



**EMERGENCY MANAGER
CITY OF DETROIT**

ORDER No. 8

**JOINT INVESTIGATION BY THE INSPECTOR GENERAL AND
AUDITOR GENERAL INTO POSSIBLE WASTE, ABUSE, FRAUD,
AND CORRUPTION ASSOCIATED WITH THE CITY'S
EMPLOYEE BENEFIT PROGRAMS**

BY THE AUTHORITY VESTED IN THE EMERGENCY MANAGER
FOR THE CITY OF DETROIT
PURSUANT TO MICHIGAN'S PUBLIC ACT 436 OF 2012,
KEVYN D. ORR, THE EMERGENCY MANAGER,
ISSUES THE FOLLOWING ORDER:

Whereas, on March 28, 2013, Michigan Public Act 436 of 2012 ("PA 436") became effective and Kevyn D. Orr became the Emergency Manager ("EM") for the City of Detroit (the "City") with all the powers and duties provided under PA 436; and

Pursuant to section 10(1) of PA 436, the EM may "issue to the appropriate local elected and appointed officials and employees, agents, and contractors of the local government the orders the emergency manager considers necessary to accomplish the purposes of this act;" and

Section 10(1) of PA 436 makes any such order "binding on the local elected and appointed officials and employees, agents, and contractors of the local government to whom it is issued;" and

Section 7.5-301 of the 2012 Charter for the City of Detroit ("City Charter") creates an independent Office of Inspector General and vests the City's Inspector General (the "IG") with the responsibility to "ensure honesty and integrity in City government by rooting out waste, abuse, fraud, and corruption;" and

Under Section 7.5-306(1) of the City Charter, the IG is charged with investigating “any Public Servant, city agency, program or official act . . . either in response to a complaint or on the Inspector General’s own initiative in order to detect and prevent waste, abuse, fraud and corruption;” and

Under Section 7.5-306 of the City Charter, the IG shall have “access to the financial and other records of all City agencies at any time;” and

Under Section 7.5-105(3) of the City Charter, the City’s Auditor General (the “AG”) is required to “[i]nvestigate the administration and operation of any city agency and report findings and recommendations to the City Council and the Mayor;” and

Section 7.5-105(1) of the City Charter grants the AG “access to all financial records, human resource records, and other records of city agencies necessary to perform his/her functions;” and

The IG and AG have authority under Sections 7.5-307 and 7.5-105(3) of the City Charter, respectively, to “subpoena witnesses, administer oaths, take testimony, require the production of evidence relevant to a matter under investigation, enter and inspect premises within the control of any city agency during regular business hours;” and

Section 7.5-310 of the City Charter provides that “[a]ny Public Servant who willfully and without justification or excuse obstructs an investigation of the Inspector General by withholding documents or testimony is subject to forfeiture of office, discipline, debarment or any other applicable penalty;” and

Section 7.5-308 of the City Charter provides that where the IG “has probable cause to believe that any Public Servant [as defined in the City Charter] or any person doing or seeking to do business with the City has committed or is committing an illegal act, then [the IG] shall promptly refer the matter to the appropriate prosecuting authorities;” and

The City provides various benefits to active City employees and their dependents, and retirees and their dependents, including, but not limited to, unemployment, disability, and health insurance and defined benefit and defined contribution pension plans (collectively, “Benefit Programs”); and

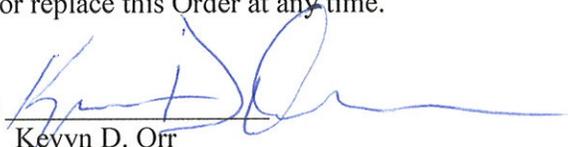
In furtherance of the City’s financial and operational restructuring, the EM has determined that it is necessary and appropriate for the IG and the AG to jointly investigate the administration, operation or implementation of Benefit Programs to identify any waste, abuse, fraud, or corruption, including, but not limited to, administrative misfeasance or other impropriety; and

The EM believes that any such waste, abuse, fraud, or corruption in the administration, operation or implementation of Benefit Programs harms the City and its residents, and that identifying and correcting such waste, abuse, fraud, or corruption is necessary and appropriate to carry out the purposes of PA 436.

It is hereby ordered that:

1. In accordance with the powers granted to the IG and the AG by the City Charter, the IG and the AG shall jointly conduct an investigation into any possible waste, abuse, fraud, or corruption, including, but not limited to, administrative misfeasance or other impropriety with respect to the administration, operation or implementation of Benefit Programs.
2. The IG and the AG shall prepare and deliver a preliminary written report to the EM within 60 days of the date of this Order (the "60 Day Report") regarding the preliminary findings of the investigation and making recommendations regarding next steps, and any corrective, prospective, legal, additional investigatory or other action designed to address any waste, abuse, fraud, or corruption uncovered.
3. The IG and AG shall update and revise the 60 Day Report by providing additional written reports to the EM as necessary, but no later than every 60 days after the issuance of the initial 60 Day Report, and such other reports as may be necessary from time to time.
4. All local elected and appointed officials, employees, agents, trustees, and contractors of the local government shall comply with this Order and any requests made by the IG or AG, either jointly or independently.
5. If any component of this Order is declared illegal, unenforceable, or ineffective by a court of competent jurisdiction, such component shall be deemed severable so that all other components contained in this Order shall remain valid and effective.
6. This Order is effective immediately upon the date of execution below.
7. This Order shall be distributed to the Mayor, City Council members, the IG, the AG, and all other City department directors.
8. The Emergency Manager may modify, rescind, or replace this Order at any time.

Dated: June ^{20th}, 2013

By: 

Kevyn D. Orr
Emergency Manager
City of Detroit

cc: State of Michigan Department of Treasury
Mayor David Bing
Members of Detroit City Council