United States Environmental Protection Agency
Criminal Investigation Division
Investigative Activity Report

Case Number
0506-0026

Case Title:
[redacted] Enterprises Inc.

Reporting Office:
Detroit, MI, Resident Office

Subject of Report:
Interview of [redacted] former COO for the City of Detroit.

Activity Date:
October 22, 2009

Copies to:

Related Files:

Reporting Official and Date:
[redacted] RAC
26-OCT-2009, Signed by: [redacted] *RAC*

Approving Official and Date:
[redacted] SAC
06-NOV-2009, Approved by: [redacted] *ASAC*

SYNOPSIS

10/22/2009 - U.S. EPA CID Special Agent (SA) [redacted] and SA [redacted] interviewed [redacted] regarding [redacted] tenure at the City of Detroit's Chief Operating Officer under Mayor [redacted]

DETAILS

On October 22, 2009, U.S. EPA CID Special Agent (SA) [redacted] and SA [redacted] interviewed [redacted] regarding [redacted] tenure at the City of Detroit's Chief Operating Officer under Mayor [redacted] After being informed of the identity of the interviewing agents and the purpose of the interview, [redacted] provided the following information:

[redacted], [redacted]; DOB: [redacted]
Illinios DL: [redacted]; residential phone number: [redacted]

[redacted] was the Chief Executive Officer of the Chicago Park District prior to being hired by the City of Detroit. [redacted] had never heard of [redacted] or any of [redacted] family members until [redacted] was contacted by an executive search firm which was recruiting individuals for certain position in the City of Detroit's mayoral administration. As COO, [redacted] was responsible for the monitoring and coordination with all "frontline" city departments. The frontline departments were ones which dealt directly with the citizens of the city and included the Detroit Water & Sewerage Department (DWSD), Department of Public Works (DPW), Parking, Health Department, and COBO in addition to others. In total [redacted] oversaw the operations of eighteen departments when [redacted] first was hired although that number was reduced after [redacted] told Mayor [redacted] that it was just too much to keep up with that many departments. [redacted] remarked that [redacted] had no involvement in the oversight of the Police or Fire Departments.

This document contains neither recommendations nor conclusions of the EPA.
It is the property of the EPA and is loaned to your agency;
it and its contents are not to be distributed outside your agency.

[redacted] added that while [redacted] had a supervisory role over all of these departments Mayor [redacted] like a lot of mayors [redacted] has known, had a habit of dealing directly with them directly. As a part of [redacted] duties, [redacted] chaired all Directors Meetings and with the approval of the Mayor made decisions on salaries of the directors.

At this point in the interview [redacted] asked the agents if [redacted] needed an attorney. SA [redacted] explained that while [redacted] was the only one who could answer that question, the agents were viewing [redacted] as a witness in this investigation. [redacted] replied that [redacted] husband was an attorney and would tell [redacted] to hire one but that [redacted] wanted to go ahead with the interview as [redacted] didn't have anything to hide.

[redacted] characterized [redacted] relationship with Mayor [redacted] as being professional but commented that [redacted] never felt close to [redacted] Initially [redacted] office was in the same suite as the Mayor's so they would frequently see each other but only met occasionally on city business. [redacted] added that [redacted] was never a political figure where some of the Deputy Mayors such as [redacted] and [redacted] were. [redacted] focus was on best business practices and not political campaigning or fundraising. For these and other reasons [redacted] never was a part of Mayor [redacted] "inner circle." [redacted] considers [redacted] and [redacted] to be a part of the inner circle.

[redacted] had an initial interview for the position and then a second more informal panel type interview. The latter interview took place over dinner at the restaurant at the Marriott Renaissance Center in Detroit. Present at this dinner were Mayor [redacted] [redacted] [redacted] [redacted], [redacted] and [redacted] This dinner was the first time [redacted] had met [redacted] who Mayor [redacted] explained was a life long friend whom [redacted] trusted and someone who had the best interest of the city in mind. [redacted] characterized Mayor [redacted] and [redacted] has having a lot of contact and that [redacted] was routinely in the Mayor's office.

SA [redacted] explained that [redacted] had reviewed text messages sent by [redacted] to various city officials and [redacted] SA [redacted] asked [redacted] to review a text exchange between [redacted] and [redacted] from September of 2002, in which [redacted] asked [redacted] for "[redacted] phone numbers. [redacted] explained that [redacted] was referring to [redacted] who worked with [redacted] in Chicago. Once [redacted] got to Detroit and saw how much work needed to be done in the Recreation Department [redacted] knew [redacted] needed someone [redacted] trusted who was capable of leading the department. [redacted] told Mayor

This document contains neither recommendations nor conclusions of the EPA.
It is the property of the EPA and is loaned to your agency;
it and its contents are not to be distributed outside your agency.

[redacted] about [redacted] and [redacted] desire to hire [redacted] as the Deputy Director of the Recreation Department. [redacted] is not sure of the sequence of events, referring to the text from [redacted] but is sure that [redacted] had this discussion with Mayor [redacted] [redacted] assumed [redacted] was going to meet with Stephenson to check him out on behalf of Mayor [redacted] [redacted] commented that [redacted] had a lot of contact with the Mayor and they were old friends.

[redacted] did not get involved in contracting with any of the departments, commenting that some people knew what they were doing so [redacted] never dug into their contracting decisions.

[redacted] then reviewed a text message exchange between [redacted] and [redacted] dated January 13, 2003, in which [redacted] is asking about a contract for fire hydrants and remarks that [redacted]"will need a lift from you." [redacted] replied that [redacted] told [redacted] that [redacted] didn't get involved in contracts and referred [redacted] to [redacted] who was the Fire Commissioner. [redacted] characterized [redacted] as an ethical individual. As for the [redacted]" comment, [redacted] remarked that [redacted] is from Chicago and knows what is right and that the agents will see in the text messages that [redacted] does not reply to [redacted] when [redacted] makes comments such as this.

[redacted] was then shown a text message exchange from February 12, 2003, where [redacted] is asking [redacted] about the wrecking board appointments. [redacted] explained that[redacted] tracked all appointments to boards and that [redacted] had oversight of the wrecking board. SA [redacted] asked [redacted] if [redacted] was aware that [redacted] was appointed to the wrecking board at a point after these texts were exchanged. [redacted] replied no. [redacted] then commented that it was clear to [redacted] at the time of the text messages that [redacted] and Mayor [redacted] had a special relationship.

[redacted] and [redacted] were appointed to the Detroit 300 Conservancy by Mayor [redacted] SA [redacted]had [redacted] review text message exchanges between [redacted] and [redacted]; [redacted] and [redacted] dated March 7, 2003; and then [redacted] and [redacted]on March 12th and 13th, 2003. [redacted] said [redacted] was surprised by the comment made by [redacted] that [redacted] would [redacted] [redacted] [redacted] asked which contracts for the Campus [redacted] were the individuals referring to? SA [redacted] replied any of them. [redacted] doesn't recall when [redacted] started on the Conservancy Board and does not recall voting on any contracts. [redacted] commented that [redacted] was woefully under qualified for [redacted] job and the two did not have the best relationship.

This document contains neither recommendations nor conclusions of the EPA.
It is the property of the EPA and is loaned to your agency;
it and its contents are not to be distributed outside your agency.

SA [redacted] asked if [redacted] knew the company Xcel which [redacted] suggests in the text messages will partner with [redacted] on the Campus Martius project. [redacted] replied that [redacted] does not know of Xcel but that it must be a contractor. SA [redacted] explained that at the time of the text messages was owned by [redacted] SA [redacted] pointed out the text exchange between [redacted] and [redacted] on March 12, 2003, where [redacted] tells [redacted] that "the boss is pushing hard for BM." [redacted] commented that whatever the text messages said was what [redacted] meant at the time. [redacted] confirmed that [redacted] was Mayor [redacted] [redacted] knew at the time of the firm [redacted] but did not know that they had partnered with [redacted] [redacted] added that maybe [redacted] had communicated to the Mayor who was qualified for the project. SA [redacted] remarked that when [redacted] reads the text messages it tells [redacted] that "the boss" was making it clear that [redacted] wanted [redacted] to be a part of this project. [redacted] replied that when [redacted] was with the Chicago Park District they had their own ways of doing things but "I'd never ever say vote this way. It is improper. I'd never do that." [redacted] added that Mayor [redacted] did often make [redacted] opinions and desires on contractors known to administration staff.

[redacted] was [redacted] Deputy COO and was hired prior to [redacted] [redacted]s had worked on the [redacted] campaign and has a background in information technology. [redacted] characterized [redacted] as smart, hardworking and committed to Mayor [redacted] SA [redacted] pointed out a text message exchange between [redacted] and [redacted] in which [redacted] comments that [redacted] didn't call [redacted] as [redacted] didn't want to "go out of the box" and later that [redacted] wanted to meet with [redacted] in person as [redacted] was [redacted]." [redacted] remarked that it was because of comments like these that [redacted] and [redacted] tried to distance themselves from [redacted] [redacted] agreed that due to [redacted] relationship with Mayor [redacted] that [redacted] had to be friendly with [redacted] ([redacted] Mayor [redacted] referred to [redacted] as "[redacted]." [redacted] explained that [redacted] was one to follow the rules. Fields and [redacted] both did not like the "[redacted] of [redacted] [redacted] characterized [redacted] as someone who was always out to get [redacted] piece of the pie. [redacted] again stated that while [redacted] was the COO [redacted] did not want to get too deep into the contracting issues and would refer [redacted] to the point person for a contract or department.

As for COBO, [redacted] warned [redacted] early on not to get involved in the site as it was a hornet's nest of unions and politics. [redacted] does not recall any specifics on the escalator or renovation work [redacted] mentions in [redacted] text messages and would have referred [redacted] to [redacted] [redacted] As for [redacted] comment that [redacted] sure hopes "it is not [redacted]

This document contains neither recommendations nor conclusions of the EPA.
It is the property of the EPA and is loaned to your agency;
it and its contents are not to be distributed outside your agency.

who gets the contract [redacted] again stated that it was these comments that made [redacted] uncomfortable dealing with [redacted] [redacted] agreed that the tone of this text message and others was the [redacted] was attempting to get inside information on contracts and projects.

[redacted] was not aware that [redacted] had a paid observer on the escalator contract and remarked [redacted] when informed of this. [redacted] was then shown a text exchange between Mayor [redacted] and [redacted] in which [redacted] states [redacted] was doubting [redacted] abilities. [redacted] remarked that [redacted] did not get involved in contracting and thus didn't give [redacted] the response [redacted] was looking for in many of the texts which had been reviewed during this interview. [redacted] went on to say that [redacted] didn't [redacted]" but tried to be collaborative. [redacted] commented that sometimes "they'd listen and a lot of times not" and "I was not inner circle."

SA [redacted]then asked [redacted] about the Patton Park/Baby Creek project. [redacted] was shown a text message from [redacted] dated August 11, 2003, in which [redacted] asks [redacted] to talk to [redacted] regarding the Walbridge fee, remarking that [redacted] had [redacted] [redacted] remarked "that kind of stuff always drives me crazy" and pointed out that [redacted] reply to [redacted] was to explain that [redacted] would work things out keeping to purchasing guidelines. [redacted] was not involved in the negotiations over this contract. According to [redacted] [redacted] listened to the Mayor but always did the right thing. SA [redacted] explained that the terms which [redacted] detailed in [redacted]text message were how the contract was awarded. [redacted] replied [redacted]."

[redacted] reviewed a text message exchange from November 5, 2003, between [redacted] and [redacted] in which [redacted] asks [redacted] "Are we okay with all this? I thought as long as BM/X get what's owed we were OK with moving on to next lowest bidder?" and "Is [redacted]OK and clear about all this?" [redacted] does not recall what contract this exchange was discussing or if they were in a meeting at the time. [redacted] does recall a time when [redacted] was complaining that [redacted] hadn't been paid for a contract and surmised that maybe this exchange was regarding that.

[redacted] was asked about [redacted]. [redacted] and [redacted] did not have good relationship and that [redacted] didn't seem to care for being questioned by or having to report to [redacted] [redacted] talked a good game but didn't push [redacted] staff to meet deadlines and goals. [redacted] tried to let the Mayor know that [redacted]was not the right fit for the Director of Recreation. Despite [redacted] past conviction, [redacted] never thought [redacted] was doing

This document contains neither recommendations nor conclusions of the EPA.
It is the property of the EPA and is loaned to your agency;
it and its contents are not to be distributed outside your agency.

anything illegal and that the two just had a style clash.

Regarding the IMG contract, [redacted] explained that [redacted] used to work for this firm and was behind them being hired. [redacted] saw the hiring of IMG as [redacted] trying to bring the DWSD into the 21st century. [redacted] commented that the DWSD employees were not accustomed to doing regular work. [redacted] relied on [redacted] expertise as [redacted] was a professional in the water field.

[redacted] and [redacted] did not get along well and [redacted] suspects it was a cultural issue as [redacted] didn't seem happy about reporting to a [redacted]

[redacted] was terminated in July of 2005. One day then Deputy Mayor [redacted] called [redacted] into [redacted] office and explained that the Mayor had decided [redacted] services were no longer needed, citing budget cuts and the need to spend monies in other areas. [redacted] explained that [redacted] had been really [redacted]" earlier in 2005 and [redacted] was ready to leave the job anyway.

[redacted] believes that [redacted] was never part of the Mayor's inner circle because [redacted] was not in the news everyday, didn't have the aggressive in your face approach that the Mayor and others had and wasn't [redacted] as the Mayor would say. [redacted] also kept [redacted] distance from [redacted] [redacted] tried to be professional but that didn't always align with the culture of the Mayoral Administration. [redacted] described how Mayor [redacted] had a photograph of [redacted] and [redacted] family, [redacted] and [redacted] family, and [redacted] and [redacted] family on display in [redacted] office. This photo was purportedly taken in Las Vegas after [redacted] was elected to [redacted] first term as mayor.

[redacted] donated to the Next Vision charity once after being asked to do so. [redacted] thinks that [redacted] donated $100 or $150. [redacted] commented that after [redacted] initial donation it became clear to [redacted] that they were not really helping children as had been promoted. A few of the administration employees began to question what they were doing with the donations and that it seemed unusual to have a children's charity yet they would never hear about any of the activities of the charity. The administration employees were also asked by either [redacted] or [redacted] to give money for Mayor [redacted] birthday, give money to send the Mayor on trips, buy [redacted] custom suits. The employees were told what dollar amount to give which was based on your pay grade. [redacted] thought that [redacted] was asked to give $200 each time.

This document contains neither recommendations nor conclusions of the EPA.
It is the property of the EPA and is loaned to your agency;
it and its contents are not to be distributed outside your agency.

[redacted] did not sell tickets to any [redacted] campaign fundraisers or solicit donations to the [redacted] Civic Fund or Next Vision. [redacted] commented that [redacted] did not deal directly with contractors and "wasn't doing any of that." [redacted] attended a [redacted] fundraiser dinner hosted by [redacted] at [redacted] home but does not recall who else was there.

At the conclusion of this interview [redacted] was served with a grand jury subpoena for [redacted] testimony. [redacted] asked if [redacted] needed to bring an attorney with [redacted] to the grand jury. SA [redacted] explained that [redacted] had the right to have an attorney with [redacted] at the grand jury but that they would have to stay in the waiting area or [redacted] can contact them by phone at any time. [redacted] replied that [redacted] didn't need to have one with [redacted] but knew [redacted] would ask [redacted] about this.

This document contains neither recommendations nor conclusions of the EPA.
It is the property of the EPA and is loaned to your agency;
it and its contents are not to be distributed outside your agency.