

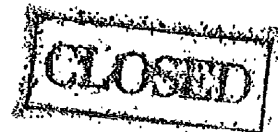
**NATIONAL RAILROAD PASSENGER CORPORATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATIVE CLOSING REPORT**

TITLE: Theft

CASE NUMBERS: 08-105

DATE OF REPORT: March 25, 2009

REPORT PREPARED BY: [REDACTED] ("RA") *JBN*



BACKGROUND:

On August 27, 2008, the RA and Senior Special Agent *TS* [REDACTED] received from [REDACTED] [REDACTED], [REDACTED] Union Station Washington, D.C. an open box she recovered from the baggage area on the lower level of the station. Contained in the box, which had been sitting on a wooden skid in the baggage area, were numerous books of conductor tickets. Judging by the sequence of numbers on the tickets it appeared as though seven tickets books, each containing 25 tickets, were missing. The label on the box indicated that the box was from Magnetic Ticket & Label Corporation ("MTL"), 8719 Diplomacy Boulevard, Dallas, Texas, and should have been delivered to [REDACTED] [REDACTED] at the Richmond Station, 7519 Staples Mill Road, Richmond, Virginia.

SUMMARY OF INVESTIGATION:

1. [REDACTED], Customer Service and Sales Manager MTL, was contacted in reference to these tickets and she initially stated that sequence of tickets were still located in their warehouse. She subsequently corrected that mistakes and faxed a shipping form indicating that this sequence of tickets were shipped on June 22, 2007.
2. On September 2, 2008, the Agents interviewed [REDACTED], [REDACTED], Revenue Accounting, Finance Department, Amtrak. [REDACTED] produced written records that indicated three of the tickets books, believed to be stolen or missing, had been assigned to another station and were never intended to be sent to Richmond.
3. On September 5, 2008, the Agents interviewed [REDACTED] [REDACTED], Richmond Station. He stated he ordered conductor tickets in June 2007, and had specifically requested that they be sent by train. [REDACTED] stated he did not receive the tickets within the expected time, 3-5 days, so he re-ordered them. He received an order in July 2007, but the sequence of numbers were higher than the tickets recovered from the box.
4. On September 30, 2008, the Agents contacted [REDACTED] again to obtained additional information and were informed that the remaining four ticket books had been recovered. [REDACTED] stated a Station Cleaner, [REDACTED] had been directed by the clerk at the Information Desk to retrieve business envelopes from the

storage area located next to the baggage area on the lower level. [REDACTED] did as she was directed, but instead grabbed a packet of these conductor tickets. The packet contained four books of tickets. [REDACTED] was unfamiliar with the appearance of the business envelopes as well as the conductor tickets. All the conductor tickets have been accounted for.

5. On October 21, 2008, Agents travel to Dallas, Texas to interview [REDACTED] and to tour MTL. At the time the conductor tickets in question were shipped, MTL was using a trucking company to transport them to Chicago where they would be put on a train destined for the requesting facility. In June or July 2007, [REDACTED] wasn't sure of the date, MTL, at the request of [REDACTED], started shipping the conductor tickets by FedEx and continue today to ship via FedEx.

During the tour of the facility the Agents were shown where the Amtrak conductor tickets are warehoused. The Agents photographed the area, which was merely unsecured wooden shelving.

6. On February 20, 2009, after consulting with representatives from American Airlines and the Airline Reporting Corporation ("ARC") concerning security procedure they use to protect ticket stock, a management referral was sent to the Finance [REDACTED], [REDACTED]). The referral contained the following recommendations:

- Tickets should be shipped with a company capable of tracking the shipment to its destination and a Chain of Custody ("COC") form should be initiated. No tickets should be shipped by train.
- The vendor, who either warehouses, distributes or prints the tickets should maintain the stock in a secure location where only authorized personnel have access. Subcontractors must be identified to insure the proper security measures are being followed.
- Amtrak recipients should keep tickets in a locked container or storage room. An inventory of the tickets should be done a least once a week, more frequently at facilities where tickets are used more often. Amtrak's Finance Accounting should consider an automatic notification system when conductor tickets received by a station or issued to conductors are not used within a specific time period. Have random employees ride the trains to monitor conductor ticket sales.
- Management should report to the OIG or Amtrak Police all lost or misappropriated ticket stock.

7. On March 24, 2009, the Agents received following response from [REDACTED].

- The company is already using a respectable shipping company that has the ability to track shipments from origin to destination (FedEx). As an alternative to ARC's COC form, FedEx shipments could require a signature at the destination point with electronic images of signatures available on-line. Management agrees with the recommendation of not shipping any ticket stock aboard a train.

- Management agrees to begin discussions with the vendor to warehouse the ticket stock in a secure location. Management will notify the Procurement Department that this needs to be addressed as a business requirement under any future vendor agreements into which the company enters.
- Amtrak Station Services Manual, Chapter 21, Section 21.03, Subsection C3 addresses the issue of securing conductor tickets stock at stations, "Conductor On-Board Ticket Stock ("COTS") are to be stored in a secured and locked receptacle, and out of the reach of patrons." (See Attached)
 However the manual does not require periodic inventories, but the receiving, securing and issuance of conductor tickets by station ticket agents are very detailed and inherently require frequent observation of the ticket stock on hand.
 Management further believes the current NPRC form 1645 (See Attached) provides for COC documentation from station personnel to Conductors and Assistant Conductors from the time of issuance until replenishment is required.
- Management believes the periodic reviews of individual Conductors and Assistant Conductors use and remittance of assigned ticket stock by the Transportation Department are sufficient controls to help detect theft or fraud.
 The deficiency is in that these controls cannot prevent, only detect, theft or fraud after it has occurred.
- Management agrees that any incident of loss or misappropriations of conductor ticket stock should be reported to the OIG or APD. The Station Services Manual and the related Conductor Ticket Stock policy should be amended to include language to this effect. Additionally, policies governing Revenue Accounting and OBS personnel, as well as, vendor contracts should incorporate this notification policy.

RECOMMENDATION:

Based on the above facts case # 08-105 should be closed with no further action warranted pending receipt of additional information.

Supervisor: 

Date: 4/1/09

Deputy Inspector General / Counsel: CAA

Date: 4/6/09