



Memorandum



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To: The Honorable Carlos A. Gimenez, Mayor, Miami-Dade County
The Honorable Jean Monestime, Chairman
and Members, Board of County Commissioners, Miami-Dade County

From: Mary T. Cagle, Inspector General

Date: February 5, 2015

Subject: Former ISD Supervisor Pays Back the County \$200,000 for Equipment Stolen
and Agrees to Six Months in Jail. Ref. IG13-43

Former Miami-Dade County employee, Ram A. Schratte (Schratter), was arrested, convicted and sentenced today for orchestrating a multi-year scheme to steal security equipment from the County. Schratte who had been a supervisor in the Internal Services Department's (ISD) Alarm Unit for the past 20 years, pleaded guilty to the first degree felony of Organized Scheme to Defraud for diverting alarm and security equipment for his own private commercial use. His sentence contains a six-month jail term and also includes paying back the County \$200,000 in restitution, which was received today as an upfront payment pursuant to the plea agreement.

The OIG investigation into Schratte began in late October 2013 when we received information about significant variances between what the Alarm Unit was purchasing versus what it was billing other departments for the equipment installed. In March 2014, in the midst of the OIG investigation, Schratte resigned in lieu of being terminated. Schratte, who was in charge of ordering alarm equipment and supplies to be installed at county facilities, was also moonlighting by operating his own private alarm and security company—Moon Security Systems, Inc. The OIG determined that Schratte had been running Moon Security Systems (a residential and commercial alarm installation and monitoring company) on the side—and often during county work hours—without formal permission from his ISD managers for almost 10 years. Schratte was over-ordering equipment and supplies from the county vendor and then diverting those products for installation on his own private side jobs. OIG reconciliation of the vendor purchases to intra-departmental billings showed an approximate \$200,000 loss to ISD for the 29-month period that was audited.

Based on an agreement reached with the State Attorney's Office, Schratte pleaded guilty this morning and was sentenced to serve six months in jail. After his release from jail, Schratte will be on house arrest for six months, followed by two more years of probation. In addition to the \$200,000 paid as restitution, he paid \$40,000 for costs of investigation to the OIG. His sentence also includes a 5-year County debarment and the requirement that he perform 75 hours of community service with a community-based

charity. Last, his acceptance of this plea agreement comes with the acknowledgement that he will be forfeiting his 20-year County pension with the Florida Retirement System and all of his accumulated annual and sick leave.

While it is clear that Schratter outright stole from the County, a lack of internal controls and less than diligent supervision allowed Schratter's criminal behavior to continue unchecked. One of the significant deficiencies revealed by the OIG investigation involved the absence of requiring serial numbers (or other types of identification markers) on vendor invoices and/or delivery tickets. Additionally, duties related to purchasing and payment approvals were not adequately segregated as a safeguard. These concerns were communicated to ISD during the course of our investigation, and ISD has agreed to implement the OIG's recommendations in conjunction with its new arrangement to outsource alarm installation and repair services. Prospectively, the OIG will re-assess ISD's internal controls as it relates to this and other similar intra-departmental service programs.

Attachment

c: Alex Ferro, Chief of Staff, Office of the Mayor
Michael A. Hernandez, Director of Communications, Office of the Mayor
Lester Sola, Director, Internal Services Department
Cathy Jackson, Director, Audit and Management Services Department
Charles Anderson, Commission Auditor