

REPORT OF INVESTIGATION

An allegation that the Mayor's Office of Youth and Families was directing the disbursement of monies donated to the private non-profit Forward Together New Orleans.

March 21, 2024

Edward Michel, CIG Inspector General



REPORT OF INVESTIGATION

22-0004-I

TITLE: The OIG initiated an investigation pursuant to an anonymous complaint that the Mayor's Office of Youth and Families (OYF) was directing the disbursement of monies donated to Forward Together New Orleans (FTNO). A request was subsequently received from the City Council of New Orleans (Council) to "investigate monies being awarded to nongovernmental agencies through one-year CEAs, including public monies diverted to FTNO."¹

LOCATION OF OCCURRENCE: New Orleans, LA

DATE OF OCCURRENCE: April 19, 2022 through June 26, 2023

INVESTIGATED BY: Investigation Division

VIOLATIONS: Louisiana Revised Statutes 42:1115

ACTION TAKEN: This report is provided to the City of New Orleans (City) Chief Administrative Officer and the City Council for information and action deemed appropriate.

BASIS FOR INVESTIGATION

The OIG received an anonymous complaint that the OYF was directing the disbursement of monies donated to FTNO. FTNO served as the transition committee for Mayor-elect LaToya Cantrell. After the OIG initiated an investigation based on the anonymous complaint, an additional request for the OIG to investigate FTNO's receipt and use of City funds was made by the Council on April 27, 2022. The Council's Resolution NO. R-22-203 stated the following:

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That the Council also requests the OIG investigate monies being awarded to nongovernmental agencies through one-year CEAs, including public monies being diverted to Forward Together New Orleans.

BACKGROUND

According to information on the City's website, Mayor Cantrell signed an Executive Order on May 25, 2018, creating the OYF as a City agency.² FTNO was a nonprofit organization created as the

¹ See Exhibit No. 1, City Council Resolution No. R-22-203, April 27, 2022.

² See Exhibit No. 2, NOLA.gov, Press Release announcing creation of Office of Youth and Families, May 25, 2018.

transition committee for then Mayor-elect LaToya Cantrell in 2018.³ FTNO's logo on its nowdefunct website also included the phrase: "The Mayor's Fund." ⁴ The initial complainant expressed concern to the OIG about the propriety of FTNO accepting a donation from a foundation linked to United Health Care (UHC) since UHC serves as the Third-Party Administrator (TPA) for the City self-funded, bundled healthcare plan for active and retired employees.⁵ The complainant believed it was also improper or perhaps a conflict of interest for Liana Elliott, then Deputy Chief of Staff to Mayor Cantrell, to serve as a member of the FTNO board.⁶

EXTENT AND RESULTS OF INVESTIGATION

According to the Louisiana Secretary of State's online Search for Louisiana Business Filings, FTNO was incorporated in 2018 as a Non-Profit Corporation previously named Forward Together New Orleans Inaugural Fund. On September 4, 2019, the IRS issued a letter to FTNO granting it 501(c)(3) status.⁷

In April 2020, FTNO received a \$25,000 donation from UHC, the City's TPA, and a \$5,000 donation from New Orleans Saints player Cam Jordan to provide New Orleans families with infant and feminine hygiene supplies during the COVID-19 pandemic.⁸

A review of news articles on the FTNO website shows that FTNO later transferred the funds received from UHC and others to OYF, as documented in the below updates posted to https://www.ftno.org/news:

• Cam Jordan's Dreambuilders (May 20, 2020)

"Cam Jordan's Dreambuilders Foundation and UnitedHealthcare donated \$10,000 to support technology needs for youth during COVID-19. This was granted to the Office of Youth and Families, which provides paid summer internships and year-round programming for youth with juvenile justice involvement. As a result of the COVID-19 crisis, the programming will be provided virtually. The Office is launching a loaning program to provide the participants with hotspots, tablets, or laptops to access resources while pursuing workforce readiness training opportunities."⁹

• Mom & Baby Initiative (May 21, 2020)

³ See Exhibit No. 3 <u>https://www.idealist.org/en/nonprofit/0583941ffa10458bbcc75065e3c2b3d6-forward-together-new-orleans-new-orleans</u>

⁴ See Exhibit No. 4 FTNO logo in top left corner of an article from the FTNO website dated May 20, 2020, "Supporting New Orleans' Youth."

⁵ See Exhibit No. 5 Professional Services Agreement Between the City of New Orleans and United Healthcare Services, Inc., K15-1267, dated February 24, 2016.

⁶ See Exhibit No. 6, FTNO Board Member Roster.

⁷ See Exhibit No. 7 IRS 501(c)(3) determination letter dated September 4, 2019.

⁸ See Exhibit No. 8, Copy Mayor's Office news article dated April 15, 2020, on <u>https://www.nola.gov/mayor/news/</u> ⁹ See Exhibit No. 4.

"The Mayor's Office of Youth and Families received \$30,000 in donations to provide infant and feminine hygiene products to families in need. These funds were initially distributed to FTNO from UnitedHealthcare and Cam Jordan."¹⁰

• Cash Money Records Pays June Rent for Hundreds of Tenants in New Orleans Through Mayor's Fund (May 28, 2020)

"Bryan "Birdman" Williams and Ronald "Slim" Williams of Cash Money Records have donated over \$225,000 to Forward Together New Orleans (FTNO), the nonprofit 501(c)(3) organization filling urgent gaps in community needs and available resources to protect our city during the COVID-19 pandemic. Though initially planned for May, funds will be used specifically to pay the June rent for hundreds of subsidized tenants and families who are most in need and live in the former Magnolia, Calliope, and Melpomene projects, now known respectively as the Scattered Sites Harmony Oaks, Marrero Commons, and Guste. Tenants will be notified directly if they are included in the grant, which will go to the landlords."¹¹

 MAYOR CANTRELL ANNOUNCES \$750,000 COMMITMENT TO IMMIGRANT COMMUNITIES FOR COVID-19 RELIEF (June 23, 2020)

"Today, Mayor LaToya Cantrell announced the Immigrant Community Assistance Program, which will provide \$750,000 in immediate financial relief for New Orleans' immigrant workers, who(sic) the COVID-19 pandemic has hardest hit."

"The program, managed by the Mayor's Fund, Forward Together New Orleans, in coordination with the Mayor's Office of Youth and Families, is made possible with a donation from the Open Society Foundations (OSF). After Hurricane Katrina, the City of New Orleans welcomed approximately 20,000 new residents from various Latin American countries, most notably Mexico, Honduras, Guatemala, and Nicaragua. Roughly 21 percent of those new residents lived below the poverty line before COVID-19, and the pandemic reduced the ability of those in construction, hospitality, and domestic labor fields to earn an income."¹²

During this period, the City agency OYF was headed by City employee Emily Wolff until she departed from City employment in December 2022. ¹³ As the news articles referenced above demonstrate, OYF, a City entity created by the Mayor, directed the spending of donations given to FTNO by UHC, the City's TPA.¹⁴ Additionally, Mayor Cantrell's Deputy Chief of Staff, Liana Elliot, served on the FTNO board. Elliott was identified as a board member of FTNO on a Twitter post

¹⁰ See Exhibit No. 9, News article from FTNO website dated May 21, 2020.

¹¹ See Exhibit No. 10, News article from FTNO website dated May 28, 2020.

¹² See Exhibit No. 11, Immigrant Community Assistance Program article from FTNO website dated June 23, 2020.

¹³ See Exhibit No. 12, Office of the Mayor, July 13, 2022, Office of Youth and Families article.

¹⁴ See Exhibits No. 2 and No. 3.

dated June 12, 2020¹⁵, and on the FTNO website¹⁶. These same online sources also listed Elliott as Deputy Chief of Staff or former Deputy Chief of Staff for Mayor Cantrell.

In January 2022, FTNO announced the hiring of a new Executive Director (ED) named Shaun Randolph.¹⁷ Randolph was touted as having a diverse career background spanning the public and private sectors. OIG Investigators interviewed Randolph on September 1, 2022,¹⁸ and September 2, 2022.¹⁹ At the time of these interviews, Randolph was involved in a personnel matter with a former board member, which resulted in his ultimate termination. When Randolph initially applied for the ED position in late 2021, he was finishing a 12-month fellowship with FUSE in New Orleans. (OIG Note: FUSE fellowships are 12-month assignments where the fellow is embedded full-time with the host agency, focusing on accelerating change and reducing racial disparity.) Randolph was interviewed by FTNO board members Dr. Eric Griggs, Dr. Kathleen Kennedy, former City Director of Strategic Initiatives Josh Cox, and Elliott. Randolph stated in this job interview his belief that FTNO needed to be an independent entity. Randolph further noted that FTNO could be an ally of the mayor but not subservient. Randolph described Cox and Elliott as being the most vocal during the job interview in that they were the most engaged.

Randolph was offered the ED job for FTNO but initially declined the offer. His reasoning for the declination was his philosophy was not in alignment with City employees being so closely affiliated with FTNO. After being contacted by Elliott and discussing his concerns with her, Randolph reconsidered and accepted the ED job.

When Randolph started at FTNO, he spent much of his time with Trent Butler, who was leaving the non-profit for other endeavors. During his meetings with Butler, Randolph learned how much Butler relied on Cox to clarify FTNO's business and issues. Randolph found it odd that FTNO relied so much on City employees, but he continued to receive assurances about FTNO's independence. Around February 2022, Randolph began what he described as a "soft audit" of the FTNO books. Randolph noticed some misclassified expenses for FTNO. At this time in 2022, FTNO did not receive any monies from the City. According to Randolph, City employees wrote and submitted grant proposals for philanthropic funds sought by FTNO.

In March 2022, Randolph learned FTNO would administer one grant awarded to the City that was previously administered by the Urban League and involved gun violence. He also learned that FTNO would begin administering a program previously operated by the City's Community Crisis Intervention Team. Randolph believed the City decided not to renew the Urban League's yearto-year agreement due to reporting and cost issues. The Urban League had ten to twelve employees who would transition to FTNO employment to run the program. The appearance to

¹⁵ See Exhibit No. 14, FTNO Twitter post dated June 12, 2020.

¹⁶ See Exhibit No. 6.

¹⁷ See Exhibit No. 15, FTNO website announcing the hiring of new Executive Director Shaun Randolph.

¹⁸ See Exhibit No. 16, MOI Shaun Randolph, September 1, 2022.

¹⁹ See Exhibit No. 17, MOI Shaun Randolph, September 2, 2022.

Randolph was that the Urban League had poorly managed the accounting and may have been overspending on their expenses. The paperwork and reports provided by Urban League did not make sense to Randolph.

After receiving and reviewing the Cooperative Endeavor Agreements (CEA) for these transfers of functions and comparing them to FTNO by-laws, Randolph executed the two documents with the City in approximately April 2022. This was the first time FTNO received and managed City monies for awards. After executing these CEAs, Randolph met with Cox, Elliott, Patrick Young (the Director for the City's Office of Gun Violence Prevention), and Urban League employees regarding transitioning employees when FTNO took over the grant. The money from the City was received by check and deposited into the FTNO bank account in 2022. This seemed odd to Randolph since the takeover was not supposed to start until 2023.

On May 19, 2022, the City transferred \$505,310.40 from the Wisner Grant Donation²⁰ to FTNO.²¹ According to a CEA signed by the Mayor's representative and Randolph on April 19, 2022. The funds were utilized to implement the Earn and Learn model in collaboration with the City's Office of Workforce Development (OWD).²² In addition, FTNO was to retain \$25,265.52 of the overall sum as an administration fee. OWD is a City entity overseen by the Deputy Chief Administrative Officer (CAO) of Business and External Services.²³

Randolph was concerned about the costs being paid by FTNO for marketing and public relations services offered by Last Word Strategies. Randolph noted the \$2,000 to \$3,000 of monthly expenses paid to Last Word Strategies seemed high for the work product FTNO received. Randolph wanted a new proposal from Last Word Strategies in the \$600 to \$800 monthly range for the same services. According to Randolph, the owner of Last Word Strategies was not happy with the new proposal. Randolph believed Cox facilitated the initial arrangement between FTNO and Last Word Strategies.

Randolph's greatest concern was the magnitude of influence from City employees. During his interviews with the OIG, he discussed two particular City employees, Cox and Elliott. Randolph noted Elliott's role as both the board liaison and City employee was problematic. Elliott had previously voted on board business, and Randolph attempted to cease this activity. Elliott took exception with Randolph when he no longer allowed her to vote as a board member. Randolph experienced instances where he and the board discussed and agreed upon Randolph's plan for FTNO. However, Elliott would go directly to the board and upend Randolph's and the board's agreed-upon plan.

Randolph also added that Cox exerted much influence over FTNO and described it as "semiappropriate" based on the fact that Cox was the point of contact at the City for programs

²⁰ See Exhibit No.18, NOLA.gov Office of the Mayor, Wisner Grant Donation information.

²¹ See Exhibit No. 19, Cash Ledger Payment dated May 19, 2022.

²² See Exhibit No. 20, Cooperative endeavor agreement executed on April 18, 2022.

²³ See Exhibit No. 21, CAO Org Chart from March 2022.

administered by FTNO. Randolph discussed one such program, the Just Start Program, and the problems FTNO had receiving timely invoices from a contractor in the program. This problem caused the contractor to experience cash flow problems. Randolph was implementing an electronic payment system for the payment of FTNO expenses. Cox contacted Randolph and requested Randolph to write a paper check to the contractor. Randolph indicated this was impossible because he was not a signatory on the FTNO checking account.

Randolph described an incident in early 2022 where he attempted to arrange a board meeting with members. He was unable to get a meeting set from January through March 2022. Board members were upset over a news article and wanted to speak with Randolph about being quoted in the article.²⁴ Randolph noted this meeting took place at Xavier University and he recalled Elliott and Kennedy being in attendance. Randolph described Elliott as having a "breakdown" regarding the OIG seizing her City cellphone and computer.

A second meeting took place after this meeting and was arranged by Elliott. Randolph believed about fifteen people were in attendance and described them as Mayor Cantrell's people who all seemed "completely political." Randolph again voiced his concern about the need for him to have his independence from the City as the ED for FTNO. After Randolph's statement, the meeting attendees went silent.

On May 18, 2022, the OIG submitted a request for cell phones, computers, and emails of City employees regarding this investigation.²⁵ A Subpoena Duces Tecum for records was issued by the OIG to FTNO through its President, Board Chair, and Custodian of Records, Dr. Kathleen Kennedy on September 8, 2022. The OIG reviewed all these items. A string of emails originating February 4, 2021, between Mayor LaToya Cantrell and various City employees, titled "Black Masking Mardi Gras Indians support of Mayor Cantrell," was discovered.²⁶ Based on the replies within this email string, Cantrell was advised several Mardi Gras Indian Chiefs agreed to stand with her during a press conference discussing Mardi Gras 2021.

A second email string was also located in the review of items received from the City. These emails were between Mayor Cantrell, then FTNO Executive Director Trent Butler, and City employees from February 8-12, 2021, titled "Framed Proclamations for Chiefs."²⁷ This email string revealed Mayor Cantrell's request to provide framed proclamations to the Mardi Gras Indian Chiefs standing with her at the press conference. In one email dated February 8, 2021, Mayor Cantrell requested Butler: "Trent, do we have some ftno checks we can cut for support \$500 each. No pressure just let me know. It can be housing expense." On February 9, 2021, Butler replied via email, "Good afternoon all, Just wanted to let everyone know that the FTNO board has officially

²⁴ See Exhibit No. 22, Nola.com article, "Council to probe nonprofit's use of city funds", April 26, 2022.

²⁵ See Exhibit No. 23, OIG Letter to City requesting equipment and records.

²⁶ See Exhibit No. 24, Email string with Mayor LaToya Cantrell and other City employees related to the "Black Masking Mardi Gras Indians support of Mayor Cantrell" February 4, 2021.

²⁷ See Exhibit No. 25, Email string with Mayor Cantrell, FTNO Executive Director Trent Butler, and other City employees titled, "Framed Proclamations for Chiefs, dated February 8-12, 2021.

approved the Big Chief proposal, and I will deliver the checks to Justin at Gallier Hall at 3:15 pm. Best, Trent."²⁸ Mayor Cantrell responded to Butler's email with the following: "OMG!!!!!!! Thank you so much Trent!!!! You are the MAN!"

The Mardi Gras Indian Chiefs participated in the Mayor's press conference on February 9, 2021, as posted on Mayor LaToya Cantrell's Facebook page.²⁹ As detailed in this post, the Mayor was "joined by many of the Big Chiefs from our Mardi Gras Indians to stand together in solidarity and acknowledge that this Carnival season will be different."

In August 2022, Randolph was notified via email of his termination from FTNO. He also received a separation agreement for his signature. At the time of his interview with the OIG, he had not entered into the separation agreement.

Randolph and FTNO went to the Civil District Court in Orleans Parish to address matters related to the termination and continued operations of FTNO. As described in an affidavit filed in Civil District Court in Orleans Parish by Kennedy, Randolph was accused of undertaking a series of unauthorized activities and further attempting to orchestrate a revision of the bylaws of FTNO and the installation of new board members.³⁰ Based upon the consent judgment signed by the Court on December 7, 2022, Randolph was no longer employed or associated with FTNO.³¹ The consent judgment also decreed that the FTNO board consisted of Kennedy, Griggs, and Dr. Silas Lee. During the Court proceeding, counsel for FTNO disclosed the intent of the board to dissolve FTNO.

After receiving this judgment, FTNO returned a cashier's check to the City for \$1,063,410.40.³² FTNO legal counsel provided further acknowledgment to OIG counsel the non-profit was about to begin "the wind-down process with a judicial dissolution of the organization." As noted in the memo accompanying the check, \$206,118 was returned to the General Fund, and \$857,292.40 was returned to the Wisner Donation.

CONCLUSIONS

The initial allegation regarding FTNO's receipt of donations from entities conducting business with the City demonstrated a potential conflict of interest for a City employee to solicit or accept donations from such an organization. In particular, a conflict of interest may arise if the City employee is a board member, board liaison, or an individual who determines where and how monies received by FTNO will be spent. Because UHC had a contractual relationship with the City, it is likely a "prohibited source" under Louisiana Revised Statutes 42:1115, which provides:

²⁸ See Exhibit No. 26, 8 checks from FTNO payable to Mardi Gras Indian Chiefs

²⁹ See Exhibit No. 27, Facebook post by Mayor LaToya Cantrell dated February 9, 2021.

³⁰ See Exhibit No. 28 Affidavit of Dr. Kathleen Kennedy, October 14, 2022.

³¹ See Exhibit No. 29, Consent Judgement from Judge Nakisha Ervin-Knott, December 7, 2022

³² See Exhibit No. 30, City Memo regarding money returned and a Cashier's Check in the amount of \$1,063,410.40

A. No public servant shall solicit or accept, directly or indirectly, anything of economic value as a gift or gratuity from any person or from any officer, director, agent, or employee of such person if such public servant knows or reasonably should know that such person:

(1) Has or is seeking to obtain contractual or other business or financial relationships with the public servant's agency or

(2) Is seeking, for compensation, to influence the passage or defeat of legislation by the public servant's agency.

Therefore, FTNO could not accept funds from UHC, a City contractor, while City employee Liana Elliott was on the FTNO board. While serving as Deputy Chief of Staff for Mayor Cantrell, Elliott likely could not solicit or accept donations from a City contractor such as UHC on behalf of FTNO. Elliott may also have had a potential conflict of interest because, as Deputy Chief of Staff, she could have influenced the selection of City contractors while she had a duty to do so impartially and for the benefit of the City. By contrast, as a board member of FTNO, she had a duty to solicit and accept gifts from any and all donors.

Similarly, Emily Wolff and other City employees at OYF likely could not direct expenditures of funds by FTNO when those funds included donations from a City contractor such as UHC. OYF employees may have had a conflict of interest because they were obligated to impartially award contracts for the benefit of the City, but their decision-making might have been influenced by the knowledge of City contractors' or potential contractors' donations to FTNO.

Former Executive Director Shaun Randolph expressed concern and objection over the City employees' direct involvement with FTNO and its daily operations. As evidence of Randolph's attempts to minimize or eliminate that involvement and as detailed in Dr. Kennedy's affidavit, he ultimately attempted to operate FTNO in a direction contrary to the board. As a result of those attempts, Randolph was terminated from FTNO. Randolph's concern also appears to be supported by emails and checks discovered by the OIG and paid to the eight (8) Mardi Gras Indian Chiefs in 2021.

The OIG did not make any findings of improper conduct on the part of the Mardi Gras Indian Chiefs. As noted in the discussion of the OIG review of emails, the OIG could not identify documentation that would indicate to the recipients the funds were for housing expenses. The canceled checks for the Mardi Gras Indian Chiefs have a notation of "Proclamation" on the "For" line. During the OIG's investigation, FTNO's legal counsel disclosed the FTNO board's intent to dissolve FTNO. As part of the dissolution process, FTNO returned a cashier's check to the City for \$1,063,410.40. As noted in the memo accompanying the check, \$206,118 was returned to the City's General Fund and \$857,292.40 was returned to the Wisner Donation.

RECOMMENDATIONS

Non-profits and other charitable organizations must ensure that expenditures of City funds provided in accordance with a CEA are properly characterized and expended. Equally, the City must maintain sufficient documentation to confirm City funds provided to non-profits and other charitable organizations are utilized in a manner consistent with the agreed-upon terms outlined within the CEA.

A current Council ordinance mandates that City employees identified by the ordinance must complete a financial disclosure form annually. To prevent ethical lapses or perceived ethical lapses, the OIG recommends the City should add a section on its current financial disclosure form requiring City employees to disclose any service they provide to non-profits or other charitable organizations that receive funds from the City. If there is any uncertainty or ambiguity regarding the disclosure requirements, it is advisable to seek an Advisory Opinion from the Louisiana Board of Ethics.

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Edward Michel, CIG Inspector General City of New Orleans

EXHIBITS ATTACHED

Exhibit 1 City Council Resolution No. R-22-203, April 27, 2022. Exhibit 2 NOLA.GOV, Press Release announcing the creation of Office of Youth and Families, May 25, 2018. Exhibit 3 https://www.idealist.org/en/nonprofit/0583941ffa10458bbcc75065e3c2b3d6forward-together-new-orleans-new-orleans. Exhibit 4 FTNO logo in the top left corner of FTNO article from website dated May 20, 2020, "Supporting New Orleans' Youth." Exhibit 5 Professional Services Agreement Between the City of New Orleans and United Healthcare Services, Inc., K15-1267, dated February 24, 2016. Exhibit 6 FTNO Board Member Roster. Exhibit 7 IRS 501(c)(3) determination letter dated September 4, 2019. Exhibit 8 Mayor's Office news article dated April 15, 2020. Copy on https://www.nola.gov/mayor/news/ Exhibit 9 News article from FTNO website dated May 21, 2020. Exhibit 10 News article from FTNO website dated May 28, 2020. Exhibit 11 Immigrant Community Assistance Program article from FTNO website dated June 23, 2020. Exhibit 12 Office of the Mayor, July 13, 2022, Office of Youth and Families article. Exhibit 13 FTNO Twitter post dated June 12, 2020. Exhibit 14 FTNO website announcing the hiring of new Executive Director Shaun Randolph. Exhibit 15 MOI Shaun Randolph, September 1, 2022. Exhibit 16 MOI Shaun Randolph, September 2, 2022. Exhibit 17 NOLA.gov Office of the Mayor, Wisner Grant Donation information. Exhibit 18 Cash Ledger Payment dated May 19, 2022. Cooperative endeavor agreement executed on April 18, 2022. Exhibit 19 Exhibit 20 CAO Org Chart from March 2022. Exhibit 21 Nola.com article, "Council to probe nonprofit's use of city funds," April 26, 2022. Exhibit 22 OIG Letter to City requesting equipment and records. Exhibit 23 Email string with Mayor LaToya Cantrell and other City employees related to the "Black Masking Mardi Gras Indians support of Mayor Cantrell" February 4, 2021. Exhibit 24 Email string with Mayor Cantrell, FTNO Executive Director Trent Butler, and other City employees titled "Framed Proclamations for Chiefs, dated February 8-12, 2021. Exhibit 25 Eight (8) checks from FTNO payable to various Mardi Gras Indian Chiefs. Exhibit 26 Facebook post by Mayor LaToya Cantrell dated February 9, 2021. Exhibit 27 Affidavit of Dr. Kathleen Kennedy, October 14, 2022 Exhibit 28 Consent Judgement from Judge Nakisha Ervin-Knott, December 7, 2022. City Memo regarding money returned and a Cashier's Check for \$1,063,410.40. Exhibit 29