

April 12, 2021

CITY OF STONECREST, GEORGIA

*Coronavirus Aid, Relief and Economic Security Act  
(CARES) Program  
Authorization, Organization, Management, Accounting  
and Compliance Investigation*

**ATTORNEY-CLIENT WORK PRODUCT**

Conducted by FINCHER DENMARK LLC

## TABLE OF CONTENTS

|  |       |
|--|-------|
| EXECUTIVE SUMMARY  | 1-2   |
| I. ENGAGEMENT DESCRIPTION AND INVESTIGATION PROCEDURES.....  | 3-7   |
| II. CARES PROGRAM DESCRIPTION AND PURPOSE.....   | 7-8   |
| III. PROGRAM FUNDING STIPULATIONS AND COMPLIANCE.....<br><br>a. Federal Stipulations and Compliance Requirements<br>b. DeKalb County Stipulations and Compliance   | 8-11  |
| IV. LOCAL PROGRAM MANAGEMENT   | 11-12 |
| V. REQUIREMENTS, PROHIBITIONS AND DISCLOSURE REQUIREMENTS<br>i. <i>City Charter</i><br>ii. <i>City Purchasing Policy</i><br>iii. <i>Financial Disclosure Requirements</i>  | 12-14 |
| VI. PROCUREMENT OF CARES ACT PROGRAM CONTRACTS<br>a. Problematic Actions Conducted by the Stonecrest Cares Program<br>b. Actions by Assistant City Attorney Related to an Entity with a Relationship to the CARES Committee and the City | 15-20 |
| VII. ACCOUNTING FOR DISBURSEMENT OF FUNDS FROM COVID-19 RELIEF RESTRICTED FUND   | 20-21 |

|  |              |
|--|--------------|
| <p>VIII. DISCUSSION OF CONTRACTS FUNDED USING CARES ACT PROCEEDS.....</p> <ul style="list-style-type: none"> <li>(i) Contract with Municipal Resource Partners Corporation</li> <li>(ii) Contract with C.B. Keener, LLC</li> <li>(iii) Contract with AOA Educational Foundation, Inc. (AEI Startup Factory)</li> <li>(iv) Contracts with Special Services Consultants</li> <li>(v) Other Contractors and Participants in Committee Operations</li> </ul> | <p>21</p>    |
| <p>IX. DISCOVERY OF BUSINESSES HAVING CONNECTIONS TO THE CARES ACT PROGRAM ORGANIZED</p>   | <p>27-31</p> |
| <p>X. DISCOVERY OF AWARDED FUNDS TURNED BACK TO PERSONS ASSOCIATED WITH THE CITY</p>   | <p>31-34</p> |
| <p>XI. REVIEW OF FINANCIAL REPORTS AND RELATED INFORMATION</p>   | <p>35-36</p> |
| <p>XII. GRANTS TO BUSINESSES, CHURCHES AND NONPROFITS LOCATED OUTSIDE THE CITY LIMITS</p>  | <p>36-37</p> |
| <p>XIII. ADDITIONAL VIOLATIONS</p>   | <p>37</p>    |
| <p>XIV. COMPLIANCE WITH DEKALB COUNTY INTERGOVERNMENTAL AGREEMENT TERMS, CITY CHARTER, CITY CODE, CITY POLICY REQUIREMENTS AND PROFESSIONAL SERVICE AGREEMENT DATED JUNE 15, 2017 WITH CH2M HILL ENGINEERS, INC., NOW JACOBS ENGINEERING GROUP, LLC, AS AMENDED</p>  | <p>38-39</p> |

|   |       |
|---|-------|
| XV. PROFESSIONAL SERVICES AGREEMENT WITH CH2M ENGINEERS, INC. (JACOBS) AND CITY OF STONECREST DATED JUNE 15, 2017, AS AMENDED | 39-40 |
| XVI. SUMMARY OF FINDINGS AND CONCLUSIONS  | 41-51 |
| XVII. RECOMMENDATIONS AS A RESULT OF THE FINDINGS   | 51-52 |
| CONCLUSION  |       |
| APPENDIX  |       |
| Index of Exhibits   |       |
| Exhibits  |       |

## EXECUTIVE SUMMARY

The City Attorney for the City of Stonecrest, Georgia hereby submits this Investigative Report to the Mayor and City Council to comply with the directive received at the public meeting held February 7, 2021. Specifically, the Mayor and Council instructed this office to conduct an investigation into the administration and distribution of federal funds the City received under the CARES Act on October 5, 2020. To fulfil this directive, the City Attorney assembled an investigative team that consisted of Michael Huening (associate attorney), Marshall Mitchell (forensic accountant), Lisa Vann (paralegal), and Tenitra Adams (paralegal). The investigative team was assisted in its efforts by members of City Council, the City staff, entities receiving grant awards, and representatives of Jacobs Engineering, all of whom contributed valuable information and insights to this Report. In the pages that follow, we will chronicle our investigative efforts and the facts uncovered, explain the applicable law, and set forth our findings and conclusions.

After sifting through hundreds of pages of documents and speaking with a score of individuals, we ultimately conclude that the program created to administer and distribute CARES Act funds was plagued by mismanagement and serious departures from both applicable legal standards and generally accepted accounting protocols. The City staff failed to adhere to the City's Purchasing Policy when contracting with third-party vendors and did not gain the required approvals of Mayor and Council nor the City Attorney. For these and other reasons, the contracts purportedly created are legally void. These contracts are also unreasonable in terms of the excessive sums paid to vendors for the services rendered. This investigative report also finds that several City staff members involved in the administration of the grant funds had business relationships with contractors and vendors that at least raise concerns about potential conflicts of interest or the appearance of impropriety. Indeed, some city officials were even involved in the creation of corporate entities that "contracted" with the City and that later played central roles in the administration of CARES Act funds. These newly created corporate entities were paid large sums of money through no bid contracts that were never reviewed by the City Attorney or approved by the Mayor and Council.

Perhaps most troubling, our investigation uncovered a scheme whereby City staff members and officials instructed grant recipients to send a portion of the funds they received to third-party corporate entities—ostensibly for marketing and promotional services. These third-party corporate entities were created by City officials or managed by a familiar cast of individuals who have contractual relationships with the City or deep ties to City staff. There is no evidence that the so-called "marketing" services have ever been provided, and it is unknown where the money actually went. This scheme was not a part of the City's official CARES Act program and was never revealed to either the Mayor and Council or the general public. Further, the veiled diversion of these funds to ineligible corporations was inconsistent with the permissible use of CARES Act dollars. While this investigation cannot definitely conclude that this was a "kickback" scheme, the appearance of such is overwhelming. A further inquiry by a law enforcement agency, with a full array of compulsory tools at its disposal, would yield answers beyond what this civil investigation could.

This Report also explores the contractual relationship between the City and Jacobs Engineering, the contractor who supplies City staff, including the individuals who organized and led the administration of the City's CARES Act grant programs. This Report concludes that, to the extent the City incurs costs or liability as a consequence of the actions of Jacobs employees, Jacobs should indemnify the City and pay to make the City whole. These conversations with Jacobs should commence immediately. Unsurprisingly, Jacobs is presently conducting its own separate investigation into these matters and has already initiated unilateral action to remove many of its employees from the Stonecrest City staff.

The City should immediately take steps to notify those parties in possession of sums that remain unspent, contract amounts paid in advance, or who have inappropriately received sums from CARES Act grants that such money should be returned to the City. Failure to do so will result in the City taking action to recover any and all such funds. In addition, the City should comply with all the requirements of Section 6. Audits and Records Retention of the DeKalb County IGA and report the results of this investigation, including a corrective action plan, within thirty (30) calendar days after the City's receipt of these findings.

In the end, the facts uncovered in this investigation are disappointing. At best, the administration of the City's CARES Act funds was marked by serious mismanagement. At worst, it was yet another regrettable instance of public corruption in DeKalb County. The City of Stonecrest must have the political will to take remedial steps, including adopting the recommendations of this Report, to ensure a fidelity to the law, fiscal transparency, and good government for the citizen-taxpayers of this City.

WINSTON A. DENMARK  
City Attorney, City of Stonecrest  
April 12, 2021

## I. ENGAGEMENT DESCRIPTION AND INVESTIGATION PROCEDURES

Mayor and Council for the City of Stonecrest, Georgia (“City”) directed the City Attorney to investigate the City’s program administration of the CARES Act Relief Grant and to report back to the Mayor and Council findings.<sup>1</sup> The Coronavirus Aid, Relief, and Economic Security Act, or “CARES Act” is a bill passed by Congress and signed by the President on March 27, 2020. The CARES Act provided, among other benefits, grant funds directly to state and local governments across the country.<sup>2</sup> According to the provisions of the CARES Act, local governments with a population of 500,000 or greater based on 2019 census data directly received grant funds. Accordingly, county governments had discretion to distribute grant funds directly to municipalities within their borders. DeKalb County, Georgia was a local government that qualified and received CARES Act grant funds directly from the federal government.

DeKalb County engaged and negotiated with its municipalities, and subsequently an intergovernmental agreement (“IGA”) was executed in August of 2020.<sup>3</sup> That IGA represented an agreement between DeKalb County and its municipalities, wherein DeKalb County would disburse approximately \$32.6 million of the total \$125 million it received to the twelve municipalities located within DeKalb County. Along with the rest of the cities within DeKalb County, Stonecrest received a portion of the CARES Act funds DeKalb County received from the federal government. Based on its population relative to other DeKalb cities, Stonecrest received \$6,227,098<sup>4</sup>. In turn, the City Council adopted a CARES Act funding program and created the Stonecrest COVID CARES Act Relief Fund Committee, which was later renamed the Aaron Matthew Allen Small Business Relief Program. The goal of the committee was to administer the funding program and the distribution of the CARES funds to eligible recipients. Both the CARES Act and the IGA contained certain conditions, requirements, and obligations that were attached to the grant funding.

This Report will present the procedures, findings, and conclusions related to the review of critical provisions of the CARES Act, the City’s adherence to the conditions placed on the distribution of the CARES Act funds, and the process used to administer operations and distribute CARES Act funds through third-party contractors and the Aaron Matthew Allen COVID Small Business Relief Program/Stonecrest Cares Committee platform (“AARP/SC”).

It is important to note that the City uses a non-traditional approach to government services. The City does not employ its own staff. Instead, city operations are performed through a public/private partnership with Jacobs Engineering Group, LLC (“Jacobs”). Under the Professional Services Agreement dated June 15, 2017, as amended, Jacobs provides staff and operational services to the City. The program management and administration of the CARES Act grant was executed by employees and subconsultants of Jacobs, who serve as City staff under the

---

<sup>1</sup> This action was taken and so approved at a Special Called City Council Meeting that took place on February 7, 2021. (Exhibit 1)

<sup>2</sup> Coronavirus Aid, Relief, and Economic Security Act”, H.R. 748, “CARES Act”, 116<sup>th</sup> Cong. § 5001 (2020).

<sup>3</sup> IGA between DeKalb and the cities of Tucker, Decatur, Brookhaven, Stonecrest, Lithonia, Dunwoody, Chamblee, Stone Mountain, Pine Lake, Doraville, Clarkston, and Avondale Estates. (Exhibit 2)

<sup>4</sup> Id.

Agreement. Further, certain CARES Act Relief Grant program functions, as will be later discussed in the report, were performed through arrangements with third parties not affiliated with Jacobs through this outsourcing partnership.

The procedures used by the City Attorney to conduct the investigation included, but were not limited to, the following:

- Obtained copies of all documents executed with DeKalb County regarding funding for the administration and distribution of services using Coronavirus Relief Funds provided through the CARES Act, H.R.748, 116<sup>th</sup> Cong. § 5001 (2020);
- Researched the requirements of the Act and the program guidance provided in the IGA as well as subsequent program guidance issued August 10, 2020, September 2, 2020, October 19, 2020 and January 15, 2021;
- Reviewed all minutes of the meetings of City Council—regular, work session and called—held in 2020 and 2021 to date searching for the subject matter of COVID-19 funding and any related topics;
- Reviewed the City of Stonecrest Financial Management Policies - Purchasing Policy and Ordinance 2018-04-03;
- Reviewed Stonecrest COVID Cares Act Committee Minutes, November 4, November 11, December 3 and December 22, 2020;
- Reviewed contract agreement with Municipal Resource Partners Corporation, dated November 6, 2020, signed by Deputy City Manager Plez Joyner and drafted by Robert Burroughs;
- Reviewed contract agreement with C. B. Keener LLC dated October 30, 2020, signed by Senior Director of Economic Development, Clarence Boone;
- Reviewed contract agreement with AEI Startup Factory, dated October 30, 2020, signed by Senior Director of Economic Development, Clarence Boone;
- Reviewed a Facility License Agreement with AEI Startup Factory signed by the Senior Director of Economic Development, Clarence Boone for \$25,000 leasing space for the COVID-19 program;
- Reviewed emergency use procurement authorization dated November 10, 2020, signed by Deputy City Manager, Plez Joyner for Municipal Resource Partners Corporation;
- Reviewed emergency use procurement authorization dated November 10, 2020, signed by Deputy City Manager, Plez Joyner for C. B. Keener LLC;
- Reviewed emergency use procurement authorization dated November 10, 2020, signed by Deputy City Manager, Plez Joyner for AEI Startup Factory;
- Reviewed organization documents on file with Georgia Secretary of State for Municipal Resource Partners Corporation dated May 4, 2020, listing Thompson Kurrie Jr., Stonecrest Assistant City Attorney, as incorporator;
- Reviewed organization documents on file with Georgia Secretary of State for C. B. Keener LLC dated November 5, 2020, listing Marques Wheeler as organizer;



- Reviewed organization documents on file with Georgia Secretary of State for AOA Educational Foundation (AEI Startup Factory);
- Reviewed organization documents on file with Georgia Secretary of State for OCC Consulting Group, LLC, dated September 3, 2020, listing Tee Foxx as a Manager;
- Reviewed organization documents on file with Georgia Secretary of State for Visit Us, Inc. dated July 1, 2020, listing Thompson Kurrie Jr., Stonecrest Assistant City Attorney, as incorporator, and Robert Burroughs, Esquire as registered agent;
- Reviewed organization documents on file with Georgia Secretary of State for Real Estate Management Consultants, Inc., dated October 22, 2020, listing Robert Burroughs as incorporator and registered agent;
- Reviewed organization documents on file with Georgia Secretary of State for Battleground Media, LLC, dated October 19, 2020, listing Robert Burroughs as incorporator and registered agent, and the address as 6844 Main Street, Lithonia 30058, a property owned by Mayor Jason Lary;
- Reviewed organization documents on file with Georgia Secretary of State for Foxx Entertainment Services, Inc., noting that Iris Settle, City of Stonecrest Chief of Staff, is listed as Foxx Entertainment Services, Inc. corporate secretary, and William Settle, City of Stonecrest Director of Community Development, is listed as Director of Business Development;
- Reviewed organization documents on file with Georgia Secretary of State for C-ROOMTV, LLC, noting that this company lists the same office address as Battleground Media, LLC, 2567 Park Central Boulevard, Decatur, Georgia 30035;
- Researched Article X – CODE OF ETHICS, Code of Ordinances, City of Stonecrest, of the City of Stonecrest for information related to disclosure of private financial interests affecting the City by officials and employees;
- Researched the City Charter regarding matters related to Prohibitions – Section 2.13 (a) and (b) and Article III – Executive Branch;
- Researched the City Charter regarding the review of all contracts specified in Section 3.08;
- Researched the City Charter regarding the binding nature of City contracts as specified in Sections 5.05 and 5.06;
- Researched information related to owner of office location indicated for Municipal Resource Partners Corporation (6886 Main Street, Lithonia, Georgia 30058), who later was awarded a grant in the amount of \$50,000 (DSSA Village East);
- Reviewed City policies regarding the authority and documentation required to transfer funds from the City of Stonecrest’s bank account with CARES funds using checks and the wire transfer system, as well as the forms executed by City officials to authorize the checks and transfers;
- Reviewed financial report presentation by Municipal Resource Partners Corporation dated January 25, 2021, with a Statement of Activity for Funds transferred by the City of Stonecrest pursuant to contract agreement referenced above;
- Reviewed copies (front) of cancelled checks for the operation account and COVID fund account of Municipal Resource Partners Corporation provided pursuant to request for

checks issued pursuant to the contract agreement. The signature of check signer was redacted on each and every check except one, which had a signature indicating Lania Boone, wife of Clarence Boone, City of Stonecrest Senior Director of Economic Development;

- Reviewed the detail of amounts disbursed to small businesses and amount retained by Municipal Resource Partners Corporation and noted exceptions for later follow-up;
- Inquired regarding the invoicing of the 8.5% fee and calculation related thereto for Municipal Resource Partners Corporation contract agreement referenced above;
- Noted large amounts disbursed to local churches by Municipal Resource Partners Corporation (\$100,000) for later follow-up;
- Noted businesses awarded funds with a business start date after March 1, 2020, for later follow-up;
- Reviewed information provided by staff that contained the names of businesses and others issued “grants” by Municipal Resource Partners Corporation using the funds provided by the City of Stonecrest pursuant to contract referenced above;
- Obtained a copy of the trial balance from City of Stonecrest financial system with transactions for Fund 221 – Covid 19 Relief Fund for December 2020;
- Obtained a copy of the BB&T bank statement for October 30, 2020, for account number 1110008149309 – City of Stonecrest Coronavirus Relief Funds, noting the deposit of the DeKalb County payment of \$6,227,098;
- Obtained a copy of the deposit slip dated October 5, 2020 for the amount of \$6,227,098 deposited into the City of Stonecrest BB&T account ending in 9309;
- Obtained a copy of the detail of transactions in the City of Stonecrest BB&T account ending in 9309 from November 5, 2020 through December 22, 2020;
- Obtained a listing of payees and amount for checks written from the bank account of the City of Stonecrest totaling \$46,265.46, represented as amounts related to the COVID-19 program;
- Reviewed questions (not actual application) identified as being on the Small Business Relief application provided by City staff;
- Reviewed the matrix summary of all applications received and processed said to total 446, with 138 awards granted; indication was that “questions were evaluated by C. B. Keener LLC”;
- Reviewed invoices received from New Birth Missionary Baptist Church for a grand total of \$160,000 for food boxes (4,000) distributed by New Birth on November 11, December 5, December 12 and December 19, 2020;
- Reviewed Small Business Program documents distributed by City staff detailing program flow chart and information about the program;
- Reviewed information on City of Stonecrest web site about the Stonecrest Cares Program and funding to small businesses;
- Discussions with staff and elected officials regarding the Stonecrest Cares Program and Small Business Support Program;

- Reviewed requests for documents by Stonecrest elected official pursuant to Open Records Act and responses thereto;
- Made inquiry to external auditor regarding the requirement for a Single Audit (Single Audit Act and 2 CFR part 200, subpart F) of the contract with Municipal Resource Partners Corporation, as well as for the City of Stonecrest;
- Inquired about the records management mandated by the Act and City’s plan to have source documents and disbursement records compiled in a manner to meet Act requirements;
- Selected small businesses, community churches, and organizations funded using the CARES Act Relief resources and circulated a letter concerning the notification of award, the amount of the award, and if a request had been made by any party representing the City for a portion of that award to be donated to another entity. *See* Exhibit 3 for an example copy of the letter mailed to thirty-four (34) awardees;
- Reviewed and commented on responses to questions forwarded to Jones Day, legal counsel for Jacobs Engineering Group, LLC, which provides employees and services and who is conducting an independent investigation of the Cares Act Small Business Support Program and the Stonecrest Cares community-based program, Exhibit 4;
- Interviewed and/or attempted to interview officials representing consultants with contracts funded with CARES Act amounts; and
- Other detail procedures as considered necessary in the circumstances.

Conversely, it should be noted that the scope of this investigation did not include examination of data to ensure that small businesses and community-based organizations funded to assist citizens were in fact impacted by the public health emergency and thus eligible for CARES Act funds. That level of examination will be done in connection with an independent audit done pursuant to the Single Audit Act (31 U.S.C. 7501-7507) and the related provisions of the Uniform Guidance, 2 C.F.R. 200.330 through 200.232 and subpart F, regarding audit requirements. The focus of this investigation was related to matters involving the expenditure and distribution of funds by City staff and its contractors, Municipal Resource Partners Corporation, AOA Educational Foundation, Inc., and C.B. Keener, LLC, for purposes that would not be eligible under the CARES Act.

## **II. CARES ACT PROGRAM DESCRIPTION AND PURPOSE**

The goal of the CARES Act was to issue relief funds in a collaborative manner to comprehensively combat the public health crises and economic impact of the coronavirus pandemic throughout the country. As mentioned previously, and relative here, the federal government appropriated \$150 billion to the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments; the District of Columbia; U.S. Territories; and Tribal governments. That funding was made available under Section 601(a) of the Social Security Act, as added by Section 5001 of the CARES Act.<sup>5</sup> Initial guidance was provided by the U.S. Treasury Department on April 22, 2020, and that guidance was later updated on

---

<sup>5</sup> Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments, Updated September 2, 2020. (Exhibit 5)

September 2, 2020 (“IRS Guidance”).<sup>6</sup> For the purpose of this Report, the guidance issued on September 2, 2020 was the most recent and authoritatively significant guidance that would direct local governments on how to proceed with the disbursement of CARES Act funding at the time the City received and disbursed CARES funds in October, November, and December of 2020. Furthermore, additional guidance publication was issued January 15, 2021, however, that guidance notes that the published guidance is unchanged from the last version dated September 2, 2020.<sup>7</sup>

### **III. PROGRAM FUNDING STIPULATIONS AND COMPLIANCE**

#### **a. Federal Stipulations and Compliance Requirements**

According to the CARES Act, local governments, including municipalities, could distribute funds by way of grants to small businesses to reimburse the costs of business interruption caused by required closures and other related effects of the COVID-19 pandemic. Additionally, the City agreed to maintain thorough and accurate records concerning their respective receipt and expenditure of the funds. Significantly, funds misused in violation of the Act are required to be repaid.<sup>8</sup>

Along with the CARES Act, the IRS Guidance further explained how local governments could distribute relief funds, what expenses could be considered, the timeframe of disbursements, and compliance with record keeping and other related compliance matters.

Specifically, the CARES Act provided that payments from the fund may only be used to cover costs that:

1. Were necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the state or local government; and
3. Were incurred during the period that began on March 1, 2020, and ended on December 30, 2020.<sup>9</sup>

Some examples of eligible expenditures included, but were not limited to:<sup>10</sup>

- Medical expenses such as:
  - Costs of providing COVID-19 testing;
  - Emergency medical response expenses related to COVID-19; and

---

<sup>6</sup> *Id.*

<sup>7</sup> Federal Register, Vol. 86, No. 10, p. 4182-4194, dated Friday, January 15, 2021.

<sup>8</sup> CARES Act, H.R.748, 116<sup>th</sup> Cong. § 5001 (2020), See also, IGA between DeKalb County and Cities.

<sup>9</sup> This December 30, 2020 deadline was further extended in January of 2021 to December 30, 2021; however, the City of Stonecrest, pursuant to the initial parameters of the CARES Act and the IGA with DeKalb County, had disbursed all of its allotted funding by December 30, 2020 to a contract intermediary, Municipal Resource Partners Corporation, who still had funds on hand that could be used in the Small Business Support and Community Programs.

<sup>10</sup> Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments, Updated September 2, 2020.

- COVID-19 related expenses of public hospitals, clinics, and similar facilities.
- Public health expenses, such as:
  - Expenses for communication and enforcement by State, territorial, local, and Tribal governments of public health orders related to COVID-19.
  - Expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment, for medical personnel, police officers, social workers, child protection services, and child welfare officers, direct service providers for older adults and individuals with disabilities in community settings, and other public health or safety workers in connection with the COVID-19 public health emergency.
  - Expenses for disinfection of public areas and other facilities, e.g., nursing homes, in response to the COVID-19 public health emergency.
  - Expenses for technical assistance to local authorities or other entities on mitigation of COVID-19-related threats to public health and safety.
  - Expenses for public safety measures undertaken in response to COVID-19.
- Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
- Expenses of actions to facilitate compliance with COVID-19-related public health measures, such as:
  - Expenses for food delivery to residents, including, for example, senior citizens and other vulnerable populations, to enable compliance with COVID-19 public health precautions.
  - Expenses to facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions.
  - Expenses to improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions.
  - Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions.
  - COVID-19-related expenses of maintaining state prisons and county jails, including as relates to sanitation and improvement of social distancing measures, to enable compliance with COVID-19 public health precautions.
  - Expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions.
- Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency, such as:
  - Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.
  - Expenditures related to a State, territorial, local, or Tribal government payroll support program.
  - Unemployment insurance costs related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.

- Any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund’s eligibility criteria.

The following is a nonexclusive list of examples of costs that would *not* be eligible expenditures of payments from the fund.<sup>11</sup>

- Expenses for the State share of Medicaid;
- Damages covered by insurance;
- Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency;
- Expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds;
- Reimbursement to donors for donated items or services;
- Workforce bonuses other than hazard pay or overtime;
- Severance pay; and
- Legal settlements.

Payments from the fund were not administered as part of a traditional grant program. Further, the provisions of the Uniform Guidance, 2 C.F.R. Part 200, that are applicable to indirect costs do not apply. Recipients could not apply their indirect costs rates to payments received from the fund. However, recipients could, if they met the conditions specified in the guidance for tracking time consistently across a department, use payments from the fund to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID-19 public health emergency. This included, but was not limited to, costs related to disbursing payments from the fund and managing new grant programs established using payments from the fund.<sup>12</sup>

As with any other costs to be covered using payments from the fund, any administrative costs must have been incurred by December 30, 2020, later amended to December 30, 2021, with an exception for certain compliance costs. Furthermore, as with any other cost, an administrative cost that has been or will be reimbursed under any other federal program may not be covered with the fund. Recipients were permitted to use payments from the fund to cover the expenses of an audit conducted under the Single Audit Act, subject to the limitations set forth in 2 C.F.R. § 200.425.<sup>13</sup>

b. Stipulations and Compliance Under the Terms of the IGA with DeKalb County

DeKalb County was given \$125 million directly from the federal government. Of that amount, and through an intergovernmental agreement signed on August 10, 2020, \$32.6 million

---

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

was distributed to the County’s municipalities on a per capita basis.<sup>14</sup> As a result, the City of Stonecrest received \$6,227,098.00 in CARES Act funds.<sup>15</sup> The City was to administer and distribute the funds in accordance with the Act to combat the public health emergency and resulting economic impact from the COVID-19 pandemic. The City was also charged with maintaining thorough and accurate records concerning the expenditure of the funds.<sup>16</sup>

Sections 4 and 5 of the IGA required that the City maintain separate accounts to be designated as “*municipal name*” Coronavirus Relief Fund and to select a bank with a physical branch located within DeKalb County. Importantly, the funds were not to be commingled with any other municipal funds. The monies were to be held and applied in accordance with the CARES Act, which included oversight, auditing, and reporting of each municipalities’ respective expenses.<sup>17</sup> Sections 6 and 7 of the IGA required that each municipality comply with all aspects of the CARES Act relating to record retention, examinations, demand for documents, and the compliance with the audit requirements of 2 C.F.R. § 200.514 *Scope of Audit*.<sup>18</sup> Notably, if repayment of the funds by the County to the federal government was required due to violation of the CARES Act by a municipality, that municipality shall refund such sums as directed by the auditing agency.<sup>19</sup>

#### **IV. LOCAL PROGRAM MANAGEMENT**

Following the execution of the IGA with DeKalb County, the City Council adopted a resolution on September 28, 2020, calling for the Stonecrest CARES Act Funding Plan, which allocated \$1 million for the Stonecrest Cares Program and \$5 million for the CARES Act Small Business Support Program. The City Council assigned staff: (1) to set up protocols to prevent applicants from receiving duplicate funds; and (2) to include in the protocols the mandated legal considerations and to model the program on other successful programs in surrounding municipalities. The city manager or designee was authorized to employ an administrator for the Small Business Support Program, to develop an education component, and to create a CARES Act Relief Fund Committee to vet and select a program administrator.<sup>20</sup>

After the adoption of the September 28, 2020 resolution, an organization and management plan were put in place, and the Stonecrest Cares Program and the Small Business Support Program became operational.<sup>21</sup> The Stonecrest COVID CARES Act Relief Fund Committee was organized as the umbrella group that would have oversight over both programs. That committee was later renamed the Aaron Matthew Allen COVID Small Business Relief/Stonecrest Cares Committee to honor a local resident.

---

<sup>14</sup> “DeKalb County holds up CARES Act Fund Distribution,” Logan C. Ritchie, [Decaturish.com](https://decatrish.com), August 19, 2020. <https://decatrish.com/2020/08/dekalb-holds-up-cares-act-fund-distribution/>. See also, Exhibit 6.

<sup>15</sup> Exhibit 6

<sup>16</sup> *Id.*

<sup>17</sup> IGA, Sections 4 “County CRF; Separate Accounts; No Commingling” and Section 5 “Procedure for Disbursement of CRF Proceeds”.

<sup>18</sup> *Id.* Section 6 “Audits and Records Retention”.

<sup>19</sup> *Id.* Section 7 “Repayment of Misused Funds”.

<sup>20</sup> (Resolution dated September 28, 2020 to enact Stonecrest Cares and Small Business, Exhibit 7).

<sup>21</sup> (Organization and Management Plan adopted on September 28, 2020, Exhibit 8).

The first meeting (virtual) of the oversight committee was held on November 4, 2020, with subsequent meetings on November 11, December 3, and December 22, 2020.<sup>22</sup> Meeting minutes were maintained, and the members of the Committee included the following individuals:<sup>23</sup>

- Jimmy Clanton, *Councilmember*
- Rob Turner, *Councilmember*
- Clarence Boone, *Senior Director of Economic Development*
- Plez Joyner, *Deputy City Manager*
- Iris Steele, *Chief of Staff*
- Lillian Lowe, *Stonecrest Cares Co-Founder*
- Adrion Bell, *Director of Communications*
- Will Settle, *Director of Business Development*
- Ed Nelson, *Consultant*
- Travis Sims, *Finance Manager*
- Bill Floyd, *The Pendleton Group*
- Steve Smith, *The Pendleton Group*

The management of the aforementioned Small Business Support Program and the Stonecrest Cares Program was done through the Aaron Matthew Allen COVID Small Business Relief/Stonecrest Cares Committee, with Plez Joyner, Clarence Boone, and Iris Settle reporting on activities and events related to use of the CARES Act funds to other members of the committee. That same staff contingency also reported on activities and events to City Council.<sup>24</sup> It should be noted that there is no evidence that the program management plan, as directed by City Council in the September 28, 2020 resolution, was executed as outlined in the resolution.

## **V. REQUIREMENTS, PROHIBITIONS AND DISCLOSURE REQUIREMENTS**

After the execution of the IGA with DeKalb County on September 28, 2020, Mayor and Council by way of resolution directed the city manager or designee to create a CARES Act Relief Fund Committee. City officials entered into agreements with entities to assist the CARES Act Relief Fund Committee with administering the City of Stonecrest CARES Act Plan, as detailed above. The relevant sections of the City's Charter and the City's Purchasing Policy that should have been used in the procurement and contracting activity are detailed below.

---

<sup>22</sup> Meeting Agendas for Minutes dated November 4, 2020, November 11, 2020, December 3, 2020 and December 22, 2020.

<sup>23</sup> (Committee Minutes dated November 4, 2020, November 11, 2020, December 3, 2020 and December 22, 2020, Exhibit 9).

<sup>24</sup> City Council Updates on Programs dated December 14, 2020. [Stonecrest City Council Work Session & City Council Meeting - YouTube](#)



### *i. City Charter*<sup>25</sup>

The City is authorized under its Charter to enter into contracts and agreements with other governmental entities, and with private persons, firms, and corporations.<sup>26</sup> Under the Charter, the Mayor has the power to execute all contracts, deeds, and other obligations of the City within a level of authorization as established by the city council.<sup>27</sup>

In general, contracts made with the City must be in accordance with requirements of the City's Charter and other policies. Section 3.08 of the City's Charter requires that the City Attorney review all contracts of the City. Sections 5.05 and 5.06 of the City's Charter requires that no contracts, subject to limited exceptions, shall be binding on the city unless such contracts are: (1) in writing; (2) drawn or submitted and reviewed by the city attorney and is signed by the city attorney to indicate such review; and (3) made or authorized by the city council with such approval entered in the city council journal of proceedings. Lastly, the "purchasing agent" is to be either the City Manager as appointed by the city council, or another such employee as appointed by the City Manager to serve as "purchasing agent". See, Section V. "Responsibility" of the *Purchasing Policy*.<sup>28</sup>

### *ii. City Purchasing Policy*<sup>29</sup>

Pursuant to Section 5.06 of the City Charter, the City Council has by ordinance prescribed a system of purchasing for the City. The City initially approved the Financial Management Policies Purchasing Policy ("Purchasing Policy") for the City on September 18, 2017, and subsequently approved certain amendments to said Policy on January 3, 2018, April 16, 2018, and most recently on February 7, 2021. For the purposes of this Report, because all actions related to this Report occurred prior to February of 2021, the April 16, 2018 version of the Purchasing Policy applies.

The Purchasing Policy provides that contracts valued at less than \$25,000 may be approved, executed, and delivered by the City Manager or his or her designee—that is, without the approval of the Mayor and Council. Purchasing Policy, Art. V, Sec. A. But in the event the contract is for Goods or Services under \$25,000, but over \$5,000, three informal written quotes must be obtained, if possible. *Id.* Art. VIII, Sec. E (Costs Under the Competitive Threshold).

Conversely, all contracts valued at more than \$25,000 ("competitive threshold") require the approval of the City Council and are to be executed *by the Mayor*. Contracts may not be subdivided to avoid these requirements. Further, all contracts within the competitive threshold must be competitively procured pursuant to Section VII, of the Purchasing Policy, unless an

---

<sup>25</sup> City Charter for the City of Stonecrest.

<sup>26</sup> City Charter, Sec. 1.03.

<sup>27</sup> In addition to the Mayor's authority to execute contracts, Section 3.04 authorizes the City Manager to, "make and execute all lawful contracts on behalf of the city as to matters within the city manager's level of authorization as established by the city council to the extent that such contracts are funded in the city's budget, except such as may be otherwise provided by law; provided, however, that no contract purchase or obligation requiring a budget amendment shall be valid and binding until after approval of the city council."

<sup>28</sup> City of Stonecrest Purchasing Policy, version April 16, 2018. Exhibit 10

<sup>29</sup> City of Stonecrest Purchasing Policy, version April 16, 2018.

exception applies. Exceptions to competitive procurement requirements include sole and single source procurements, direct negotiation, and emergency procurements, after a failed competitive solicitation attempt. Section VIII, Non-Competitive Procurements.

***iii. Financial Disclosure Requirements***

The City of Stonecrest has several official documents that speak to private financial interest disclosure requirements. Excerpts from some of those are listed below;

|   |  |
|---|--|
| Section 2-375 Article X-Code of Ethics, City Code | Requires disclosure by officials and employees of private financial or other interests affecting the City. |
|---|--|

|                                       |   |
|---------------------------------------|---|
| City Charter Section 2.13 (a) and (b) | Any elected, appointed officer or employee who has any private financial interest, directly or indirectly in any contract or matter pending before or within any department of the City shall disclose such private interest to the City Council. Private financial interest includes interest of immediate family. |
|---------------------------------------|---|

|                                 |  |
|---------------------------------|--|
| Professional Services Agreement | Section 1.5 <i>Employer Obligations</i> , Section 4.2 <i>Incorporation of Terms Subcontracts</i> and Section 2.11 <i>Contractor Compliance with Laws</i> |
|---------------------------------|--|

**VI. PROCUREMENT OF CARES ACT PROGRAM CONTRACTS**

The City Council was updated periodically by City staff on the status of the Stonecrest Cares Program and the Small Business Support Program, starting with a presentation during the Work Session on September 14, 2020, outlining the proposed use of funds. Additional updates were provided on at least five separate occasions, the last update being presented on December 14, 2020.<sup>30</sup> The updates included the naming of consultants involved in the Small Business Support Program, but did not disclose that the consultant contracts had been executed by the Deputy City Manager using the emergency procurement section of the City’s Purchasing Policy (as discussed below). Nor did the updates disclose that three consultant contracts had been signed on the City’s

---

<sup>30</sup> *Id.*

behalf by the Senior Director of Economic Development, Clarence Boone. Two of the contracts signed by Boone were executed using the emergency procurement procedures. There was no factual basis or authority for the use of emergency procurement procedures, and Clarence Boone was not authorized to execute contracts on behalf of the City.

In a Special Called Meeting of City Council on February 7, 2021, certain members of City Council stated that they had become aware that checks totaling roughly \$6,000,000 had been issued to an entity known as Municipal Resource Partners Corporation (“MRPC”) from the DeKalb County funding of \$6,227,098. Further, MRPC was only recently created on May 4, 2020, with the registered agent listed as Thompson Kurrie Jr., the Assistant City Attorney for the City of Stonecrest. Requests made by Councilmembers to City staff for information had gone unanswered. Thereafter, City Council voted to “direct the City Attorney to investigate the program administration of the Cares Relief Grant and report back to the City Council his findings”.

The use of emergency procurement was questionable given the time that was available to process the contracts in question through the City’s purchasing policies. The listing below outlines the timeline associated with the CARES Act funding:

- On March 27, 2020, Congress passed and the President signed the CARES Act;
- In April 2020, DeKalb County received the federal Coronavirus Relief funds;
- In August 2020, DeKalb County and the City entered into an intergovernmental agreement that provided the City with \$6,227,098;
- On September 14, 2020, a presentation was made to Mayor and Council on the proposed use of funds;
- On September 28, 2020, Mayor and Council by a 5-0 vote adopted a resolution that: (1) created a Stonecrest Cares Program and (2) created the Small Business Support Program and related requirements, authorizing the City Manager or designee to “employ an administrator for the Small Business Support Program” and to create a “Cares Act Fund Committee to vet and select a program administrator”;
- On October 5, 2020, a check for \$6,227,098 was received from DeKalb County and deposited into City of Stonecrest account with BB&T Bank “Coronavirus Relief Funds” (Exhibit 28);
- On October 26, 2020, a detailed proposal was made to Mayor and Council explaining the Small Business Program that included the names of the proposed contractors (AEI Startup Factory, Keener LLC, and Municipal Resource Partners);
- On October 30, 2020, the contract with Municipal Resource Partners Corporation was signed by Deputy City Manager Plez Joyner; The corporation was organized on May 4, 2020, by Thompson Kurrie, Jr., Assistant City Attorney, as will be discussed later in this report. The Municipal Resource Partners Corporation contract required that the company prepare disbursements to organizations using CARES Act funds provided by the City based on notifications that such funds had been awarded to the organizations. There were duties and responsibilities related to records and accounting, but no other performance was required by Municipal Resource Partners Corporation;
- On October 30, 2020, contract signed with C.B. Keener LLC by Clarence Boone (\$5,000); The company was organized November 5, 2020. The contract required C.B. Keener, LLC

to review and validate information provided by small business applicants and then provide information to the City Economic Development team for award consideration;

- On October 30, 2020, contract signed with AEI Startup Factory for \$100,000 by Clarence Boone. The contract required the provision of program administration and management services to support the Small Business Relief and Support Program;
- On October 30, 2020, contract signed with AEI Startup Factory for \$25,000 by Clarence Boone. The contract was for the use of space leased for property located at 2995 Stonecrest Pass Road, Stonecrest, Georgia 30038 in connection with operating the Small Business Support Program for a period from November 9, 2020 through December 23, 2020;
- On November 10, 2020, Emergency Procurement Authorization signed by Deputy City Manager Plez Joyner for Municipal Resource Partners;
- On November 10, 2020, Emergency Procurement Authorization signed by Deputy City Manager Plez Joyner for C.B. Keener LLC; and
- On November 10, 2020, Emergency Procurement Authorization signed by Deputy City Manager Plez Joyner for AEI Startup Factory.

There appears to have been ample time, based on the dates above, for the City to have used the standard procurement process to award these contracts. That process would have included the City Purchasing Agent, City Attorney, and, most importantly, City Council reviews and approvals. Nor was there any explanation given—written or otherwise—for the necessity of an emergency procurement, which makes its use under these circumstances improper. Further, as these contracts were never reviewed by the City Attorney or approved by the Mayor and Council as required by the City Charter and City Purchasing Policy, they are unauthorized and void.

In addition, the Municipal Resource Partners Corporation contract was drafted by its attorney, Robert Burroughs. The contract did not contain any references to the IGA or CARES Act requirements or guidance documents, standard local contract terms for insurance, bonding, access to records, or audit requirements. The scope of the contract is also questionable as to the service provided, which was simply an accounts payable function, and as to the fee, which was 8.5% of the total funds disbursed. Municipal Resource Partners Corporation wrote fewer than 200 checks from November through December, 2020. Shockingly, however, the company's fee, which has yet to be fully determined, would be over \$2,000 per check based on planned disbursements. Based on the terms of the contract, Municipal Resources Partners Corporation had no performance duties or responsibilities other than physically writing the checks, and for this simple act, it earned an exorbitant fee. This will undoubtedly raise questions as to the reasonableness of this contract when auditors conduct the Single Audit of the disbursements pursuant to the Single Audit Act and 2 CFR part 200.

Similarly, the contracts signed by Clarence Boone for AEI Startup Factory and C.B. Keener, LLC to provide assistance with the Small Business Relief and Support Program were clearly drafted by the contracting parties and are void on their face, as Mr. Boone did not have authority to enter into contracts on behalf of the City.

## **Problematic Actions Conducted by the Stonecrest Cares Program**

The community outreach by the City to nonprofit service providers and to local churches was managed through the Stonecrest Cares Program. Local organizations were notified of the availability of resources to address financial assistance requirements related to COVID-19 pandemic. The assistance would have to be structured in a manner to ensure that it was necessary to respond to the COVID-19 public health emergency and otherwise satisfied the requirements of the CARES Act and other applicable law. Applications forms were not made available or completed. Instead, nonprofits and churches were questioned regarding program requirements, and awards were made based on those discussions. Telephone calls were also made to this group in order to disburse the funds before December 30, 2020.

The Stonecrest Cares funding was disbursed by Municipal Resource Partners Corporation based on instructions from City staff. It should be noted that had the City disbursed these amounts directly using the City restricted fund rather than sending the check requests to the MRPC, an estimated \$85,000 could have been saved for program use (8.5% of the program expenditure budget of \$1,000,000).

Staff represented to City Council that applications were being used to select the community-based organizations that would be part of the distributions of financial, health, and food delivery services to residents and other vulnerable populations to enable compliance with COVID-19 public health guidelines, as interpreted and clarified by the U.S. Treasury Department's guidance documents previously referred to in this Report. But our investigation into the distribution system revealed that there was no systematic, consistent, distribution system that included documentation that the resources being provided to the community-based organizations were necessary to address the impacts of the COVID-19 public health emergency. Therefore, by not making available any planned program information, our ability to determine whether the funds distributed met guidance requirements was significantly limited. It appears from the descriptions provided to us that the church-based and other community-based operations funded had service deliveries<sup>31</sup> that connected to the plight of community residents and other vulnerable populations; however, our investigation would have been more effective had actual applications been prepared and used with guidance requirements outlined, a selection criteria documented, and a resource distribution used that reflected such a process.

Ms. Iris Settle, Chief of Staff/Chief Liaison Officer for the City, and one of the founders of Stonecrest Cares, was the principal staff person directing the community-based program through the AARP/SC Committee. At the same time, Ms. Settle was serving as Corporate Secretary for Foxx Entertainment Services, Inc., a contractor with the City. Ms. Settle, an employee with Jacobs, did not disclose that relationship as required by Section 2-375 – Declaration of Policy in Article

---

<sup>31</sup> For example, food, rental assistance, latch-key kids support, grief counseling, education support, mortgage assistance, family counseling, child care, and teen suicide prevention.

X- Code of Ethics, City Code. In addition, the provisions of Section 2.13 of the Charter entitled “Prohibitions” apply to Ms. Settle even as a Jacobs employee. This is true based on the terms of the Professional Services Agreement with Jacobs, dated June 15, 2017, as amended. *See* Section 1.5 – Employer Obligations; Section 4.2 – Incorporation of Terms in Subcontracts; and Section 2.11 Contractor Compliance with Laws.

Significantly, agreements were also made and executed by Iris Settle with nine (9) organizations on December 1, 2020 to provide various services during the period from January 1, 2021 to January 1, 2022. The agreements, which were between the vendors and “Stonecrest Cares”, had no scheduled dates for delivery and were all paid in advance, as listed below:

| <b>Consultant Name</b> | <b>Contract Amount</b> |
|------------------------|------------------------|
| Leadership Team        | \$30,000               |
| DWF Wellness LLC       | \$20,000               |
| Angel Eyes Fitness     | \$10,000               |
| James A. Conner        | \$20,000               |
| Josie Phene, LLC       | \$ 3,000               |
| Valerie Edwards        | \$20,000               |
| Dr. Nancy J. Williams  | \$20,000               |
| Titus Ekoma            | \$20,000               |
| Nasheenah Porter       | \$ 3,500               |
| <b>Total</b>           | <b>\$146,500</b>       |

These agreements are highly problematic for several reasons. First, the agreements and the resulting expenditures were made by a staff person completely unauthorized to do so. Second, the agreements were in the name of “Stonecrest Cares”, which is not a legal entity or an organizational part of City of Stonecrest government. Next, the contracts were for a performance period outside the term of the initial covered period for the CARES Act. The initial covered period for use of the CARES Act fund was for costs that were incurred during the period that began on March 1, 2020 and ended on December 30, 2020. Thus, for any expenditure to be program eligible, the services must be delivered during the covered period, but payment can be made after the covered period. Payment is generally expected to be made within 90 days of the cost being incurred. The covered period was later extended to December 30, 2021, but that was after these contracts were signed and these contracts called for services to be delivered outside of the initial period that ended December 30, 2020. Finally, from a good business practice perspective, these contracts inexplicably were paid in advance of service delivery.

## **Actions by Assistant City Attorney Related to an Entity with a Relationship to the CARES Committee and the City**

As previously noted, the City entered into a contract with Municipal Resource Partners Corporation using the emergency procurement exception in the Purchasing Policy. But Municipal Resource Partners was only recently incorporated on May 4, 2020, and the incorporator was Thompson Kurrie, Jr., who was the Assistant City Attorney for the City of Stonecrest. Further, Municipal Resource Partners' principal office and the office of its registered agent is the office address of Mr. Kurrie.

Under Section 2.13 "Prohibitions" of the City's Charter, there are certain prohibitions that are outlined and listed below.

### Section 2.13 "Prohibitions."

(a) No elected, appointed, or employee of the city or agency or political entity in which the charter applies shall knowingly:

(1) Engage in any business or transaction or have a financial or other personal interest, direct or indirect, which is incompatible with the proper discharge of official duties or which would tend to impair the independence of his or her judgment or action in the performance of official duties;

(2) Engage in or accept private employment or render services for private interests when such employment or service is incompatible with the proper discharge of official duties or would tend to impair the independence of his or her judgment or action in the performance of official duties;

(6) Vote or otherwise participate in the negotiation or in the making of any contract with any business or entity in which he or she, or members of his or her immediate family, has a financial interest.

(b) Any elected official, appointed officer, or employee who has any private financial interest, directly or indirectly, in any contract or matter pending before or within any department of the city shall disclose such private interest to the city council. "Private financial interest" shall include interests of immediate family. ... Any elected official, appointed officer, or employee of any agency or political entity to which this charter applies who shall have any private financial interest, directly or indirectly, in any contract or matter pending before or within such entity shall disclose such private interest to the governing body of such agency or entity.

(d) Any violation of this section which occurs with the knowledge, express or implied, of a party to a contract or sale shall render said contract or sale voidable at the option of the city council.

It is true that Mr. Kurrie is listed as a registered agent on the incorporation documents related to Municipal Resource Partners, and it is also true that Mr. Kurrie was engaged at the time

as Assistant City Attorney for the City. This would suggest that some disclosure was in order, based on the Charter provisions cited above. However, the contract between Municipal Resource Partners and the City was not drafted Mr. Kurrie. Instead, it was prepared by Attorney Robert Burroughs. And our investigation uncovered no direct evidence showing that Mr. Kurrie knew that Municipal Resource Partners, an entity he had previously incorporated, had contracted with the CARES Committee or was otherwise engaged with the City. In fact, in discussions with Mr. Kurrie, he strongly denies having knowledge that the entity he incorporated would later do business with the City. However, the CARES Committee did periodically update Mayor and Council on certain aspects of the program at regular public meetings. Moreover, the CARES Committee held their own public meetings wherein they discussed business related to the program, including contracts entered into. Thus, the relationship between the City and Municipal Resource Partners ultimately became public knowledge and has even been discussed in the press. Therefore, these circumstances certainly raise questions, and should an ethical inquiry be made in accordance with applicable policies and authorities, a deeper investigation into the appearance of impropriety would be appropriate to reach definitive conclusions.

**VII. ACCOUNTING FOR AND DISBURSEMENT OF FUNDS FROM THE CITY’S RESTRICTED COVID-19 RELIEF FUND**

The CARES Act funds in the amount of \$6,227,098 were deposited into a restricted fund (221-Covid 19 Relief Fund) as mandated by the DeKalb County IGA, and disbursements totaling \$6,227,098 were made directly from the fund for the following matters:

1. Wire transfers to Municipal Resource Partners Corporation totaling \$6,000,000;
2. Payments to New Birth Missionary Baptist Church totaling \$160,000;
3. Payment to OCC Consulting Group, LLC for \$20,980; and
4. Reimbursement of \$46,118 to the General Fund for miscellaneous program related expenditures made from April 14, 2020 through November 19, 2020.

Municipal Resource Partners Corporation wire transfers were requested by Clarence Boone and approved by Plez Joyner. There is no other documentation that any other City official was involved in authorizing or approving these transfers. There were no invoices submitted by Municipal Resource Partners Corporation for wire transfers made on the following dates and amounts:

| <b>Date</b>       | <b>Amounts</b> |
|-------------------|----------------|
| November 6, 2020  | \$2,000,000    |
| November 30, 2020 | \$2,000,000    |
| December 11, 2020 | \$1,800,000    |
| December 17, 2020 | \$ 200,000     |

The amounts were for disbursements to be made to small businesses and other concerns based on instructions from the City. The disbursement instructions were not made available to us;



however, copies of checks (front only and redacted check signer signature) were made available and will be discussed later in the Report. Records were also not made available regarding reconciliation of amounts on hand when additional funds were transferred.

New Birth Missionary Baptist Church disbursements were made as follows pursuant to check request from Iris Settle, and invoice copies were made available as indicated:

| <b>Date</b>       | <b>Amount</b> | <b>Receipt Date</b> |
|-------------------|---------------|---------------------|
| November 5, 2020  | \$40,000      | November 14, 2020   |
| November 30, 2020 | \$40,000      | December 5, 2020    |
| December 9, 2020  | \$40,000      | December 12, 2020   |
| December 17, 2020 | \$40,000      | December 19, 2020   |

The invoices stated billings were for 1,000 food boxes to contain fresh fruit, fresh vegetables, and protein boxes. Aaron Matthew Allen Covid Small Business Relief/Stonecrest Cares Committee minutes indicated on November 4, 2020, that “the boxes will contain a turkey, fresh fruits and vegetables, a gallon of milk and additional nutrients.” There was no other documentation regarding the expenditure of the funds and that matter will be discussed later in the report.

## **VIII. DISCUSSION OF CONTRACTS FUNDED USING COVID-19 RELIEF FUND PROCEEDS**

### **(i) Contract with the Municipal Resource Partners Corporation**

The staff executed a contract with Municipal Resource Partners Corporation, the newly incorporated Georgia not-for-profit incorporated by Thompson Kurrie, Jr., Assistant City Attorney.<sup>32</sup> The contract was prepared by Robert Burroughs, the same incorporator for many of the newly formed corporations doing business directly with the City. The contract did not include any of the binding terms in the DeKalb County IGA or any of the standard local government contracting terms referencing recordkeeping, bonding, audits, insurance and other matters. The contract called for accounting and management of the COVID-19 relief funds, specifically stating that the responsibility for selecting the companies or organizations to be granted funds “is the separate responsibility of Stonecrest through its Aaron Matthew Allen Small Business Relief program”. The contract required the disbursement of funds provided by the COVID-19 relief funds to small businesses based on notifications by Stonecrest and the payment of a fee of 8.5% based on the amount of relief funds disbursed. In essence, this was just a check writing contract task.<sup>33</sup>

This contract is problematic for several reasons. As an initial matter, Section 3.08 of the City’s Charter requires that the City Attorney review all contracts of the City. Secondly, Sections 5.05 and 5.06 of the City’s Charter require that all contracts, absent those certain contracts

<sup>32</sup> Contract between the City of Stonecrest and Municipal Resource Partners Corporation dated November 6, 2020.

<sup>33</sup> *Id.*

authorized for approval without City Attorney or City Council approval in accordance with adopted procedures, shall not be binding on the city unless: (1) *the contract is drawn or submitted and reviewed by the city attorney and is signed by the city attorney to indicate such review, and* (2) *is made or authorized by the city council with such approval entered in the city council journal of proceedings.*

On April 16, 2018, Mayor and Council passed Ordinance that provided for the “Readoption of the Financial Management Policies Purchasing Policy of the City of Stonecrest.” The City’s Purchasing Policy was amended to require the approval of the City Council on all final contracts and agreements valued at more than \$25,000, and to permit contracts valued at less than \$25,000 to be approved, executed and delivered by the City Manager or his or her designee.<sup>34</sup>

Here, although there was not a specific amount listed for compensation to Municipal Resource Partners, given that the CARES Act funds had to be used or disbursed by December of 2020, and 8.5% of \$6,227,098 represents \$529,303, this contract clearly was to be for more than \$25,000, therefore requiring Mayor and Council approval in order to be valid. Even if there was the belief that all of the \$6 million plus in funds was not to be disbursed, 8.5% of just \$500,000 is \$42,500, further showing that this Municipal Resource Partners contract was valued at more than \$25,000. Because this purported contract violated the City’s Charter and Purchasing Policy, City staff had no authority to enter into it, thereby rendering the contract void. The law uses the term “ultra vires” to refer to an act taken by city officials when such acts are legally unauthorized.

To be clear, the law draws a distinction between an ultra vires act, which is an act done with no legal authority, and a mere procedural irregularity in the exercise of lawful authority. In this case, the contract with Municipal Resource Partners goes far beyond a mere procedural irregularity and constitutes an ultra vires contract. The doctrine of ultra vires municipal contracts is not limited solely to agreements that *the city* had no power to enter. A purported municipal contract may also be void and absolutely ineffective where *the city itself took no action at all* and the ultra vires act was that of one or more *city officials* who acted completely beyond their power to bind the city. See *City of Baldwin v. Woodard & Curran, Inc.*, 293 Ga. 19, 27, (2013). The Georgia Supreme Court in the *Baldwin* case analyzed that city’s charter and observed that, “through its charter, the City of Baldwin provides notice to everyone doing business with the city that “[n]o contract shall be binding on the city, unless the contract ... is approved by the city council.”

The high court further noted that the city council may act only by the “affirmative vote of three [of the five] members of the council,” and the mayor gets a vote only “in the case of a tie vote among the council members voting.” These are substantive requirements of law, the court held and without compliance with them, “a valid contract cannot be created.” *Id.* at 29. Moreover, a plaintiff must prove an express contract with a municipality in order to recover for a breach of contract, and no recovery may be had for an implied contract. The law generally allows for the theory of recovery where one party furnishes and another accepts valuable services; however, this theory of recovery is not available when a municipality is the defendant. *Id.* at 23.

---

<sup>34</sup> *Id.*

Applying the principles of the *Baldwin* case here, it is clear that the contract with Municipal Resource Partners is ultra vires and void because: (1) it was not based on a solicitation under the City's Purchasing Policy; (2) it was not drafted or reviewed by the City Attorney; and (3) it was not approved by the Mayor and City Council. Plez Joyner acted without authority in entering this contract, and his unauthorized action can in no way bind the City. Therefore, the contract is ultra vires, void, and altogether unenforceable. It follows that the City should repudiate this purported contract and take legal measures to be made whole. Jacobs recently initiated action to remove Mr. Joyner from the Jacobs project with the City of Stonecrest.

On a related note, Municipal Resource Partners Corporation has not presented the City with a final accounting for the \$6,000,000 in funds provided to it as requested, an invoice for the 8.5% fee the company was to be paid, or the amount due from/due to the City. Such an accounting is critical because, based on preliminary assessment, the City is due to have funds returned to it, and these funds still could be used in the relief programs, as the CARES Act was extended from December 31, 2020 to December 31, 2021. In addition, we are continuing to work with attorneys from Jones Day, which serves as legal counsel for Jacobs. As we understand it, Jones Day is conducting an investigation independently from the City Attorney, and its findings could impact the final accounting.

Finally, the Municipal Resource Partners Corporation, as a subrecipient, would be required to be in compliance with the Single Audit Act, 2 C.F.R. part 200 and subpart F, regarding audit requirements that apply to any so-called "non-federal entity", defined in 2 C.F.R 200.69, that receives payments from the Fund (CARES Act) in the amount of \$750,000 or more. Non-federal entities include subrecipients of payments from the Fund, including transfers from local governments. Such audit will be focused on details relating to eligibility of payments to small businesses and compliance with program requirements and guidance published by the Department of Treasury.

**(ii) Contract with C.B. Keener, LLC**

This purported contract, which was entered into on October 30, 2020, provided for a number of services to be performed by C.B. Keener, LLC, including: (1) to review the received applications for the Aaron Matthew Allen COVID Small Business Relief Program; (2) to validate the information provided by the applicants; and (3) to provide information to the Stonecrest Economic Development team for award consideration.<sup>35</sup> The Stonecrest Economic Development team did the final review for grant consideration concerning awards to applicants under the Small Business Relief Program.<sup>36</sup> Significantly, this contract, in the total amount of \$5,000.00, was signed by Carolyn Keener and Clarence Boone, City of Stonecrest Senior Director of Economic Development. As with the purported contract with Municipal Resource Partners, this contract was

---

<sup>35</sup> C.B. Keener, LLC and COVID CARES Committee of the City of Stonecrest, Georgia Contract dated October 30, 2020. Exhibit 11.

<sup>36</sup> Exhibit 8.

not procured in accordance with the City's Purchasing Policy, reviewed by the City Attorney, or approved by Mayor and Council. Further, Clarence Boone, who is an employee of a subcontractor<sup>37</sup> on the Jacobs contract, had no authority to sign a contract for the City. Based on the analysis above, the purported contract with C.B. Keener, LLC is void and ultra vires.

Furthermore, Mr. Boone did not disclose that his spouse, Lania Boone, was a check signer for Municipal Resource Partners, as required by Section 2-375 – Declaration of Policy in Article X- Code of Ethics, City Code. In addition, Section 2.13 of the Charter, "Prohibitions", applies to Mr. Boone even as a Jacobs subconsultant, pursuant to the Professional Services Agreement with Jacobs dated June 15, 2017, as amended. *See* Section 1.5 – Employer Obligations; Section 4.2 – Incorporation of Terms in Subcontracts; and Section 2.11 Contractor Compliance with Laws. Jacobs recently initiated action to remove Mr. Boone from the Jacobs project with City of Stonecrest.

**(iii) Contract with AOA Educational Foundation, Inc. ("AEI Startup Factory")**

The contract with AOA Educational Foundation, Inc., operating as AEI Startup Factory, a Georgia not-for-profit corporation, was for a term beginning November 9, 2020, and ending December 23, 2020. The purported contract required the corporation to provide the City with program administration and management services to support the City's COVID-19 Small Business Support Program.<sup>38</sup> Services included (1) the development, design, and management of processes and procedures and digital forms to support the City's online Small Business Support Application and receipt of applications; (2) collecting and organizing program data; and (3) preparation of daily activity reports and maintaining a program dashboard providing real time program metrics. The scope of services also included training and marketing assistance, as well as mentoring and support services for City small businesses. That contract value was \$100,000. The parties also contracted for lease space to be used exclusively to operate the COVID-19 Small Business Support Program, requiring the City to maintain liability insurance coverage of \$1,000,000 for any incident and \$3,000,000 aggregate. The lease period was the same as for the program services and required a payment of \$25,000.

Clarence Boone executed both contracts on behalf of the City. As discussed previously, Mr. Boone was not authorized to execute any contract obligating the City's performance. Further, these purported contracts did not comply with the City's Purchasing Policy or Charter provisions requiring review and approval by the City Attorney and the Mayor and Council. Therefore, based on the authorities and analysis set forth above, the purported contract with AOA Educational Foundation, Inc. is void as an ultra vires act.

---

<sup>37</sup> The Collaborative Firm, LLC.

<sup>38</sup> Contract between AOA Educational Foundation, ("AEI Startup Factory) and the City of Stonecrest dated October 30, 2020. Exhibit 12.

(iv) Contracts with Special Services Consultants

As previously indicated, agreements were also made and executed by Iris Settle with nine (9) organizations on December 1, 2020 to provide various services during the period from January 1, 2021 to January 1, 2022. The agreements had no scheduled dates for delivery and were all paid in advance for services as described below:

| <b>CONSULTANT NAME</b>         | <b>CONTRACT AMOUNT</b> | <b>CONTRACTED SERVICES</b>  |
|--------------------------------|------------------------|---|
| Leadership Team                | \$30,000               | Four (4) virtual scholarship fairs in the City  |
| DWF Wellness LLC               | \$20,000               | Eight (8) week personalized wellness program free for all residents of Stonecrest   |
| Angel Eyes Fitness & Nutrition | \$10,000               | Eight (8) week individualized program to provide a wellness program for each handicapped, blind or physically challenged resident in Stonecrest |
| James A. Conner                | \$20,000               | Three (3) four (4) week programs helping people through stress and identify ways of healing using virtual group sessions                        |
| Josie Phene, LLC               | \$ 3,000               | Covid self-care stress packages including candles, butter, oils and tea. Program for City and volunteer staff to improve productivity           |
| Valerie Edwards                | \$20,000               | Deliver a three (3) part series called “Financial Fitness” focusing on small businesses and individuals to help them reach their goals          |
| Titus Ekeoma                   | \$20,000               | Deliver a three (3) part series “Financial Service Education for Higher Net Earners” focusing on keeping most of what is earned                 |
| Dr. Nancy Williams             | \$20,000               | Deliver strategies and tips on “How to Build Wholistic Wellness Well” Start date of May 15, 2021  |

|  |   |   |
|--|---|---|
| <p style="text-align: center;"><u>Nasheerah Porter</u></p> | <p style="text-align: center;">\$ 3,500</p> | <p>Provide healing hands and massage to every City staff member who desires using therapeutic holistic wellness massage</p> |
|--|---|---|

In addition to being bizarre and impermissible under the CARES Act, these contracts are void and ultra vires for multiple reasons. As with the purported contracts executed by Plez Joyner and Clarence Boone, the nine contracts at issue here were executed by a staff person who lacked any authority whatsoever to do so. The contracts were not reviewed by the City Attorney and were not approved by Mayor and City Council. And it should be noted that the contracts were in the name of “Stonecrest Cares” which is not a proper legal entity or organizational part of City of Stonecrest government. Next, the contracts were for a performance period outside the term of the covered initial period for the CARES Act. The initial covered period for use of the CARES Act fund was for costs that were incurred during the period that began on March 1, 2020 and ended on December 30, 2020. Thus, for any expenditure to be program eligible, the services must be delivered during the covered period, but payment can be made after the covered period. Payment is generally expected to be made within 90 days of the cost being incurred. The covered period was later extended to December 30, 2021, but that was after the execution of these contracts and, moreover, these contracts called for services to be delivered outside of the initial period that ended on December 30, 2020. Finally, from a good business practice perspective, these contracts inexplicably were paid in advance of service delivery.

Based on the legal analysis provided herein, we recommend that the City repudiate these void contracts and notify the entities who were parties to them that the City bears no responsibility for any outstanding contract obligations or for any costs incurred. We further recommend that the City make a demand that the funds previously paid be returned by the parties who received them. We finally recommend that if the City does not obtain the total repayment, a demand for payment of such unrecovered sums be tendered as a component of the total recovery from Jacobs. As part of its ongoing but still incomplete investigation, Jacobs has removed Ms. Settle from the City of Stonecrest project.

**(v) Other Contractors and Participants in CARES ACT Program Operations**

According to City staff, Pendleton Group officials (Mr. Bill Floyd and Mr. Steve Smith) assisted with the small business assistance application structure and review process. They were not paid using program funds, but received \$5,000 per month as a City consultant. Remarkably, there is no written contract documenting this arrangement. But as with the purported contractual relationships discussed above, the contract with the Pendleton Group is unauthorized and ultra vires. As such, we recommend that the City repudiate the contract and cease further payments to Pendleton Group.

William Settle, City of Stonecrest Director of Business Development, was a member of the AARP/SC Committee while at the same time serving as Business Development, Corporate

Community Relations official for Foxx Entertainment Services, Inc., a contractor with the City. Mr. Settle, an employee of a subcontractor with Jacobs, did not disclose that relationship as required by Section 2-375 – Declaration of Policy in Article X- Code of Ethics, City Code. In addition, Section 2.13 of the Charter, “Prohibitions”, applies to Mr. Settle even as a Jacobs consultant pursuant to the Professional Services Agreement between the City and Jacobs dated June 15, 2017, as amended. *See* Section 1.5 – Employer Obligations; Section 4.2 – Incorporation of Terms in Subcontracts; and Section 2.11 Contractor Compliance with Laws. Mr. Settle has been subsequently removed from the Jacobs contract by Jacobs.

Al Franklin, the Senior Director of Community Outreach and Cultural Affairs, had a small ministerial role in the solicitation of churches with programs compatible with the Act’s objectives. He maintained a list of the amounts awarded, the churches who applied but did not receive awards, and the interview questions posed to the churches to validate qualifications and programs. Mr. Franklin is also a Jacobs subcontract employee and has been subsequently removed from the City of Stonecrest project by Jacobs.

#### **IX. DISCOVERY OF BUSINESSES HAVING CONNECTIONS TO THE CARES ACT PROGRAM ORGANIZED DURING 2020 USING THE SAME ADDRESSES AND LEGAL TEAM**

As explained in more detail below, during our research of Georgia Secretary of State records to gather information related to businesses and/or individuals identified in our investigation as having some connection to the CARES Act Small Business Relief Program and/or Stonecrest Cares Program, we discovered that several of the businesses had been organized in late 2020 near the time it was announced that the City would receive CARES Act funds. Indeed, some of these entities were created after the City actually received the funds. Stranger still, many of these entities were connected through use of the same addresses, the same incorporators, attorneys and/or officials. All of the information on the organization of the businesses below was taken from data maintained by the Georgia Secretary of State.

##### **C-ROOMTV, LLC**

This business received CARES Act funding of \$50,000. The business listed its office address as 2567 Park Central Blvd., Suite 102, Decatur, Georgia 30035, which is the same office address listed for Battleground Media, LLC and Visit Us, Inc. These latter two corporations were organized during 2020 and, based on our investigation, CARES Act grant fund recipients were directed to send a portion of the funds they received to these entities, ostensibly for marketing services.

**Battleground Media, LLC**

This business was organized on October 19, 2020 and used 6844 Main Street, Lithonia, Georgia 30058 as its initial principal office. The office address is listed as 2567 Park Central Blvd, Suite 102, Decatur, Georgia, 30035, the same office address as for C-ROOMTV, LLC and Visit Us, Inc. Additionally, the property at 6844 Main Street, Lithonia, Georgia 30058 is owned by Jason Lary Management LLC.

The incorporator for Battleground Media, LLC is listed as Robert Burroughs, who also incorporated Real Estate Management Consultants, Inc., and is listed as its registered agent. Real Estate Management Consultants, Inc. also used 6844 Main Street, Lithonia, Georgia 30058 as its principal office address; however, no ownership information is listed for that corporation.

Based on our investigation, Battleground Media, LLC received \$12,500 from Convoy Marketing d/b/a Wrap City Vinyl. The \$12,500 was a portion of the \$50,000 award that Convoy Marketing received from the City under the CARES Act Small Business Relief Program. The \$50,000 grant was disbursed by Municipal Resource Partners Corporation; however, according to Convoy Marketing, it was directed to take \$12,500 of the total amount and send it to Battleground Media by Tee Foxx. The payment was allegedly for marketing services.

This payment to Battleground Media was not a condition of the award to Convoy Marketing and does not qualify as an eligible cost. Battleground Media, LLC has not provided any marketing services and Tee Foxx was not under contract by the City to solicit payments for marketing services from the small business relief and support awards.

**Real Estate Management Consultants, Inc.**

This business was organized on October 22, 2020 and used 6844 Main Street, Lithonia, Georgia 30058 as its initial principal office and office address. The incorporator and registered agent is the now familiar Robert Burroughs. There is no ownership information listed, and as previously mentioned, Robert Burroughs incorporated Battleground Media, LLC. Further, 6844 Main Street, Lithonia, Georgia 30058 is listed as being owned by Jason Lary Management, LLC. Notably, P.O. Box 1495, Lithonia, Georgia 30038, used by Councilmember Jimmy Clanton, is also on an invoice for Real Estate Management Consultants that was sent to New



Covenant Christian Ministries by Iris Settle. The invoice requested \$4,500 to pay the rent for seven (7) persons who, according to Ms. Settle, “were asking the Mayor for assistance.”

**Visit Us, Inc.**

This business was organized on July 1, 2020 and used 2567 Park Central Blvd., Suite 102, Decatur, Georgia 30035 as the office address. This is the same address used by C-ROOM TV, LLC and Battleground Media, LLC. The incorporator is listed as Thompson Kurrie, Jr., then Assistant Attorney for the City of Stonecrest. Robert Burroughs is listed as the registered agent. As previously noted, Thompson Kurrie, Jr. also incorporated Municipal Resource Partners Corporation, and Robert Burroughs is also listed as registered agent for Battleground Media, LLC and Real Estate Management Consultants, Inc. Furthermore, Robert Burroughs drafted the contract between the City and Municipal Resource Partners.

Visit Us, Inc. has been identified as having received payments from Flat Rock Archives (\$10,000), Brown Integrated Logistics (\$12,500), and Divine Mortuary Services (\$5,000) from grants these entities were awarded by the City. This information is derived from responses to letters sent by the City Attorney to a random list of grant recipients as part of this investigation seeking information on payments made to persons requesting portions of awards (see Exhibit 16,17,18). These secondary payments were made from the CARES Act awards but were not a condition made with the award. Nor do the secondary payments qualify as eligible costs under the CARES Act funds. Also, these secondary payments were disclosed to Mayor and City Council or the general public. Many of the grant recipients reported being surprised when they were asked to make secondary payments and some measure of suspicion.

Additionally, Visit Us was paid \$17,500 for consulting services provided to a private entity known as the “Stonecrest Convention and Visitors Bureau, Inc.”<sup>39</sup> The secondary payments to Visit Us were problematic because receipt of these funds violated the CARES Act. For instance, the \$10,000 they received from Flat Rock Archives would be ineligible because it was not for expenses incurred during the required period. Second, receipt of these secondary funds shows impropriety as Visit Us has been linked to other payments to the City. Because the CARES funds were sent to Flat Rock Archives, and then the \$10,000 of the total \$50,000 received was sent to Visit Us, the conditions and requirements from the CARES Act

---

<sup>39</sup> This convention bureau was one privately created, and never had the authorization or authority, as described under the City’s Charter to represent the City. See City Attorney Memorandum dated February 2, 2021. (Exhibit 13)

followed the funds. Thus if Visit Us could not prove that those funds were for expenses incurred for COVID-19 related expenses during March 2020 through December 2020, the funds received by Visit Us would be considered ineligible. Visit Us did not receive, nor have they shown, that they incurred expenses related to COVID-19, especially since they just incorporated in July of 2020.

**OCC Consulting Group, LLC**

This business was organized September 3, 2020 and is a foreign limited liability corporation that lists its address as 11530 Morgan Street, Chicago, Illinois 60643. Tee Foxx, a City consulting contractor and subcontractor with Jacobs, is listed as the business manager. Foxx Entertainment Services, Inc. who lists Tee Foxx as CEO and CFO, was paid \$12,000 on April 14, 2020 using CARES Act funds to supply “face masks”. Iris Settle, City of Stonecrest Chief of Staff until recently relieved of her duties by Jacobs, is listed as Secretary for the corporation. OCC Consulting Group, LLC was also disbursed \$10,000 on December 20, 2020 by Municipal Resource Partners Corporation using CARES Act funds and the City paid \$20,980 to OCC Consulting Group, LLC on December 22, 2020 for stand-up temperature scanners that was charged to COVID-19 restricted fund maintained by the City. Tee Foxx is also CEO/CFO of Municipal Resource Partners and has been identified as the person who delivered a check to Convoy Marketing d/b/a Wrap City Vinyl for \$50,000 and requested \$12,500 for marketing services to be paid to Battleground Media, LLC.

Given the timeline of when the funds were received by the City in August of 2020, and the incorporation of OCC Consulting Group, LLC on September 3, 2020, along with the connection between its registered agents, notably Tee Foxx, there is a sense of impropriety here. Tee Foxx is also the CEO/CFO of the Foxx Entertainment Services, Inc., an organization that is a contractor with the City and was paid \$12,000.00 on April 14, 2020 with CARES funds for the supply of face masks to the City. Iris Settle, Chief of Staff and her brother William Settle, Director of Business Development, both employed through the Jacobs contract until recently, served in leadership roles with Foxx Entertainment. It seems the relationship Ms. Foxx had with the City due to her role as CEO for Foxx Entertainment and her inside relationships were leveraged to secure favorable awards from the City and the AARP/SC committee. OCC Consulting Group would not have been eligible for funds attached to the CARES Act funds; therefore, the \$10,000 received on December 20, 2020 from Municipal Resource Partners for “COVID Relief” seems to violate the requirements and conditions of the CARES funding. Additionally, the \$20,980 paid to OCC Consulting on December 22, 2020 from the CARES Act fund

for supplying stand-up temperature scanners without use of City procurement procedures lends itself to the appearance of impropriety, as Tee Foxx is listed as manager on the application for certificate of authority for OCC Consulting Group, LLC.

As indicated through the information above, numerous entities and organizations that received CARES funds and assisted in the facilitation of the CARES program are connected through many of the same individuals and the same principal places of business. This tangled web illuminates what appears to be a scheme of revolving businesses, created just prior or after the release of CARES Act funds to the City, who were making payments and receiving funds through a coordinated effort. A more thorough investigation conducted by a law enforcement agency will provide more answers than this Report can provide; however, we have listed information below relating to findings from our investigation that support our comments.

## **X. DISCOVERY OF AWARDED FUNDS TURNED BACK TO PERSONS ASSOCIATED WITH THE CITY**

During our investigation, we became aware that amounts were taken from awarded funds and paid to a newly organized nonprofit corporation and others associated with the City. Based on this allegation, we drafted a letter and mailed the same to thirty-four (34) randomly selected grant recipients. The goal was to investigate the allegations directly throughout the community.<sup>40</sup> The letter contained a stamped self-addressed envelope so that replies, if any, could be easily returned. That process remains ongoing as of the release of this Report, and additional information will be detailed in a separate, supplemental report. It should be noted that Small Business Support Application contained two questions asking if the small businesses would be (1) “willing to allocate 25% of the grant to marketing your business”; and (2) “willing to sign an agreement to work with one of our small business advisers to discuss your business plan for recovery and sustainability planning?” When asked about these questions by our investigative team, City staff dismissed the questions as “rhetorical” or asked merely to measure the depth of interest in businesses surviving as going concerns.

As of the date of the Report, we have received ten responses. Critically, seven of the responses indicated that funds were requested and paid over to Visit Us, Inc., Battleground Media, LLC, some other entity. For instance, one of the responses indicated that Tee Foxx requested 25% of the award to be paid to Visitus.org, which was falsely stated to be the City’s Destination Marketing Organization. Comments from those letters, as well as information provided through communications with other businesses, were extracted and details provided as follows:

---

<sup>40</sup> See letter to New Covenant Ministries, Brown Integrated Logistics, and Convoy Marketing DBA Wrap City Vinyl, all dated March 22, 2021. Exhibit 14.

***Convoy Marketing DBA Wrap City Vinyl*** – In an email and the letter returned responding to our inquiries, the company indicated that \$12,500 was paid to Battleground Media, Inc. from a check that was presented in person by Tee Foxx on December 16, 2020 (Exhibit 15). Company officials stated that Ms. Foxx said the original request was for \$100,000, which was not approved. However Foxx claims she intervened on Convoy’s behalf to get it \$50,000. According to the email, the owner of Convoy Marketing was told by Ms. Foxx that money was needed to seed other small businesses in the DeKalb County area. Shockingly, in addition to the \$12,500 secondary payment to Battleground Media, Foxx requested that the company perform a “vinyl wrap” on two of the Mayor’s son’s vehicles, which service had a value of \$5,000. Convoy company officials stated they were perplexed by this request, but just figured that was how business was done, as they had never been the recipient of an award of any kind.

Tee Foxx is CFO/CEO of Municipal Resource Partners and holds the same positions with Foxx Entertainment Services, Inc. She is also listed on documents with the Georgia Secretary of State as the manager of OCC Consulting Group, LLC, also a contractor doing business with the City. Foxx has been in the recent past a member of the Jacobs contract team.

***Brown Integrated Logistics*** – In a reply to our inquiries, company officials stated in part as follows: “*Visit Us, Inc. was to get a check from us from the grant for \$12,500, or 25% of the grant. Both the Mayor and Clarence Boone informed us of this.*” (Exhibit 16). Clarence Boone was, until recently relieved of his position in an action taken by Jacobs, the Senior Director of Economic Development and had a prominent role in the operation of the AARP/SC committee operations. Mr. Boone made all the check requests and sign-offs for the wire transfer that were made to Municipal Resource Partners (\$6,000,000), all of which were done without invoices from Municipal Resource Partners or documentation related to the available balances of Municipal Resource Partners at the time of transfers.

***Divine Mortuary Services, Inc.*** – In a reply to our inquiries, Divine Mortuary officials indicated, without saying who made the request, that \$5,000 of their \$25,000 award was paid to Visit Us, Inc. (Exhibit 17) Divine Mortuary officials were not told the reason for the secondary payment or what Visit Us, Inc. would use the \$5,000 for.

***New Covenant Christian Ministries*** – In a reply to our inquiries, New Covenant Ministries told us that the church did not even apply for the funds, but received an award of \$50,000 on December 22, 2020 (Exhibit 14). Without indicating the individual, the church indicated that they were “*instructed to use at least \$5,000 for community needs that would be forwarded to us, and the rest was to be used for the church’s needs.*” The church distributed \$19,946.53 and is using the balance of funds to assist those impacted by the pandemic, according to an email received from church officials. The church responded to an email invoice from Iris Settle on letterhead using the address: Post Office Box 1495, Lithonia, Georgia 30058, Real Estate Management Consultants (the same

address used by Councilmember Jimmy Clanton). The invoice was for \$4,500 to pay rent in arrears for seven (7) named individuals. That invoice would appear to relate to the request to hold \$5,000 for later disbursement. Iris Settle, until recently relieved of her position in an action taken by Jacobs, was the City Chief of Staff. She is the corporate secretary for Foxx Entertainment Services, Inc. and co-founder of Stonecrest Cares.

***Flat Rock Archives*** – Information was provided to us, including a copy of a cashier check made payable to Visit Us, Inc. for \$10,000, indicating that a request was made for this amount to be paid to Visit Us, Inc. (Exhibit 18) The name of the requestor is not provided.

***In The Door, LLC*** – In The Door, LLC engaged an attorney, Max Richardson, Jr., to respond to our letter of inquiry. In a letter dated April 7, 2021, Mr. Richardson stated that In The Door received an award of \$75,000 on December 9, 2020, and on or about January 11, 2021, Tee Foxx requested that 25% of the award be paid to Visitus.org for marketing. (Exhibit 19) Additionally, on or about January 20, 2021, Mayor Jason Lary requested that 25% of the award be paid to Visitus.org. However, In the Door did not pay the 25% to Vistus.org, as requested. Rather, it decided to return the 25% to Municipal Resource Partners. In The Door provided a check in the amount of \$18,750 to Municipal Resource Partners explaining the amount, turning the check and the letter over to Clarence Boone. After a discussion with his client, Mr. Richardson instructed his client to place a stop payment on the check to Municipal Resource Partners.

Importantly, Visitus.org is not the Destination Marketing Organization for the City, and the request by Tee Fox and Mayor Jason Lary was made with the apparent knowledge that such relationship did not exist. Clarence Boone’s participation in this apparent scheme is yet another indication of its premeditated scope, which started with requesting information on the grant applications as to the willingness of businesses to devote 25% of their grant awards to marketing and to participate with one of “our small business advisors” to discuss their business plan.

***On Common Ground*** – This newspaper was not sent a letter by the City Attorney’s office. However, in a telephone interview with Glenn and Valerie Morgan, we were advised that On Common Ground received a \$100,000 award in December of 2020. The check was delivered by Clarence Boone and was signed by Lania Boone, who is Mr. Boone’s wife and an official with Municipal Resource Partners. Tee Foxx requested that On Common Ground send \$25,000 of the award they received to Visit Us, Inc., which would be used for marketing and business promotion purposes. It should be noted that On Common Ground, which is located outside the corporate limits of the City of Stonecrest, responded “yes” when asked on the application whether it would be willing to donate 25% of the award for marketing purposes. (Exhibit 20)

*Salt & Pepper* (\$50,000 award) – Exhibit 21, *EPL Heating and Air, LLC* (\$25,000 award) – Exhibit 22, and *Church of Christ, Rock Springs Road* (\$5,000 award) – Exhibit 23, all returned letters indicating that no amounts were requested to be paid to third parties.

Based on their seriousness, we recommend that the City involve the appropriate law enforcement authorities to investigate these matters and any others of this type that may be disclosed through our investigation. While this Report cannot conclusively conclude so, the requests for secondary payments to be made to Visit Us, Inc., Battleground Media, and others are highly suspicious and create the appearance of a “kickback” scheme. If true, such a scheme could implicate the criminal laws of the state or federal government and put individuals on the hook for perhaps millions in civil liability. But this likely would not include the grant recipients. All the information uncovered in this investigation suggests that, while the grant recipients made the requested secondary payments, they were not aware of any improper actions or motives. It is true that the payment requests were fishy and were likely to raise doubts in the minds of reasonable persons. Yet it is our opinion that the grant recipients acted in good faith and relied on the legitimacy and credibility of City officials, whom they had every reason to trust. They were unwitting pawns, duped in a devious game masterminded by others. Ultimately, the culpability of all persons will be evaluated on a case by case basis by the law enforcement agency (if any) that considers these matters.

It is our recommendation that the City notify those companies and persons who received secondary payments from grant recipients that retaining those funds is inconsistent with the City’s CARES Act Programs and that “marketing” does not constitute an eligible expenditure under CARES Act and DeKalb County IGA guidance. This is especially true since no single grant recipient has received any marketing services whatsoever from Visit Us, Inc., Battleground Media, or any other entity. Accordingly, the funds should be returned to the grant recipients to be used for eligible purpose or the amounts must be refunded to the City. The City should pursue legal action if there is not full compliance.

## **XI. REVIEW OF FINANCIAL REPORTS AND RELATED INFORMATION**

We reviewed the reported expenditures by Municipal Resource Partners of the \$6,000,000 amount that was used for the Small Business Relief Program. We requested a reconciliation of organization names and amounts paid to small businesses and other organizations from Jacobs’ legal counsel (Exhibit 4). The list that was returned (Exhibit 24) continued to have disbursement misclassifications and an error related to amounts as follows:

|  |              |
|--|--------------|
| Corrected Amount Reported by Jacobs’ Legal Counsel                       | \$ 4,423,438 |
| Vendor Payment to OCC Consulting Group LLC                               | \$ (10,000)  |
| Error in EnDulge Me Check #1186 (Listed as \$30,000; Amount is \$20,000) | \$ (10,000)  |
| Check to Leadership Team is Included in Contractor Payment Amounts       | \$ (30,000)  |

|  |                    |
|--|--------------------|
| Check to Vision Christian Center Should be in Stonecrest Cares Total       | \$ (10,000)        |
| Check to Stonecrest Schools Foundation Should be in Stonecrest Cares Total | \$ (25,000)        |
| Check to New Covenant Christian Ministries is Included in Stonecrest Cares | \$ (50,000)        |
|  |                    |
| <b>Adjusted Total</b>  | <b>\$4,288,438</b> |

We have requested that these adjustments be made to the Corrected Report through Jacobs' legal counsel. We also have requested a meeting with Municipal Resource Partners officials and their legal counsel to detail the records and information we need to complete our investigation. We were advised by Byron King, CEO of Municipal Resource Partners that a meeting with his legal counsel would be arranged and that all records will be made available. The legal counsel that he referred us to, Robert Burroughs, indicated that "I have no documents in my possession" and that he was not "retained or appointed as general counsel".

The January 25, 2021 Management Report provided by Municipal Resource Partners listed amounts expended that we believe should be the responsibility of Municipal Resource Partners as follows<sup>41</sup>:

| <b>DESCRIPTION</b>              | <b>AMOUNTS</b>   |
|---------------------------------|--|
| Bank Charges and Fees           | \$593.15   |
| Contractors                     | \$78,497.50<br>(Legal Counsel for Jacobs reported that MRPC officials agree) |
| Legal and Professional Services | \$1,326.75   |
| Office Supplies and Software    | \$21,566.53  |
| Rent & Lease                    | \$27,690.00  |

We also need explanations for amounts expended as follows and instruction documentation from the City of Stonecrest for the same. Notification was required from the City in order for Municipal Resource Partners to disburse funds.

| <b>DESCRIPTION</b>                  | <b>AMOUNTS</b> |
|-------------------------------------|----------------|
| Relief Supplies                     | \$10,921.41    |
| Teacher Student Learning Assistance | \$37,351.36    |

It appears based on expenditure information that we have been able to obtain that there are amounts that should be returned to the City by Municipal Resource Partners. As previously stated, we have requested a meeting with Municipal Resource Partners officials and their legal counsel to detail the records and information we need to complete our investigation.

<sup>41</sup> Municipal Resource Partners Corporation, "Management Report", dated January 25, 2021. Exhibit 25.

The January 21, 2012 Management Report provided by Municipal Resource Partners listed \$855,000 as COVID Relief payments. We examined check copies (front only) and our investigation revealed the following payments to such organizations by Municipal Resource Partners provided by the City of Stonecrest from the COVID-19 Relief Fund:

|                                    |                  |
|------------------------------------|------------------|
| Salem Bible Church                 | \$ 50,000        |
| First African CDC                  | \$100,000        |
| First St. Paul AME Church          | \$ 10,000        |
| First St. Paul AME Church          | \$ 10,000        |
| Stage Door Miracles                | \$ 10,000        |
| Ousley United Methodist Church     | \$100,000        |
| Vision Christian Center            | \$ 15,000        |
| Refreshing Place Ministries        | \$ 3,600         |
| Ouvarious Christian Fellowship     | \$ 5,000         |
| Rock Springs Road Church of Christ | \$ 5,000         |
| Shekinah Glory Tabernacle          | \$ 5,000         |
| God's Faith Deliverance            | \$ 5,000         |
| Face of Victory Church             | \$15,000         |
| Global Hands of Hope               | \$10,000         |
| <b>Total</b>                       | <b>\$343,600</b> |

We requested on several occasions from Jacobs' staff connected to the small business and community-based relief programs, and through legal counsel representing Jacobs (Exhibit 4), evidence supporting the \$855,000 amount and none has been provided. Accordingly, we recommend that the City of Stonecrest demand the check copies from Municipal Resource Partners for the \$511,400, and that support data be requested through the Jacobs' legal counsel from Iris Settle and Clarence Boone that would have authorized Municipal Resource Partners to process the check documents. We further recommend that failure to obtain the reconciling information should be a component of a demand for recovery from Jacobs.

## **XII. GRANTS TO BUSINESSES, CHURCHES AND NONPROFITS LOCATED OUTSIDE THE CITY LIMITS**

The DeKalb County Coronavirus Relief Fund funds were distributed to the City of Stonecrest to complete the City's portion of DeKalb County's collaborative and comprehensive approach to combating the public health emergency and resulting economic impact. Amounts awarded to businesses, churches and nonprofits located outside the jurisdiction of the City, if not contrary to the express terms of the IGA, were certainly contrary to the spirit of the IGA. We recommend that should any funds remain available that such funds be used to assist businesses, churches and nonprofits located within the City.



### **XIII. ADDITIONAL VIOLATIONS**

In connection with our investigation, we have cited in other sections of this Report what we believe to be violations of some or all of these requirements by the then Assistant City Attorney, Jacobs' staff and Jacobs' subcontractors. We now list two other violations that have come to our attention:

|                                      |  |  |
|--------------------------------------|--|--|
| <b>Stonecrest Schools Foundation</b> | <i>Stacy Thibodeau,<br/>Executive Director</i> | Wife of recently departed Internal Auditor (March 2, 2021). Organization received \$28,500 from the community-based program.   |
| <b>Teena (Tee) Foxx</b>              | <i>Jacobs Subcontractor</i>                    | CEO/CFO - MRPC while engaged as a Jacobs' subcontractor; Listed as Manager with OCC Consulting, a City vendor who was paid \$30,800 for temperature scanners; CEO/CFO of Foxx Entertainment Services, Inc. was paid \$12,000 on April 4, 2020 for masks. All funds from the COVID-19 distribution were from DeKalb County. |

We recommend the City involve the appropriate authorities to investigate these matters and any others of this type that may be disclosed through our investigation.

### **XIV. COMPLIANCE WITH DEKALB COUNTY INTERGOVERNMENTAL AGREEMENT TERMS, CITY CHARTER, CITY CODE, CITY POLICY REQUIREMENTS AND PROFESSIONAL SERVICE AGREEMENT DATED JUNE 15, 2017 WITH CH2M HILL ENGINEERS, INC., NOW JACOBS ENGINEERING GROUP, LLC, AS AMENDED**

The terms of the IGA with Dekalb County requires that the City's projects funded with CARES Act funds comply with requirements of the Act and guidance issued by the U.S. Treasury Department. The County and the City agree to maintain thorough and accurate records concerning

receipt and disbursement of CARES Act funds. The City agreed to maintain an accounting system integrated with adequate internal fiscal and management controls to capture and report funds data with accuracy, providing full accountability for revenues, expenditures, assets and liabilities. This system shall provide reasonable assurance that the City is managing federal and state financial assistance programs in compliance with all applicable laws and regulations. The City shall maintain appropriate audit trails to provide accountability for all expenditure of grant funds, reporting measures, and funds received from the County under the intergovernmental agreement.

It appears that record keeping systems are scattered and have not been established in a manner that would comply with the requirement to maintain an adequate accounting system given how the City (1) contracted separately for application intake and compilation; and (2) how the City staff then made funding decisions and forwarded that information to the contractor in possession of the funds, which it received through wire transfers to use for small business support payments. It is possible that documents can be compiled from the various processing environments to demonstrate compliance, but those records do not presently exist in a compiled state.

Numerous departures from the City's Purchasing Policy have been cited in this Report, including (1) unauthorized execution of agreements obligating the City; (2) use of emergency procurement procedures in lieu of use of procedures that require approvals by the Purchasing Agent, City Attorney and City Council; (3) agreements with questionable scopes of service and fee amounts; and (4) services contracted for but not delivered. In addition, certain directions by City Council in the September 28, 2020 Resolution approving the COVID-19 Funding Plan were not followed by City staff. The financial impacts, if any, relating to these departures remain under review and discussion as this Report is being finalized.

The City Charter, at Section 2.13 (a) and (b), and the City Code, in Article X at Section 2-375, delineate the circumstances when it is required that disclosures be made by any elected official, appointed officer, or employee who has any private financial interests in matters affecting the City. In addition, terms of the Professional Services Agreement with Jacobs Engineering Group, LLC dated June 15, 2017<sup>42</sup>, requires that the Contractor (Jacobs), Contractor Employees, and Subcontractors comply with all federal, state and local laws (both common and statutory) and regulations relating to employment cited as Section 1.5 – Employer Obligations with additional terms cited at Section 4.2 - Incorporation of Terms in Subcontracts and Section 2.11 – Contractor Compliance with Laws.

This report details instances of departures from the City's Purchasing Policy and failures to disclose relationships by Jacobs' employees and subcontractors with persons and organizations doing business with the City. Those instances have been detailed with an indication of the actions

---

<sup>42</sup> To provide the services detailed in Exhibit A-Services from the Professional Services Agreement, attached as Exhibit 26.

subsequently taken by Jacobs after becoming aware of the events. Jacobs' complete written responses to the actions by the subcontractors and the Jacobs' staff have been attached as Exhibit 27. (See Compliance Spreadsheet Attached)

#### **XV. PROFESSIONAL SERVICES AGREEMENT BETWEEN CH2M HILL ENGINEERS, INC. (JACOBS) AND CITY OF STONECREST DATED JUNE 15, 2017, AS AMENDED**

The City of Stonecrest entered into an agreement with Jacobs for the provision of municipal government services, including but not limited to: planning and zoning, code enforcement, administrative services, IT services, and city clerk. That agreement was entered into on June 15, 2017, and in accordance with O.C.G.A. § 36-60-13, the agreement term would be for five years and seven months.

In performance of those services, Jacobs represents and warrants certain performance standards and other conditions related to their employees. Under Sections 6 and 7 of the Jacobs Contract, it is spelled out that there is no partnership between Jacobs or its subcontractors and the City. Moreover, each Jacobs employee "shall perform such Services as an independent supplier and not as an employee or agent of the City."<sup>43</sup> Likewise, all employees furnished by the City "shall be employees of City and shall not be employees of Contractor."<sup>44</sup> This distinction between the responsibility for certain employees is an important provision regarding this contract as it relates to the actions carried out by employees. Also, under Section 6.1, "... Contractor shall have and maintain the requisite judgment, discretion, and responsibility for and control of the performance of the Services, discipline of the Contractor's employees and other matters incidental to the performance of the Services, duties and responsibilities as described and contemplated in this Agreement."<sup>45</sup>

Additionally, there is an *Indemnification* section in the contract that delineates the extent to which Jacobs will indemnify the City and incidents where the City will be obligated to indemnify Jacobs. Within Section 14 of the Contract, Jacobs will indemnify the City for claims arising from both non-professional and professional services, intellectual property, or by claims by Jacob's employees or Jacob's subcontractors.<sup>46</sup> For any loss of any property of the City, or any property of, injury to or death of any person resulting from the negligent acts or omissions of the Contactor's directors, officers, agents, employee, subcontractors, licensee or invitee, in connection with the performance of this Agreement, Jacobs will indemnify the City.

To the extent that any Jacobs employee who was employed under the Jacobs Agreement with the City of Stonecrest violated any law, ordinance, or other such authority, Jacobs, under the Contract has liability for any such actions and has a duty to indemnify the City from any claims or actions that result from any such action by said Contractor employee. Based on the multiple,

---

<sup>43</sup> Jacobs Contract, Section 6.2.

<sup>44</sup> *Id.*, Section 7.1.

<sup>45</sup> *Id.* Section 6.1.

<sup>46</sup> *Id.* Section 14.

serious violations of state and federal law as well as established City policies, we recommend that the City put Jacobs on notice that the City intends to assert claims against Jacobs based on its contractual liability and common law vicarious liability for the actions of its employees and subcontractors—actions which have exposed the City to liability and caused the City monetary damages.

More specifically, notice should be sent advising that the City intends to seek reimbursement or assert claims against Jacobs: (1) to the extent the City is the subject of an enforcement action by state or federal authorities for misuse or misappropriation of CARES Act funds or other violations of the law and incurs expenses or liability related thereto; (2) the City has to refund, remit, or repay any money misused or misappropriated under the CARES Act by Jacobs’ employees or subcontractors; (3) the City incurs personnel costs and/or administrative expenses as a result of the actions and/or misconduct of Jacobs’ employees or subcontractors; (4) the City is sued or has judgments rendered against it related to the actions of Jacobs’ employees or subcontractors; (5) the City is forced to sue third parties to void contracts or recover monies improperly paid by Jacobs’ employees or subcontractors; or (6) the City incurs costs and expenses, including legal fees, in connection with investigating the actions and malfeasance of Jacobs’ employees and subcontractors in the administration of the City’s CARES Act programs.

**XVI. SUMMARY OF FINDINGS AND CONCLUSIONS**

| <b>FINDING</b>   |  | <b>CONCLUSION</b>   |
|--|--|---|
| <p style="text-align: center;"><b>Finding No. 1</b></p> <p>The September 28, 2020 Resolution by City Council assigned staff to (1) set up protocol to prevent applicants from receiving duplicate funds (2) include in the protocols mandated legal considerations (3) authorize the City Manager or designee to employ an Administrator for the Small Business Support Program and to (4) create a CARES Act Committee to vet and select a program administrator.</p> |  | <p>The program management plan as directed by City Council in the September 28, 2020 Resolution was not executed as outlined in the Resolution. It should be noted that the program execution was assigned to the City Manager or designee and that neither existed in the City organization chart.</p> |

| FINDING  |  | CONCLUSION   |
|--|--|--|
| <p style="text-align: center;"><b>Finding No. 2</b></p> <p>The updates by staff to City Council on the Small Business Support Program included the names of consultants being used but did not disclose that the one consultant contract had been executed by the Deputy City Manager using the emergency procurement provisions and that three (3) of the contracts had been signed solely by the Senior Director of Economic Development, two of which were Authorized using Emergency Procurement procedures.</p> <p>The Senior Director of Economic Development did not disclose that his spouse was an employee of MRPC and the designated check signer for MRPC. The Senior Director requested all the checks so that wire transfer could be made to MRPC and the transfers were done without an invoice or other document that requested payment to MRPC.</p> <p>The Senior Director also signed CARES Act contracts without authority to do so and was terminated from the Jacobs contract effective March 23, 2021.</p> <p>The Deputy City Manager was also terminated from the Jacobs contract effective March 23, 2021.</p> |  | <p>Execution of the consultant contracts by the Deputy City Manager and the Senior Director of Economic Development was not authorized by City Purchasing Policy and the City Charter. City Ordinance 2018-04-03 requires all contracts over \$25,000 to be approved by City Council (two of the contracts were over \$25,000), one equaled \$25,000 and one was \$5,000. The City Manager or designee is authorized to execute contracts less than \$25,000. All contracts per Section 3.08 of the City Charter require review by the City Attorney. The failure to follow adopted procedures in connection with these procurements <i>is not binding on the City</i> as provided in Sections 5.05 and 5.06 of the City Charter. The contracts were as follows:</p> <p>Signed solely by Deputy City Manager;<br/> <b>Municipal Resource Partners Corporation (MRPC);</b><br/> No amount stated;<br/> 8.5% of “relief funds disbursed by MRPC”;<br/> Contract dated October 30, 2020;<br/> Signed solely by Senior Director of Economic Development;<br/> <b>AOA Educational Foundation, Inc.;</b><br/> <b>\$100,000</b> contract amount;<br/> Contract dated October 30, 2020;<br/> <b>\$25,000</b> contract amount;<br/> Contract dated October 30, 2020</p> |

| FINDING   |  | CONCLUSION   |
|---|--|--|
|   |  | C.B. Keener, LLC;<br><b>\$5,000</b> contract amount;<br>Contract dated October 30, 2020  |
| <p style="text-align: center;"><b>Finding No. 3</b></p> <p>The Assistant City Attorney (ACA) was listed as the incorporator of MRPC and used his office address as the MRPC initial principal office and as the address for the registered agent, listing himself as the Registered Agent. MRPC was incorporated in Georgia on May 4, 2020 and the ACA did not disclose his relationship with that corporation to City Council. The ACA was also listed as incorporator and registered agent for a company named Visit Us, Inc. on July 1, 2020 and that company received a payment on July 15, 2020 in the amount of \$17,500 for consulting services performed for the City providing convention bureau services.</p> |  | <p>The ACA failed to disclose his relationship with MRPC or Visit Us, Inc. and because of that questions have been raised concerning City Charter Section 2.13(a) and (b) and City Code of Ethics, City Code Section 2-375. While there is no direct evidence indicating that Mr. Kurrie knew that MRPC had contracted with the CARES Committee or otherwise engaged with the City, public meetings were held by both the CARES Committee and Mayor and Council regarding certain aspects of the CARES program. This shows the indication that the ACA was likely aware of the relationship between MRPC and the City under the CARES program. The ACA resigned February 2, 2021, after a majority of the members of City Council recommended to fire the firm that the ACA is a law partner with.</p> |

| FINDING   |  | CONCLUSION  |
|---|--|---|
| <p style="text-align: center;"><b>Finding No. 4</b></p> <p>Use of the emergency procurement procedure was not appropriate given the time that was available to act on the funding provided by DeKalb County and to use a conventional method of procurement. This procurement method required the least amount of time for review and approval but still required review by City Council, Purchasing Agent and the City Attorney. The contracts executed using this method were drafted by persons other than City of Stonecrest legal staff and failed to include all of the compliance, accounting, audit and reporting requirements related to Cares Act funding. In addition, other City terms such as fidelity bonding and insurance requirements, as applicable, were not in the Emergency Procurement contracts.</p> |  | <p>The City’s interest, as well as obligations under the DeKalb County IGA and the CARES Act itself were not included in the Emergency Procurement contracts. As previously stated, these contracts are not binding on the City.</p>  |
| <p style="text-align: center;"><b>Finding No. 5</b></p> <p>The MRPC contract scope of services was essentially a check writing function supported by documents provided directing that disbursements be made to companies or organizations as determined by the City of Stonecrest. MRPC was disbursed \$6,000,000 to have checks written as directed by the City. Requests for records related to the City directions have been made to the MRPC CEO and a response has not been made.</p> <p>Copies of the front of checks used by MRPC to make disbursements to businesses, churches and not for profit organizations have been made with the check signer names</p>   |  | <p>As previously stated, the MRPC contract is not binding on the City and the City should immediately request return of all amounts remaining that have not been expended. MRPC at the last accounting provided on January 25, 2021 was holding \$447,316.18 and reserve the right to request the return of additional amounts subject to responses regarding certain expenditures reported by MRPC ON January 25, 2021.</p> <p>The contract should be declared void. MRPC has not made any claim for a fee and any such claim should be denied and</p> |

| FINDING   |  | CONCLUSION  |
|---|--|---|
| <p>redacted except on one check where there was an oversight and the check signer was identified (to be discussed in a later Finding). The check copies were not obtained directly from MRPC but were provided by the Senior Director of Economic Development pursuant to a request for such information, whose spouse was later determined to be a check signer for MRPC. The fee for the service was agreed to at 8.5% of the amounts disbursed and based on the aforementioned review of checks, fewer than 200 checks were written related to Small Business and Community-based requests. The fee using budget numbers based on a \$6,000,000 gross amount would be more than \$2,000 per check. The MRPC has failed to perform the duties and responsibilities in the contract relating to accounting for funds received from the City.</p> |  | <p>not offset against the funds being held by MRPC.</p> <p>Any costs determined not be eligible by external auditors should be the responsibility of the municipal services contract employees who executed the contract and transferred the funds to MRPC without any request for transfers that could be located.</p>   |
| <p><b>Finding No. 6</b></p> <p>Several recently organized nonprofits, limited liability and a foreign limited liability corporation were organized in 2020 to do business in Georgia had overlapping connections associated with the CARES Act funding, office addresses that were the same, involved persons who had significant presence in the City through existing consulting arrangements, were organized by the same persons who then maintained registered agent status for the new corporations, on two occasions used the initial principal office address of a property owned by the Mayor of the City and used as an</p>  |  | <p>The discovery of these newly organized corporations and the presence of overlapping circumstances that connected the corporations and corporate officials to the CARES Act program organization, funding awards and contacts with awardees seeking portions of the awarded funds requires further review and discussion by City Council beyond this investigation.</p> |



| FINDING  |  | CONCLUSION   |
|--|--|--|
| <p>incorporator the same individual who drafted the MRPC contract.</p> <p>These overlapping connections are fully detailed in the body of this report, including discovery that a portion of funds awarded separately to a small business and to a local nonprofit were paid to one of the newly organized corporations and to a City consultant as a fee for allegedly facilitating the awards.</p>   |  |  |
| <p style="text-align: center;"><b>Finding No. 7</b></p> <p>The disbursements of CARES Act funds to MRPC and to New Birth Baptist Church totaling \$6,160,000 were done through the efforts of City staff without documents that supported disbursement requests. MRPC wire transfers are detailed in the report and were not based on requests that we could locate made by MRPC nor tied to an analysis of use of funds and fund balances to support the need for funds transfers. We could also not locate authorization for check preparation documenting the wire transfers. The New Birth Baptist Church funds were processed in a similar manner by City staff although the check request form with details for check preparation appears to have been used for all four check payments as the date on all the requests is “11-5-20”, are not signed by the check requester and the invoice dated “12.19.20 Donation” from New Birth Baptist Church has an internal review date of “12-18-2020” and an authorization for payment date of “12-18-2020.”</p> |  | <p>Internal controls related to MRPC cash receipt and disbursements procedures as well as expenses for food delivery to vulnerable citizens to enable compliance with COVID-19 public health precautions will be reviewed as part of the Single Audit discussed previously in these Findings.</p> <p>The New Birth Baptist Church payments to support the food program were not done pursuant to City policies, City Charter or terms and conditions related to the DeKalb County IGA.</p> |

| FINDING   |  | CONCLUSION  |
|---|--|---|
| <p>We requested but were not provided any contract document for the disbursements to New Birth Baptist Church. Such a document is important as the food deliverables on the invoices differ from the food deliverables identified in the meeting minutes for the Aaron Matthew Allen Covid Small Business Relief/Stonecrest Cares Committee dated November 4, 2020.</p> <p>The New Birth Baptist Church transaction was in excess of \$25,000 per disbursement and totaled \$160,000. Accordingly, a contract should have been processed in accordance with City Purchasing Policy, City Resolution 2018-04-03 and the City Charter at Section 3.08. In addition, terms and conditions in the DeKalb IGA are also applicable regarding accountability of all expenditures of CARES Act funds.</p> |  |   |
| <p style="text-align: center;"><b>Finding No. 8</b></p> <p>Persons connected with the City through existing consulting contracts and through employment by Jacobs assisted with the operation of the CARES Act small business and community support programs. The Pendleton Group, paid \$5,000 per month for consulting services, provided assistance with business application structure and review. We were advised CARES Act funds were not used in making such payments, however, that has not been independently verified, as all transactions have not been made available for review by MRPC. The Director of Business Development and the Chief of Staff/Chief</p>   |  | <p>Failures to disclose association with a City contractor that could create a conflict of interest is a violation of City ethical standards and in this instance violates certain provisions of the Professional Services Agreement with Jacobs. Jacobs has removed both persons from the City contract.</p> |

| FINDING  |  | CONCLUSION   |
|--|--|--|
| <p>Liaison Officer both had active roles with the AMACSBRP/SC committee and, at the same time, held positions with a City contractor who was involved as a manager with one of the newly organized corporations discussed earlier in the report. Both Jacobs affiliated employees did not disclose their relationships with the City contractor as required by the City Code of Ethics, City Charter Section 2.13 and provisions of the Professional Services Agreement with Jacobs dated June 15, 2017, as amended.</p> |  |  |
| <p style="text-align: center;"><b>Finding No. 9</b></p> <p>The application process used by City staff to consider awarding funds to churches and community-based organizations was not structured in such a manner to ensure that assistance was necessary in response to the COVID-19 public health emergency and otherwise satisfies the Requirements of the CARES Act and other applicable law.</p>   |  | <p>Lack of availability of this information may impact the eligibility of program costs if demonstration cannot be made using alternate procedures that eligibility requirements were satisfied.</p>   |
| <p style="text-align: center;"><b>Finding No. 10</b></p> <p>The City contracted separately for small business assistance application intake and the City staff, with the aid of consultants, then made funding decisions and advised MRPC of the same to get disbursements made. This system is not conducive to establishing and maintain adequate accounting and record keeping that would comply with CARES Act and DeKalb IGA program requirements and guidance.</p>   |  | <p>City staff should start the compilation of data process to demonstrate compliance with the CARES Act and DeKalb IGA requirements and avoid exposure to costs being declared as ineligible in connection with Single Audit procedures discussed earlier.</p> |

| FINDING   |  | CONCLUSION  |
|---|--|---|
| <p style="text-align: center;"><b>Finding No. 11</b></p> <p>The report details instances wherein organizations that received CARES Act funds were requested to pay a portion of those funds to persons and/or organizations represented to be affiliated with the City. Those payments were not authorized by the City and are not eligible costs per the CARES Act guidance.</p>   |  | <p>The City should notify those organizations who made the payments that such payments are not eligible cost and request that the funds be returned to them to be used for expenditures that comply with CARES Act and DeKalb IGA requirements.</p>   |
| <p style="text-align: center;"><b>Finding No. 12</b></p> <p>The contract with MRPC was not properly authorized and is therefore not binding on the City. The report details the amounts that are due and potentially expenditures. In addition, the Single Audit may disclose costs that are not eligible and those amounts should also be returned to the City.</p>  |  | <p>The City should consider this matter and determine if a notice should be sent to MRPC that demands the funds sent to MRPC to be used to fund the small business awards that remain unspent be returned immediately as well as funds expended for MRPC operations from the CARES Act funds and undocumented amounts expended.</p> |
| <p style="text-align: center;"><b>Finding No. 13</b></p> <p>Amounts were expended to fund special services contracts executed by the Chief of Staff. The amounts were paid in advance and totaled \$146,500. The contracts are not binding on the City and the service were for January 1, 2021 through January 1, 2022, a period outside the term of the period for the CARES Act at the time the contracts were signed.</p> |  | <p>The City should consider this matter and determine if a notice should be sent to the contractors informing them that the contracts are not binding and demanding that the advanced funds be immediately returned.</p>  |

| FINDING  |  | CONCLUSION  |
|--|--|---|
| <p style="text-align: center;"><b>Finding No. 14</b></p> <p>The investigation has uncovered that amounts were requested by persons and/or organizations using their connections with the city for marketing and other services that appear to be extractions of funds intended to be used in accordance with CARES Act and DeKalb IGA requirement. These extraction payments did not result in the delivery of any services and likely are not eligible costs, subjecting the CARES Act funded organizations to possible refund of the extract amount.</p> |  | <p>The City should consider giving notice to the organizations impacted by these extractions that the payments must be returned and used in accordance with CARES Act and DeKalb IGA requirements or that the funds must be returned to the City.</p> |
| <p style="text-align: center;"><b>Finding No. 15</b></p> <p>The contract with Jacobs provides certain terms that protects the City from Jacobs employees violating laws, ordinances or other such authority that results in the loss of property by the City.</p>  |  | <p>The City should evaluate any potential losses from the acts of Jacobs' employees related to the CARES Act funding and start a discussion about loss recovery through Jacobs related to any negligent or criminal acts.</p>                         |

| FINDING   |  | CONCLUSION   |
|---|--|--|
| <p style="text-align: center;"><b>Finding No. 16</b></p> <p>The Findings in this report reveal activity that should be reported for further review and investigation by law enforcement. Disclosure should be made to DeKalb County regarding the investigation findings and the City’s corrective action plan.</p> |  | <p>The report will be public and available for review by all interested parties.</p> |

**XVII. RECOMMENDATIONS AS A RESULT OF THE FINDINGS  
CONTAINED WITHIN THIS REPORT**

1. The Contracts entered into by the Jacobs’ employed Deputy City Manager, Senior Director of Economic Development and the Chief of Staff/Chief Liaison Officer, the contract details more fully discussed in the report were not authorized according to the requirements of the City’s Charter and its Purchasing Policy. Failure to adhere to those requirements results in the following contracts being void as a matter of law:
  - a. Municipal Resource Partners Corporation;
  - b. AOA Educational Foundation, Inc.;
  - c. C.B. Keener, LLC;
  - d. Josie Phene, LLC;
  - e. Valerie Edwards;
  - f. Titus Ekeoma;
  - g. Dr. Nancy Williams;
  - h. The Leadership Team;
  - i. Angel Eyes Fitness;
  - j. DWF Wellness;
  - k. James A. Conner; and
  - l. Neeshenah Porter

In addition, payments were authorized by the Deputy City Manager totaling \$160,000, made \$40,000 in four (4) payments, to a local church to assist with a food program that were not made pursuant to a contract executed in accordance with the City Charter and Purchasing Policy. A contract document was not prepared for this transaction.

It is our recommendation that notice be sent to the above entities with contracts informing them that the contracts were not authorized, and are therefore considered void.

2. As a result of any such contract being void or otherwise unenforceable, the City can request the return of any payment made to any entity of an invalid contract.<sup>47</sup>
3. Notice should be sent to Jacobs informing them of their responsibility for their employees and their obligation to indemnify the City for any claims or actions resulting from harm done by their employees, including costs related to the conduct of the investigation of the subject matter of this report.
4. As a result of the payments made to local nonprofits and businesses by the Stonecrest CARES Program, there are inconsistencies and other schemes that may indicate criminal behavior. As such, the Georgia Bureau of Investigation and the DeKalb District Attorney's Office should be made aware and a request for a formal investigation be made. Because federal funds were used, and certain conditions were attached to those funds, after the audit is conducted of the financial dealings related to the Stonecrest CARES Program, it may be necessary to contact the Federal Bureau of Investigation or United States Attorney's Office for an additional investigation into the use of the Funds.

---

<sup>47</sup> An illegal contract with a municipality is considered void forever; it does not bind the municipality even if there has been complete performance on the part of the other party (*City of Baldwin v. Woodard & Curran, Inc.*, 293 Ga. 19, 743 (2013); *City of Hogansville v. Farrell Heating Co.*, 161 Ga. 780, (1925)). A contract that is void because it is illegal cannot be ratified. Acceptance or use by the municipality of any benefits furnished under the void contract will not make it valid (*H.G. Brown Family L.P. v. City of Villa Rica*, 278 Ga. 819, (2005); *Mayor and Council of Hogansville v. Planters Bank*, 27 Ga. App. 384 (1921); *Hardy v. Mayor and Council of Gainesville*, 121 Ga. 327, 48 (1904)). This rule is based on the principle that it is the duty of any person contracting with a municipality to see that the contract strictly complies with provisions of the law limiting and prescribing the municipality's powers (O.C.G.A. § 45-6-5; *Wiley v. City of Columbus*, 109 Ga. 295, 34 S.E. 575 (1899); *City of Jonesboro v. Shaw-Lightcap, Inc.*, 112 Ga. App. 890, 147 S.E.2d 65 (1966)).

## CONCLUSION

This Report likely raises as many questions as it answers. And in fact, since information continues to come in to us, we will likely be required to submit a supplemental report to the Mayor and Council in the days to come. In any event, it has been our honor and privilege to assist the Mayor and Council in this important investigation. We wish we had better news to report. However, we look forward to helping the City with the necessary and difficult work that will undoubtedly be required as a result of this Report.

Respectfully submitted,

WINSTON A. DENMARK  
City Attorney, City of Stonecrest



## LIST OF EXHIBITS

|   |        |
|---|--------|
| Special Call City Council Meeting dated February 7, 2021  | Ex. 1  |
| Intergovernmental Agreement (IGA) for the Distribution and Use of Proceeds from the Coronavirus Relief Fund           | Ex. 2  |
| Example copy of letter mailed to 34 awardees  | Ex. 3  |
| Responses to Questions for Jacobs Engineering Group, Inc.   | Ex. 4  |
| Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments Updated September 2, 2021      | Ex. 5  |
| DeKalb County Holds Up CARES Act Fund Distribution article  | Ex. 6  |
| City of Stonecrest Resolution dated September 28, 2020  | Ex. 7  |
| Organization and Management Plan  | Ex. 8  |
| City Council Committee Meeting Minutes dated November 4, 2020, November 11, 2020, and December 3, 2020                | Ex. 9  |
| City of Stonecrest Purchasing Policy version April 16, 2018   | Ex. 10 |
| C.B. Keener, LLC and COVID CARES Committee of the City of Stonecrest, Georgia Contract dated October 30, 2020         | Ex. 11 |
| Contract between AOA Educational Foundation, (“AEI Startup Factory) and the City of Stonecrest dated October 30, 2020 | Ex. 12 |
| Memorandum of Law to City of Stonecrest City Council dated February 2, 2021   | Ex. 13 |
| Letter from New Covenant Christian Ministries to Fincher Denmark dated March 22, 2021                                 | Ex. 14 |
| Letter from Convoy Marketing DBA Wrap City Vinyl to Fincher Denmark dated March 22, 2021                              | Ex. 15 |

|  |        |
|--|--------|
|  |        |
| Letter from Brown Integrated Logistics to Fincher Denmark dated March 22, 2021         | Ex. 16 |
| Letter from Divine Mortuary Services, LLC to Fincher Denmark dated March 22, 2021      | Ex. 17 |
| Flat Rock Check dated 11/20/2020   | Ex. 18 |
| Letter to Fincher Denmark from Max Richardson re: In The Door, LLC                     | Ex. 19 |
| On Common Ground check in the amount of \$100,000 dated November 10, 2020              | Ex. 20 |
| Letter from Salt & Pepper to Fincher Denmark dated March 22, 2021                      | Ex. 21 |
| Letter from EPL Heating and Air, LLC to Fincher Denmark dated March 22, 2021           | Ex. 22 |
| Letter from Church of Christ, Rock Springs Rd. to Fincher Denmark dated March 22, 2021 | Ex. 23 |
| COVID Program Checks Awarded by Date to Recipients and Amounts                         | Ex. 24 |
| Municipal Resource Partners Corporation, "Management Report" dated January 25, 2021    | Ex. 25 |
| Municipal Resource Partners Corporation Contract dated June 15, 2017                   | Ex. 26 |
| Compliance Spreadsheet   | Ex. 27 |
| COVID Deposit Receipt and Account Statement dated October 30, 2020                     | Ex. 28 |

## **EXHIBITS**