

# Police investigating transit fraud

Region trying to recover lost money through insurance

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An armoured company expected to take the region's transit fares to the bank is on the hook for hundreds of thousands of missing dollars.

It is estimated about \$1.5 million went missing between York Region, Toronto, Hamilton and Mississauga at the hands of Avero Security.

Avero beat out four other bidders to land a \$1.1 million contract with the region in 2005 and appeared to be fast-growing, successful business, regional CAO Bruce Macgregor said.

"There's every reason to believe it was a fairly sophisticated fraud," he said.

A 2007 audit report raised some concerns about the handling of cash collected from transit fares.

During September and October 2006 it took up to 24 days from the time Avero collected the cash to when the deposit was credited to Viva's accounts with Royal Bank.

It took nine days for Avero to make the deposit though they were supposed to do so the day after collection, the rest of the delay occurring at the bank's end.

From August 2006 to October 2006, more than \$137,000 of the region's money went missing, but in Hamilton and in York Avero officials offered assurances the problems would be resolved.

The York Regional Police fraud unit is investigating.

The money eventually showed up, as did about \$800,000 of a missing \$1.7 million missing in Hamilton.

The Toronto Parking Authority was out \$47,000 by the time the city terminated its contract with Avero in January 2009.

While each of the municipalities encountered similar problems none appears to have known what was going on next door, or how widespread the problems were.

By October 2008, Hamilton had dropped its contract with the company.

Toronto followed suit in early 2009, as did York Region.

The region's report recommended more detailed procedures and oversight, including verifying the physical counting of funds and led to regularly scheduled visits to Avero's facilities.

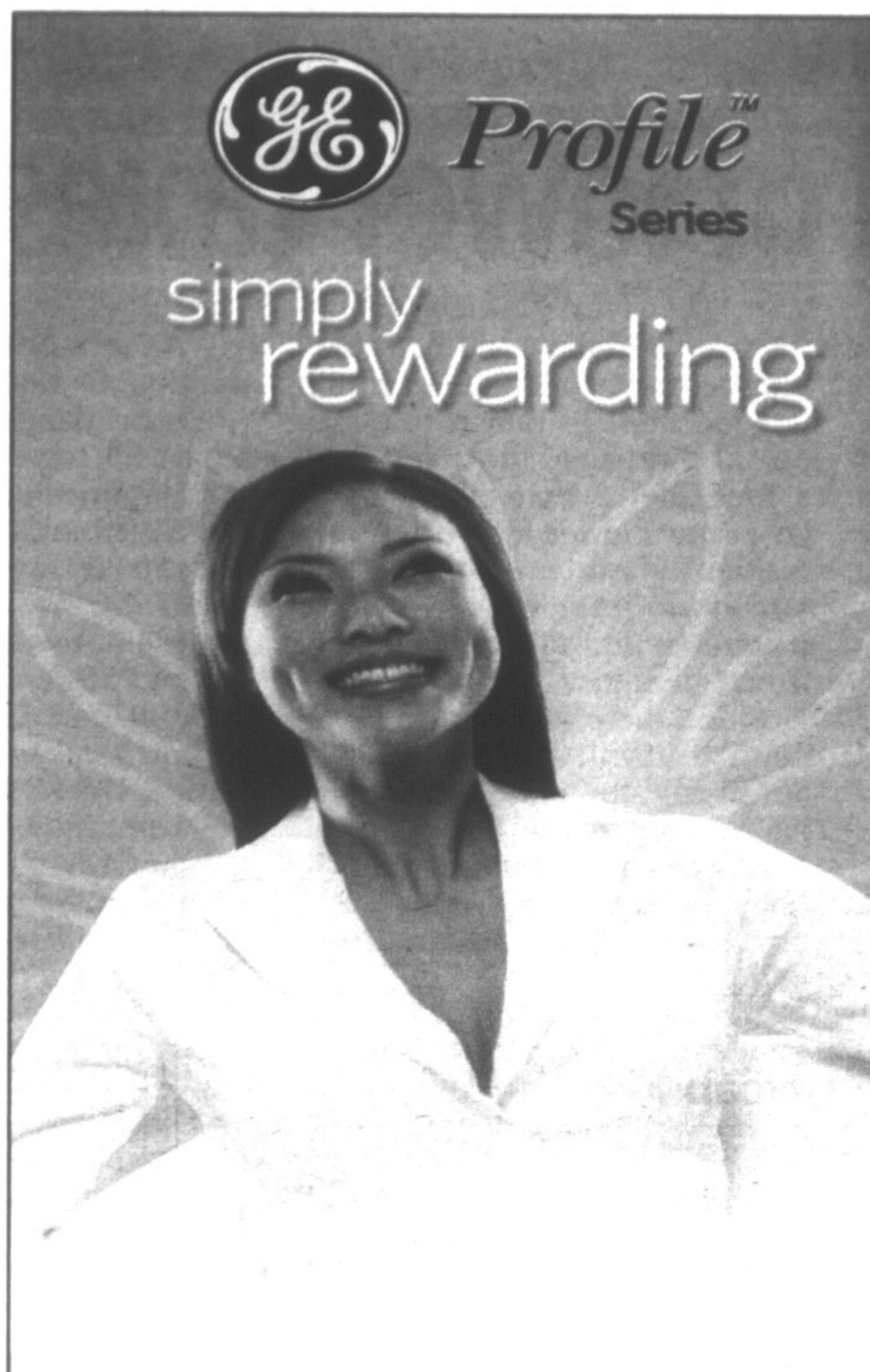
The region is still sifting through the audit trail, sorting out precisely how much money can be tied to issues with Avero, though Mr. Macgregor said it is in the hundreds of thousands.

The company has since shut its doors and its fleet was auctioned off in November.

Whether any money is recoverable from insurance also remains to be seen.

Regional council receives an in-camera update on the investigation and possible litigation today.

—With files from Torstar News Service

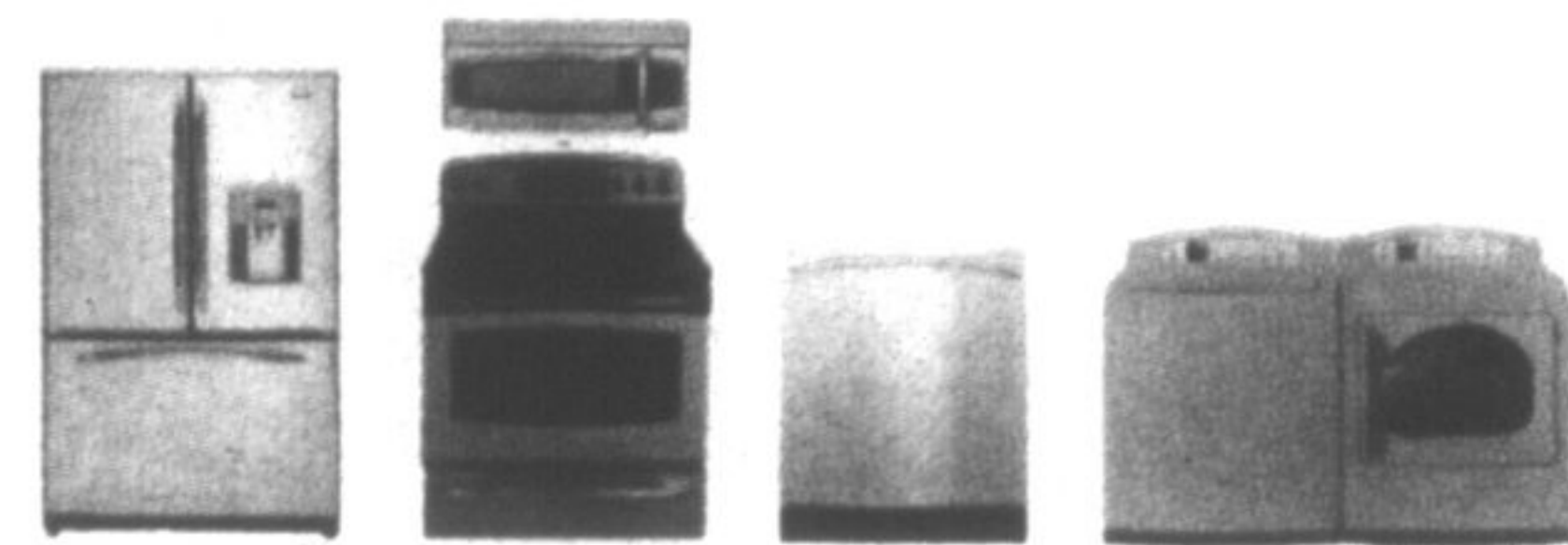


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