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State controller to investigate City of Industry's financial dealings

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California State Controller Betty T. Yee announced Thursday that her agency will formally investigate the financial dealings of the City of Industry, after an audit found that the city paid hundreds of millions of dollars to companies run by a former mayor and his relatives.

Yee said in a statement that an initial review showed "significant discrepancies" between financial reports submitted to her office and the city's audited financial statements.

"As the state's chief fiscal officer, I have the duty to bring my office's expertise to bear to identify potential misuse of taxpayer dollars," she said.

Her staff plans to have its first meeting with Industry officials this month, she said.

Yee sent a letter Thursday to City of Industry officials notifying them of the investigation into their finances, she said. Her staff will also look into allegations of wrongdoing by city officials, and possible issues with local, state and federal programs run by the city. The controller's investigation will begin by examining financial reports from 2012 through 2014.

Yee's announcement comes after an [audit](#) by private firm KPMG found that the town's former Mayor Dave Perez and his family had enriched themselves on a host of city contracts totaling more than \$326 million. The city sometimes paid up to six times a competitors' rate to companies tied to the Perez family for services such as street cleaning, the audit found.

The Los Angeles County district attorney's office has also [opened an investigation](#) into the financial dealings between the city and companies run by the former mayor.

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