guam	175.00
17-Jun-99	Government of Guam	2,450.00
25-Sep-99	Government of Guam	175.00
25-Sep-99	Government of Guam	800.00
26-Nov-99	Government of Guam	10,000.00
	Total Government of Guam	222,550.00
03-Dec-97	Guam Judicial Center	10,000.00
12-Jun-98	Guam Judicial Center	10,000.00
28-Sep-98	Guam Judicial Center	350.00
28-May-99	Guam Judicial Center	10,000.00
	Total Guam Judicial Center	30,350.00
24-Aug-98	Guam International Airport Authority	10,075.00
30-Apr-99	Guam International Airport Authority	2,975.00
04-Oct-99	Guam International Airport Authority	1,200.00
	Total Guam International Airport Authority	14,250.00
27-Feb-98	Guam Visitors Bureau (Sponsorship)	1,000.00
23-Apr-98	Guam Visitors Bureau (Sponsorship)	1,000.00
03-Jun-98	Guam Visitors Bureau (Sponsorship)	10,000.00
	Total Guam Visitors Bureau	12,000.00
02-Feb-98	Port Authority of Guam	325.00
13-Aug-98	Port Authority of Guam	10,000.00
12-Aug-99	Port Authority of Guam	1,750.00
	Total Port Authority of Guam	12,075.00
28-Sep-98	Department of Education	650.00
05-Oct-98	Department of Education	1,000.00
17-Jun-99	Department of Education	2,100.00
23-Nov-99	Department of Education	650.00
	Total Department of Education	4,400.00

APPENDIX I: Government Funding Sources – Registration Fees

Deposit Date	Government Source	Deposit Amount
16-Sep-98	University of Guam	1,625.00
16-Sep-99	University of Guam	400.00
	Total University of Guam	2,025.00
24-Aug-98	Guam Power Authority	1,300.00
28-May-99	Guam Power Authority	700.00
	Total Guam Power Authority	2,000.00
03-Jun-99	Guam Waterworks Authority	1,925.00
	Total Guam Waterworks Authority	1,925.00
06-Feb-98	Guam Legislature	1,500.00
13-Aug-98	Guam Legislature	350.00
	Total Guam Legislature	1,850.00
04-Oct-99	Guam Memorial Hospital Authority	1,225.00
	Total Guam Memorial Hospital Authority	1,225.00
06-Feb-98	Guam Telephone Authority	390.00
07-Sep-99	Guam Telephone Authority	700.00
	Total Guam Telephone Authority	1,090.00
07-Jan-98	Guam Mass Transit Authority	675.00
	Total Guam Mass Transit Authority	675.00
02-Feb-99	GAA Employees' Organization	500.00
	Total GAA Employees' Organization	500.00
25-Sep-99	GHURA (GHURA Revolving Fund)	400.00
	Total GHURA (GHURA Revolving Fund)	400.00
30-Apr-99	Guam Community College	350.00
	Total Guam Community College	350.00
20-Apr-99	Agueda Johnston Middle School	350.00
	Total Agueda Johnston Middle School	350.00
26-May-99	Government of Guam Retirement Fund	175.00
	Total Government of Guam Retirement Fund	175.00
	TOTAL GUAM AGENCY DEPOSITS	308,190.00

APPENDIX I: Government Funding Sources – Registration Fees

Deposit Date	Government Source	Deposit Amount
06-Feb-98	Commonwealth Treasury (CNMI)	40,000.00
31-Mar-98	Commonwealth Treasury (CNMI)	5,000.00
31-Aug-99	CNMI Treasury	420.00
31-Aug-99	Commonwealth Supreme Court	400.00
	Total CNMI Government	45,820.00
31-Aug-99	Director of Finance/Police Department Account (HI)	800.00
	Total Director of Finance/Police Department Account (HI)	800.00
31-Aug-99	Honolulu Federal Employees Federal Credit Union	400.00
	Total Honolulu Federal Employees Federal Credit Union	400.00
23-Dec-97	Judiciary, Republic of Palau	1,325.00
01-Aug-98	Judiciary, Republic of Palau	3,250.00
	Total Judiciary, Republic of Palau	4,575.00
31-Aug-99	The National Treasury of Palau	400.00
	Total The National Treasury of Palau	400.00
08-Oct-99	U.S. Department of Justice	200.00
	Total U.S. Department of Justice	200.00
25-Sep-99	United States Treasury	2,400.00
	Total United States Treasury	2,400.00
18-Aug-98	Yap State Treasury	350.00
	Total Yap State Treasury	350.00
	TOTAL FEDERAL & OFF-ISLAND GOVERNMENT DEPOSITS	54,945.00
	TOTAL DEPOSITS	363,135.00
	DEPOSITS RE-CAP	
	Appropriations - General Fund	200,000.00
	Sponsorships - Guam Visitors Bureau	12,000.00
	Total Government Appropriation & Sponsorships	212,000.00
	Local Government Registration Fees	96,190.00
	Federal & Off-Island Government Registration Fees	54,945.00
	Total Registration Fees:	151,135.00
	TOTAL DEPOSITS	363,135.00

APPENDIX J: Table of Government Payments on Behalf of the Foundation

P.O. Date	Vendor	Amount	Agency	Department Head
GPD Local Asset Forfeiture Fund				
5/13/1998	EXPERTEES INTERNATIONAL	<u>3,765.60</u>	GDP	Marques
GPD Federal Asset Forfeiture Fund				
7/29/1998	Guam Publications, Incorporated	170.00	GDP	Marques
7/29/1998	Guam Publications, Incorporated	170.00	GDP	Marques
8/11/1998	Hyatt Regency Guam	36,000.00	GDP	Marques
8/13/1998	American Printing Corporation	9,900.00	GDP	Marques
3/25/1999	Promotions Specialties	1,315.00	GDP	Marques
3/25/1999	Promotions Specialties	2,330.00	GDP	Marques
3/25/1999	Promotions Specialties	8,350.00	GDP	Marques
8/20/1999	American Printing Corporation	1,250.00	GDP	Marques
8/20/1999	Pacific Color Press	3,358.00	GDP	Marques
8/23/1999	Promotions Specialties	<u>5,100.00</u>	GDP	Marques
Total Guam Police Department		71,708.60		
PIRAAP Federal Block Grant				
8/12/1998	Promotions Specialties	1,152.00	Bureau of Planning	Guzman
8/12/1998	Promotions Specialties	1,760.00	Bureau of Planning	Guzman
8/12/1998	Promotions Specialties	3,266.00	Bureau of Planning	Guzman
8/12/1998	SGO of Guam & Micronesia	548.00	Bureau of Planning	Guzman
8/12/1998	SGO of Guam & Micronesia	1,052.50	Bureau of Planning	Guzman
8/5/1999	Graphic Center, Inc.	795.00	Bureau of Planning	Guzman
8/6/1999	American Printing Corporation	9,507.00	Bureau of Planning	Guzman
8/6/1999	Promotions Specialties	7,940.00	Bureau of Planning	Guzman
8/24/1999	Hyatt Regency Guam	<u>40,000.00</u>	Bureau of Planning	Guzman
Total Bureau of Planning		66,020.50		
		Total	<u>137,729.10</u>	
Direct Payments to Vendors				
6/5/1997	Hyatt Regency Guam	<u>17,076.40</u>	GPD	Terlaje
Total Government Payments on behalf of the Foundation		154,805.50		

APPENDIX K: Table of Unsupported Vendor Disbursements

Date	Check No.	Payee	Amount
18-Dec-97	122	Promotion Specialties	35,613.00
11-Feb-98	187	Graphic Center, Inc.	23,741.00
14-Jan-98	137	United Airlines	16,530.08
20-Aug-98	295	Island Apparel	8,000.00
20-Jan-98	141	Expert Tees	7,957.75
14-Jul-98	265	Island Apparel	7,526.80
04-Feb-98	113	3M	6,630.88
09-Sep-99	455	Outrigger Guam Resort	6,620.15
22-Jun-98	256	Island Apparel	6,133.70
17-Jul-98	266	Promotion Specialties	6,000.00
20-Jul-98	267	Stain Glass Overlay	6,000.00
30-Nov-99	480	Island Apparel	5,891.75
09-Jun-98	249	Promotion Specialties	5,800.00
04-Mar-98	178	MADD Chapter	5,000.00
09-Aug-99	423	SGO of Guam	4,731.60
29-Nov-99	481	Promotion Specialties	4,573.93
15-Mar-99	347	Island Apparel	4,271.50
04-Sep-98	312	Express Signs & Graphics	4,119.00
08-Apr-99	10	Island Apparel	3,266.20
11-Feb-98	190	Promotion Specialties	3,152.74
19-Feb-99	333	Fast Forward Productions	3,150.00
22-Feb-99	337	Guam Radio Services	3,137.50
26-Jul-99	417	Island Apparel	3,070.65
11-Dec-97	118	Micro Age	3,061.44
01-Sep-98	308	Boonie Dogs Design	3,016.30
21-Sep-98	317	Island Apparel	3,000.00
28-Jun-99	407	Island Apparel	3,000.00
25-Mar-99	3	Promotion Specialties	3,000.00
09-Mar-98	209	Westin Resort	3,000.00
26-Aug-98	305	Graphic Center, Inc.	2,945.00
19-Aug-98	291	Franklin A. Perez	2,907.50
29-Dec-97	119	Computerland	2,830.00
26-Feb-98	205	Topsy	2,823.00
11-Jun-99	47	Express Signs & Graphics	2,690.00
12-Feb-98	191	Expert Tees	2,680.00
19-Feb-98	189	Express Signs & Graphics	2,455.00
12-Feb-98	179	Thomas Page	2,400.00
11-Mar-98	213	Shimbros Production	2,390.00
12-Aug-98	283	Gem Travel	2,078.00
09-Sep-98	314	American Printing Corp.	2,050.00

APPENDIX K: Table of Unsupported Vendor Disbursements

Date	Check No.	Payee	Amount
05-Oct-98	319	Island Apparel	2,000.00
14-Oct-98	321	Island Apparel	2,000.00
19-May-99	13	Island Apparel	2,000.00
09-Jun-99	401	Island Apparel	2,000.00
18-Jun-99	402	Promotion Specialties	2,000.00
04-Aug-99	420	Promotion Specialties	2,000.00
09-Aug-99	425	Promotion Specialties	2,000.00
04-Jun-99	48	Graphic Center, Inc.	1,985.00
13-Feb-98	192	Kimberly C. Frankal	1,928.50
04-Dec-98	329	Travel Line	1,894.54
10-Aug-99	426	Megabyte	1,888.00
19-Feb-98	180	David Forsythe	1,800.00
24-Feb-98	204	17 Minute Photo Express	1,700.00
22-Sep-99	466	Stain Glass Overlay	1,534.00
21-Sep-98	316	Guam Cellular & Paging	1,515.75
23-Jun-98	254	American Printing Corp.	1,500.00
19-Jun-98	253	Boonie Dogs Design	1,500.00
14-Aug-98	281	Fast Forward Productions	1,500.00
22-Feb-99	338	Island Apparel	1,500.00
		Disbursements to Vendors < \$1,500	<u>82,202.07</u>
Total Unsupported Vendor Disbursements			<u>343,692.33</u>

APPENDIX L: Management Response



FELIX P. CAMACHO
Governor of Guam

KALEO S. MOYLAN
Lieutenant Governor

Guam Police Department



EARL C. AGUIGUI, Major
Acting Chief of Police

JOSEPH P. MAFNAS, Colonel
Police Commander

Government of Guam

Bldg. No. 233, Central Avenue, Tiyan, Guam 96913
Tel: (671) 475-8473 (Switchboard) ; (671) 475-8509; 475-8512
Fax: (671) 472-4036

February 24, 2003

Ms. Doris Flores Brooks, CPA
Public Auditor of Guam
Office of the Public Auditor
Suite 401 Pacific News Building
238 Archbishop Flores Street
Hagåtña, Guam 96910

Dear Public Auditor Brooks:

Thank you for giving me the opportunity to review the draft report on your investigative findings of the Safe Streets Foundation.

It certainly is a document that I find disturbing since it reveals the highest degree of official misconduct by former and present employees of the Guam Police Department to include, the former Chiefs of Police then in charge of the department from January 1997 to January 3, 2003. The gross absence of accountability from these individuals demand a thorough inquiry by the Attorney General of Guam, whom of which I will work closely with, to pursue this matter once your final report is released.

I fully support your findings and admire the thoroughness of the information as provided. Although the report from the Guam Police Department Internal Affairs lacked a conclusion, I believe that the attached report from the primary investigator will help shed insight as to the reason none was provided.

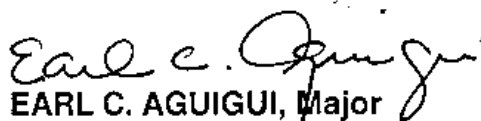
Ms. Doris Flores Brooks, CPA
Public Auditor of Guam
RE: Safe Streets Foundation
February 24, 2003
Page 2

While the report credits former Chief of Police Kabina as having initiated the IAD investigation, I find this not creditable at all. The whole purpose for the inquiry by IAD into the Foundation was to shield Kabina from any adverse information that Mr. Greg Hall, an independent private investigator, might disclose during Kabina's confirmation hearing. If there is anyone that should be credited with bringing this matter forward, it should be Mr. Greg Hall.

With respect to the recommendations you have outlined for the Guam Police Department to undertake, I am happy to inform you that an official IAD inquiry (03-038, Conformance to Laws) is underway.

Please call me should you have any additional requirements.

Sincerely,


EARL C. AGUIGUI, Major
Chief of Police, Acting
Guam Police Department

Attachment

ECA:scr



GOVERNMENT OF GUAM
AGANA, GUAM 96932

February 20, 2003

MEMORANDUM

TO: Chief of Police

Via: Channels *2/21/03*

From: Internal Affairs Section

Subject: **Investigative Findings**
Re: Safe Streets Foundation

Sir, the following information details my investigative findings relative to the exploration of activities involving those who participated in the coordination of events sanctioned by the Safe Streets Foundation (SSF), a non-profit organization.

On February 10, 2000, I was called to the office of then Deputy Chief of Police Ron Dervish, who briefed and assigned me to conduct an investigative "inquiry" into the aforementioned subject matter. No one else was present for this briefing. The information provided by DCOP Dervish was that allegations of unlawful conduct by members of the SSF had surfaced recently and received media attention. Additionally, the accounting firm of Deloitte and Touche launched an independent investigation into the possibility of mishandled or misappropriated funds. DCOP Dervish stressed the importance of the GPD's responsibility to look into this matter since it played a vital role in the organization and function of several of the SSF's seminars and conferences. The following is a listing of the events in question beginning with the most recent event to the first:

- 2nd Pacific Rim Seminar WAR ON ICE, Phase 2, August 31st – September 3rd, 1999, Hyatt Regency
- 1999 Pacific Rim Lifesavers Conference, April 28th – April 30th, Hilton Hotel
- Pacific Rim WAR ON ICE Seminar (Phase 1), August 18th – August 21, 1998, Hyatt Regency
- 2nd Annual Pacific Rim Vehicular Homicide / DUI Seminar, February 2nd – February 6th, 1998, Pacific Star Hotel

MEMORANDUM to the Chief of Police

RE: Investigative Findings (Safe Streets Foundation)

page 2

- 1st Annual Pacific Rim Vehicular Homicide / DUI Seminar, January 21st – January 24th, 1997, Hyatt Regency Guam

A notable event that had yet to take place and was scheduled for March 2000 was the 8th Annual Pacific Basin International Association of Chief's of Police (IACP) Conference. This event was coordinated in part by the SSF.

DCOP Dervish explained that former GPD officer John D. Manibusan who retired from the department in December 1999, played a major role in each of the aforementioned events as the Vice President of the SSF. Manibusan reportedly had access and control over all the proceeds (i.e. payments, monetary or in-kind donations, services, etc.) from individual(s) or corporate sponsors, the Government of Guam and the Federal Government. Manibusan also purchased audio and video equipment, computer equipment, office furniture and other movable items under the SSF. The SSF collected thousands of dollars presumably to run the events; however, there are no known records documenting the appropriation of these monies. That, as a non-profit organization, the SSF was obligated to submit an annual financial statement to the Department of Revenue and Taxation; however, this was not done.

Prior to the onset of the investigation, a meeting between myself, Diane Corbett from the Attorney General's Office and Special Agents Frank Blaz and Jim Banez from the Rev & Tax Criminal Investigation Branch took place at Ms. Corbett's office on February 14, 2000. Each agency's role in this investigation was identified and discussed. Ms. Corbett's role was to obtain any information of value from the Department of Bureau and Planning, while Agents Blaz and Banez were to look into financial issues, and I was to look into matters involving personnel from the GPD or elsewhere. During this meeting Agent Blaz provided copies of the SSF's Constitution and By-Laws, which identified two key individuals (among other persons) who were believed to have had access and control over the monies collected for the events. They are John D. Manibusan, Vice President and Roy Duenas, a Probation Officer from the Superior Court of Guam, and Treasurer for the SSF. Manibusan and Duenas were the authorized co-signatories for SSF checks.

During the course of my investigation, I interviewed several police officers and civilians alike, received and reviewed various documents, and attended meetings, etc. all of which were pertinent to the inquiry at hand. Most of the interviews with the officers and civilians revealed various degrees of skepticism towards the handling of money received and disbursed by the SSF, particularly by Manibusan. Costly lunchtime meals (at the SSF's expense) at various restaurants in Tumon and elsewhere, were often enjoyed by members of the SSF and those assisting in the capacity as a member of one of the committee's for a particular event. Some of the meals were actually paid for by individuals who in turn would be reimbursed at a

MEMORANDUM to the Chief of Police

RE: Investigative Findings (Safe Streets Foundation)

page 3

later date by Manibusan in the form of a check from the SSF. Commemorative items like tee shirts, hats, bags, stickers, mugs, etc. were designed and sold by the SSF with no known form of accountability. Some in-kind and traditional donations received for door and raffle prizes were used in a manner other than its intended purpose.

An example would be that when the Guam Visitors Bureau (GVB) provided in-kind donations for the 1st WAR ON ICE Seminar in 1998, Ms. Amy Pangelinan, then the Acting Community Development Officer for GVB, who attended that particular event observed the non-issuance of their donations. Another example as provided by former police officer J.P. Balbas, is that some in-kind donations such as dinner passes, were actually issued to members of the committees for their personal enjoyment. Another issue of concern was the constant direction of committee members by Manibusan to the residence and business establishment of Ms. Terry Ogo of Ogo's Catering Service to collect money from her. Information received was that Manibusan had "loaned" a large sum of money to Ogo who apparently had difficulty repaying her debt. During my interview of Ogo at her residence and business on March 28, 2000, she denied having received a loan from Manibusan. She instead, insisted that what had actually taken place was that Manibusan had "overpaid" her (the sum of \$13,000.00) for catering services rendered during SSF sanctioned events. She stressed that Manibusan "just kept giving me checks." She said that what she had given those who came to her residence on behalf of Manibusan were "donations" only. Contrary to Ogo's statements, an interview conducted by Agent Blaz with Manibusan at the Rev & Tax CIB office on February 28, 2000 revealed that Manibusan admitted to loaning approximately \$33,000.00 of the SSF's money to Terry Ogo. Manibusan reportedly said he would "take care" of paying any fine(s) he may be facing with Rev & Tax. Another concern was the use of Government of Guam Fuel Requisitions to gas numerous rental cars donated to the SSF from various car rentals for each of the events. Even some POV's (personally owned vehicles) were refueled by way of Government of Guam Fuel Requisitions. Examples were provided by former GPD civilian employee, Janice Asano who (during an interview on March 02, 2000) admitted to refueling her 1998 Ford Explorer; GLP #MER1795, on more than one occasion, and retired police officer Bruno J. Sablan who (during an interview on March 23, 2000) admitted to refueling his 1997 Mitsubishi Montero; personalized GLP "TIA" too. A letter of request to use the fuel requisitions for the rental cars and POV's was supposedly submitted to and approved by the Chief of Police. This "approved" letter of request was never found, and according to retired GPD civilian employee and Chief's secretary, Annie Lizama, she recalled seeing the letter in question, which was eventually denied by then Chief of Police, James Marques. An interview on March 22, 2000 with Mr. Brad Hokanson, Program Coordinator III, GPD Special Programs Unit, revealed that his unit had been relied upon to provide financial aid for various events by the SSF. That Manibusan violated a procurement law when he signed a

MEMORANDUM to the Chief of Police

RE: Investigative Findings (Safe Streets Foundation)

page 4

contract for services and use of the Hyatt Regency Guam without having money available. The Hyatt was the site of the 1st Annual Pacific Rim Vehicular Homicide / DUI Seminar in 1997. Hokanson indicated that his unit received a letter dated January 06, 2000 from Ms. Nancy L. Rider, Deputy Chief, U.S. Department of Justice Criminal Division, Asset Forfeiture and Money Laundering Section, who requested for clarification of purchases like supplies, a bid advertisement in a newspaper and a smoke generator. A search for the smoke generator at the former SSF offices on "F" street in Tiyan revealed the machine was not there. The machine to this day has yet to be located.

Other items of interest such as the computers, software, remaining sale items (i.e. shirts and hats among other things), record books, and various documentations have yet to be identified and located as well.

On June 16, 2000, I was instructed to proceed to the Chief's office where I met with and briefed DCOP Dervish and Chief Ed Kabina on my findings up to that point. A copy of the report was provided to Chief Kabina. NOTE: If I recall, it was during this meeting that Chief Kabina informed me that a representative from Hall & Associates (I believe his name is Greg Hall) was conducting a background investigation pertaining to his (Kabina's) impending legislative confirmation for Chief of Police.

On June 22, 2000, I attended a meeting at the AG's office with Diane Corbett and Assistant AG Joe Tock in which one of the topics discussed was the potential statute of limitations regarding Manibusan should an indictment be pursued. They explained that the statute of limitations start date would be when Manibusan left the GPD on December 31, 1999 and would expire on December 31, 2002. It is now February 2003.

On November 07, 2002, Mr. Pedro Tajalle, Jr. from the Office of the Public Auditor arrived at the Internal Affairs Section requesting to review my report and exhibits. Said report and exhibits were then provided to Mr. Tajalle.

At the onset of this investigation, the efforts of the participating agencies were diligent, however, after only a couple of months communication among the agencies slowed significantly. I continued my efforts nonetheless, but I began to feel as if the investigation did not carry as much importance anymore, therefore, I too lost interest and in June 2000, requested to return to my original function with the Internal Affairs Section. I eventually resumed my internal affairs cases as per my unit supervisor Sergeant I L.U. Quichocho. There was much more to be investigated and substantiated in this case. Had the Office of the Public Auditor not intervened, the remaining circumstances surrounding this case would have remained untapped and eventually forgotten.


MEMORANDUM to the Chief of Police

RE: Investigative Findings (Safe Streets Foundation)

page 5

My investigation began the day (2/10/2000) I met with DCOP Dervish and came to an end on June 23, 2000. My initial instructions were clear and I received no further orders to pursue and conclude either a criminal or administrative investigation; therefore, no case number or case classification was ever obtained.

Submitted for your information and disposition.


Mark A.B. Torre, ID# 279
Police Officer III