

November 8, 2023

Executive Summary for Smart City Investigation 22-0006-I

The Office of Inspector General (OIG) for the City of New Orleans (City) concluded the investigation into the allegation of improper actions of City employees in the awarding of the Smart City Systems RFP No. 1193.

Basis for Investigation:

- On April 21, 2022, the City Council issued Resolution No. R-22-201 in order to “commence an investigation into procurement practices and activities involving the Mayor's Office of Utilities (the "Utilities Office"), including without limitation the selection of Smart+Connected NOLA for smart cities and public Wi-Fi deployment in New Orleans.”
- Notwithstanding the City Council’s request, the OIG had initiated an investigation into the awarding of this RFP and the potential issues surrounding the award.

The Investigative Findings:

- On April 18, 2022, Julien Meyer attended a meeting during which he learned that George Burciaga, CEO of IGNITE, had a financial interest in the Smart+Connected NOLA consortium, the entity to whom the Smart City RFP contract was awarded.
- Johnathan Rhodes and Christopher Wolff had a relationship with Qualcomm because their company, Verge Internet, was a member of the Qualcomm team. According to Rhodes’ testimony before the City Council on April 27, 2022, he and Wolff provided information to Qualcomm which was submitting a RFI to the City of Los Angeles. Neither Rhodes nor Wolff had disclosed their relationship with Verge Internet or Qualcomm to the City
- Rhodes and Wolff’s relationship with Qualcomm, a member of the Smart+Connected NOLA consortium, whose proposal was selected, may constitute a violation of the City’s Home Rule Charter, Article IX, Section 9-309, which states, “No officer or employee of the City shall have a financial interest in any contract with the City.”
- Wolff’s Conflict of Interest statement made no mention of his ownership in Verge Internet, any conversations with Burciaga about Verge Internet, or any possible future ventures as noted in the “Qualcomm / RFI Narrative 2021.”
- Rhodes should have disclosed his interest in Verge Internet and his relationship with Qualcomm to the City on his 2021 Financial Disclosure Form and Wolff should have done the same on his Conflict-of-Interest Disclosure form for the Smart City RFP. Rhodes and

Wolff both had a relationship with Qualcomm, a member of the Smart+Connected NOLA consortium, whose proposal was selected.

- George Burciaga, Rhodes and Wolff should have excluded themselves from participating in the Smart City RFP solicitation and selection process because they had a relationship with Qualcomm, a member of the Smart+Connected NOLA consortium.
- Rhodes may have violated La. R.S. 14:125 by making his 2021 sworn Financial Statement. La. R.S. 14:125 establishes the criminal offense of “false swearing” as “the intentional making of a written or oral statement, known to be false, under sanction of an oath or an equivalent affirmation, where such oath or affirmation is required by law.” Rhodes’ sworn Financial Statement was required by law, City Code Sections 2-691 and 2-692. His failure to disclose his 50% ownership interest in Verge Internet and his association with Qualcomm in his sworn 2021 Financial Statement appears to have been a knowing falsity by omission in violation of La. R.S. 14:125.
- Rhodes may also have violated La. R.S. 14:133 by filing his 2021 sworn Financial Statement with the City. La. R.S. 14:133 establishes the criminal offense of “filing or maintaining false public records” as “the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation or rule, with knowledge of its falsity . . . [a]ny document containing a false statement or false representation of a material fact.” Rhodes’ filing with the City of his 2021 sworn Financial Statement required by law, City Code Sections 2-691 and 2-692, with knowledge of its falsity by omission of the material facts of his 50% ownership interest in Verge Internet and his association with Qualcomm may have violated La. R.S. 14:133.
- Wolff may also have violated La. R.S. 14:133 by filing with the City his June 24, 2021 Conflict of Interest Disclosure. Executive Order LC 2021 required that Wolff, as a member of the Selection Committee for the Smart City RFP, “execute a disclosure certifying that [he] did not possess a conflict with any of the respondents.” Wolff’s certification that he did not have any relationship with any of the respondents to the Smart City RFP with knowledge of the falsity of his certification because of his 50% ownership interest in Verge Internet and his association with Qualcomm, a partner in respondent Smart+Connected NOLA, and the filing of same with the City may have violated La. R.S. 14:133.

The OIG Recommendations:

- The OIG recommends that all City agreements, including pro bono MOUs, be uploaded into BRASS. In addition, the OIG recommends that all City agreements should include the OIG cooperation clause, as shown below, which was not present in the MOU with IGNITE:
 - The Contractor will abide by all provisions of City Code § 2-1120, including but not limited to City Code § 2-1120(12), which requires the Contractor to provide the Office of Inspector General with documents and information as requested. Failure to comply with such requests shall constitute a material breach of the contract. The Contractor agrees that it

is subject to the jurisdiction of the Orleans Parish Civil District Court for purposes of challenging a subpoena.

- City Code Sections 2-691 and Section 2-692 do not exempt a person in Rhodes' position from reporting an interest in a business that has no income. However, to provide further clarification, the OIG recommends the City Council revise City Code Section 2-692(b), which establishes dollar value categories for required disclosure, to read "Category I: \$0 to \$5,000.00", rather than "Category I: less than \$5,000.00".
- The OIG also recommends that the City should require companies and persons who volunteer their services to the City to complete the same annual Louisiana Ethics training that is mandatory for public employees pursuant to La. R.S. 42:1170. The City should also require companies and persons who volunteer their services to the City to adhere to the following provision of La. R.S. 42:1121(B)(1) in the same manner required of public employees providing assistance to others after termination of their public service.

Inspector General Ed Michel provides the following statement regarding this investigation:

"When Requests For Proposals for projects such as Smart Cities are issued, it is imperative the process be fair and void of any hidden agreements. The mere perception of a tainted process causes the public to lose trust and faith with city government. This office will continue to ensure the citizens of New Orleans that the functions of government are carried out appropriately and without improper conduct."

Sincerely,

A handwritten signature in blue ink that reads "Ed Michel". The signature is written in a cursive, slightly slanted style.

Edward Michel, CIG
Inspector General
City of New Orleans