



July 8, 2016

Mr. Mike Pounds  
Chief Procurement Officer  
City of Coral Gables  
2800 SW 72<sup>nd</sup> Avenue  
Miami, FL 33155

RE: Email from Maurice Klock dated June 17, 2016 regarding LAZ Parking

Dear Mr. Pounds:

Thank you for the opportunity to respond to the above Email. There are two issues raised in the Email. The first is in connection with a matter involving Philip "Felipe" Oropesa and kickback scheme relative to the Chicago Parking Meters ("CPM"). The second relates to a theft at the MBTA in Massachusetts. LAZ Parking's response to the Email follows:

Philip "Felipe" Oropesa

In the late afternoon of June 16, 2015, a Chicago Sun Times reporter contacted a representative of LAZ Parking seeking comment on an article that was being written in connection with allegations that Philip Oropesa, a LAZ employee had accepted a bribe from one George Levey in connection with the steering of a subcontract for parking meters to a company known as Cale in 2008. This was the first time that anyone at LAZ had heard anything about this issue. LAZ immediately contacted Mr. Oropesa, who denied any wrongdoing. On June 17, 2015 Mr. Oropesa was placed on administrative leave pending further investigation. On June 19, 2015 Mr. Oropesa was terminated for cause.

On that same day, LAZ engaged the law firm of Holland & Knight ("H&K") to undertake an independent investigation to determine: (1) whether Mr. Oropesa accepted bribe payments from George Levey as alleged by the FBI; (2) whether Mr. Oropesa acted alone in his alleged illegal dealings with Levey or were others involved; (3) whether the bribe payments Mr. Oropesa allegedly accepted from Levey materially impacted the selection process in which Cale was awarded the subcontract to provide parking meters for the CPM contract; (4) whether Mr. Oropesa solicited, accepted, or made any other illegal payments to or from Levey or anyone else, or acted in a similar manner with regard to any other contract during his time at LAZ; (5) whether Mr. Oropesa's actions were indicative of a broader pattern of misconduct within LAZ; and (6) what additional internal controls LAZ should implement in order to reduce the risk of similar occurrences in the future.

H&K conducted a wide-ranging and unrestricted investigation which included multiple teams of attorneys conducting approximately sixteen witness interviews around the country and identifying, culling, and reviewing approximately 21,000 documents.

Shortly after beginning the investigation, H&K was able to procure a letter from the Department of Justice for the Northern District of Illinois to the effect that LAZ Parking was not a target of the criminal investigation.

Upon completion of the investigation H&K determined that although it appears that Mr. Oropesa accepted bribe payments from Mr. Levey, there was no evidence to suggest that any other LAZ employees were aware of or involved in Mr. Oropesa's alleged illegal activities. This fact was confirmed by statements of Mr. Oropesa directly to LAZ, by Email to LAZ and in an interview with H&K.

H&K further concluded that the selection of Cale to provide the parking meters for the CPM contract was not improperly influenced by Mr. Oropesa's acceptance of payment from Mr. Levey. Dennis Pedrelli, President of CPM was solely responsible for selecting the vendor.

H&K further concluded that no other projects appear to have been affected by Mr. Oropesa's conduct, there was no evidence suggesting a broader pattern of misconduct, and that the conduct of Mr. Oropesa appeared to be an isolated incident.

Finally, H&K concluded, "...our investigation to date leads us to believe that the Company and its leaders aggressively promoted a culture of ethical conduct."

#### MBTA

LAZ Parking provides defined contractual services for the MBTA including, but not limited to, staffing, customer service, revenue collection, parking lot payment and enforcement, cleaning, striping, landscaping, snow plowing and light maintenance for approximately 100 locations (9 garages and approximately 90 lots). The majorities of the lots are unattended and operate using Paybyphone technology. There are, however 12 lots that are cashier attended lots that are manually operated using tickets and collecting revenue by cash or credit cards.

On March 7, 2016 the MBTA in conducting a routine audit determined that there were discrepancies between the daily revenue report and the results of a physical car count. Upon being notified of the discrepancy, LAZ immediately launched an investigation.

Certain discrepancies were discovered at the North Quincy lot. It was determined that the supervisor at this lot had failed to follow proper procedure and although this individual denied any wrongdoing, he was terminated on March 11, 2016.

Additionally discrepancies were discovered at the Lechmere lot and when the cashier was unable to provide a satisfactory explanation and he was terminated on the spot.

LAZ has continued to cooperate fully with the MBTA and the transit police in connection with their investigation.

It should be noted that fluctuations in revenue for the MBTA locations is not at all unusual based upon factors such as the weather, the performance of the Red Sox, alternative forms of transportation such Uber / Lyft, car sharing, cycling, and walking.

This investigation is ongoing. LAZ and MBTA are working together in a cooperative fashion to resolve and improve any procedures that will minimize issues of employee theft, including reviewing and evaluating the installation of state of the art revenue control equipment. In this and all situations when problems arise, LAZ stands with its clients to resolve any issues and move forward with a stronger relationship.

Although any theft or employee misconduct is unacceptable, LAZ Parking operates, manages, or leases in excess of 2,400 parking locations, containing in excess of 875,000 spaces in 26 states and more than 320 cities. LAZ Parking diligently promotes its mission to, "Create opportunities for our employees and value for our clients" throughout the entire company, and LAZ employees consistently perform at a very high level consistently upholding the LAZ values of: Respect; Commitment to People; Honesty and Integrity; and Trust.

We would like to state very clearly, that these incidents were isolated to other parts of the country and had no affiliation with any staff or operations in the State of Florida. It is unfortunate that other parking operators resort to these tactics during a bid process.

Should you require anything further, do not hesitate to contact me.

Sincerely,



Glenn T. Terk

Corporate Counsel

15 Lewis Street

Hartford, CT 06103

(o) 860-522-7641 X 7739

[Gterk@lazparking.com](mailto:Gterk@lazparking.com)

## **Pounds, Michael**

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**From:** Kinney, Kevin  
**Sent:** Friday, June 17, 2016 5:57 PM  
**To:** Cason, Jim; Quesada, Frank; Keon, Patricia; Lago, Vince; Slesnick, Jeannett  
**Cc:** Parking; Procurement; mtrowbridge@coralgableschamber.org; Iglesias, Peter; Swanson-Rivenbark, Cathy  
**Subject:** RE: LAZ PARKING

To All,

The events outlined in the report below have been a topic of general interest in the parking industry for many months. When events like this arise, it provides an opportunity for the City to review our operating procedures to ensure we have appropriate checks and balances. Over the past ten years the City has taken steps to reduce the opportunity for theft and for several reasons we believe it would be unlikely something as significant as the loss identified below could happen within our Parking Operations. The key is vigilance and continuous improvements in systems and operating procedures. Specifically, our operations have these differences from the incident described and the following protections:

1. Over the past 10 years, the parking system has moved to reduce the amount of cash handling in our revenue control process. Currently, 75% of all revenue generated in a parking lot or on-street is received through electronic payment methods; the funds are deposited directly into a City account without the need for anyone handling cash. Cash that is collected in the parking lot and on-street pay-stations is collected on a regular schedule, when the vault is pulled a report is automatically generated in the EMS and sent to management, the locked vault is then transported to the Money Room where it is unlocked and the deposit is processed on camera. If the deposit is more than \$1 over or short, the Parking Director must sign off on the paperwork.
2. In the two garages with new equipment 70% of all transactions are electronic payments that are automatically deposited into a City account. In these two garages cash received as payment is collected through pay-stations without the need for a cashier to process the transaction. The funds are deposited in a sealed vault automatically and reported to the enterprise management system (EMS). The vaults are collected on a regular schedule, when the vault is pulled a report is automatically generated in the EMS and sent to management, the locked vault is then transported to the Money Room where it is unlocked and the deposit is processed on camera. If the deposit is more than \$1 over or short, the Parking Director must sign off on the paperwork.
3. The City maintains a contract with a parking management company. In the situation reported below, the parking management firm had operational control and reported to the owner. However, Attendant and Cashiering services in our garages are for staffing purposes only and the City maintains direct control over the systems and daily operational control of the garages. Contract staff has limited direct cash handling responsibilities.
4. Two of our City garages are currently operating with cashiers. In these two facilities tickets and deposits are audited daily to verify the City is receiving the parking revenue generated. The processing of deposits is kept separate from the transaction audit.

Next week an evaluation committee will be reviewing proposals for a new Parking Attendant and Cashiering Contract to cover our parking garages. LAZ Parking has submitted a proposal and will be interviewed by the committee. Generally parking firms are organized regionally and it does not appear that anyone participating in the proposal was involved in

the incident reported below. Procurement and Parking Staff will ensure that all necessary due diligence is completed before any recommendation is forwarded to the Manager's Office.

***Kevin J. Kinney, Esq.***

*Parking Director*

**City of Coral Gables Parking Dept.**

2801 Salzedo Street, 2nd Floor

Coral Gables, Florida 33134

305-460-5541

[kkinney@coralgables.com](mailto:kkinney@coralgables.com)

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**From:** Maurice Klock [mailto:[mauriceklock@hotmail.com](mailto:mauriceklock@hotmail.com)]

**Sent:** Friday, June 17, 2016 12:47 PM

**To:** Cason, Jim; Quesada, Frank; Keon, Patricia; Lago, Vince; Slesnick, Jeannett

**Cc:** Parking; Procurement; [mtrowbridge@coralgableschamber.org](mailto:mtrowbridge@coralgableschamber.org)

**Subject:** LAZ PARKING

**Importance:** High

## **DO WE NEED TO BRING THIS KIND OF CULTURE TO OUR CITY, TO COLLECT OUR CITY'S PARKING REVENUES?**

Philip "Felipe" Oropesa was LAZ Parking Vice President overseeing all of the Municipal Contracts for the company.

<http://www.courant.com/business/hc-laz-parking-termination-0621-20150620-story.html>

[Exec pleads guilty to kickback scheme with Chicago's parking meters](#)

## **Commonwealth: T parking data raises lots of questions**

[Bruce Mohl](#) May 25, 2016

**PARKING REVENUE** at a number of major MBTA lots jumped dramatically in March and April after the transit authority began investigating receipt discrepancies. The numbers suggest the loss of parking revenue may be bigger and more widespread than earlier believed.

Brian Shortsleeve, the MBTA's chief administrator, also disclosed on Wednesday that he is putting a new team together to oversee parking, advertising, concessions, and other T and Department of Transportation operations that generate \$127 million in annual revenue. Responsibility for both MBTA

and Department of Transportation parking operations, which generate \$44 million annually, will be handled by Bryan Gubbins, director of real estate for MassDOT. An MBTA spokesman said Ronald Ross, the T's former director of parking, remains at the agency.

The parking problem surfaced initially in February when daily revenue reports at MBTA lots didn't match up with actual vehicle counts conducted by the agency. Conflicting stories emerged as the MBTA's parking lot operator, LAZ Parking Ltd., and then the Transit Police and an outside auditor began investigating. The problem was first described as being confined to one lot, then three, then back to two. T officials said on May 16 they were still trying to get a handle on the revenue losses, but felt they weren't huge.

But parking revenue data obtained from the MBTA suggest the problem may be bigger than earlier believed. At the North Quincy Station parking lot, for example, revenues averaged \$56,561 a month over the 10-month period between May 2015 and February 2016. In March and April, after the parking investigation began and LAZ fired two employees "for not following proper procedures," revenues averaged \$87,151, an increase of \$30,590, or 54 percent.

At the Lechmere parking facility, revenues averaged \$33,008 a month between May and February, but then averaged \$52,613 in March and April, an increase of \$19,605, or 59 percent.

MBTA officials initially said the parking revenue discrepancies they uncovered were confined to the North Quincy facility. Then they added Lechmere and Riverside to the list, but then withdrew Riverside after it was determined there was no revenue loss there.

But parking data obtained by *CommonWealth* suggests average revenue at Riverside did bump up by \$35,775, or 43 percent, during March and April compared to the previous eight months. There were also fairly substantial revenue increases of 20 to 32 percent at the Oak Grove, Sullivan, and Wellington parking facilities in March and April. The increase in average monthly revenue at Wellington was \$30,191.

For all MBTA parking lots, even those not managed by LAZ, average monthly revenue increased more than \$430,000, or 12.5 percent, during March and April compared to the previous 10 months.

It's unclear what caused the spikes in income, but MBTA officials are trying to determine if the higher numbers in March and April were an aberration or reflect revenue that should have been coming in to the authority all along. Joe Pesaturo, the MBTA's spokesman, declined to speculate. "Both the audit and the police investigation continue," he said in an email.

T officials have been cautious in describing the situation, referring to "parking discrepancies" rather than parking thefts. John Englander, the MBTA's legal counsel, said the agency's contract with LAZ requires the parking lot operator to pay twice the amount of any discrepancies that turn up, plus any applicable fines.

<http://commonwealthmagazine.org/transportation/t-parking-data-raises-lots-of-questions/>

News / Local news / Breaking News

# Exec pleads guilty to kickback scheme with Chicago's parking meters



A LAZ Parking worker installs a new parking meter sign in Chicago in 2014. (Anthony Souffle / Chicago Tribune)

By **Jason Meisner** · Contact Reporter  
Chicago Tribune

APRIL 14, 2016, 11:06 AM

**A** former executive for the company that runs Chicago's parking meters pleaded guilty Thursday to taking kickbacks to steer a \$22 million contract to install the privately owned meters.

Philip "Felipe" Oropesa, 57, of Marietta, Ga., pleaded guilty to one count of wire fraud in federal court in Atlanta, where his case was transferred after he was indicted in Chicago last year, court records show. Oropesa also agreed to forfeit \$90,000 in bribe money he was paid over the course of the scheme.

Oropesa's Atlanta-based lawyer, Paul Kish, did not immediately respond to a request for comment.

The charges allege Oropesa, who was vice president of government relations for LAZ Parking, took about \$90,000 in bribes in exchange for steering a \$22 million contract to supply and install the parking meters to a company identified only as Company A.

Oropesa was the latest figure to be convicted of charges of graft and corruption involving a high-profile city deal.

In January, a federal jury found former top city transportation official John Bills guilty of taking hundreds of thousands of dollars in cash, vacation trips and personal gifts to steer the city's lucrative red light camera contract to an Arizona company beginning in 2003.

Last year, former Chicago Public Schools CEO Barbara Byrd-Bennett pleaded guilty to wire fraud for steering multimillion-dollar no-bid contracts to a former employer in exchange for the promise of up to \$2.3 million in kickbacks. One of her co-defendants, Thomas Vranas, a co-owner of SUPES Academy, has also pleaded guilty in the case earlier this week.

Oropesa's alleged scheme was detailed in an FBI search warrant affidavit unsealed last year. According to the 17-page affidavit, Oropesa met with the president of Company A at a Florida restaurant in late 2008 as the deal to lease the meters for 75 years was being completed. Authorities have since confirmed in court filings that the CEO, who cooperated in the federal investigation, was George Levey, who headed Tampa, Fla.-based Cale Parking Systems USA.

At the 2008 meeting, Levey agreed to give kickbacks to Oropesa worth \$90,000 and made a "side agreement" for additional bribes if other business was given to the company in the future.

Oropesa, who was part of a three-member panel assembled to find a vendor, later gave Levey inside information about the bidding requirements and helped select Cale Parking Systems, according to the affidavit.

Oropesa's wife set up a shell company in Florida called Landmark Sales and Marketing that received four bribe payments totaling \$90,000 over a three-month span in 2010, according to the affidavit.

Levey told the FBI that the contract was not nearly as lucrative as he expected because of unforeseen costs imposed by a Morgan Stanley-led business consortium that hired LAZ Parking to manage the privatized meters in Chicago. In 2011, he balked when Oropesa appeared to be hitting him up for more money.

Later that year, he wrote another email to provide Oropesa with a "reality update" on the request for more kickbacks, according to the affidavit. Shortly after the email was sent in July 2011, federal



agents raided Levey's office in connection with an unrelated parking meter bribe scheme, the filing said.

Levey pleaded guilty last April to bribing a Portland, Ore., official in return for help in landing parking meter deals, court records show.

Oropesa, meanwhile, resigned from LAZ shortly after the investigation was made public in June. The Connecticut-based company later issued a statement saying it was cooperating with authorities and that its own internal investigation had shown it was "an isolated case involving one employee."

After leaving LAZ, Oropesa started up his own parking meter company, ZenParc LLC, which according to Oropesa's LinkedIn page helps "public and private owners and operators achieve balance and harmony in their parking operations." The page touts Oropesa's 35 years of "hands-on parking industry and traffic management experience," in particular his success "with the Chicago on-street meter system."

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A version of this article appeared in print on April 15, 2016, in the News section of the Chicago Tribune with the headline "Ex-parking meter exec pleads guilty" — Today's paper | [Subscribe](#)

**This article is related to:** Trials and Arbitration

Business

# LAZ Parking Fires Executive Under Investigation In Bribery Scheme

By **Kenneth R. Gosselin and David Owens** · Contact Reporters  
Property Line

JUNE 20, 2015, 5 57 PM

**H**ARTFORD — Laz Parking has fired its Atlanta-based vice president of government services who is the subject of an FBI investigation over alleged bribe-taking.

The company said Saturday that it had conducted its own internal investigation and decided to terminate the employee. The Courant is not identifying the former employee because no charges have been filed against him.

The FBI is investigating whether the former executive was paid \$90,000 in bribes to steer a contract to install and maintain privatized parking meters in Chicago.

The company, based in Hartford, said it learned of the allegations Tuesday and placed on the vice president on administrative leave as it conducted its investigation.

"We built our company over the past 35 years based on our core values of respect, commitment to people, honesty, integrity and trust," Alan Lazowski, LAZ's Chairman and Chief Executive, said in a statement.

"This is an isolated incident of one employee and if these allegations are true, they are contrary to every core value that LAZ stands for."

The former executive, who was the company's vice president of government services in LAZ's Atlanta office, worked for the company since 2008. The executive was responsible for managing municipal parking operations.

Lazowski said he first learned of the allegations in a call from a Chicago reporter. The executive, Lazowski said, was immediately placed on administrative leave, pending an internal investigation. LAZ has not been contacted by investigators but, if it is, the company will cooperate fully, Lazowski said.

LAZ was founded in 1981 in Hartford with one single valet location. Today, the company has 8,300 employees in 28 states and 245 cities. LAZ owns, manages or leases more than 800,000 parking spaces, making it the third largest parking operator in the country.

The alleged kickback scheme was laid out in an FBI search warrant affidavit filed in February seeking access to two email accounts tied to the LAZ executive. LAZ had been hired by a Morgan Stanley-led business consortium in 2008 to manage the privatized meters in Chicago.

According to the 17-page filing that was made public recently, the LAZ executive met with the president and CEO of another firm, identified only as Company A, at a Florida restaurant in late 2008, as the city's much-maligned \$1.2 billion deal to lease the meters for 75 years was being finalized.

At the meeting, the CEO offered to give kickbacks to the LAZ executive in exchange for steering the contract to install the parking meters to Company A, according to the affidavit. They also made a "side agreement" for additional bribes if other business, such as extended warranties on the meters, was given to the company in the future.

The LAZ executive later gave the CEO inside information about the bidding requirements and helped select Company A for the job as part of a three-member panel assembled to find a vendor, according to the affidavit.

In October 2009, the LAZ executive's wife set up a shell company in Florida called Landmark Sales and Marketing to receive the bribe payments, according to the affidavit. Over a three-month span in 2010, Company A made four payments totaling \$90,000 to Landmark Sales as kickbacks for winning the \$22 million contract, the filing stated.

The CEO, who is not named in the filing, pleaded guilty earlier this year to bribing an official in another city and is cooperating with authorities, the FBI said in the affidavit.

He told the FBI that because of unforeseen costs imposed by the consortium, the contract was not nearly as lucrative as he expected. In 2011, the CEO balked when the LAZ executive appeared to be hitting him up for more money.

"You and I will need to meet," he wrote to the executive, according to the affidavit. "Our friends have hammered us down in all areas. ... A fair payout may have already happened."

Later that year, he wrote another email to provide the LAZ executive with a "reality update" on the request for more kickbacks, according to the affidavit.

"In a normal deal, once a deal is done, one would believe, short of an unforeseen problem, margins would be clear to calculate," the CEO wrote, according to the filing. "... Obviously I am making this statement because the fee issued last year is quite fair as full payment."

Shortly after the email was sent in July 2011, federal agents raided the CEO's office in connection with the unrelated parking meter bribe scheme in another district, according to the filing.

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