



OFFICE OF THE INSPECTOR GENERAL

Montgomery County, Maryland



MEMORANDUM OF INVESTIGATION

TO: Stacy L. Spann
Executive Director
Housing Opportunities Commission

Roy O. Priest
Chair
Housing Opportunities Commission

FROM: Megan Davey Limarzi, Esq.
Inspector General *ML*

DATE: June 9, 2021

SUBJECT: Allegations of wrongdoing by the Executive Director and a Commissioner of the Housing Opportunities Commission, OIG Publication # 21-013

The Office of the Inspector General (OIG) recently concluded an investigation into allegations that the Housing Opportunities Commission (HOC) Executive Director violated ethics rules by failing to disclose outside employment; improperly awarding a contract to a firm run by an HOC Commissioner's son; and wrongly awarding a vendor contract to the Commissioner when they were an applicant for a commissioner position. We also examined whether the Commissioner failed to disclose a conflict of interest on annual financial disclosure forms.

We did not substantiate the allegations against either subject.

Background

On March 30, 2021, the OIG received a complaint alleging numerous potential ethics violations and other transgressions involving the Executive Director of the HOC, an HOC Commissioner, and the HOC. Some of the allegations involved personnel issues which we did not investigate because the OIG is not permitted by law to obtain personnel records. We similarly did not investigate allegations that the Commission violated the Open Meetings Act as it appeared that the Open Meetings Compliance Board had already evaluated and ruled on those allegations. We also did not investigate concerns that the Executive Director was unwilling to waive a \$700 charge to produce materials under the Maryland Public Information Act (MPIA) because the MPIA allows agencies to charge for the research and production of requested records. Further, we did not examine allegations concerning the Executive Director's paving of community green space and compliance with the terms of a lease as those issues appear to have been discussed during County Council meetings. Lastly, we did not investigate the allegation that the Executive Director purchased a generator without a documented need, as HOC policy allows the Executive Director to make purchases necessary to fulfill the Commission's mission.

Inquiry

Our investigation centered on allegations that the Executive Director violated ethics rules by failing to disclose outside employment, improperly awarding a contract to a firm run by a Commissioner's son, and wrongly awarding a vendor contract to the Commissioner when they were an applicant for a Commissioner position. We also examined whether the Commissioner failed to disclose a conflict of interest on annual financial disclosure forms.

Failure to Disclose Outside Employment

The predicated complaint alleged that the Executive Director failed to include on annual financial disclosure forms, employment as an adjunct professor at the University of Maryland, College Park, as well as a position on the board of directors of the Affordable Housing Conference of Montgomery County. Our investigation found that the Executive Director did not appear to have received any income as an adjunct professor at the University of Maryland and was appointed to the board without their knowledge and resigned when this matter was brought to their attention. Both factors would have negated the Executive Director's responsibility to list the affiliations on annual disclosure forms.

Improper Award of HOC Contracts to Benefit a Commissioner and their Son

Pursuant to this investigation, the OIG reviewed HOC contracts with a firm (Firm X) purported to be run by a Commissioner's son, an HOC contract with a firm (Firm Z) affiliated with a Commissioner, and pertinent appointment dates and HOC policies. The following timeline is based on a review of these documents:

Timeline of Relevant Milestones

July 1, 2009	Contract No. 09-1613 between the HOC and Firm X <ul style="list-style-type: none">• not to exceed \$45,000• signed by former HOC Executive Director• refers to RFP 1613• expires July 1, 2010, and is renewable• Scope of service: to conduct real estate closings
December 7, 2011	Procurement Policy <ul style="list-style-type: none">• "After analysis of the bids, the Executive Director shall make awards of contracts for goods and services up to Executive Director's Awarding Authority."• The Executive Director's awarding authority is \$50,000 for professional services contracts
February 1, 2012	Subject HOC Executive Director begins employment at HOC

Timeline of Relevant Milestones

November 27, 2012	<p>Contract No. 13-1857 between the HOC and Firm X</p> <ul style="list-style-type: none"> • not to exceed \$45,000 • signed by the Executive Director • refers to RFP 1857 • expires October 2013, and is renewable • Similar scope of services to previous contract
August 2, 2013	Announcement of HOC Commissioner vacancy – partial term
November 12, 2013	<p>Contract No. 14-1903 between Firm Z and HOC</p> <ul style="list-style-type: none"> • Estimated value: \$24,000 - \$30,000 • Signed by designee on behalf of the Executive Director • RFP #1903; at least 3 brokers contacted; Subject commissioner was sole respondent • Scope: Brokerage help finding sites for DHMH grants • Contract term: 90 days
January 9, 2014	Change order extending Contract 14-903 Jan 31 – May 31, 2014
March 12, 2014	Subject Commissioner appointed by County Executive to partial term expiring August 15, 2015
March 25, 2014	Subject Commissioner partial term appointment confirmed by Council
March 25, 2014	In an undated letter, subject Commissioner terminates contract 14-1903 with HOC, referring to the Council confirming them as an HOC Commissioner “[t]his morning”
April 2, 2014	Subject Commissioner joins Commission
June 3, 2014	1 st Renewal of Contract No. 13-1857
October 29, 2014	2 nd Renewal of Contract No. 13-1857
August 10, 2015	3 rd Renewal of Contract No. 13-1857
August 19, 2015	Announcement of HOC Commissioner vacancy – full term
December 8, 2015	Subject Commissioner full term appointment confirmed by Council

We observed that the HOC had a contract with Firm X prior to the subject Executive Director being hired, but that the subject Executive Director awarded a new contract to Firm X approximately nine months after being hired. The new contract was very similar to the previous contract awarded to Firm X by the Executive Director’s predecessor; the contract amounts are the same and the scopes of service are nearly identical. Furthermore, the Executive Director’s approval of Firm X’s contract was consistent with the HOC procurement policy relating to competition and dollar threshold. Additionally, both contracts were awarded before the subject Commissioner was appointed.

The Firm X contract was renewed three times during the subject Commissioner’s partial term as a commissioner. The renewals were approved by the Executive Director and were within their authority. The General Counsel for HOC provided that contracts within the Executive Director’s

authority do not go before the Commission unless they fall into one of the exceptions in the Procurement Policy. None of the exceptions applied to these contracts.

The HOC contract with Firm Z was awarded after the vacancy announcement was advertised for the partial term Commissioner position to which the subject Commissioner was selected. This contract was also awarded consistent with the HOC procurement policy as the dollar amount was within the Executive Director's approval limit and did not require consideration from the HOC Board. The contract was also awarded as a result of competition. The subject Commissioner terminated their contract with the HOC the day they were appointed as Commissioner.

Outcome

We did not substantiate any wrongdoing by the Executive Director or the Commissioner related to HOC contracts with Firm X or Firm Z. We also did not substantiate allegations that the Executive Director failed to disclose outside employment. Similarly, because the Commissioner terminated their contract when they were appointed, they did not have a conflict of interest that would have been reportable on annual financial disclosure forms.