

# Memorandum



CITY OF DALLAS  
(Report No. I14-007)

**DATE:** July 7, 2014

**TO:** Honorable Mayor Michael S. Rawlings  
Honorable Jerry Allen, Chairman – Budget, Finance & Audit Committee  
Warren M.S. Ernst, City Attorney

**SUBJECT:** Investigative Report:  
Department of Dallas Water Utilities – Water Meter Fraud

Council Resolution 90-4027 requires the Office of the City Auditor (Office) to report to the Mayor, the Chair of the City Council Budget, Finance & Audit Committee, and the City Attorney any apparent violations of law, apparent instances of misfeasance or nonfeasance by City of Dallas (City) employees. This report summarizes the results of an administrative review of allegations and State criminal charges involving Mr. Derick Williams, Water Field Representative, for the Department of Dallas Water Utilities (DWU).

On January 13, 2014, DWU Management reported to the Office and the Dallas Police Department-Public Integrity Unit (DPD-PIU) that a DWU customer reported a DWU employee had accepted an unauthorized cash payment to reconnect the customer's water service after the service had been disconnected by DWU for non-payment. The customer provided enough information for DWU Management to determine that the DWU employee was Mr. Williams.

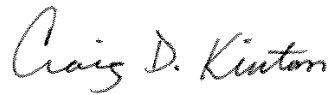
The DPD-PIU began a criminal investigation and, on January 15, 2014, DPD-PIU conducted a sting operation at this customer's residence. This operation exposed that Mr. Williams illegally reconnected the customer's service for a fee of \$150 cash. Immediately after Mr. Williams reconnected the customer's service, he was detained by DPD. In his interview with DPD-PIU, Mr. Williams admitted committing this offense. At that time, Mr. Williams was arrested and charged with Abuse of Official Capacity, a State Jail Felony level crime based on the amount of the customer's estimated water bill for the past year.

Also, the DPD-PIU's investigation uncovered another DWU customer who had their water disconnected for non-payment and whom Mr. Williams assisted by illegally reconnecting their service for a fee of \$60. Based on this information on April 10, 2014, a second Abuse of Official Capacity, Class B Misdemeanor, was filed with the Dallas County District Attorney's Office charging Mr. Williams.

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On January 17, 2014, subsequent to Mr. Williams being charged with Abuse of Official Capacity, DWU Management placed Mr. Williams on paid administrative leave status. On January 22, 2014, DWU Management submitted Mr. Williams' pre-termination hearing notice for review to the City's Department of Human Resources. Mr. Williams terminated his employment with DWU on January 29, 2014, prior to the execution of the pre-termination hearing.

Sincerely,

A handwritten signature in black ink that reads "Craig D. Kinton". The signature is written in a cursive, flowing style.

Craig D. Kinton  
City Auditor

C: Honorable Members of the City Council  
A.C. Gonzalez, City Manager  
Forest Turner, Assistant City Manager  
Jo (Jody) M. Puckett, Director – Department of Dallas Water Utilities