



STATE OF NORTH CAROLINA  
DEPARTMENT OF TRANSPORTATION

BEVERLY EAVES PERDUE  
GOVERNOR

DIVISION OF MOTOR VEHICLES

EUGENE A. CONTI, JR.  
SECRETARY

**Office of Professional Standards Report of Investigation**

Report Submitted To: Commissioner Michael D. Robertson	Subject:  <b>Internal Affairs Investigation of:</b>  Division of Motor Vehicles Employees actions/conduct with Verizon Business Corporation and its representatives	Date Assigned: 11/02/2009
Report Submitted By: Keith E. King		Status of Investigation: Closed
Complainant: Internal		Date Submitted: July 22, 2010
Internal Affairs Case # IA-2009-22		Comments: Confidential

**This is an Administrative Internal Affairs Investigation. The investigation and the contents of this report are classified as confidential**

On September 2, 2009, Verizon Business (hereinafter "Verizon") provided the Division of Motor Vehicles with a list of company expenditures outlining meals and services that were allegedly provided to employees of the N.C. Division of Air Quality and the N.C. Division of Motor Vehicles. Upon receiving this report, Commissioner Robertson initially referred the matter to the State Bureau of Investigation; provided a copy of the report to the Division of Air Quality (DAQ); and directed the DMV License and Theft Bureau, Office of Professional Standards to initiate an Internal Affairs investigation.

Specific Division concerns were whether Division of Motor Vehicles employees had violated Division Policies, Bureau Directives, Department of Transportation Ethics Policies and potentially North Carolina General Statutes §§133-32 and 138A-32 by accepting gifts and/or gratuities, in the form of meal(s) or other services, from Verizon Business representatives in exchange for being influenced in the performance of their official duties.

The internal investigation discovered that the Verizon Expenditure Report (hereinafter "Verizon Report" or "Report") contained a significant amount of fraudulent and inaccurate information. This false information was the result of Verizon employees knowingly listing DMV employees as attending meals that they, in fact, did not attend in an effort to get reimbursed.

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1100 NEW BERN AVENUE  
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Notwithstanding the false information, the internal investigation concluded that employees of the Division did receive meals from Verizon representatives. The majority of the Division employees listed as meal attendees received four (4) or fewer meals over the 2 years and 8 month time span covered by the report. Four (4) Division employees, received between five (5) and twelve (12) meals or snacks for the same time period. Because of the false and inaccurate information provided by Verizon, only events that could be corroborated by interviews or documentation were confirmed.

**Background:**

On October 14, 1997, MCI Telecommunications and the Division of Motor Vehicles entered into a Two Million Dollar (\$2,000,000) contract for MCI to create and implement an Electronic Transmission System for the Division. Subsequently, three Amendments were executed between January 13, 2000, and May 23, 2008. The Third Amendment, the only amendment that occurred during the period relevant to this investigation, was for a period of five (5) years, with the option for up to three additional one (1) year periods. This amendment obligated the Division to pay Five Million Three Hundred Thousand dollars (\$5,300,000) and increased transaction fees by \$.20 each. It should be noted that MCI Telecommunications was acquired by Verizon Business in January 2006. Therefore, for the purposes of this report, references to the "Verizon contract" encompass all of the contracts since inception, unless otherwise noted.

Even prior to May 2005, when Assistant Supervisor James "Buck" Riggs retired from the DMV Emissions program and took a job with Verizon, an environment existed within the Division where Verizon representatives were treated as DMV employees.

The investigation revealed that DMV administrators continued to foster an environment that created the appearance that Verizon representatives were employees of the DMV throughout the timeframe of this investigation. The Verizon representatives were provided an office inside the Division Headquarters just a few doors down from the Deputy Director's office. The Verizon employees were provided with security badges granting them ready access to the DMV building and they regularly attended senior level staff meetings. Verizon representatives frequently traveled with DMV staff to off-site meetings and conducted classes at employee training events. It was common for the Verizon staff to go out to lunch and/or dinner with the DMV employees. This relationship made it difficult for DMV employees to distinguish Verizon representatives as vendors.

When legislation that would require the Division to change from a paper inspection certification process to an electronic process was being considered and drafted in 2007, Verizon was already working with Emissions. Therefore, Verizon staff assisted the Division throughout the legislative process ensuring all communications aspects were ready for this new E-Sticker program.

As the original Verizon contract did not encompass the creation and implementation of the E-sticker program, it was necessary for the Division to contract with a vendor to create and implement the E-Sticker Program. Due to the time constraints imposed on the delivery of this project, the former administration cited Verizon as the only viable carrier having the ability to implement the program. House Bill 679, North Carolina General Assembly, 2007 Session, authorized the Division to use the current vendor to implement

the program. For this reason, a Request for Proposals was not issued and the third amendment to the Verizon contract was executed.

During the course of the investigation, three (3) former administrators, Director John Robinson Jr., Director Brian Bozard, and Deputy Director Deborah "Debbie" Brewer were consistently identified by employees as attending meals with Verizon and as having apparent decision making and influential authority over the Verizon contract renewals as well as daily decisions. Andrea Wright was the Senior Project Manager for Verizon and supervised Verizon employees Mike Simms and Christy Yates until such time as she was promoted and replaced by Lori Selvia. After her promotion to District Supervisor, Andrea Wright still maintained oversight of the NCDMV program.

Former Deputy Director Debbie Brewer had the closest relationship with the Verizon representatives, particularly Andrea Wright. In 2006, Brewer was an Assistant Supervisor for Emissions and, along with Supervisor Michael Gaither, was responsible for the Verizon Account. During this time period, interviewees have asserted that Brewer and Ms. Wright were close friends, reportedly taking trips together. Their personal interactions within the office indicated a significant level of comfort. Interviewees also alleged that, at one time, the two women were roommates. The investigation was unable to establish a precise timeframe when they lived together.

As an Assistant Supervisor, and later a Supervisor, Brewer often planned and attended meals with Verizon representatives, inviting other employees to join, and allowing Verizon to purchase her meals. Director Robinson was in attendance at several of these events and reportedly allowed Verizon to purchase his meals. In addition to food and beverages, Brewer is listed in the report as receiving other services. In November 2008, Brewer is listed as sharing a hotel room with Ms. Wright at the Raleigh Marriott. A Verizon representative asserted that on a separate occasion she was instructed by Wright to book a hotel room at the Blockade Runner in Wilmington for Brewer and a Verizon representative. The report also listed Ms. Wright renting beach chairs for herself, Ms. Yates and Brewer. The cost of Brewer's rental was \$10.00. Lastly, there was an expenditure on the report reflecting Gubernatorial Inaugural Ball tickets. The report annotated that Brewer later reimbursed Verizon for her ticket.

Michael Gaither was the Supervisor for the Emissions Program and he also reportedly allowed Verizon to purchase meals on his behalf until he retired in February 2007. Shortly after his retirement from DMV, Lori Selvia hired Gaither, at the direction of Andrea Wright, for \$70-75k as a Verizon employee.

In March 2007, Director Robinson promoted Brewer to Supervisor over the Emissions/Inspection Program. Brewer continued to accept meals from Verizon representatives in the presence of her subordinates and other Division employees. At times, Brewer would assert that she was covering the meal for the DMV employees, but several interviewees claimed to have witnessed Brewer reviewing the bill and then handing the bill to Ms. Wright for payment. One such incident occurred on October 28, 2008, at Jerry's Food and Wine when Brewer was a Deputy Director. Brewer announced to the table that she was covering the bill. However, the bill was handed back to the waitress by Brewer and was then paid by Lori Selvia (Verizon). This meal was subsequently listed on the Verizon expenditure report. The actions of these senior staff members created an environment that made this type of activity appear acceptable to their subordinates and other DMV employees.

The implementation of the E-Sticker Program required the Division to work in conjunction with Division of Air Quality and Verizon employees. These parties met extensively to draft, develop and implement the Program within the short timeframe dictated in the legislation. The majority of the events listed on the Verizon Expenditure Report occurred between January 2007 and November 2008 during the planning and development of the Program.

During the development of the E-Sticker Program, it was common for snacks and fast food lunches to be brought in during working meetings held at DMV and DAQ facilities. It was also common for employees to attend after-work dinners with Verizon representatives. Many of these snacks and meals are listed as expenditures on the Verizon report. However, given the large number of inaccurate and false entries, it is impossible to determine the exact number of meals DMV employees actually received from Verizon. Interviews and documentation substantiated that current DMV employees attended approximately fifty-seven (57) meals and/or twenty-three (23) snacks. Although Verizon claimed these events for reimbursement, they did not always pay for them.

During this period, contract requirements/deliverables were described as being handled under a gentleman's agreement. Throughout this time, Gordon Zeigler was the Assistant Director over the Emission/Inspection Program. However, Assistant Director Zeigler was instructed by Director Robinson to "stay the F--- out of it" (Verizon) and to let Debbie Brewer handle Verizon. According to Selvia and a DAQ employee, this method of business continued until Director Robinson retired and Assistant Director Tracy Keel and Assistant Supervisor David Bradley assumed the primary program management roles in the Fall of 2009, at which time a more structured approach was taken and deliverables and time lines were expected to be met.

Following Director Robinson's retirement in July 2008, Brian Bozard was promoted to Director of License and Theft Bureau. Verizon promoted Wright to a Regional Supervisory position and Lori Selvia was assigned to the DMV Verizon account August 2008. Selvia believed that several DMV employees expected Verizon to pay for meals and, therefore, were taking advantage of Verizon. While attending a Clean Air Conference in September 2008, Selvia approached Brewer and Wright about her concerns and it was agreed that "something had to be done." The Verizon Report reflects that the number of meals significantly decreased after this.

Bozard subsequently promoted Brewer two levels to Deputy Director in November 2008. Michael Weaks was promoted from Assistant Supervisor to Supervisor within Emissions/Inspection Program. Although Weaks took over the supervisory role previously held by Brewer, the overwhelming perception of those interviewed was that Brewer and Wright continued to manage the Verizon business. Supervisor Weaks appears to have been the conduit of information and represented the Division at most of the business meetings related to E-sticker. Furthermore, Supervisor Weaks travelled to California to visit with Verizon at their corporate headquarters.

In April 2009, after questions arose about the Inaugural Ball tickets referenced in the Verizon report, Brewer and Bozard retired. Shortly thereafter, rumors began to circulate that Andrea Wright was going to hire Brewer to replace Lori Selvia. Upon hearing this rumor, Selvia lodged an ethics complaint with Verizon's Ethics Division citing the meal reimbursements and the potential hiring of Brewer. Following this complaint, Verizon

presented the Division, through their outside legal counsel, with a copy of their Expenditure Report.

The attorneys for Verizon have stated that the four (4) Verizon employees who directly assisted with the DMV account were terminated and disciplinary action had been taken against one (1) additional Verizon representative.

### **Investigative Findings:**

DMV Office of Professional Standards examined all DMV employees who were listed in the Verizon Report as having accepted a meal or gift from Verizon between August 2006 and April 2009, with a focus on current employees. All thirty-three (33) DMV employees who were named in the report and employed by DMV as of the beginning of this investigation were interviewed in addition to one current DMV employee who was identified through employee interviews as having possibly attended a meal. One (1) retired DMV employee, three (3) former Verizon Business employees who were assigned to the DMV account, two (2) Verizon attorneys, four (4) Division of Air Quality (DAQ) employees and an NC Department of Transportation Legislative Liaison were also interviewed. Three (3) former top level DMV administrators listed in the Report (Director John Robinson Jr., Director Brian K. Bozard, and Deputy Director Debbie Brewer) were identified as having direct decision making authority over the Verizon contract implementation and renewal. These individuals, as well as the Verizon Business Account Manager Andrea Wright have been identified as persons of interest by the NC State Bureau of Investigation (SBI). To avoid any potential interference with the SBI criminal investigation, these prior employees were not interviewed. It should be noted that the Division contacted Mr. Bozard by telephone after he declined an interview with the SBI. When Mr. Bozard was asked a general question about Verizon he abruptly hung up the phone. The five (5) remaining DMV employees listed in the Report retired prior to the initiation of this investigation and were not interviewed as a part of this internal investigation.

In addition to the interviews, a thorough review of the Verizon Expenditure Report, expense data, travel vouchers, business records and extensive witness interviews established that the Verizon report was laden with false and inaccurate information. By their own admission, Verizon employees knowingly listed DMV personnel who were not in attendance at meals in an attempt to obtain reimbursement for meals which exceeded the \$40-\$45.00 per person amount they understood Verizon Business policy allowed. Although the internal investigation was able to substantiate that DMV employees attended meals paid for by Verizon, the number of employees and meals attended were significantly less than the Verizon Report indicated.

The Verizon Report alleged that two hundred and six (206) expenditures occurred to the benefit of eighty-five (85) individuals from August 14, 2006 through April 15, 2009, for a total cost of approximately \$23,123.33. Of the two hundred and six (206) alleged expenditures, the Report indicated that one hundred and ninety-one (191) involved Verizon purchasing food and beverages for Verizon and State employees with an approximate expenditure of \$8,886.35 on DMV employees. The internal investigation further determined the number of events and the amount expended to be factually incorrect.

The investigation verified that twenty-four (24) DMV employees employed by the Division as of the beginning of this investigation attended approximately fifty-seven (57) meals at restaurants. Verizon representatives frequently insisted on purchasing these meals and often paid before the majority of DMV employees were aware. Employees also attended twenty-three (23) working meetings at State facilities where snacks and/or fast-food lunches were provided. Employees cited numerous occasions where money was collected from them to defray the cost of these snacks.

The remaining individuals who received meals or snacks consisted of twenty-six (26) Verizon representatives, two (2) Department of Transportation Information Technology employees, five (5) Department of Air Quality (DAQ) employees as well as six (6) spouses/significant others. On five (5) occasions Verizon representatives sought reimbursement for meal expenses allegedly received from an "Unknown Restaurant". Because of the lack of detail, those incidents could not be confirmed. Although the Report indicated that tickets to sporting events were purchased, the investigation ascertained that none were purchased for DMV employees.

The internal investigation was able to determine that fifteen (15) meals listed on the Report falsely claimed that DMV employees ate at the same restaurant two or more times on the same date. Interviews with two former Verizon representatives revealed that they understood their spending limits to be \$40.00 to \$45.00 dollars per attendee, per meal. Former Verizon representatives advised that it was common practice for them to split larger checks to avoid exceeding their monthly expenditure limits. This manner of recordkeeping gave the appearance that employees ate multiple meals at the same restaurant in one (1) day when in fact only one (1) event actually occurred. One (1) listing in the Report detailed four (4) entries on one (1) date at one (1) restaurant making it appear as if one group of employees attended a restaurant four (4) times in one (1) day when in actuality they only attended one (1) dinner. At times, Verizon representatives would list DMV employees' names multiple times for the same meal.

Additionally, these same Verizon representatives claimed that Andrea Wright, Verizon DMV Account Manager, often instructed them to add DMV employee names to their expense reports if the bill exceeded the attendee spending limit or if the attendees could not be claimed for reimbursement (i.e. family, friends, or other Verizon employees). This claim was substantiated by several DMV employees who provided proof that they had not attended the meals listed on the Verizon report, or had been in attendance but had purchased their own meal.

In spite of Verizon's factual inaccuracies, the internal investigation confirmed that Division employees did receive meals and snacks paid for by Verizon. Employees also admitted to receiving alcoholic beverages from Verizon representatives, usually in conjunction with after-hour meals. Former Verizon representatives confirmed that alcoholic beverages were purchased on occasion for Division employees along with meals. The former Verizon representatives advised that they had never witnessed a Division employee consume alcohol while on duty.

NCDOT Ethics policy prohibits an employee from soliciting meals or gifts from vendors. Two former Verizon employees cited incidents where a particular Division employee solicited Verizon representatives to purchase his meals. The DMV employee denied soliciting meals and none of the other interviewees witnessed any such event. The internal investigation could not substantiate the veracity of this allegation.

During the course of the investigation, two events stood out as significant. The first involved a retirement dinner for Michael Gaither referenced above. The second was a retirement dinner for Director Robinson.

The Verizon Report alleges that Verizon paid \$781.42 for 20 DMV employees to attend Gaither's retirement dinner at the Angus Barn. Although it appears that there was a dinner for Gaither at the Angus Barn on the 27<sup>th</sup> of February, the majority of attendees were Verizon employees, not employees of DMV. According to the Verizon Code of Conduct Manual provided by their legal counsel, Verizon employees were not entitled to reimbursement as attendees for this meal. Therefore, it appears Verizon representatives listed DMV employees in an attempt to get reimbursed for the cost of the meal. As mentioned above, following his retirement, Gaither later accepted a position with Verizon.

In July 2008, Director Robinson retired. Brewer was identified as the individual who invited employees to Director Robinson's retirement dinner at the Chop House for which Verizon claims to have paid \$1,021.18. Interviewees substantiated that Director Robinson had a retirement dinner at the Chop House and that the majority of attendees were Verizon employees and Robinson's family members, not employees of DMV as listed in the Report. Following his retirement, Director Robinson was offered a position with Verizon. He declined this position in January 2009.

By knowingly accepting these meals from a vendor, individuals attending both of these events violated N.C.G.S. §133-32, NCDOT Ethics Policy and DMV License and Theft Bureau Policy and Procedures.

Several of the meals purchased occurred while employees were attending conferences. There were two occasions where Division employees attended American Association of Motor Vehicle Administrators (AAMVA) conferences out-of-state where Verizon was one of the conference vendors. DMV Employees and representatives from other state DMVs went to dinner and social events hosted by representatives of Verizon. In one such instance, DMV employees consulted with a member of the Office of the Attorney General before attending the meal to ensure that their attendance did not violate ethics rules. Based on the advice of the attorney, employees attended the meal and allowed Verizon to purchase their meal and drinks. In light of the legal advice received the investigation concluded that the meals listed for the AAMVA conferences were permissible.

### **Conclusion**

The investigation ascertained Verizon's allegation that forty-two (42) DMV employees attended 206 events was false. The investigation confirmed a total of twenty (20) DMV employees, six (6) of whom are retired, attended meals and/or working lunches between August 2006 and April 2009 for which Verizon paid. Twelve (12) DMV employees did not accept any meals or snacks from Verizon. The investigation was unable to substantiate the allegation that ten (10) other DMV employees received meals.

In those instances where Verizon purchased a meal, Verizon representatives frequently insisted on purchasing these meals or paid before the majority of DMV employees were aware.

Employees who attended working meetings at State facilities where snacks and/or fast food lunches were provided cited numerous occasions where money was collected from them to defray the cost of these snacks.

Because the Report contained false listings of DMV attendees, the initial \$8,886.35 estimate spent on DMV employees appears to be significantly over-inflated. Since the Verizon report did not detail expenses by individual attendees and contained inaccurate lists of attendees, it is impossible to determine the amount of funds that were actually expended on DMV employees over the three-year period.

The investigation concluded that twelve (12) employees listed in the Verizon report did not receive any meals or snacks from Verizon. The investigation was able to corroborate that the majority of the Division employees listed in the Report as meal attendees received fewer than four (4) meals over the 2 years and 8 month time span covered by the report. Four Division employees received between five (5) to twelve (12) meals or snacks for the same time period.

Although employees admitted to accepting meals from Verizon, of the employees still employed by DMV, only two had apparent authority to exercise decision making or an influential role with regard to Verizon.

Additionally, the majority of employees who attended meals stated they fully expected to pay for their own food and beverage. Most employees perceived Deputy Director Brewer's, Ms. Wright's, and the other Verizon representatives' actions as gestures of friendship or goodwill.

The most disconcerting issue identified through the investigation was the fact that administrators who had direct oversight of the Emissions and E-Sticker Program and the services provided by Verizon staff, accepted meals from Verizon. Regardless of their position, employees who received meals used poor judgment in allowing Verizon to provide them with meals or snacks and their actions were in violation of DMV Ethics Division Policies, Bureau Directives, and Department of Transportation Ethics Policies.



Listed as State Employees according to Verizon	Disposition
Barabara Allen (spouse of Jesse Allen)	not a DMV employee
Jesse Allen	Written Warning
Bill Ballentine	Written Warning
Ron Barness	not a DMV employee
Brian Bozard	Retired
David Bradley	Suspension w/o Pay (5 Days)
Debbie Brewer	Retired
Debbie Bryant	Counseling for Guidance
Lieutenant Antonio Caldwell	Exonerated
Rusty Callahan	Retired
Steve Carr	not a DMV employee
Victoria Chandler	not a DMV employee
Barry Cross	Written Warning
Doug Dunnagan	Exonerated/Retired
James Ellenburg	Counseling for Guidance
Kim Gaither (spouse of Mike Gaither)	not a DMV employee
Mike Gaither	Retired
Hardy Gillam	Exonerated
Paul Gordey	not a DMV employee
Jimmie Haitt	Deceased
Tim Hickman	Exonerated
Bill Hill	Retired
James Hill	Exonerated
Wayne Hurder	Retired
Chuck Irvin	Retired
Inspector Rob Jones	Exonerated
Stephen Lamm	Exonerated
Ben Lewis (Significant Other of Debbie Brewer)	not a DMV employee
Greg Lockamy	Retired
Portia Manley	Unsubstantiated
Gary McIntyre	Counseling for Guidance
Hope McLamb	Unsubstantiated
Hope McLamb's spouse	not a DMV employee
Gene Measley	not a DMV employee
Inspector Chris Noble	Exonerated
Kevin Peake	Unsubstantiated
Margaret People	not a DMV employee
Shandee Perry	Written Warning
Carrie Pickett	not a DMV employee
Brian Phillips	not a DMV employee
Rena Rikard	Written Warning
Andy Riggs	Exonerated/Retired
Deborah Roberts	not a DMV employee
Forest Robson	not a DMV employee
Bonnie Robinson (spouse of John Robinson)	not a DMV employee

John Robinson	Retired
Benny Sharpe	Exonerated
J. Small	not a DMV employee
Mark Smith	not a DMV employee
Purnell Sowell	Written Warning
Tony Spence	Unsubstantiated
Carmen Spruill	not a DMV employee
Delois Wade	Exonerated
Leslie Wan	Written Warning
Peter Wan	Counseling for Guidance
Mike Weaks	Suspension w/o Pay (5 Days)
Tamika Weaks (spouse of Mike Weaks)	not a DMV employee
Angie White	Counseling for Guidance
Will Williamson	Unsubstantiated
Paula Windley	Unsubstantiated
Ken Worthington	Exonerated
Gordon Zeigler	Retired