

Transcript

Good afternoon everybody. Attorney General Martha Coakley. Let me tell you who's on the podium with me today. To my left is the General Manager of the MBTA, Rich Davey. Starting over here is Assistant Attorney General, Jim O'Brien, who's the Chief of our Public Integrity Division. To his left, is Sergeant Mary McCauley, Massachusetts State Police. To her left is Assistant Attorney General Gina Masotta who worked on this case. We have with us the Chief of the MBTA Police, Chief MacMillan, Paul MacMillan, and two Deputy Chiefs, Joseph O'Connor and Lewis Best who have also been involved in this investigation.

This morning, State Police assigned to the Attorney General's Office, working in conjunction with the police from the MBTA, arrested Andres Townes, a 27 year old from Revere. He was going to be arraigned later today in Salem District Court on counts of larceny over \$250 and conspiracy to commit larceny under \$250. He is charged with committing, what is believed to be the largest scheme of illegally produced T passes. We will explain in a minute how it worked, but the amount of money involved in the scope of this is the largest, single, commuter rail and T scheme involved with monthly passes and amounts of money that are in the millions of dollars.

The scheme was this: the individual worked for an independent sub-contractor, who through contract with the MBTA; the company is named Cubic Transportation systems of Beverly. It's a national company. They had a contract to provide for the service and sale of T passes online and by the phone. This individual who was an employee used his position at Cubic to access and produce what were authentic, but unauthorized T passes and so that they would work when they were used going through a turn style, but they were not evidenced in any way on the T computer to show that the pass had been sold or that money was due to the T. Let me explain that.

To the right, you can see the front and the back of one of these. This is a commuter rail pass, in fact. The face value on this one is \$235. That's a monthly pass. The maximum was \$250. Of course, Cubic would produce these legitimately and an individual who bought that pass-- \$235 would go to the T.

In this instance though, this is one of the cards blown up, that card is basically offline. Although it had the magnetic stripe on it and it could be used as a T pass, there was no record to the T that this pass even existed because this individual we allege created his own set of ghost passes-- a file of all of these passes that he did sell at a discount, online, often through Craigslist or through other individuals.

So let me be clear. These looked the same, they operated by and large the way the T passes looked, but he was able to sell over a period we believe going back to the year 2007, up to 20,000 of these passes for millions of dollars. In March alone, the MBTA has estimated, and I'll tell you when they determined this, they traced at least four hundred of these passes in one month alone, the face value that would have been \$70,000.

We believe that this scheme would have gone undetected most likely into the future, but for the alert commuter rail conductor, who back in March, noticed one of the riders, who by the way shows the pass, doesn't necessarily swipe it, but shows it to a conductor. He perceived that the color strip there (you see it in orange) that it was a slightly different color. He asked the rider about it. He said he had bought the pass for a discount on Craigslist, which made the conductor suspicious, rightfully so, and the investigation began.

It showed that this was a pass with a serial number for which there was no record in the MBTA. As a result of that discovery of that one pass, the T police, the state police assigned to our office began an extensive investigation. The result of which is today's arrest, I will note that this investigation is ongoing, it's active. At this time we have no reason to believe that there are employees of the T who are involved in this, but we are pursuing as we've notified Cubic, investigations around the production and distribution of these T passes. Our note to consumers is that the MBTA does not sell discounted passes. They do not sell discounted passes online or through individuals.

If there are consumers who still have passes that they believe now may be deactivated. Many of them since March have been deactivated so they cannot use them, but they are alerted to contact the T police with the pass or if it's been destroyed to at least let us know, so we can get the full scope of this. I must acknowledge that this investigation with the help of the Mass. State Police, the T, and our office, we believe has brought this scheme to a halt. We're going to continue to look at the scope of the activity here. With that, I'm going to turn it over to General Manager Richard Davey.

Thank you General. Thank you. Few things I want to mention. First, I want to thank very much, Attorney General Coakley and her team, the Massachusetts State Police and Transit Police for this two month exhaustive investigation. Obviously it's an ongoing investigation, but today's event was significant in cracking what the General said was an enormous case of fraud at the MBTA.

Couple things I want to mention about Cubic. This morning in terms of our commercial relationship with Cubic, we sent them a Notice of Breach. I've spoken to the president of the company to express not only our outrage, but our expectation that the MBTA will be fully compensated for these losses. I have seen your management from the MBTA now up stationed at Cubic Office in Beverly, where they will be until the contract is fully terminated. Equipment that is used to produce passes has been entirely removed from the Cubic offices, so there is no longer a threat to loss from that office.

We will continue to monitor them closely as we close this contract out. As the Attorney General mentioned, if there are consumers or customers out there who believe they have purchased a fraudulent pass, we ask them to contact T police which is at (617)222-1160. Again, this is an ongoing investigation, so if there are other customers who believe that they were part of this, unwittingly certainly, part of this, we ask them to come forward so that we can continue to prosecute this case.