

City Solicitor Response

Case # 22-0031-I

CITY OF BALTIMORE

BRANDON M. SCOTT
Mayor



DEPARTMENT OF LAW
JAMES L. SHEA, CITY SOLICITOR
100 N. HOLLIDAY STREET
SUITE 101, CITY HALL
BALTIMORE, MD 21202

April 18, 2022

Isabel Mercedes Cumming, Inspector General
Office of the Inspector General for Baltimore City
City Hall, Suite 635
100 N. Holliday Street
Baltimore, MD 21202

Re: Response to Report of the Office of Inspector General in Case #22-0031-I Management Alert

Dear Inspector General Cumming:

The City Solicitor is responding to the Management Alert in Case #22-031-I. y

As indicated in the above-referenced Management Alert, the Law Department recently notified your office that it had encountered an issue when requesting a paper check from the Department of Finance, in order to remit settlement funds to resolve litigation between the City and a business.

Our long-established process for concluding a case always has included the “check request”, asking for the paper check which we send to opposing counsel together with any other settlement documents including, e.g., a notice of dismissal or order of satisfaction. In this case, although the Law Department followed its customary procedure by completing the requisite form (attached to your Management Alert as Exhibit A), the Law Department never received the paper check.

Your office was able to quickly determine that the Law Department did not receive that paper check because the Department of Finance had paid the business via an electronic funds transfer. Apparently, the business payee was already a vendor known to the Department of Finance as the business had been the landlord for a building in which a City agency had rented space years ago. Thus, the Department of Finance processed the payment as an electronic fund transfer because the business had received rent payments in the past via that method. Ultimately, the Department of Finance’s historical vendor information took precedence over the clearer and more recent request from the Law Department for a paper check.

Our standard form (i.e., Ex. A to the Management Alert) shows clearly that the check is requested in order to resolve a claim. It references a court case number, plainly states that the request is from the Law Department, and includes several points of information in a section entitled “*Claim Payment Information*”. Nowhere on this form is there a space for the banking information which would be essential to completion of an electronic funds transfer. In short, nothing in the currently-used check request form could reasonably lead to the conclusion that it requests electronic funds transfer into a bank or other financial services account. But, as this situation shows, more can be done to prevent erroneous payments.

You have recommended that the Law Department implement “processes to confirm that check request and final payment with the department of finance are categorized correctly”. With your recommendation in mind, we now have put into place a couple of steps that should accomplish this goal:

1. Starting with the next check that we request, we will insert onto the check request form the statement: “This check is for the purpose of resolving a claim, and the check must be returned to the Law Department”.
2. We will monitor our check request log once weekly on Fridays, to determine what checks remain outstanding. This should readily alert us to any irregularities that should be promptly investigated.

Your office concluded, and the Law Department agrees, that it would be best if the Law Department was made aware of any settlement payees that are already vendors in the Department of Finance’s computer system. The Law Department will work with the Finance Department to put in place any other necessary procedures to guard against the payment of obligations by wire transfer when a paper check has been requested.

Thank you for the opportunity to respond to your report in Case # 22-0031-I. If you have any questions, please reach out to me or to Gwen Tromley in the Law Department’s Litigation Practice Group.

Very truly yours,

A handwritten signature in blue ink that reads "James L. Shea". The signature is written in a cursive, slightly slanted style.

Jim Shea
City Solicitor