

**From:** [angusmccarthy@sbcglobal.net](mailto:angusmccarthy@sbcglobal.net)  
**To:** [MelgarStaff \(BOS\)](#); [Peskin, Aaron \(BOS\)](#); [Preston, Dean \(BOS\)](#); [Ronen, Hillary](#)  
**Cc:** [Beinart, Amy \(BOS\)](#); [Major, Erica \(BOS\)](#); [Rosenfield, Ben \(CON\)](#); [O'Riordan, Patrick \(DBI\)](#); [Angus McCarthy](#)  
**Subject:** RE: My assessment of the Controller's DBI Public Integrity Review report.  
**Date:** Wednesday, September 22, 2021 11:07:22 AM

---

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Date: September 22, 2021.

I'm writing to respond to the email circulated on Monday 7-20-21 at 7.48 pm. from Mr Dratler, see below.

Contrary to the allegations stated by Jerry Dratler, the house at 365 Pacheco was built and inspected according to established proper protocol. While Mr Dratler submits one document reflecting the expiration of the initial, subsequently renewed, permit, he has held back the records of multiple proper and approved inspections.

It's easy to go onto the DBI public tracking system to view the inspections for this house and see his deception. Upon a quick review, there were nine inspections performed by the building inspection division on this property plus three electrical inspections, three plumbing inspections, DPW inspection and Urban Forestry. Each request for a DBI inspection was called into the DBI scheduling number and each request ran through ordinary protocols. To the best of my knowledge each inspection was performed by the district inspector at the time of the request.

The permit/job card used as an example in Mr Dratler's email was simply to renew the original permit which had expired and would have only required one sign off from the building inspector. I believe the original job card/permit (2005 0629 6356) which allowed me to build the house has received all of the required inspections.

After years of listening to his public testimony, I'm confident that he knows how to use the permit tracking system which showed multiple inspections. I'm not sure if Mr Dratler hand-picked this one job card to fit his narrative, however the narrative he chose to present his facts are really misleading to those of us who are pursuing the truth. I'm really disappointed that he chose such a misleading approach.

Sincerely  
Angus McCarthy

---

**From:** dratlerj@gmail.com [mailto:dratlerj@gmail.com]  
**Sent:** Monday, September 20, 2021 7:48 PM  
**To:** [MelgarStaff@sfgov.org](mailto:MelgarStaff@sfgov.org); [aaron.peskin@sfgov.org](mailto:aaron.peskin@sfgov.org); [dean.preston@sfgov.org](mailto:dean.preston@sfgov.org); [hillary.ronen@sfgov.org](mailto:hillary.ronen@sfgov.org)  
**Cc:** [Amy.Beinart@sfgov.org](mailto:Amy.Beinart@sfgov.org); [Erica.Major@sfgov.org](mailto:Erica.Major@sfgov.org); 'Rosenfield, Ben (CON)' <[ben.rosenfield@sfgov.org](mailto:ben.rosenfield@sfgov.org)>; [angusmccarthy@sbcglobal.net](mailto:angusmccarthy@sbcglobal.net); 'Patrick (DBI'

<patrick.oriordan@sfgov.org>; dratler@me.com

**Subject:** My assessment of the Controller's DBI Public Integrity Review report.

**Date:** September 20, 2021

Ms. Major please include a copy of this email in the BOS hearing file.

The September 13, 2021, Land Use and Transportation Committee hearing on the code violations at 2867 San Bruno Avenue was timely because it preceded the September 16, 2021 release of the Controller's DBI Public Integrity Review report. This email was prepared to identify the disconnect between the issues raised in the hearing and the Controller's report.

The integrity report issued on September 16, 2021, is by and large only a review of two projects, 2867 San Bruno Avenue, and 555 Fulton Street, and a summary of the charges that have been brought by the City Attorney against Mr. Nuru, Mr. Wong, Mr. Santos, and others. It does not adequately address the breadth of systemic problems within DBI. The report was incomplete in my view as it should have included a review of the available controls external to DBI that are intended to detect and deter illegal construction. I address these controls in a paragraph below.

The DBI recommendations in the Controller's report are more aspirational than practical. None of the findings in the report are new findings. The same findings were in 2004, 2007 and 2013 reports. I was a member of the 2012/13 Civil Grand Jury and worked on the 2013 DBI report. I am also familiar with all of the past reports. Will the Mayor, the Board of Supervisors, and the Building Inspection Commission act on this report when they have failed to act on the last three reports?

**High level report findings that specifically deal with internal control problems at DBI.**

The preliminary findings on page three identify critical weaknesses in the internal controls at DBI. The internal control weaknesses are due to a lack of managerial oversight by the senior management team at DBI and the Building Inspection Commission. The solution is not additional legislation, the solution is managerial oversight.

- The Permit Tracking System has no controls over data that is entered into the database and there are no controls over changes to PTS database records. This is a remarkable finding. DBI and the BIC need to implement controls over data entered into and corrections made to the Permit Tracking System as soon as possible.
- DBI senior management does not use the existing PTS database

and software reporting tools to generate management exception reports that would identify procedural violations at DBI. How do you manage 133 inspection employees in the current year performing 119,000 building inspections with no exception reports? This is also a remarkable finding. The Controller's Office or an outside audit firm could jump start the development of basic exception reports by preparing a few proposed management control reports for DBI.

- The report identified a lack of management oversight over higher risk DBI department activities and that the existing oversight is inconsistently applied. If you can't quantify the risk, you don't understand how to manage the risk. A departmental risk assessment is a basic audit tool used to develop an audit plan. A risk assessment should be performed at DBI to identify and rank the risks, highest to lowest risk. The Controller's Office or an outside audit firm should perform a comprehensive risk assessment of DBI this year. This is not a task to be taken on by the DBI employees.
- The Controller's report recognizes existing financial penalties assessed by DBI for illegal construction are an ineffective deterrent. In 2019 I presented a 4 year review of the NOV penalties DBI assessed to the Building Inspection Commission. The average penalty was \$1,374 and for 76% of the NOVs the average penalty was only \$694. Assessing a \$1,400 penalty for illegal construction of a \$1.5 million house does not deter illegal construction. There needs to be a complete review and revamping of the penalties assessed by DBI for illegal construction.
- The report concluded all of the control weaknesses identified above combined with poor ethical leadership by DBI management created an environment conducive to corruption. Recent reports of corruption at DBI have confirmed the report's conclusion. It is time to do something about the corruption.

**The Controller's report failed to address an important external control outside of DBI that should have detected the illegal construction at 2867 San Bruno Avenue and 555 Fulton Street**

The projects at 2867 San Bruno Avenue and 555 Fulton Street were required to retain two licensed structural engineers. A project of record structural engineer and a second structural engineer who supervises the fieldwork of the independent inspection service. Both structural engineers are required to submit a report attesting the construction work

was building code compliant and the construction work was consistent with the city approved plans. Did one or both final reports call out the illegal construction?

### **The most shocking specific report finding**

DBI is using paper job cards to record inspections and it is reported that Mr. Curran claims he recorded inspections on the San Bruno job cards but not in the DBI PTS system. Why is DBI using paper job cards when the inspectors have tablet computers that can directly input into the PTS system?

- On page 42 of the report the auditors found cases where there were multiple job cards active for the same property and some DBI inspectors signed off on jobs using the paper job cards and not the PTS system.
- I attached a copy of a job card Bernard Curran used to sign off on Building Inspection Commission President Angus McCarthy's 5,971 square foot new house. I attached the job card to emphasize the severity of the corruption problem. Please note only the final inspection is recorded on the job card of this multi-year project. No other inspections are recorded.



**From:** [dratlerj@gmail.com](mailto:dratlerj@gmail.com)  
**To:** [MelgarStaff \(BOS\)](#); [Peskin, Aaron \(BOS\)](#); [Preston, Dean \(BOS\)](#); [Ronen, Hillary](#)  
**Cc:** [Beinart, Amy \(BOS\)](#); [Major, Erica \(BOS\)](#); [Rosenfield, Ben \(CON\)](#); [angusmccarthy@sbcglobal.net](mailto:angusmccarthy@sbcglobal.net); [O'Riordan, Patrick \(DBI\)](#); [dratler@me.com](mailto:dratler@me.com)  
**Subject:** My assessment of the Controller's DBI Public Integrity Review report.  
**Date:** Monday, September 20, 2021 7:48:39 PM  
**Attachments:** [image001.png](#)

---

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

**Date:** September 20, 2021

Ms. Major please include a copy of this email in the BOS hearing file.

The September 13, 2021, Land Use and Transportation Committee hearing on the code violations at 2867 San Bruno Avenue was timely because it preceded the September 16, 2021 release of the Controller's DBI Public Integrity Review report. This email was prepared to identify the disconnect between the issues raised in the hearing and the Controller's report.

The integrity report issued on September 16, 2021, is by and large only a review of two projects, 2867 San Bruno Avenue, and 555 Fulton Street, and a summary of the charges that have been brought by the City Attorney against Mr. Nuru, Mr. Wong, Mr. Santos, and others. It does not adequately address the breadth of systemic problems within DBI. The report was incomplete in my view as it should have included a review of the available controls external to DBI that are intended to detect and deter illegal construction. I address these controls in a paragraph below.

The DBI recommendations in the Controller's report are more aspirational than practical. None of the findings in the report are new findings. The same findings were in 2004, 2007 and 2013 reports. I was a member of the 2012/13 Civil Grand Jury and worked on the 2013 DBI report. I am also familiar with all of the past reports. Will the Mayor, the Board of Supervisors, and the Building Inspection Commission act on this report when they have failed to act on the last three reports?

**High level report findings that specifically deal with internal control problems at DBI.**

The preliminary findings on page three identify critical weaknesses in the internal controls at DBI. The internal control weaknesses are due to a lack of managerial oversight by the senior management team at DBI and the Building Inspection Commission. The solution is not additional legislation, the solution is managerial oversight.

- The Permit Tracking System has no controls over data that is entered into the database and there are no controls over changes to PTS database records. This is a remarkable finding. DBI and the BIC need to implement controls over data entered into and corrections made to the Permit Tracking System as soon as possible.
- DBI senior management does not use the existing PTS database and software reporting tools to generate management exception reports that would identify procedural violations at DBI. How do you manage 133 inspection employees in the current year performing 119,000 building inspections with no exception reports? This is also a remarkable finding. The Controller's Office or an outside audit firm could jump start the development of basic exception reports by preparing a few proposed management control reports for DBI.
- The report identified a lack of management oversight over higher risk DBI department activities and that the existing oversight is inconsistently applied. If you can't quantify the risk, you don't understand how to manage the risk. A departmental risk assessment is a basic audit tool used to develop an audit plan. A risk assessment should be performed at DBI to identify and rank the risks, highest to lowest risk. The Controller's Office or an outside audit firm should perform a comprehensive risk assessment of DBI this year. This is not a task to be taken on by the DBI employees.
- The Controller's report recognizes existing financial penalties assessed by DBI for illegal construction are an ineffective deterrent. In 2019 I presented a 4 year review of the NOV penalties DBI assessed to the Building Inspection Commission. The average penalty was \$1,374 and for 76% of the NOVs the average penalty was only \$694. Assessing a \$1,400 penalty for illegal construction of a \$1.5 million house does not deter illegal construction. There needs to be a complete review and revamping of the penalties assessed by DBI for illegal construction.
- The report concluded all of the control weaknesses identified above combined with poor ethical leadership by DBI management created an environment conducive to corruption. Recent reports of corruption at DBI have confirmed the report's conclusion. It is time to do something about the corruption.

**The Controller's report failed to address an important external control outside of DBI that should have detected the illegal construction at 2867 San Bruno Avenue and 555 Fulton Street**

The projects at 2867 San Bruno Avenue and 555 Fulton Street were required to retain two licensed structural engineers. A project of record structural engineer and a second structural engineer who supervises the fieldwork of the independent inspection service. Both structural engineers are required to submit a report attesting the construction work was building code compliant and the construction work was consistent with the city approved plans. Did one or both final reports call out the illegal construction?

### **The most shocking specific report finding**

DBI is using paper job cards to record inspections and it is reported that Mr. Curran claims he recorded inspections on the San Bruno job cards but not in the DBI PTS system. Why is DBI using paper job cards when the inspectors have tablet computers that can directly input into the PTS system?

- On page 42 of the report the auditors found cases where there were multiple job cards active for the same property and some DBI inspectors signed off on jobs using the paper job cards and not the PTS system.
- I attached a copy of a job card Bernard Curran used to sign off on Building Inspection Commission President Angus McCarthy's 5,971 square foot new house. I attached the job card to emphasize the severity of the corruption problem. Please note only the final inspection is recorded on the job card of this multi-year project. No other inspections are recorded.



