

SUMMIT PARK DISTRICT
Board of Park Commissioners
Special Board Meeting
Tuesday, October 29, 2019, 5:00 pm
Summit Park District SPARK Recreation Center

I. CALL TO ORDER

The Special Meeting of the Summit Park District's Board of Park Commissioners on Tuesday, October 29, 2019 was called to order at 5:00 pm

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

III. ROLL CALL

	<u>Present</u>	<u>Absent</u>
President Tichacek	X	
Vice President Cervantes	X	
Commissioner Ponce	X	
Commissioner Santoyo	X	
Commissioner Solis		X

Also, in attendance: Executive Director Francis M. Torres, Andrew S. Paine of Tressler LLP, and Dave Gonzales of GW & Associates. Commissioner Solis arrived at 5:10 pm.

V. PUBLIC COMMENTS

None

V. NEW BUSINESS

1. Approval of the lease agreement between Tona's Pupusas and the Summit Park District.

Discussion: None

President Tichacek requested a motion to approve the lease agreement between Tona's Pupusas and the Summit Park District.

Vice President Cervantes made a motion to approve the lease agreement between Tona's Pupusas and the Summit Park District.

Motion seconded by Commissioner Santoyo

Roll Call

	<u>Yes</u>	<u>No</u>	<u>Absent</u>
President Tichacek	X		
Vice President Cervantes	X		
Commissioner Ponce	X		
Commissioner Santoyo	X		
Commissioner Solis			X

Motion Passed 4-0

SUMMIT PARK DISTRICT

Board of Park Commissioners

Special Board Meeting - Tuesday, October 29, 5:00 pm – Page Two

2. Discussion regarding ProData Workforce Solutions and the Summit Park District.

President Tichacek spoke about a phone call she received from Frank Torres to notify her that the park district's payroll had been compromised in the amount of \$6,795.69. This money has been frozen by the FBI during their criminal investigation of ProData Workforce Solutions. Due to this situation, she invited Dave Gonzales and Andrew S. Paine to attend this board meeting to discuss the situation of ProData and the CEO of the third-party processing vendor has been indicted by the FBI for fraudulent activity related to payroll funds totaling millions of dollars. In addition to her concerns over the payroll fraud, she questioned why Frank Torres did not notify her and the other board members immediately once he learned of the problem on September 24, 2019, instead only telling them about it in mid-October.

Dave Gonzales distributed a 2019 3rd quarter ProData Liability spreadsheet among the board members. He stated that the park's payroll provider, ProData Workforce Solutions, has been using a third-party company Cloud Payroll LLC, to pay the park district taxes. ProData uses a software Evolution Platform to run payroll, the same software used by Paychex and ADP. Cloud Payroll LLC Then pays the park district's state and federal payroll taxes from the park's bank account.

He directed the board to review the spreadsheet dated August 30, 2019, particularly the state and federal payroll taxes for Q3 2019, which were confiscated by the FBI, totaling \$6,795.69. When Cloud Payroll LLC pulled the funds from the park district's bank account, along with the bank accounts of many other customers nationwide, they kept the money (totaling ~\$30 million for the period of August 28, 2019 to September 4, 2019) instead of paying it to the state and federal IRS. Cloud Payroll LLC's CEO then transferred those funds to his own personal account at Pioneer Bank. Consequently, the payroll taxes for each of these customers, including the park district, were not paid to the state and federal IRS.

Dave informed the board that GW & Associates had switched to a new payroll service company, Asure Payroll, by September 15, 2019, But Cloud Payroll LLC Had already withdrawn the payroll tax funds the park district's bank account by then. On September 23, 2019, GW & Associates were notified by ProData of an issue with the August 30, 2019 Payroll, particularly that the funds withdrawn by Cloud Payroll LLC had not been paid to the state and federal IRS. ProData Notified all their clients of this issue via email and promised to investigate all their accounts to determine which funds were at risk. For the Summit Park District, they determined that ProData that withdrawn \$28,000.00 in payroll and Cloud Payroll LLC had withdrawn \$6,798.69 for payroll taxes. ProData did not pull the net check and the money was deposited into the correct account, therefore, the tax funds were lost but not the net check monies. Some of ProData's customers lost both tax funds and net check monies and net check monies.

GW & Associates notified all their clients of this issue on September 24, 2019, 2019 and have been keeping an eye on news releases and the ProData website. They learned that the FBI had frozen both Cloud Payroll Cloud LLC and ProData's Assets, and that the FBI was asking for cooperation from anyone who had been affected by the fraudulent activity. On behalf Of their clients, GW & Associates made a spreadsheet to assess which of their clients had been affected and by how much. Unfortunately, it is still not known if any of the park district's funds made it to the IRS, but they will continue investigating and Keep the park district informed.

President Tichacek asked Dave Gonzales if this is the only missing money, to which Dave replied that the \$6,795.69 is the only Money pulled from the park district's bank account. He says that ProData was instructed to not to do anything with the net Check and that they are "done", as their business has been injured due to Cloud Payroll LLC's actions. However, Dave added, That leaves the park district without a payroll service company. GE & Associates still had to roll out the September 30, 2019 Payroll checks, so they withdrew the funds from the park district's bank account for both the payroll checks and payroll tax Payments. These tax payments were \$871.62 to the state IRS and \$4,663.28 to the federal IRS, which have been paid.

President Tichacek asked Dave how the August 30, 2019 payroll taxes were paid. He responded by directing the board to The spreadsheet handout. He also referenced the GW & Associates used the IRS website to confirm the payments made this Year by ProData. The website states that the park district's total liability is \$34, 980.09, of which \$24,607.10 has already been

SUMMIT PARK DISTRICT

Board of Park Commissioners

Special Board Meeting - Tuesday, October 29, 2019, 5:00 pm – Page Three

Paid by ProData and \$4,663.28 has been paid by the park district. This leaves the park district still owing \$5,709.71 to the federal IRS, which leaves GW & Associates to assume that the August 2019 payment was not made. The firm will be filing a quarterly tax return and then arrange to issue a check for \$5,709.71 to the IRS. In addition, there is a payment due to the state IRS of \$1,957.60 that will be also coordinated by the firm. These funds for the state IRS have already been withheld and are currently in the park district's bank account. He mentioned ProData was kind of in the dark, I understand what they are going through, which forced them to go out of business. The park was compromised as of August 28, 2019 through September 4, 2019. We were not notified until September 24, 2019. Dave Gonzales said on September 30, 2019, he sent someone to pick up the payroll checks because ProData no longer had a courier to deliver the Pay checks.

President Tichacek asked when the park district will recover the \$5,709.71 from Cloud Payroll LLC., to which Dave replied that It is unknown when that will happen. He is monitoring the news and ProData website for updates and has filed a claim With the FBI on behalf of the park district. He also mentioned that there are many lawsuits being filed. Any funds recovered will be applied to what was taken from the park district's bank account. President Tichacek added that Pro Data is going out of Business.

Dave state in the email dated September 24, 2019 tat GW & Associates and the park District need to find a new payroll Service, which they determined to be Asure Payroll. ProData use the Evolution Platform, Which Asure also uses. This will enable us to roll the data to a similar platform to make the process seamless and accurate. Asure Payroll will help us to finish out us Payroll processing for the calendar year, as well as produce the w-2's. No long-term agreement has been signed with them.

President Tichacek instructed Frank Torres to file a police report and forward the report to Andrew S. Paine. Frank mentioned he would contact the insurance company to cover the loss. President Tichacek contacted Andrew S. Paine for and his guidance and interpretation, he advised to file a police report for the insurance company. President Tichacek asked Andrew S. Paine to contact Dave Gonzales and he forwarded the September 24, 2019 email To Andrew S. Paine and to President Tichacek. When the director was notified by email of September 24, 2019 that the payroll was compromised, all Board members should have been notified and received the copy of the email to be discussed at the October board meeting.

Andrew S. Paine mentioned Cloud Payroll LLC would only pay the tax dollar amount to the IRS using federal tax ID Number Of the park district. Under the recommendations of Dave was to pay again not to pay the interest and penalties to the IRS and how long it's going to take to return the money to the IRS. Dave went over schedule for the third quarter the \$5,709.71 is What will be paid to the IRS

VI. ADJOURNMENT

President Tichacek asked for a motion to adjourn.

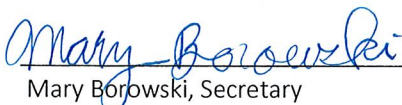
Vice President Cervantes made a motion to adjourn the Special Board Meeting.

Commissioner Santoyo seconded the motion.

Discussion: None Yes – 5, No – 0. Motion to adjourn passed 5-0, meeting adjourned at 5:39 pm



Patricia Tichacek, Board President



Mary Borowski, Secretary

