

## VICTIM IMPACT STATEMENT – DAMIEN R. ARRULA

March 10, 2017 – M. Nguyen Pretrial Hearing

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Your honor, thank you for the opportunity to speak before your court. Your honor, I'm here today representing the people of Placentia. The motto on the wall at City Hall is the "The People are the City." Placentia is not a wealthy city. We don't have a South Coast Plaza or a number of auto dealers that bring in significant tax dollars. The tax dollars we receive are from our residents who take pride in our small community and work hard to pay their taxes. The average household income of our 53,000 residents is \$65,000 per year. The expectation is these funds are going to pay for police officers and firefighters, to maintain parks and pave our local roads.

I say all this to point out this is not a victimless crime. The \$5.1 million Nguyen stole is money our citizens entrusted to our city to serve and protect them and we take that oath seriously.

It pains me to stand here today to talk to you about the impact Michael Nguyen has had on our community. He was our trusted colleague whose actions left a dark stain on our City, one that we are still cleaning up today. To say that we have been reeling, as a community, by the events and consequences of this last year is an understatement. It may take years for the residents to trust in the city staff again.

When Mr. Nguyen was promoted to interim finance director in November 2013, he had full access to the city's finances and as a result of this promotion he was able to manipulate the city's internal controls to begin his scheme. Within a couple of months of being promoted, he executed his first of multiple transactions, ultimately stealing \$5.1 million.

Our city has been taken advantage of. Manipulated. Exploited. Hurt by the actions of a greedy man who had been entrusted to hold a powerful position. What makes this worse is that he knew our City had been struggling with our finances. He knew it was vulnerable. He knew we have been working hard as a team to improve our situation and he knew we were making progress. But behind our backs and without us knowing, he was running a scheme for his own personal gain. Violating his fiscal duty to the residents of Placentia in this regard is disgraceful. He swore an oath and at the highest level and his misuse of public funds was a blatant disregard to our core values as public servants.

The impact of his illegal actions can be felt and seen in the fabric of our community. Many of our operations and improvement projects have been put on hold or delayed because of his crimes. He depleted our reserves. He depleted our emergency funds. One key example is that we have not been able to purchase six new Police Department vehicles, which would aid in responding to emergencies for those in need. We have delayed much needed improvements to our senior center, police station and parks including a children's playground that has not been updated in 20 years.

As many people know, Placentia has some of the worst streets of any city in Orange County. We desperately need to make improvements to our roads, but because of Mr. Nguyen's misuse of public funds, we were not able to move forward with any of the much needed repairs or an emergency bridge construction project.

Now let's talk about the costs. We have had to expend in excess of \$600,000 to clean up this mess he created. That does not include the \$2,035,000 he stole that has still yet to be recovered.

But, these costs don't include the emotional costs of his actions.

The City has been suffering with increased employee turnover, low morale and the inability to successfully recruit new employees. The negative publicity has sullied Placentia's reputation and has made it extremely difficult to retain and attract new employees for key positions. The workload has increased dramatically for members of the City staff which has added undo pressure to an already budget strapped city. Additional resources were also needed on multiple occasions to provide counseling and support services for the staff as one of their own had violated the ultimate public oath of honesty, integrity, and moral character. Morale and public confidence has also suffered and still is in the rebuilding process.

We as City employees are in the business of public service. The public's trust is paramount to what we do daily, which includes protecting the taxpayers money and using it wisely to maintain the most basic level of services and create opportunities that improve the lives of our residents daily. As a result of Mr. Nguyen's actions, this has all been compromised.

Mr. Nguyen you have left a black mark on our community. It is a mark that many city administrators may never see in their entire careers. I however encountered it one month into my job as the city administrator of Placentia. I came into the

position with the goal of executing a grand vision for the community and moving us forward financially. Instead, I have spent the majority of my time and energy dealing with the fall out of your criminal actions.

You will never fully understand how this has impacted our City family. For six months in 2016, I spent entire days working with the District Attorneys' Office and our legal team to try to recover the \$5.1 million you stole from the residents of this great community.

I stand here today to speak on behalf of all of the victims of Mr. Nguyen, many who were not just his coworkers but also trusted friends. Some attended his wedding. A few even attended his son's first birthday party. Let me make this clear, our Placentia family was betrayed by you.

Perhaps, what pains me the most is that you Mr. Nguyen grew up here and spent most of your professional career in this area. This was your home. This was our home. And, you took a torch to it. You were once a trusted colleague, a friend, a partner in our efforts to improve our community and the health and wellbeing of those who live in it. And you blew it all away.

On a personal note, you will never know what you did to me and my family. To my wife and three girls. The sleepless nights wondering what was going to happen to our City. You should be ashamed of yourself. You have shaken our sense of trust to its core. I am disgusted and saddened by what you have done but we will remain diligent and steadfast in regaining what you have taken from us.

Thank you Judge Paer for allowing me to speak on behalf of the residents of Placentia.