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May 23, 2024

Steven Reinhold  
Regional Director  
1717 Taylor Avenue  
Racine, WI 53403

**RE:** Equus Gift Card Investigation and Reimbursement Request

Dear Mr. Reinhold,

As you know, DESC has previously entrusted Equus with gift cards (“Cards”) for distribution to eligible program participants in furtherance of your agency’s duties to DESC under its Contract for Workforce Development Services (the “Contract”). To ensure the security of these financial devices and Equus’ accountability for them, these cards were subject to certain inventory, tracking and reporting requirements.

In March 2024 DESC was informed by Matthew Daigler that there was an issue with missing Cards. DESC then conducted our own investigation and site visit.

Based on the number/amount of gift cards originally issued to Equus and the number/amount of gift cards recorded and signed off on in the Launchpad system as being issued to participants, our audit indicates that the outstanding value of missing or otherwise unaccounted for gift cards is \$29,327.28 (please see attached the **Equus Gift Card Summary** for details).

The Contract (Exhibit A: Terms and Conditions, ¶ 16 E) requires that *“Equus and Gersher shall adequately evaluate, administer and monitor its programs, training sites, and worksites on a regular basis and shall establish sufficient internal controls necessary to safeguard against non-compliance, fraud and abuse.”*

The Contract (Exhibit A: Terms and Conditions, ¶ 16 K) further requires that *“Equus and Gersher agree to maintain generally accepted and DESC-specified records that will provide accurate, current, and complete disclosure of the status of each program... In addition, Equus and Gersher shall comply with all financial records requirements concerning accounts, ledgers and supporting records and worksheets.”*

Finally, the Contract (Exhibit A: Terms and Conditions, ¶ 16 J) requires that *“Equus and Gersher shall be responsible for resolving any and all issues that relate to Contract audits or monitoring.”*



Given the foregoing, I am reaching out to formally request reimbursement in the amount of **\$29,327.28**, for the gift cards that were provided to Equus and are now missing or otherwise unaccounted for. We are requesting reimbursement in 15 days from the date of this letter (**June 14, 2024**).

At minimum, what transpired appears to be due to a lack of appropriate oversight and physical security by Equus personnel of the assigned gift cards. However, as our respective investigations continue, we remind you of the requirements of the Contract (Exhibit A: Terms and Conditions, ¶ 15) which impose an obligation on Equus and Gersher to "...ensure that their employees are *made aware of and held accountable* to the provisions of 18 USC 665" a statute that establishes criminal penalties for an agency's employees who willfully misapply, steal or obtain by fraud any of the monies or property received by Equus and/or Gersher under the Contract.

If you would like to discuss this matter further, please let me know.

Thank you in advance for your cooperation and prompt attention. DESC looks forward to the prompt receipt of the reimbursement referred to above.

**Sincerely,**



Sara Azu  
Chief Administrative Officer

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Cc:

Anthony Davis, Manager, Compliance and Internal Audit  
Darilyn Draper, Director Career Centers System  
Traci Sassak, CFO  
Madelyne Bernard-Diab, Executive Director, Career Centers System  
Dana Williams, CEO and President

## Equus Gift Card Summary

### Notes:

**Original Issue** ~ Is the gift cards that were initially provided to the Center.

**LaunchPad Review** ~ Is the total records, the number of gift cards issued. The Difference is what should remain in inventory.

**Physical Inventory** ~ Is what was counted by Compliance and Program Staff (**there was no inventory to be counted**)

**Recaptured Amount from Meijers** ~ Meijer Corporation cancelled the missing cards and reimbursed the remaining balance to DESC.

**Total Amount of DESC's Reimbursement Request** ~ Original Issue Amount (\$**56,825.00**) minus Launchpad Review Amount (\$**25,608.00**), Minus Recaptured Amount from Meijers (\$**1,889.72**) for a total of \$**29,327.28**.

### ORIGINAL ISSUE

--- CARDS ---			TOTAL # OF
<u># OF</u>	<u>DENOMINATION</u>	<u>VALUE OF CARDS</u>	<u>PEOPLE RECEIVING</u>
			<u>GIFT CARDS</u>
903	25	\$22,575.00	305
365	50	\$18,250.00	
<u>160</u>	100	<u>\$16,000.00</u>	
<u>1428</u>		<u>\$56,825.00</u>	

### LAUNCHPAD REVIEW

TOTAL RECORDS	778	\$25,608.00
	DIFFERENCE	<u>\$31,217.00</u>
	<b>RECAPTURED AMOUNT FROM MEIJERS</b>	<b>\$1,889.72</b>
TOTAL AMOUNT OF REIMBURSEMENT REQUEST		<u>\$29,327.28</u>

### PHYSICAL INVENTORY

--- CARDS ---		
<u># OF</u>	<u>DENOMINATION</u>	<u>VALUE OF CARDS</u>
	25	\$0.00
	50	\$0.00
	100	<u>\$0.00</u>
<u>0</u>		<u>\$0.00</u>