

**OFFICE OF INSPECTOR GENERAL
CITY OF JACKSONVILLE**



**REPORT OF INVESTIGATION
2019-0007WB**

**INVESTIGATION INTO CONDUCT
OF FORMER KIDS HOPE ALLIANCE CEO**

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EXECUTIVE SUMMARY

Report of Investigation 2019-0007WB

In August of 2019, the Office of Inspector General (OIG) was contacted by a Complainant, and also received an anonymous letter, regarding Joseph Peppers, former Chief Executive Officer (CEO) of the Kids Hope Alliance (KHA), Jacksonville, Florida. In general, the complaints were related to standards of conduct, mismanagement, and negligence of duty.

As part of the OIG's complaint intake process, the Inspector General (IG) reviewed and determined that the Complainant's disclosure demonstrated reasonable cause for protection under the Whistle-blower's Act, Florida Statutes (F.S.) §112.3187 - 112.3189, and Part 5, of Chapter 602, *Ordinance Code*. The OIG designated the Complainant as a Whistle-blower (WB).

The OIG initiated an administrative investigation in accordance with §602.303, *Ordinance Code*, on August 14, 2019. On August 15, 2019, the Office of the Mayor placed CEO Peppers on administrative leave.

On May 2, 2020, CEO Peppers e-mailed a resignation letter, effective immediately, to the KHA Board's Chairman, who accepted the resignation.

In September of 2020, the OIG discussed the results of this investigation with the Office of the State Attorney for the Fourth Judicial Circuit (SAO), and it was determined that the conduct identified in this report pertaining to Florida Statute §112.213(6), Misuse of Position, is civil in nature.

The OIG investigation focused on KHA Workplace Environment/Management; Conflicting Relationships/Misuse of Position; and Non-Compliance/Policy Deficiency.

The investigation concluded the following:

SECTION I: KHA WORKPLACE ENVIRONMENT/MANAGEMENT

- CEO Peppers engaged in a consensual sexual relationship with a Senior Leadership Team Member, who directly reported to him, for approximately seven months. According to records and testimony, CEO Peppers may have violated the City of Jacksonville (COJ) *Workplace Violence, Directive 0532, established January 28, 2019*, by sending text messages and comments (refer to page 13), that "... *expressed or implied threats, remarks or other acts... or subjected another individual to emotional distress ... and expressed verbal intimidation ...*" to the Senior Leadership Team Member.
- In April of 2019, Chairman Gay became aware that CEO Peppers had been involved in a consensual sexual relationship with another Senior Leadership Team Member and promptly notified the Administration of the disclosure. Prior to this disclosure, Chairman Gay had no knowledge of the relationship. Prior to being notified by

Chairman Gay, then Chief of Staff Hughes, then Chief Administrative Officer Mousa, and Mayor Lenny Curry had no knowledge of the relationship between CEO Peppers and the Senior Leadership Team member. In June of 2019, when CEO Peppers resumed the duties as CEO after a leave of absence, CEO Peppers was allowed to continue direct supervision over the Senior Leadership Team Member with whom he had the consensual sexual relationship. No fact-finding investigation was conducted by Employee Services.

- The OIG investigation determined there were no existing COJ policies and/or procedures that address non-professional relationships between supervisors and subordinate employees, more specifically regarding consensual sexual relationships within the workplace between supervisors and direct reports.
- Based on testimony, the consensual sexual relationship between CEO Peppers and the Senior Leadership Team Member substantially deteriorated and negatively affected the KHA Senior Leadership Team. During Fiscal Years 2018, 2019, and 2020, the COJ paid in excess of **\$926,000** in salary compensation, excluding benefits, to the KHA Senior Leadership Team from April of 2018 through May of 2020. Excluding CEO Peppers, the employment term of the Senior Leadership Team ranged from approximately less than 4 months to a little over 1 year.
- Based on testimony, the investigation disclosed potential hiring conflicts (real or perceived); specifically, three of the Senior Leadership Team, hired through the City's "*special hiring*" process or hired competitively, had been either classmates or roommates with CEO Peppers at West Point during 1998 through 2002, or were affiliated in some way with West Point alumni. These potential conflicts were not disclosed to Employee Services during the hiring process, although the OIG notes that currently no disclosure is required.
- The investigation determined there are no existing COJ policies and/or procedures that address disclosing potential conflicts during a COJ special hiring process. During the COJ's special hiring process, a hiring manager, such as CEO Peppers, recommends the hiring of a specific candidate for a particular position.
- A review of overall COJ policy acknowledgements for KHA employees, as a whole, disclosed that from April of 2018 (hiring of CEO Peppers) through July of 2019 (last full month CEO Peppers worked in the KHA office) there were a number of employees, in addition to CEO Peppers, who had outstanding COJ policy acknowledgements.

SECTION II: CONFLICTING RELATIONSHIPS/MISUSE OF POSITION

- In Sections 2(A) through 2(D) (pages 44 – 98), the OIG concluded CEO Peppers had conflicting relationships with organizations that he was facilitating, selecting, communicating, and/or recommending for COJ funding or for non-profit grant funding.

The investigation concluded that CEO Peppers was not transparent about his conflicting relationships. The OIG notes that currently no disclosure is required; however, the Office of General Counsel alerted CEO Peppers on more than one occasion about the need to avoid the perception of favoritism in the procurement process.

- In Section 2(C) (pages 81-86), the OIG concluded that, other than CEO Peppers' lack of transparency concerning conflicting relationships, there were no procurement violations related to acquisition of in-service training.
- In Section 2(D) (pages 86 – 96), the OIG investigation *substantiated* that CEO Peppers misused his public position, title, or authority by recommending two organizations for consideration of grant funding in the amount of \$100,000 each from a non-profit organization. These organizations are owned by individuals with whom CEO Peppers had a personal and/or professional relationship. In addition, these organizations did not appear to meet the grant criteria of performing services related to adolescent drug treatment. CEO Peppers actions may be in violation of Florida Statute, §112.213(6), Misuse of Position.
- The OIG concluded that existing COJ policies do not address disclosures (either verbal or documented) by COJ employees of the existence of any conflicting relationships, either personal or professional, during any non-competitive procurement process or when involved in making recommendations on behalf of the COJ, especially for grant funding not subject to review or oversight by the COJ.

SECTION III: NON-COMPLIANCE/POLICY DEFICIENCY

- The OIG investigation *substantiated* that CEO Peppers exchanged, transmitted, and/or retained numerous non-COJ business communications related to adult content of a sexual nature and at least one adult-content photo of himself that were inappropriate for the workplace and/or a COJ-issued cellphone. The investigation *substantiated* that CEO Peppers violated the *Cell Phone Policy and Plan Form, Business Only Plan*. The investigation also concluded that CEO Peppers never acknowledged he had read and understood the *Technology Use Policy 0516*, which outlines appropriate uses of COJ devices.
- In addition, the OIG concluded that existing COJ policies lack a prohibition against the transmission and/or retention of inappropriate communications or inappropriate photos related to adult content of a sexual nature. More specifically, the OIG concluded that the policies are deficient and lack prohibitions concerning the following: (1) the transmission and/or retention of inappropriate adult content of a sexual nature through instant messages, e-mails, or other types of communications; and (2) the transmission and/or retention of photos containing inappropriate adult content of a sexual nature or nudity

while using the COJ-issued cellphone. Additionally, the current *Technology Use Policy 0516* and *Cell Phone Policy* do not specifically prohibit COJ employees from linking personal e-mail or other accounts to COJ-issued devices.

- Finally, although efforts were made by COJ Employee Services to obtain policy acknowledgements from CEO Peppers, the COJ did not ensure CEO Peppers acknowledged several COJ policies, including the *Technology Use Policy 0516*.

As a result of the investigation, the Office of Mayor Curry agreed and instituted a COJ Standard of Conduct Policy, effective September 14, 2020. Additionally, the Administration agreed to either establish and/or update existing policies based on the OIG recommendations, including the development of a policy related to an alternate unpaid leave mechanism, in lieu of paid administrative leave, during an ongoing investigation by authorized entities with the COJ, for individuals who are subjects of an employee misconduct investigation. The Administration committed to providing updated policies related to the OIG recommendations by October 31, 2020.

INVESTIGATIVE REPORT

On August 7, 2019, the Office of Inspector General (OIG) received an anonymous letter dated July 31, 2019, addressed to Mayor Lenny Curry and City of Jacksonville City Council members. The anonymous letter outlined concerns relating to the Kids Hope Alliance (KHA), 1095 A. Phillip Randolph, Jacksonville, Florida, 32206, and senior leadership including Joseph “Joe” Peppers, Chief Executive Officer (CEO). More specifically, the letter outlined concerns relating to KHA operations, senior leadership, mismanagement within KHA, and allegations of inappropriate relationships involving CEO Peppers.

On August 9, 2019, the OIG received a written complaint regarding CEO Peppers, KHA. Specifically, the Complainant reported concerns related to conduct unbecoming of a CEO, mismanagement, and negligence of duty.

As part of the OIG’s complaint intake process, the Inspector General (IG) reviewed and determined that the Complainant’s disclosure demonstrated reasonable cause for protection under the Whistle-blower’s Act, Florida Statutes (F.S.) §112.3187 - 112.3189, and Part 5, of Chapter 602, *Ordinance Code*. The OIG designated the Complainant as a Whistle-blower (WB).

On August 14, 2019, at 10:32 a.m., Jacksonville.com posted an article titled, “*City official: Mayor Lenny Curry’s office pressured him to steer grant money to ‘preferred’ groups.*” This article was issued as the IG was enroute to the Office of the Mayor to discuss a forthcoming administrative investigation concerning CEO Peppers. In regards to the allegations outlined in the article, the OIG initiated a separate administrative investigation.

On August 14, 2019, at 10:50 a.m., the IG met with Office of the Mayor staff, specifically the Deputy Chief Administrative Officer and the Director of Organizational Effectiveness, to advise in general that the OIG was initiating an administrative investigation into allegations of hostile work environment, sexual harassment, conduct unbecoming, negligence of duties and mismanagement related to CEO Peppers. This notification is in accordance with the *OIG Policy and Directives Manual* developed in compliance with Commission for Florida Law Enforcement Accreditation, Inc., standards, which require Offices of Inspectors General to provide notification to appropriate officials concerning significant investigative issues or those that pose a risk to the City. The OIG initiated this administrative investigation in accordance with §602.303, *Ordinance Code* on August 14, 2019.

On August 15, 2019, Brian Hughes, Chief Administrative Officer (CAO), Office of the Mayor, placed CEO Peppers on administrative leave pursuant to a memorandum of the same date. Per a review of the memorandum, CEO Peppers acknowledged receipt of the memorandum from CAO Hughes on August 15, 2019 at 3:04 p.m. The memorandum provided written notification that CEO Peppers was being placed on administrative leave effective immediately due to a workplace investigation by the OIG into alleged misconduct. On August 15, 2019, at 3:10 p.m.,

CEO Peppers voluntarily relinquished his City of Jacksonville issued cellphone to the OIG, subsequent to meeting with CAO Hughes and other City officials.

The following investigative report outlines the OIG's administrative investigation based on a review of the initial Whistle-blower complaint allegations of hostile work environment, conduct unbecoming, negligence of duties, and mismanagement related to CEO Peppers. Similar allegations were outlined in the anonymous letter and included concerns relating to allegations of sexual harassment. However, based on insufficient information contained in the anonymous letter, allegations related to sexual harassment were not investigated. In addition, based on testimony obtained during the investigation, it appeared that the deterioration of a consensual sexual relationship contributed to stress in the KHA workplace, rather than the Complainant's characterization of a hostile work environment; as such, the allegation of hostile work environment was not further investigated.

As part of the OIG investigation, CEO Peppers was scheduled for an interview related to this OIG administrative investigation on March 19, 2020. Due to the COVID-19 limited emergency declared by the Mayor's Office, the OIG cancelled the scheduled interview with the intent to reschedule as soon as feasible. On Friday, April 30, 2020, the IG notified CEO Peppers' legal representative that the OIG interview would be scheduled no later than Friday, May 8, 2020.

On the afternoon of May 2, 2020, CEO Peppers e-mailed a resignation letter, effective immediately, to Kevin Gay, Chairman, KHA Board. The KHA Board Chair accepted Peppers' resignation on behalf of the KHA Board.

Through correspondence dated May 7, 2020, Peppers' legal representative advised the OIG that Peppers declined to submit to a voluntary interview.

In September of 2020, the OIG discussed the results of this investigation with the Office of the State Attorney for the Fourth Judicial Circuit (SAO), and it was determined that the conduct identified in this report pertaining to Statute, §112.213(6), Misuse of Position are civil in nature.

BACKGROUND

The Kids Hope Alliance (KHA) was established with the enactment of legislative bill 2017-563, *Ordinance Code*, on October 10, 2017. Effective January 1, 2018, the authority pursuant to Chapter 77, *Kids Hope Alliance*, stated, "*KHA shall primarily implement and manage the children and youth programs, services and activities permitted under the Plan through third-party service providers and other City agencies and may only perform Services in-house as permitted under this Chapter.*"

In addition, effective January 1, 2018, Chapter 51, *Ordinance Code*, The Jacksonville Children's Commission (JCC), was repealed and all city programs, contracts, and employees under JCC were transferred to and became the responsibility of KHA.

According to the KHA website, KHA's mission statement is to, "*build and ensure access to a continuum of comprehensive and integrated programs, services, and activities that address the critical needs of children and youth.*"

In accordance with Chapter 77, *Ordinance Code*, the Office of the Mayor appoints seven members, subsequently confirmed by the City Council, to serve on the KHA Board of Directors (KHA Board).

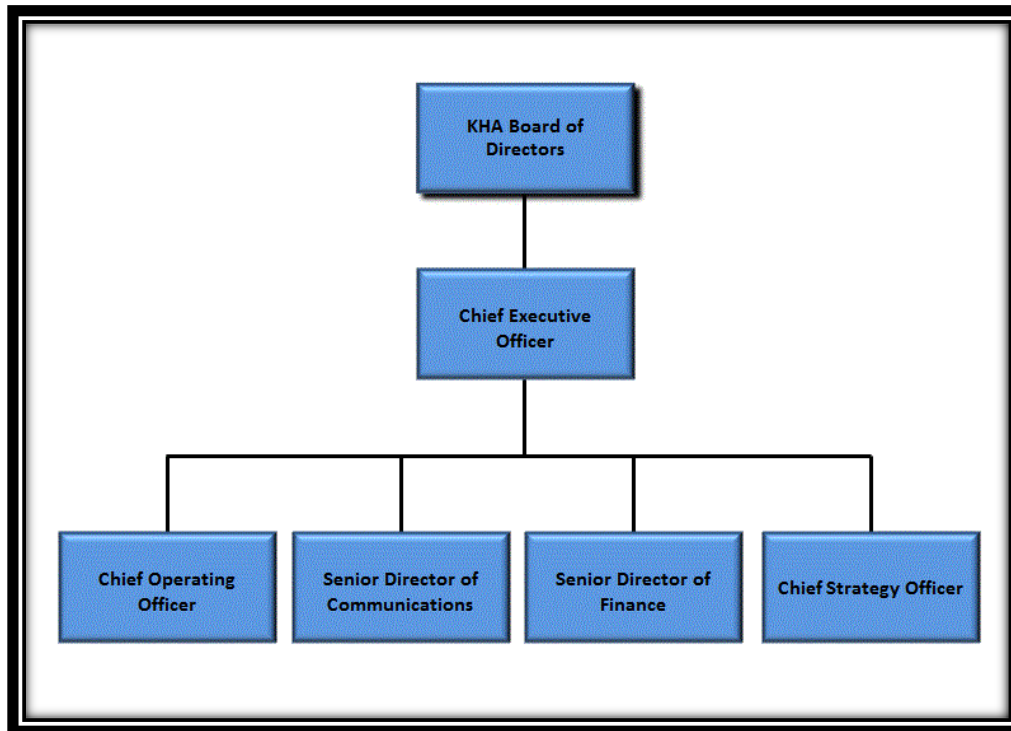
Ordinance Code, §77.110, *CEO; Other Employees; Civil Service*, provides for the KHA Board to select and employ a Chief Executive Officer (CEO). The CEO's employment relationship and responsibilities to the KHA Board, in part, are as follows, verbatim:

The KHA Board shall establish the CEO's duties and compensation, which compensation shall be paid from lawfully appropriated funds available to the Board. The CEO shall manage KHA affairs under this Chapter subject to the Board's supervision ... The CEO will determine, in conjunction with the Board, effective program design and approve expenditures. Board may authorize the CEO to execute contracts and other documents on the Board's behalf.

In November of 2017, Peppers was appointed as a KHA Board member. Peppers resigned from the KHA Board in or about February of 2018 in order to pursue the position of KHA CEO. In April of 2018, the KHA Board selected and hired Peppers to serve as the KHA CEO. CEO Peppers signed the *Oaths for public officials* for the City of Jacksonville, Florida, on April 9, 2018. CEO Peppers reported as CEO on April 30, 2018.

In accordance with *Ordinance Code* §77.110(c), the CEO serves at the pleasure of the Board.

The below *KHA Organizational Chart* reflects the KHA's Senior Leadership organizational structure under CEO Peppers as of October 19, 2018.



- **Chief Operating Officer** is responsible for providing leadership and management to ensure that the Kids Hope Alliance's operational responsibilities are aligned with proper operational controls and the vision of the organization. This position oversees communications.
- **Senior Director of Communications** is responsible for developing and implementing a communications and public relations plan, along with the necessary marketing, graphic design, advertising, and community relations to accomplish the goal.
- **Senior Director of Finance** is responsible for providing leadership, management, coordination, and implementation for accounting, budgetary, auditing, and administrative functions including the development of policies and procedures in accordance with Federal, State, and City requirements.
- **Chief Strategy Officer** is responsible for the development, management, and retention of innovative and entrepreneurial programs; strategic public and private partnerships; and organizational advocacy in support of the Kids Hope Alliance's organizational mission. This position has direct oversight of Governmental and Legislative Relations; Finance; and Programs, Innovations & Partnerships.

INVESTIGATIVE FINDINGS

The Investigative Findings section of this report is separated into three separate sections and outlines OIG's findings related to: (I) KHA Workplace Environment/Management; (II) Conflicting Relationships/Misuse of Position; and (III) Non-Compliance/Policy Deficiency.

SECTION I: KHA WORKPLACE ENVIRONMENT/MANAGEMENT

Section I is broken down into subsections titled: (1) Hiring of CEO; (2) CEO Inter-Office Personal Relationship; (3) Information Known to City Officials Prior to April 30, 2019; (4) Information Known to City Officials During and After FMLA; and (5) Hiring Conflicts and Lack of Senior Leadership Retention. A Sub-Section Summary of Findings follows each sub-section. Section I ends with an overall Summary of Findings and Conclusion.

GOVERNING DIRECTIVES

City of Jacksonville Ordinance Code

Chapter 2, Oaths

- *§2.101 Oaths of public officials*

Chapter 77, Kids Hope Alliance

- *§77.110 - CEO; Other Employees; Civil Service, specifically:*
 - *§77.110(a), CEO; Qualifications; Contract Execution*
 - *§77.110(c), Civil service*
 -

City of Jacksonville Policies, Procedures, and Other Related Documents

- *New Hires and Employee Information Changes, Directive 109, dated November 14, 2016, Previously revised April 20, 2016*
- *Workplace Violence, Directive 0532, established January 28, 2019*
- *COJ Employee Services Personnel Records*
- *COJ Employee Services Time and Attendance Records*
- *Charter Laws, Charter of the City of Jacksonville, Article 1, Government and Ethics, Chapter 2. Ethics; Section 1.201. - Declaration of Ethics Policy.*

(1) HIRING OF CEO

RECORDS REVIEW

The OIG reviewed various records, including applicable state statutes and municipal ordinances, COJ policies, and Employee Services Department (Employee Services) personnel records.

Oath of Office

Per *Ordinance Code*, the KHA CEO position is an appointed and at-will position. The CEO reports directly to the KHA Board.

Ordinance Code, Chapter 77, Kids Hope Alliance, §77.110(a), CEO; Qualifications; Contract Execution, states verbatim in part:

The Board shall select and employ a CEO. The Board shall establish the CEO's duties and compensation, which compensation shall be paid from lawfully appropriated funds available to the Board. The CEO shall manage KHA affairs under this Chapter subject to the Board's supervision.

Ordinance Code, Chapter 77, Kids Hope Alliance, §77.110(c), Civil service, states verbatim, in part:

All employees of the Board shall be employees of the City and shall be subject to Articles 16 and 17 of the Charter of the City, except as otherwise provided by Council, and except that the CEO, any professional employees and the heads of activities shall not be within the civil service system of the City and shall serve at the pleasure of the Board.

Based on records, CEO Peppers was appointed to the position of KHA CEO in April of 2018. Both *New Hires and Employee Information Changes, Directive 109, dated November 14, 2016, Previously revised April 20, 2016*, and the *Ordinance Code, Chapter 2, Oaths, §2.101, Oaths of public officials* requires in part that all appointed employees confirmed by City Council before entering upon the duties of the office shall sign an oath. The OIG located the *Oaths of Public Officials*, dated April 9, 2018, for CEO Peppers, which states verbatim, in part:

I, Joseph Peppers, do solemnly swear (or affirm) that I am duly qualified to hold office under the Constitution of the state, or of the Charter or Ordinance Code of the City of Jacksonville; that I will support, protect, defend and honor the Constitutions, Governments, and laws of the United States and of the State of Florida; that I will support, protect, defend and honor the Charter, the ethic laws, and other ordinances, rules, and regulations of the City of Jacksonville; and that I will well and faithfully perform the duties of (title of office) on which I am now about to enter. So help me God...

Sub-Section Summary of Findings – (1) Hiring of CEO

CEO Peppers was appointed to the position of KHA CEO in April of 2018, and signed an *Oath of Public Officials*, which stated in part that he would... “...*support, protect, defend and honor the Charter, the ethic laws, and other ordinances, rules, and regulations of the*

City of Jacksonville; and that I will well and faithfully perform the duties of (title of office) on which I am now about to enter.”

(2) CEO INTER-OFFICE PERSONAL RELATIONSHIP

During the investigation, the OIG confirmed that CEO Peppers and a Senior Leadership Team Member who reported directly to Peppers, had a consensual sexual relationship during the period August of 2018 through approximately February of 2019. Through testimony, records, and the timeline of events developed during the investigation, the OIG determined the consensual sexual relationship between CEO Peppers and the Senior Leadership Team Member substantially deteriorated and affected KHA’s workplace environment.

RECORDS REVIEW

The OIG reviewed various records, including applicable state statutes and municipal ordinances, COJ policies, and other records, including cellphone text messages.

City of Jacksonville Policies, Procedures, and Other Related Documents

COJ Policies, Procedures

Currently, there are no existing COJ policies and/or procedures that address non-professional relationships between supervisors and subordinate employees, more specifically regarding consensual sexual relationships within the workplace.

However, the COJ *Workplace Violence, Directive 0532*, established January 28, 2019, states in part, verbatim:

THE CITY OF JACKSONVILLE IS COMMITTED TO MAINTAINING A WORKPLACE THAT IS FREE FROM VIOLENCE OR THREAT OF VIOLENCE. THERE WILL BE ZERO TOLERANCE OF ACTS OR THREATS OF VIOLENCE IN OUR WORKPLACE.

Any violent behavior or behavior that creates a climate of violence, hostility, or intimidation will not be tolerated, regardless of origin. Proactive measures will be taken to minimize the potential for violent acts. Each and every act or threat of violence will result in an immediate and firm response that could include termination from employment.

Conduct prohibited by this policy includes, but is not limited to, the following behaviors and situations:

- *Displaying aggressive or hostile behavior that creates ... or subjects another individual to emotional distress...*
- *Verbal intimidation*
- *Threatening acts or abusive language that leads to tension within the work environment...*

Enforcement:

Threats, threatening conduct, acts of aggression or violence, or any behavior that could reasonably be perceived as such in or affecting the workplace, regardless of intent, will not be tolerated. Any employee determined to have committed such acts will be subject to immediate disciplinary action up to and including termination...

Per the Manager of Personnel Services, Employee Services, the *Workplace Violence, Directive 0532*, effective January 28, 2019, was electronically issued to City employees, on January 28, 2019. The OIG verified that an e-mail dated January 28, 2019 was sent from EmployeeServices@coj.net to CEO Peppers with the subject line of *Policy Acknowledgement Required*. The e-mail forwarded three updated City policy acknowledgements, including the *Workplace Violence, Directive 0532*, effective January 28, 2019. Per Employee Services records, CEO Peppers did not acknowledge receipt of this policy.

COJ Policy Acknowledgements

The OIG reviewed personnel records, which included multiple COJ policy acknowledgements for CEO Peppers, and found the following policies were issued electronically to CEO Peppers but were never acknowledged by CEO Peppers. More specifically, CEO Peppers did not acknowledge that he had read and understood the following COJ policies:

- *Attendance Policy, Policy, Directive 311, established January 28, 2019;*
- *Progressive Discipline, Directive 901, dated January 28, 2019;*
- *Alcohol and/or Controlled Substances Abuse Testing Procedures - Non-DOT Program, Directive 0402, dated February 11, 2019;*
- *Summary of Appointed Pay Plan Changes 2019, Directive 125, dated February 19, 2019;*
- *Drug Free Workplace Policy, Directive 0401, revised February 19, 2019;*
- *Directives 0401 and 0402 Summary of Changes, dated February 20, 2019;*
- *Social Media Use Policy, Directive 0529, dated April 30, 2019;*
- *Technology Use Policy, Directive 0516, dated May 24, 2019;*
- *Summary of Changes Directives 0516 and 0529, Directive 126, dated June 17, 2019; and*
- *BRIT Training, COJ Safety Sensitive Training for Employees*

A review of overall policy acknowledgements for KHA employees, as a whole, disclosed that from April of 2018 (hiring of CEO Peppers) through July of 2019 (last full month CEO Peppers worked in the KHA office) there were a number of employees who also had outstanding policy acknowledgements.

Other Records – Text Messages

During the OIG investigation, the OIG obtained and reviewed text message screenshots exchanged between CEO Peppers and the Senior Leadership Team Member with whom he had a consensual sexual relationship. More specifically, on April 15, 2019, CEO Peppers sent the Senior Leadership Team Member a text message stating verbatim, “*You’re only loyal when your life or well-being are threatened*” and “*this is who I see now*” referring to six different interracial pornography images sent as part of the text message. Additionally, CEO Peppers alluded that he would disclose personal information to the Senior Leadership Team Member’s child.

Based on the review of the pornographic images and accompanying language contained in the text message screenshots, the OIG concluded CEO Peppers sent text messages to the Senior Leadership Team Member, which could be considered prohibited conduct by the *Workplace Violence, Directive 0532*.

TESTIMONY

The OIG interviewed various witnesses under oath during the investigation. Relevant testimony in substance is presented below. As outlined above (refer to page 6) CEO Peppers resigned during the investigation on May 2, 2020, and through his legal representative declined to submit to a voluntary interview; therefore, his testimony is not included in any section within this report.

Statement of the former Senior Leadership Team Member, KHA

From approximately August of 2018¹ through August of 2019, the former KHA Senior Leadership Team Member held several senior leadership positions with KHA and reported directly to CEO Peppers. Within the second or third week of employment in August of 2018, the relationship between CEO Peppers and the Senior Leadership Team Member transitioned from a professional relationship to a consensual sexual relationship (personal relationship). CEO Peppers continued to be the Senior Leadership Team Member’s direct supervisor during the personal relationship, which continued until approximately February of 2019.

Within approximately 30 days of being hired, the Senior Leadership Team Member’s job position description, duties, and job title changed. The job title change gave the Senior Leadership Team Member more responsibility and oversight of additional KHA program areas.

¹ The actual dates of employment were from July 30, 2018 through August 16, 2019.

The Senior Leadership Team Member did not consider the increased responsibilities to be a benefit or preferential treatment.

From approximately October of 2018 through approximately March of 2019, various incidents related to their personal relationship contributed to the deterioration of their supervisor-subordinate professional working relationship at KHA.

At some point (date not specified) the Senior Leadership Team Member told CEO Peppers they had to end their personal relationship and that one of them had to leave KHA because they could no longer work together. The Senior Leadership Team Member believed she could not leave the personal relationship with CEO Peppers because he was her boss.

The Senior Leadership Team member advised that in January of 2019, she submitted an e-mail to CEO Peppers indicating she would be resigning from KHA in August of 2019 [approximately one year after hire date].

CEO Peppers ended the personal relationship with the Senior Leadership Team Member in February of 2019. After the personal relationship ended, CEO Peppers began treating the Senior Leadership Team Member differently at work. CEO Peppers no longer shared information related to the Senior Leadership Team Member's official capacity at KHA. CEO Peppers began meeting more frequently with KHA's Chief Operating Officer (COO) and prepping the COO for matters related to the COO's official capacity at KHA.

CEO Peppers discontinued interacting with the Senior Leadership Team Member in the Senior Leadership Team Member's KHA workplace office, which had been a previous practice. However, he continued to interact with other KHA employees in their respective KHA workplace offices.

Due to CEO Peppers' behavior towards the Senior Leadership Team Member, the Senior Leadership Team Member realized she could no longer continue working at KHA. CEO Peppers' actions toward her caused tremendous emotional stress on a daily basis, which created a hostile work environment.

On April 15, 2019, the Senior Leadership Team Member received various text messages (refer to page 13) from CEO Peppers, which included photographs of adult content accompanied by text messages. The Senior Leadership Team Member stated that CEO Peppers "*crossed the line*" when he mentioned the Senior Leadership Team Member's child in these text messages.

Statement of the former Chief Operating Officer, KHA

The former Chief Operating Officer (COO) served in the capacity as COO from July of 2018 through July of 2019 and reported directly to CEO Peppers. The former COO stated that she and

CEO Peppers attended the United States Academy (West Point) together. The COO advised that she oversaw various KHA programs and was second in charge at KHA.

In April of 2019, the COO learned from CEO Peppers that he and another KHA Senior Leadership Team Member had been involved in a sexual relationship. On a Sunday in early April of 2019, CEO Peppers stated during a telephone conversation, in part, that he had been having an “*affair*” with another Senior Leadership Team Member, beginning in the summer of 2018, which he had since ended.

CEO Peppers informed the COO that during his affair with the Senior Leadership Team Member, he and the subordinate met at the subordinate’s residence regularly during lunch breaks and after evening events, some of which were KHA-related events.

Additionally, he disclosed details to the COO of other personal health/medical-related issues. CEO Peppers also told the COO he had disclosed everything to the KHA Board Chair Kevin Gay (Chairman Gay) and instructed her to contact Chairman Gay.

The COO stated that the Senior Leadership Team Member received benefits and preferential treatment from CEO Peppers because of the affair with CEO Peppers. The COO explained that within one month of being employed with KHA, the Senior Leadership Team Member’s title was changed and CEO Peppers moved several KHA programs that were under the COO’s supervision and job description to the Senior Leadership Team Member. The COO asked CEO Peppers why this change had happened, to which he replied, “*It wouldn’t be fair if [the Senior Leadership Team Member] didn’t have as many programs as you did.*” The COO stated that the COO’s position description indicated that she was to oversee all KHA programs.

CEO Peppers continuously made decisions in “*favor of [the Senior Leadership Team Member].*” The COO stated she was not included in major decisions. The COO also stated, “*[The Senior Leadership Team Member] would sometimes overrule, override, a decision that I made that was in my purview and CEO Peppers would back it up.*”

The COO stated, “*After a while it became really apparent that [CEO Peppers and the Senior Leadership Team Member] were the ones making decisions about the organization and not really including other key stakeholders that you would assume would be a part of those decisions.*” The COO cited as an example that CEO Peppers, without the input of the COO or KHA’s Senior Director of Finance, provided one million dollars of excess funding to a KHA program (program not specified) overseen by the Senior Leadership Team Member, rather than a KHA program (program not specified) overseen by the COO.

The COO also advised that CEO Peppers only invited the Senior Leadership Team Member to events, which included dinners, programs, or use of complimentary tickets provided by COJ vendors.² Per the COO, she was “*purposely not being invited*” to these events.

Statement of the President, C. Robinson Associates, Jacksonville, Florida

C. Robinson Associates administered services related to staff and training development, coaching, mentoring, surveying, and process improvement to both government and quasi-government entities, including KHA.

The President became aware of KHA through news media coverage during the search for a CEO. The President was introduced to CEO Peppers near the beginning of his employment by the CEO of the Jacksonville Transportation Authority.

In or about May of 2018, either CEO Peppers or his Executive Assistant contacted the President and asked if she would assist CEO Peppers by assessing KHA, providing input for future ideas, and coaching and mentoring CEO Peppers. The President stated five contracts were executed between KHA and C. Robinson Associates.

The President described the relationship she had with CEO Peppers as being a “*close working relationship*,” which consisted of her understanding both his professional and personal life.

Prior to CEO Peppers going out on leave,³ CEO Peppers contacted her and stated that he had been struggling with various things. CEO Peppers disclosed to the President that he had been in a “*sexual relationship*” with a Senior Leadership Team Member for an extended period, which had ended. CEO Peppers stated to the President that he knew their sexual relationship was not appropriate. Also, prior to CEO Peppers going out on leave he told her that he had also shared some information with Chairman Gay.

Prior to CEO Peppers going out on leave, the President interviewed KHA’s COO as a part of an executed contract between C. Robinson Associates and KHA. The President believed the COO told her something to the effect of, “*I don’t know what’s going on, but something’s going on around here because [CEO Peppers and the Senior Leadership member are] always out together.*”

The President stated she did not have knowledge of the Senior Leadership Team Member receiving a benefit or preferential treatment because of the sexual relationship.

² The OIG reviewed the KHA’s gift registry as of August 28, 2019, and found no entries on behalf of CEO Peppers.

³ CEO Peppers was on Family Medical Leave (FMLA) from April 30, 2019 through June 5, 2019.

Sub-Section Summary of Findings – (2) CEO Inter-Office Personal Relationship

The investigation confirmed that CEO Peppers had a personal relationship with a member of his Senior Leadership Team, who directly reported to him, from approximately August of 2018 through approximately February of 2019. The personal relationship deteriorated and impacted the Senior Leadership Team, at least in part, due to a perception of preferential treatment and hostile work environment, by Senior Leadership Team members.

On a least one occasion, CEO Peppers sent pornographic images and accompanying text messages to the Senior Leadership Team Member, which could be considered prohibited conduct by the *Workplace Violence, Directive 0532*. Based on Employee Services records, CEO Peppers never acknowledged that he read and understood the *Workplace Violence, Directive 0532*, and other various policies issued to him in January of 2019. The investigation determined that various KHA employees had also not acknowledged various COJ policies issued to them during this timeframe.

The investigation determined that there are no existing COJ policies and/or procedures that address non-professional relationships between supervisors and subordinate employees, more specifically regarding consensual sexual relationships within the workplace between supervisors and direct reports.

(3) INFORMATION KNOWN TO CITY OFFICIALS PRIOR TO APRIL 30, 2019

During the investigation, the OIG confirmed that in April of 2019 the KHA Board Chair and other COJ Mayor's Office officials were made aware of the consensual sexual relationship that had existed between CEO Peppers and a subordinate Senior Leadership Team Member. Based on a review of time and attendance records, CEO Peppers was on FMLA (Family Medical Leave Act) as of April 30, 2019.

RECORDS REVIEW

The OIG reviewed various records, including applicable state statutes and municipal ordinances, COJ policies, and Employee Services Department records.

City of Jacksonville Employee Services Department Records

Time and Attendance Records

A review of Time and Attendance records disclosed that during the period of April 30, 2019 through June 5, 2019, CEO Peppers was on FMLA (Family Medical Leave Act).

Senior Leadership Team Member Personnel Records

A review of the Senior Leadership Team Member personnel records disclosed an e-mail dated June 13, 2019, with the subject line of “*Fwd: Resignation,*” sent from CEO Peppers to the Director of Employee Services and a Human Resources Business Partner. The June 13, 2019 e-mail forwarded an original e-mail dated January 15, 2019, with the subject line of “*Resignation.*”

The January 15, 2019 e-mail was sent from the Senior Leadership Team Member to CEO Peppers, which stated verbatim, in part:

While it has and continues to be an honor to work for you and the KHA team, I would like to inform you of my intent to leave KHA as of August 1, 2019.

TESTIMONY***Statement of the former Chief Operating Officer, KHA***

During the telephone conversation referenced on page 15, CEO Peppers informed the COO that he had disclosed everything to Chairman Gay and instructed the COO to contact Gay. The COO believed CEO Peppers disclosed the same information to Chairman Gay that he (CEO Peppers) had disclosed to her, specifically his sexual relationship with the Senior Leadership Team Member and other personal information.

After the telephone call with CEO Peppers, the COO contacted Chairman Gay that same day (Sunday) via text message, and they agreed to meet the next day (Monday). On Monday, CEO Peppers contacted the COO and informed her he would be going out on leave. CEO Peppers instructed the COO to contact the Director of Strategic Partnerships, Mayor’s Office.

On Monday, the COO contacted and had a conversation with the Director of Strategic Partnerships (Director), Mayor’s Office. During the conversation, she informed the Director of information CEO Peppers had disclosed to her, including his sexual relationship with the Senior Leadership Team Member and other personal information.

On Monday, she also met with the KHA Board Chair who told her that CEO Peppers was “*going through a lot ... everyone deserves a second chance.*” Chairman Gay instructed her to keep the personal matters related to CEO Peppers between Chairman Gay and herself. Chairman Gay stated to the COO that he would contact the Mayor’s Office to make them aware of CEO Peppers’ situation. During this conversation, Chairman Gay instructed the COO to handle CEO Peppers’ job responsibilities.

On the following Wednesday, the COO and Chairman Gay became aware that CEO Peppers was going out on leave and would be out an extended period of time. That same day, she met with

Chairman Gay and inquired about what steps would need to be taken moving forward. Chairman Gay advised that he would speak with Brian Hughes, Mayor's Office (then Chief of Staff).

A week later, on Thursday, Chairman Gay informed KHA staff that the COO would serve as the Interim CEO.

Two weeks later, the COO met with Hughes; Sam Mousa, former CAO; and the General Counsel, Office of General Counsel, to discuss the matter. The COO believed all the meeting participants were aware of CEO Peppers and the Senior Leadership Team Member's sexual relationship.

Statement of the Director of Strategic Partnerships, Office of Mayor Lenny Curry

The Director of Strategic Partnerships (Director) had held the position since July of 2016. Her job duties included identifying issues within the community and aligning initiatives between the public sector, private sector, and philanthropic entities to address community issues.

On the Monday prior to CEO Peppers going out on extended leave, the Director stated that the KHA COO contacted her. During that conversation, the COO told the Director that CEO Peppers disclosed he had been having an "affair" with a Senior Leadership Team Member and details of other personal information.

That same day, the Director met with Mayor Curry in his office and informed him of the COO's statements concerning CEO Peppers. Mayor Curry thanked the Director for providing him with this information. The Director stated Mayor Curry already seemed to have knowledge of this information prior to the Director's disclosure.

At some time (date not specified), the Director contacted Chairman Gay and informed him of the COO's statements concerning CEO Peppers. Chairman Gay advised the Director he was already aware of this information.

At some point CEO Peppers informed the Director that the Senior Leadership Team Member had submitted a resignation on two different occasions. The Director did not speak with the Senior Leadership Team Member regarding her resignation from KHA or her affair with CEO Peppers.

Statement of Sam Mousa, former Chief Administrative Officer, Office of Mayor Lenny Curry

Sam Mousa held the position of Chief Administrative Officer (CAO) for the Office of the Mayor from July 1, 2015 through June 28, 2019. As the CAO, his job duties included overseeing the daily operations of all government functions within COJ.

On a Sunday afternoon or evening in April of 2019 (could not recall the specific date), he received a telephone call from Chairman Gay. During their conversation, Chairman Gay stated

he attempted to contact then Chief of Staff Hughes but was unsuccessful. Chairman Gay relayed that he had a conversation with CEO Peppers earlier that same day.

According to Chairman Gay, during his conversation with CEO Peppers, CEO Peppers confessed to Chairman Gay that he had been in an “*extra-marital relationship*,” which CEO Peppers had since discontinued, with a Senior Leadership Team Member. CEO Peppers also disclosed other personal information to Chairman Gay.

Mousa stated he was “*totally shocked*” and unaware of CEO Peppers’ extra-marital relationship until Chairman Gay informed him. On the same date of Mousa and Chairman Gay’s conversation, Mousa telephoned Chief of Staff Hughes. During their conversation, Mousa relayed the conversation he had with Chairman Gay to Chief of Staff Hughes. Mousa stated, “*Brian was just as shocked as I was.*”

The next day (Monday), Mousa, Chief of Staff Hughes, and Chairman Gay had a meeting in Hughes’ office. During this meeting, Chairman Gay relayed the conversation he had with CEO Peppers to both Mousa and Chief of Staff Hughes, which included the information about CEO Peppers’ extra-marital relationship with the Senior Leadership Team Member. Mousa stated, “*None of us in that meeting, I can speak for Kevin, Brian, and myself had any idea that Joe had a relationship ongoing, extra-marital relationship with [the Senior Leadership Team Member].*”

Mousa believed Chairman Gay disclosed that CEO Peppers felt as though he [CEO Peppers] needed to take some time away from work to address his personal situation. Mousa stated, “*At that time, we did not know how long Joe would be gone for and what condition he was in, but it was like he left that day, he left like immediately, I understood.*”

Mousa stated Chairman Gay never requested that the Employee Services Department be involved with CEO Peppers’ situation.

Mousa recalled that he, Chief of Staff Hughes, and Chairman Gay mutually decided not to “*check in*” with the Senior Leadership Team Member because they wanted to keep this matter as quiet as possible and they did not want to embarrass either the Senior Leadership Team Member or CEO Peppers.

On the same day of the above-mentioned meeting, Mousa and Chief of Staff Hughes met with Mayor Curry in Mousa’s Office. During this meeting, Mousa and Chief of Staff Hughes briefed Mayor Curry on the information relayed to them by Chairman Gay, which included CEO Peppers’ extra-marital relationship with the Senior Leadership Team Member. Mousa stated, “*The Mayor was disappointed, as we were.*” Mousa believed Mayor Curry was unaware of CEO Peppers’ extra-marital relationship prior to his meeting with Mousa and Hughes.

Mousa worked with Chief of Staff Hughes and Chairman Gay to select an Interim CEO and they subsequently selected the COO. On the following Thursday, during Mousa’s staff meeting,

Mousa informed the meeting attendees that “*Joe had to take some time off for some personal matters.*”

Mousa stated he did not have any communication with CEO Peppers while CEO Peppers was on FMLA.

Statement of Brian Hughes, Chief Administrative Officer, Office of Mayor Lenny Curry

Chief Administrative Officer (CAO) Hughes assumed the position of CAO in July of 2019 after the departure of former CAO Sam Mousa. From January of 2018 through June of 2019, he served in the capacity of Chief of Staff. In the capacity of Chief of Staff, his job duties included serving as the Deputy to former CAO Mousa and overseeing matters related to intergovernmental affairs for the COJ.

In April of 2019, then CAO Mousa had a conversation with Chairman Gay regarding CEO Peppers. Within 24 hours of CAO Mousa and Chairman Gay’s conversation, CAO Mousa briefed Hughes about their conversation.

According to CAO Mousa, during Chairman Gay’s conversation with CEO Peppers, CEO Peppers disclosed to Chairman Gay that he had been in an “*extra-marital relationship*” with a Senior Leadership Team Member, which he had discontinued, and he also disclosed other personal information to Chairman Gay. Hughes stated he was unaware of CEO Peppers’ extra-marital relationship until CAO Mousa informed him.

Within a brief amount of time following Hughes and CAO Mousa’s conversation, they both met with Mayor Curry and briefed him on the conversation between CAO Mousa and Chairman Gay, relaying to the Mayor that CEO Peppers had an extra-marital relationship with a Senior Leadership Team Member.

Hughes believed Mayor Curry was unaware of CEO Peppers’ extra-marital relationship prior to Mayor Curry’s meeting with him and CAO Mousa.

Hughes believed during this conversation that either: (1) Mayor Curry tasked Hughes or CAO Mousa with researching whether CEO Peppers’ extra-marital relationship with the Senior Leadership Team Member had violated any COJ employment policies or (2) CAO Mousa talked about whether CEO Peppers’ extra-marital relationship with the Senior Leadership Team Member violated any COJ employment policies.

Hughes believed CAO Mousa might have contacted the Director of Employee Services for employment related advice regarding CEO Peppers. Hughes stated, “*I don’t know who it was with, I just know that it was pretty quickly that we were basically told like ... there’s nothing, you can’t fire somebody for having sex with their number two.*”

Hughes stated, “*The focus was on help him [CEO Peppers] expedite whatever he needed to do... [and get] clear-headed Peppers back from the process.*” Hughes was unaware if other KHA Board members had knowledge of CEO Peppers’ extra-marital relationship with the Senior Leadership Team Member.

Statement of Leonard “Lenny” Curry, Mayor, City of Jacksonville

In April of 2019, Chairman Gay, CAO Mousa, or Chief of Staff Hughes made Mayor Curry aware that CEO Peppers had some personal issues and had an “*affair*” with a Senior Leadership Team Member.

Mayor Curry stated, “*It’s possible that somebody, maybe Kevin, talked to Brian or Sam, and they shared with me, I just don’t recall.*” Mayor Curry did not recall any specifics of his conversations with then Chief of Staff Hughes or then CAO Mousa regarding their conversation with Chairman Gay concerning CEO Peppers.

Within a few days of Mayor Curry being made aware of CEO Peppers’ personal issues and affair with the Senior Leadership Team Member, the Director of Strategic Partnerships (Director) walked into Mayor Curry’s office unannounced and without scheduling a meeting and began speaking to him regarding CEO Peppers. Mayor Curry briefly listened to the Director before informing her that he had already been made aware of issues concerning CEO Peppers.

On the same date of Mayor Curry’s conversation with the Director, Mayor Curry telephoned Chairman Gay in the evening at or around 10:00 p.m. Mayor Curry recalled Chairman Gay was out of the country on the date of their conversation. During their conversation, Chairman Gay informed him that CEO Peppers had a health-related problem and was going to take some time to deal with the situation. Chairman Gay stated that he believed in CEO Peppers.

Statement of Kevin Gay, Chair, Board of Directors, KHA

Kevin Gay had served in the capacity as KHA Board Chair since 2018. The KHA Board’s job duties included managing and overseeing the CEO of KHA. As Chairman, his job duties included managing the KHA Board and ensuring meetings (KHA Board and KHA sub-committees) were operating properly. Chairman Gay advised, “*CEO Peppers would go through me or other members of the Board.*”

Prior to CEO Peppers going out on FMLA, Chairman Gay stated CEO Peppers disclosed to him that he had been in a “*relationship*” with a Senior Leadership Team Member as well as other personal information.

Chairman Gay telephoned then CAO Mousa on the same day and informed CAO Mousa about CEO Peppers being in a relationship with the Senior Leadership Team Member and other

personal information regarding Peppers. Chairman Gay stated that then Chief of Staff Hughes might have also been included on this telephone call.

During a later conversation between Chairman Gay and CAO Mousa, he made a request to CAO Mousa that the Employee Services Department (Employee Services) be involved.

Chairman Gay believed the Mayor's Office forwarded his concerns to Employee Services to handle and determine the next course of action.

Statement of the Director of Employee Services, Employee Services Department, COJ

The Director of Employee Services (Director) has had held the position since approximately 2017. As the Director, her job duties include overseeing the COJ Employee Services Department.

In or around June of 2019, CEO Peppers telephoned the Director and stated that he was going to be taking FMLA.⁴ During their conversation, CEO Peppers alluded to his involvement in something inappropriate with another individual but did not elaborate. CEO Peppers informed the Director that he had spoken with then Chief of Staff Hughes (and possibly then CAO Mousa) about taking FMLA leave.

The Director stated the Mayor's Office did not request assistance from Employee Services in investigating CEO Peppers' affair with the Senior Leadership Team Member. Either then CAO Mousa or then Chief of Staff Hughes informed the Director about the relationship between CEO Peppers and the Senior Leadership Team Member. The Director stated, "*I knew [the Senior Leadership Team Member] was leaving, so in my mind the issue was going to be resolved ... If she wasn't leaving I would have had a conversation.*"

**Sub-Section Summary of Findings –
(3) Information Known to City Officials Prior To April 30, 2019**

Based on testimony, in April of 2019, CEO Peppers alerted both the former COO and Chairman Gay that since approximately August of 2018, he had a consensual sexual relationship with another member of the KHA Leadership team, but it had since ended. In addition, CEO Peppers alerted them both to other personal issues. Upon learning this information from CEO Peppers, both Chairman Gay and the COO, independently of the other, informed the Administration of the disclosures. Then Chief of Staff Hughes, then Chief Administrative Officer Mousa, and Mayor Lenny Curry had no knowledge of the personal relationship between CEO Peppers and the Senior Leadership Team member prior to being notified by Chairman Gay.

⁴ Per Employee Services records, CEO Peppers was on FMLA leave from April 30, 2019 through June 5, 2019.

During April of 2019, the Administration also learned that the Senior Leadership Team Member had submitted a resignation to CEO Peppers back in January of 2019, with an effective date of August 1, 2019.

CEO Peppers went out on FMLA on April 30, 2019, which resulted in the COO serving as the Interim CEO for KHA until CEO Peppers resumed his duties as CEO in June of 2019.

(4) INFORMATION KNOWN TO CITY OFFICIALS DURING AND AFTER FMLA

On June 6, 2019, CEO Peppers returned to KHA and continued direct supervision over the Senior Leadership Team Member. The following is a summary of relevant testimony concerning information known to the KHA Board Chair and other City Officials and decisions made concerning the return of CEO Peppers in June of 2019.

TESTIMONY

Statement of the former Senior Leadership Team Member, KHA

Two weeks after CEO Peppers was on FMLA, the former Senior Leadership Team Member had several conversations with Chairman Gay regarding the personal relationship with CEO Peppers.

During the initial conversation with Chairman Gay, it was clear that CEO Peppers had already made Chairman Gay aware of their personal relationship. During this conversation, the former Senior Leadership Team Member did not disclose any specific details regarding the personal relationship. However, she stated, *“There was a complete lack of recognition of the traumatic experience I had just been through”* as Chairman Gay was focused more on CEO Peppers’ *“mental health and well-being”* and Chairman Gay *“wanted to do what was best for the organization and he wanted to preserve Joe.”*

During at least one of their conversations, Chairman Gay told her that he was going to inform a limited number of people about the personal relationship. Further, Chairman Gay advised that the Mayor’s Office would only be provided information they needed to know.

During at least one of their conversations, she told Chairman Gay that CEO Peppers had sent her images containing adult content via text message. During at least one conversation, she also voiced concerns to Chairman Gay regarding CEO Peppers coming back to work as other individuals may have had knowledge of their personal relationship.

When CEO Peppers was in the process of returning to the CEO position after being on FMLA, she met with Chairman Gay in person and during their meeting, she told Gay, *“I can’t report to [CEO Peppers] but I’m not reporting to [the COO].”* The Senior Leadership Team Member proceeded to ask Chairman Gay, *“for the duration of my time I could report to you?”* Chairman

Gay responded by stating she and CEO Peppers were never to be in the same office together. However, after CEO Peppers returned, she continued to directly report to CEO Peppers.

According to the former Senior Leadership Team Member, no one contacted her (other than Chairman Gay) or was concerned about her well-being in this situation. She stated, *“It appeared to be very clear that the City was going to stand behind [CEO Peppers]... getting better... it was almost immediately written off as... [CEO Peppers’] behavior was excused because [of the circumstances surrounding his leave of absence].”*

Upon his return from FMLA, she had hoped that CEO Peppers and her would be able work together and put KHA first. However, CEO Peppers’ actions towards her caused tremendous emotional stress on a daily basis. Further, she stated CEO Peppers’ *“emotional highs and lows were taking a toll”* on KHA employees. Based on this, she realized that she could no longer continue working at KHA.

She stated that she did not receive a benefit or preferential treatment because of her personal relationship with CEO Peppers. Although, she stated that she was not in fear of being injured by CEO Peppers nor was she being pressured by CEO Peppers, she stated, *“I definitely felt like [CEO Peppers] was in control... of really every aspect of my life at that point... personal relationships, my professional life.”*

The Senior Leadership Team Member resigned from KHA on August 16, 2019.

Statement of the former Chief Operating Officer, KHA

The former COO assumed the responsibilities of Interim CEO during the period when CEO Peppers was out on FMLA. Approximately a week prior to CEO Peppers’ return to the CEO position, the COO met with then Chief of Staff Hughes, per his request. During this meeting, Hughes thanked the COO for serving as the Interim CEO. Chief of Staff Hughes informed her that CEO Peppers was going to be given a second chance as they were allowing him to resume his position. According to the former COO, Chief of Staff Hughes stated, *“Hopefully [CEO Peppers] stays away from [the Senior Leadership Team Member] and does what he needs to do.”*

On another date (not specified), the former COO spoke with Chairman Gay to ask why CEO Peppers was being allowed to resume the CEO position, which included supervision over the Senior Leadership Team Member. Chairman Gay told her that CEO Peppers was going to be given a second chance.

On several different occasions, the former COO told Chairman Gay that this matter was negatively affecting KHA and employee morale, resulting in a hostile work environment.

Upon CEO Peppers' return to the CEO position, the former COO expected to see some distance between CEO Peppers and the Senior Leadership Team Member. However, according to the former COO, CEO Peppers and the Senior Leadership Team Member continued to interact as they had in the past.

CEO Peppers only invited the Senior Leadership Team Member to work related events, which included dinners, programs, or complimentary tickets provided by vendors. Per the former COO, she knew that she was "*purposely not being invited*" to these events.

Statement of the former Senior Director Of Finance, KHA

The former Senior Director of Finance (Finance Director⁵), KHA, continued the role as Finance Director when JCC transitioned to KHA in 2018 and had been employed with the COJ since February of 2005. The Finance Director oversaw all KHA's financial matters, including accounts payable and receivable but excluding request for proposals. The Finance Director reported directly to CEO Peppers.

The Finance Director advised that the former COO expressed to her that she believed the former Senior Director of Communications (SDC1)⁶ resigned from KHA because of CEO Peppers' consensual sexual relationship with the Senior Leadership Team Member and because he "*didn't want to get caught up in all the issues.*"

Statement of the former Interim CEO, KHA

The former Interim CEO⁷ began his employment with KHA in late April or early May of 2019, in the position of Senior Director of Communications (SDC2) and reported directly to CEO Peppers.

In August of 2019, he assumed the position of Chief Operating Officer and in late August he also assumed the position of Interim CEO after CEO Peppers had been placed on administrative leave.

While he was in the capacity of SDC2, CEO Peppers returned to the CEO position when his FMLA ended [June of 2019], and had a conversation with SDC2 concerning CEO Peppers' affair with the Senior Leadership Team Member. During their conversation, CEO Peppers asked the SDC2 who made him (SDC2) aware of the affair. SDC2 informed CEO Peppers that he did not know and told CEO Peppers that the affair was an open rumor in KHA.

⁵ The Senior Director of Finance resigned from KHA during the OIG investigation in January 31, 2020.

⁶ The former SDC1 had been employed with KHA from October of 2018 through February of 2019. The former SDC1 and Peppers attended West Point together. SDC1 was not interviewed during the OIG investigation.

⁷ The Interim CEO resigned from KHA during the OIG investigation in February of 2020.

Statement of Sam Mousa, former Chief Administrative Officer, Office of the Mayor Lenny Curry

After CEO Peppers resumed the CEO position (in June of 2019), Mousa recalled a discussion about “*who should supervise who.*” Mousa believed this discussion might have occurred during an informal meeting. However, Mousa could not recall any specifics of this discussion.

Mousa stated he did not have concerns regarding CEO Peppers resuming his CEO position and continuing to supervise the Senior Leadership Team Member. Mousa stated, “*It wasn’t my direct responsibility to be concerned with that. It was the Chairman of the Board to be concerned with that.*”

Mousa said no other senior members of the Curry Administration expressed concerns to him regarding CEO Peppers resuming his CEO position and continuing to supervise the Senior Leadership Team Member.

However, Mousa said that he, Chief of Staff Hughes, and Mayor Curry were concerned with the Senior Leadership Team Member’s protection, explaining, “*We wanted to make sure that [the Senior Leadership Team Member] was not embarrassed and that there was no retaliation, but it would have been very difficult to remove a senior lieutenant who has reported to Joe for so much, so much time, to move [the Senior Leadership Team Member] out of that line, that would have raised questions.*”

Mousa also explained that he, Chief of Staff Hughes, and Mayor Curry protected both CEO Peppers and the Senior Leadership Team Member by not spreading rumors or gossip about CEO Peppers’ extra-marital relationship with the Senior Leadership Team Member.

Mousa recalled seeing and meeting with the Senior Leadership Team Member in a group setting. On these occasions (dates and number of times not specified), Mousa stated the Senior Leadership Team Member seemed as though everything was going well and never expressed any concerns to him regarding CEO Peppers. Mousa was unaware if the Senior Leadership Team Member had expressed any concerns to other individuals, such as Chairman Gay, regarding CEO Peppers resuming his CEO position and continuing to supervise her.

During a conversation (date unknown) with Chairman Gay, Chairman Gay relayed a conversation he had with CEO Peppers and possibly the Senior Leadership Team Member, and explained that he “*asked them to act like two adults, do their job for the benefit of the Kids Hope Alliance.*” Mousa told the OIG that Chairman Gay “*got rid of the benefit of the doubt that these two adults could work together.*”

Statement of Brian Hughes, Chief Administrative Officer, Office of Mayor Lenny Curry

While CEO Peppers was out on FMLA leave, Chairman Gay told Hughes (then Chief of Staff) and then CAO Mousa that the Senior Leadership Team Member sent him and/or CEO Peppers a letter of resignation via e-mail sometime in January of 2019 (referenced on page 17). According to Hughes, either he and/or CAO Mousa questioned Chairman Gay about why he had not informed them about the resignation in a timely manner and in conjunction with the information related to CEO Peppers' extra-marital relationship with the Senior Leadership Team Member. Hughes stated Chairman Gay had knowledge of the Senior Leadership Team Member's resignation months prior to the date of the conversation with Hughes and CAO Mousa.

Hughes believed either he or then CAO Mousa (while in the presence of Hughes) told Chairman Gay to contact the Director of Employee Services regarding matters related to CEO Peppers' leave of absence. Hughes stated, *"I would have been telling Kevin as much as possible to talk to [the Director of Employee Services] or [the Office of General Counsel]."*

At some point (could not recall the date), Hughes believed there was a discussion between either Chairman Gay and Mayor Curry or between Chairman Gay and then CAO Mousa regarding the next course of action after CEO Peppers' leave ended. Hughes may have also been involved in follow-up conversations regarding the next course of action.

At some point (date not specified), Hughes believed he told Chairman Gay that *"you better have aftercare, you better have like a demonstrable process that the [KHA] Board is comfortable with, if [CEO Peppers] is going to stay in the [CEO] role."*

After CEO Peppers was ready to return from FMLA, Hughes believed that then CAO Mousa and Chairman Gay made a recommendation to Mayor Curry to allow CEO Peppers to return to the CEO position and continue to supervise the Senior Leadership Team Member.

Hughes stated, *"Kevin [Chairman Gay] from the very beginning of it established himself as the best person to interface with Joe [CEO Peppers], analyze the state of affairs, for the lack of a better term, and map the course forward. Hughes also stated, "We were essentially there as the weathervane for if it was appropriate based on the law allowed or what HR recommended."*

Hughes stated he had concerns regarding CEO Peppers resuming his CEO position and continuing to supervise the Senior Leadership Team Member. Hughes was concerned with *"the idea of subordinates having outside relationships with their bosses."* Hughes may have voiced his concerns *"as a footnote"* during a conversation with either CAO Mousa or Chairman Gay.

Hughes, however, did not object to CEO Peppers resuming his CEO position and continuing to supervise the Senior Leadership Team Member because Chairman Gay implied: (1) CEO Peppers' extra-marital relationship with the Senior Leadership Team Member had not violated

any COJ employment policies; and (2) CEO and the Senior Leadership Team Member were “*two consenting adults*” who were saying that they were “*okay with the future.*”

Hughes stated Chairman Gay also implied that the Senior Leadership Team Member “*didn’t voice concern with Joe coming back*” and Chairman Gay determined “*whatever past they had would be put aside and they could do their jobs.*”

Hughes stated he did not have any conversations with the Senior Leadership Team Member about the extra-marital relationship with CEO Peppers, about any concerns she may have had about CEO Peppers resuming his CEO position and continuing to supervise her, or about her resignation.

Hughes advised that either Mayor Curry or then CAO Mousa had the authority to handle the discipline of KHA’s CEO. Hughes was unaware of the KHA Board’s responsibility and/or authority in the discipline of KHA’s CEO.

Hughes explained CEO Peppers reported to him because CEO Peppers was “*the manager of a [COJ] department.*” CEO Peppers’ position was based on the KHA ordinance. Hughes advised he approved CEO Peppers’ time and attendance. Hughes believed CAO Mousa had approved CEO Peppers’ time and attendance as well.

Statement of Leonard “Lenny” Curry, Mayor, City of Jacksonville

Mayor Curry stated that he had no involvement in any decision-making in regards to CEO Peppers resuming the CEO position and continuing to supervise the Senior Leadership Team Member. Mayor Curry did not recall delegating any Mayor’s Office employees to be responsible for any decision-making in regards to CEO Peppers resuming the CEO position. Mayor Curry recalled that either then Chief of Staff Hughes or then CAO Mousa questioned whether CEO Peppers should return to his CEO position.

Mayor Curry had knowledge that Chairman Gay was in support of CEO Peppers. However, Mayor Curry did not have knowledge of Chairman Gay’s involvement in CEO Peppers resuming the CEO position and continuing to supervise the Senior Leadership Team Member.

Mayor Curry stated he expected Chairman Gay, based on Chairman Gay’s knowledge of CEO Peppers’ conduct, to be “*in charge.*” Mayor Curry stated, “*That’s an independent board with a board chair and, you know, if Kevin thought it was the right thing to do, I was going to be hands off and supportive.*”

Referring to Chairman Gay, Mayor Curry stated, “*I probably talked to Kevin and Kevin assured me that [CEO Peppers] was back, and he was okay, and he had taken care of himself.*”

Statement of Kevin Gay, Chairman, Board of Directors

Chairman Gay recalled that he spoke with the former COO and informed her that he wanted her to be Interim CEO while CEO Peppers was out on FMLA. Chairman Gay also stated that on one occasion, he spoke with the Senior Leadership Team Member to check on her well-being in the midst of this situation but stated that they did not discuss the relationship with CEO Peppers. The conversation was possibly near the time when Chairman Gay made the KHA staff aware that CEO Peppers would be out on leave.

During another conversation with the Senior Leadership Team Member, she disclosed she had been in a relationship with CEO Peppers. According to Chairman Gay, the Senior Leadership Team Member appeared to be remorseful about the relationship with CEO Peppers.

Chairman Gay stated the Senior Leadership Team Member never asked him to remove her from CEO Peppers' supervision at any time.⁸ While CEO Peppers was out on leave, Chairman Gay had a conversation with CEO Peppers during which time CEO Peppers alluded to engaging in other relationships. Chairman Gay inquired about whether these relationships included any other KHA employees. However, CEO Peppers only stated there were other women involved, but he did not specify whom.

At some point (date not specified), Chairman Gay spoke directly with Mayor Curry and provided him with an update regarding CEO Peppers' situation. However, he did not recall specific details of this conversation. Chairman Gay also spoke with the Director of Strategic Partnerships [Office of Mayor Lenny Curry] but did not recall specific details of this conversation.

After CEO Peppers returned from leave, he returned to the CEO position and continued to supervise the Senior Leadership Team Member. Chairman Gay stated no individuals voiced concerns to him about CEO Peppers returning to the CEO position and continuing to supervise the Senior Leadership Team Member. He believed Employee Services, in conjunction with the Mayor's Office, had handled matters related to CEO Peppers resuming the CEO position and continuing to supervise the Senior Leadership Team Member. Chairman Gay believed it was inappropriate for CEO Peppers to have consensual sexual relationships with a KHA employee.

After CEO Peppers' returned to the CEO position, Chairman Gay stated he did not observe any interactions between the Senior Leadership Team Member and CEO Peppers. Chairman Gay stated he did not have knowledge of the Senior Leadership Team Member receiving a benefit or preferential treatment from CEO Peppers because of their personal relationship.

Statement of Director of Employee Services, Employee Services Department

While CEO Peppers was on FMLA, the Director met with then Chief of Staff Hughes and then CAO Mousa after a Director's meeting. During this meeting, they discussed the former COO

⁸ Chairman Gay's testimony contradicts the former Senior Leadership Team Member's testimony.

and her leadership style. At this time, either Chief of Staff Hughes or CAO Mousa informed the Director that CEO Peppers had been having an “*affair*” with a Senior Leadership Team Member. The Director stated that neither Chief of Staff Hughes nor CAO Mousa discussed how they became aware of CEO Peppers’ affair with the Senior Leadership Team Member.

If the Mayor’s Office had asked the Director to recommend whether CEO Peppers should return to the CEO position and continue to supervise the Senior Leadership Team Member, Employee Services would have opened a fact-finding investigation and reported the findings to the Mayor’s Office and the KHA Board of Directors.

The Director of Employee Services (Director) stated she was unaware of who determined CEO Peppers was to return to the CEO position and continue to supervise the Senior Leadership Team Member. The Director stated that neither Chief of Staff Hughes nor CAO Mousa discussed Peppers returning to his position of CEO upon his return from FMLA leave.

The Director stated she did not speak with any KHA Board members regarding any matters related to CEO Peppers, including his return to the CEO position following his FMLA leave.

Sub-Section Summary of Findings –
(4) Information Known to City Officials During and After FMLA

CEO Peppers returned from FMLA on June 6, 2019, and resumed the duties of CEO for KHA, including continued supervision of the Senior Leadership Team Member with whom he had a consensual sexual relationship. Chairman Gay stated no individuals voiced concerns to him about CEO Peppers returning to the CEO position and continuing to supervise the Senior Leadership Team Member.

However, testimony of the Senior Leadership Team Member contradicts this testimony. The Senior Leadership Team Member expressed that she felt that there was a lack of concern regarding the “*traumatic experience*” she had been through and Chairman Gay was focused more so on CEO Peppers. She stated she told Chairman Gay about the pornographic text messages (referenced on page 24) and testified that she asked if she could report directly to the Chairman instead of reporting to CEO Peppers. She also testified that his return to duty contributed to daily emotional stress in the workplace for her.

The former COO testified that she inquired with then Chief of Staff Hughes about why CEO Peppers was allowed to resume his CEO position, which included the continued supervision of the Senior Leadership Team Member. Further, the former COO testified that when CEO Peppers returned he did not maintain distance from the Senior Leadership Team Member and that their interactions continued as before. In addition, the former COO stated that she told Chairman Gay that the situation was negatively affecting KHA.

Former CAO Mousa testified that it was Chairman Gay's direct responsibility to address the return of CEO Peppers' and determine whether CEO Peppers' was to continue supervising the Senior Leadership Team Member. No members of the Administration expressed concerns to him about CEO Peppers continuing to supervise the Senior Leadership Team Member. Mousa stated that the Administration was concerned about not embarrassing the Senior Leadership Team Member and concerned that there was no retaliation towards her. Further, he testified that it would have raised questions if she had been removed from CEO Peppers' line of supervision.

Then Chief of Staff Hughes testified that he had concerns regarding CEO Peppers resuming his CEO position and continuing to supervise the Senior Leadership Team Member, and that he may have voiced his concerns to either then CAO Mousa or Chairman Gay. Hughes advised that either CAO Mousa or Chairman Gay recommended to Mayor Curry that CEO Peppers resume and continue to supervise the Senior Leadership Team Member. He advised that he did not object because he understood from Chairman Gay that CEO Peppers had not violated any COJ policies. He also stated that Chairman Gay implied that the Senior Leadership Team Member had not voiced any concerns regarding CEO Peppers returning.

Mayor Curry testified that Chairman Gay was supportive of CEO Peppers, he expected Chairman Gay to be "in charge," and he was going to be hands off and allow the independent Board and the Chairman to do what the Chairman thought was right.

Chairman Gay testified that the Senior Leadership Team Member never asked him to remove her from CEO Peppers' supervision at any time, which is inconsistent with the testimony of the Senior Leadership Team Member. Chairman Gay stated no individuals voiced concerns to him about CEO Peppers returning to the CEO position and continuing to supervise the former Senior Leadership Team Member, which is also inconsistent with the testimony of the former Senior Leadership Team Member and the former COO. He believed Employee Services, in conjunction with the Mayor's Office, handled matters related to CEO Peppers returning to the CEO position and continuing to supervise the Senior Leadership Team Member.

The Director of Employee Services testified she was not asked to provide assistance regarding the return of CEO Peppers to his position and his supervision of the Senior Leadership Team Member. No fact-finding investigation was conducted regarding the supervisor-subordinate relationship.

(5) HIRING CONFLICTS AND LACK OF SENIOR LEADERSHIP RETENTION

During the investigation, the OIG discovered that at least two of the four Senior Leadership Team Members attended the United States West Point Academy with CEO Peppers during or around 1998 through 2002.

In addition to CEO Peppers, who resigned in May of 2020, the four Senior Leadership Team Members hired by CEO Peppers have all resigned from their positions. This section reviews the hiring conflicts identified during the investigation.

RECORDS REVIEW

Mayor's Budget Review Committee Records

A review of the Mayor's Budget Review Committee Records (MBRC) disclosed that CEO Peppers appeared before the MBRC to obtain approval for the reclassification of several prior JCC full-time positions as part of his reorganization of KHA to expand his Senior Leadership Team. These included reclassifying positions to create the positions of Chief Operating Officer and Chief Programs Officer (later retitled to Chief Strategy Officer) and changing the title of another position to Senior Director of Communications. CEO Peppers also reclassified several other internal non-Senior Leadership positions within KHA.

COJ Employee Service Department Personnel Records

The OIG reviewed Employee Services personnel records related to the hiring and retention of the KHA Senior Leadership Team during the tenure of CEO Peppers, April of 2018 through May of 2020. As outlined in the KHA organizational chart on page 8, during April of 2018 through May of 2020, in addition to the CEO, the KHA Senior Leadership Team was comprised of four positions: Senior Director of Finance, Chief Operating Officer, Chief Strategy Officer, and the Senior Director of Communications.

The Finance Director had been employed with the COJ since February of 2005 and was the only individual in place at KHA when CEO Peppers was appointed. During CEO Peppers' tenure, he hired four individuals to fill the remaining three positions (Chief Operating Officer, Senior Director of Communications, and the Chief Strategy Officer).

The Senior Director of Communications position experienced turnover, and two individuals were hired during CEO Peppers' tenure to serve in the position of Senior Director of Communications (SDC1 and SDC2). The second individual (SDC2) also served in the capacity of Chief Operating Officer and for a period of time served as the Interim Chief Executive Officer before resigning in February of 2020.

Both the SDC1 and SDC2 disclosed on hiring documentation that they learned about the job opportunity from a referral from a current City employee and specifically provided CEO Peppers' name as the person who referred them. In addition, a review of COJ employment records disclosed that SDC2 had previously worked in the Office of Mayor Alvin Brown from approximately August of 2011 through October of 2011.

The *KHA Senior Leadership Team Hiring Analysis* chart below illustrates that all of the KHA Senior Leadership Team hired by CEO Peppers since April of 2018, have all resigned from their

positions. No Senior Leadership Team members who served with CEO Peppers, including the Senior Director of Finance, are still employed with KHA. The resignations occurred from February of 2019 through February of 2020. CEO Peppers resigned in May of 2020.

KHA SENIOR LEADERSHIP TEAM HIRING ANALYSIS																											
Dates	2018												2019												2020		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
Chief Executive Officer	✓																										R
Senior Director of Finance	***																										R
Chief Operating Officer			✓																								
Interim Chief Executive Officer																											
Chief Programs Officer				✓																							
Chief Strategy Officer						T																					R
Senior Director of Communications							✓					R															
Senior Director of Communications															✓												
Chief Operating Officer																											T
Interim Chief Executive Officer																											T

LEGEND:

A	Administrative Leave Began
✓	Employment Began
R	Resigned
***	Employment Began Prior to April of 2018
T	Transitioned to Another KHA Position

NOTE: Each color represents a different KHA employee and the position(s) held while employed at KHA during that timeframe.

More specifically, a review of Employee Services records disclosed that CEO Peppers held the position of CEO for approximately 2 years, with approximately 8.5 months of that time being on administrative leave. In addition, the following summarizes the amount of time Senior Leadership Team Members hired under CEO Peppers’ tenure were employed with KHA, not including the Senior Director of Finance, who had been with the COJ since 2005:

- Chief Operating Officer, approximately 1 year and 8 days;
- Chief Strategy Officer, approximately 1 year and 18 days;
- Senior Director of Communications (SDC1), approximately 3 months, 25 days; and
- Senior Director of Communications (SDC2), approximately 9 months, 19 days

The *KHA Senior Leadership Team Salary Analysis* chart below depicts the respective KHA Senior Leadership Team salaries (estimated and rounded) during fiscal years 2018, 2019, and 2020, up through May of 2020, when CEO Peppers resigned. The COJ paid in excess of **\$926,000** in salaries from April of 2018 through May of 2020 to members of a Senior Leadership Team who are no longer employed with KHA.

KHA SENIOR LEADERSHIP SALARY ANALYSIS				
KHA Positions*	Estimated Salary Received**			
	FY18	FY19	FY20	TOTALS
Chief Executive Officer	\$72,917	\$182,875	\$111,478	\$367,270
Senior Director of Finance	\$37,456	\$93,939	\$32,722	\$164,117
Chief Operating Officer	\$31,250	\$108,854	\$0	\$140,104
Chief Strategy Officer	\$20,833	\$108,854	\$0	\$129,687
Senior Director of Communications	\$0	\$29,333	\$0	\$29,333
Interim Chief Executive Officer	\$0	\$47,667	\$47,896	\$95,563
TOTALS	\$162,456	\$571,522	\$192,096	\$926,074

NOTE: SALARY AMOUNTS ARE ROUNDED TO THE NEAREST DOLLAR.

**Legend: * Positions listed are those held at time of separation from KHA.
** Salaries beginning May 1, 2018. Salaries do not include benefits.**

TESTIMONY

Statement of Employee Services HR Business Partner

The HR Business Partner had been employed with the COJ for approximately five years. As an HR Business Partner, her duties included assisting various COJ departments, including Kids Hope Alliance (KHA), with pre-employment matters, such as filling job vacancies, scheduling onboarding for employees, and creating job specifications for positions.

In or around June of 2018, at the direction of CEO Peppers, KHA began undergoing an organizational restructure, which was took approximately six months to complete. The positions of Chief Operating Officer (COO) and the Chief Programs Officer (CPO) were created as part of the reorganization. The COO was to oversee all of the KHA programs, and the CPO was to oversee all other operating aspects. CEO Peppers oversaw KHA's Finance Department.

In addition, the COO, the CPO, and another position, Senior Director of Communications (a new title), were reclassified, resulting in salary changes that had to be reviewed (and approved) by the Mayor's Budget Review Committee.⁹ In November of 2018, a title change to Senior Director of Finance occurred; however, there was no salary increase associated with the title change.

⁹ MBRC records disclosed only the COO and the CPO positions resulted in salary changes. The Senior Director of Communications position was a title change only with no adjustments to salary.

Referring to both the COO and the CPO starting salaries, each approximately \$125,000, the HR Business Partner stated, “*When we created the officer positions the salaries were determined, but [the CPO’s] and [COO’s] were identical; there was no special treatment for one or the other.*”

The HR Business Partner advised that she created KHA job specifications based on her review of comparable positions, including the position’s pay grade and salary range. The job specifications, which included the pay grade and salary range, were reviewed and approved by CEO Peppers. Most KHA positions were appointed; therefore, they “*typically*” did not require the completion of exams or scoring of interviews.

The HR Business Partner stated the following regarding the hiring of the Chief Operating Officer.

The Chief Operating Officer (COO)¹⁰ went through the COJ’s special hiring process. The HR Business Partner explained that in a special hiring process, the hiring manager informed her of the specific candidate for a particular position. She then notified a HR Specialist to inform the specific candidate to submit an application for the position via a special posting hyperlink. Upon receiving the candidate’s application, she instructed the HR Specialist to review the candidate’s application for eligibility.

If the HR Specialist deemed the candidate eligible, the hiring manager had the discretion to either interview the individual or make the individual an offer of employment without interviewing them. Per the HR Business Partner, it was not a requirement for a special hire to be interviewed. If the hiring manager chose to offer the candidate a starting salary above KHA’s budget, this matter had to undergo the MBRC review and approval process.

The HR Business Partner recalled CEO Peppers initially told her that he knew “*of*” [the specific candidate for the COO] and he wanted to hire her. Afterwards, [the specific candidate for the COO] underwent the special hiring process, but the HR Business Partner stated she was not interviewed for this position. Ultimately, the CEO hired the specific candidate. The HR Business Partner stated, “*I think it was pretty much a given ... that’s who Mr. Peppers wanted to hire for that position.*”

The HR Business Partner stated that at no time did CEO Peppers inform her that he and the specific candidate attended the United States Military Academy (West Point) together and/or were friends. It was after the hiring of the COO, during a KHA staff meeting, that the HR Business Partner became aware that CEO Peppers and the COO had known each other while attending West Point prior to the COO’s employment. The HR Business Partner stated CEO Peppers should have disclosed his personal relationship to the HR Business Partner since the COO reported directly to CEO Peppers.

¹⁰ The COO was employed with COJ from June 25, 2018 through July 22, 2019.

The job specifications for the COO position were not changed to benefit the specific candidate. Because CEO Peppers choose to offer the specific candidate a starting salary that was above the budgeted amount for the COO position, this request was reviewed and approved by MBRC. She stated Peppers “*was bringing [her] in at a substantial amount of money to assist him*” at \$125,000. According to the HR Business Partner, the COO met the overall job qualifications for the position.

The HR Business Partner stated the following regarding the hiring of the Chief Programs Officer.

The HR Business Partner advised that the individual hired for the Chief Programs Officer,¹¹ subsequently retitled to the Chief Strategy Officer, had also interviewed for the CEO position. She recalled that during a conversation with the Director of Employee Services (Director), CEO Peppers, and herself, the Director expressed that she thought that this same individual would be a good candidate for the CPO position based on her previous CEO interview.

CEO Peppers acted as the hiring manager for the CPO position. The CPO was hired using the special hiring process and was not interviewed for the position. The HR Business Partner stated the job specifications and salary for the CPO position were not changed to benefit the CPO.

In September of 2018, the CPO’s job title was changed from CPO to Chief Strategy Officer (CSO) with no change in salary. According to the HR Business Partner, the CPO requested CEO Peppers change her job title to CSO, which CEO Peppers did. CEO Peppers did not have any conversations with her regarding why the CPO’s job title was being changed. The HR Business Partner believed the CPO requested this job title change from CEO Peppers because the CPO “*liked the title better.*”

The HR Business Partner stated the following regarding the hiring of the Communications Officer (subsequently promoted to the Senior Director of Communications [SDC1]):

She recalled that the Communications Officer underwent the external hiring process. The HR Business Partner explained that the external hiring process included publically posting a vacant position so all candidates could apply. The HR Business Partner recalled 17 candidates applied for the position of Communications Officer. After candidates were determined to be eligible, she sent the list of eligible candidates to KHA. At least two KHA employees interviewed the eligible candidates for the position. The interviewers were comprised of the hiring manager (the candidates’ potential supervisor) and another employee (selected by the hiring manager).

The job specifications were developed for this position by CEO Peppers, the COO, and the HR Business Partner and were not changed to benefit the candidate that was hired for this position. On September 18, 2018, the HR Business Partner received an e-mail from the Chief Strategy

¹¹ The CPO, whose position title was changed to CSO, was hired on July 30, 2018 and resigned on August 16, 2019.

Officer stating “*we have concluded interviews yesterday for the Communications Officer [and] would like to recommend [prospective candidate] as the top candidate.*” CEO Peppers and the COO were courtesy-copied on this e-mail. CEO Peppers approved the recommendation on the same day. CEO Peppers chose to offer the prospective candidate a starting salary that was above the budgeted amount for the Communications Officer position.¹² This request was reviewed and approved by MBRC.

The HR Business Partner stated that at no time did CEO Peppers inform her that he and the prospective candidate attended the West Point together and/or were friends. The HR Business Partner stated CEO Peppers should have disclosed his personal relationship to the HR Business Partner since the Communications Officer reported directly to CEO Peppers. After the Communications Officer was hired, either the CSO or COO informed her that the Communications Officer was friends with the COO.

She believed that when the Communications Officer was promoted to Senior Director of Communications (SDC1), it was solely a title change rather than a promotion.

According to the HR Business Partner, the Senior Director of Communications¹³ met the overall job qualifications for the position.

The HR Business Partner stated the following regarding the hiring of the second individual for the Senior Director of Communications (SDC2).

Prior to the employment of the second Senior Director of Communications (SDC2),¹⁴ CEO Peppers told her that he wanted to hire a specific individual for the position but did not provide her with any reason as to why. CEO Pepper was the hiring manager for the position. The SDC2 underwent the special hiring process, and was not interviewed for the position.

The HR Business Partner stated CEO Peppers did not disclose to her at any time that he had known the person he wanted to hire prior to the SDC2’s employment with KHA. Nor did CEO Peppers disclose to her at any time that he was friends with the SDC2 and had known the SDC2’s father prior to his employment at KHA. The HR Business Partner was not aware that the SDC2’s father was an alumnus of West Point and also had known CEO Peppers.

Prior to the SDC2’s employment at KHA, she became aware that he was formerly employed as an “*outside salesman that sold fish.*” Based on his former employment, she had concerns about him being hired for the SDC2 position.

¹² Based on Employee Services records, it appears that this is incorrect, and rather the employee was actually hired for the SDC1 position.

¹³ Per COJ records, the SDC1 was hired on October 8, 2018 and resigned on February 1, 2019.

¹⁴ Per COJ records, SDC2 began employment on May 1, 2019.

Prior to his employment at KHA, she expressed her concerns to CEO Peppers regarding his former employment and being hired for SDC2 position. CEO Peppers responded to the HR Business Partner by stating that he *“felt that salesman have a very outgoing personality and that they have a knack for talking to people and that’s what he was looking for, for someone who could definitely talk grantors, general community leaders, and along with his political background that he wasn’t concerned about it.”*

Between the SDC2’s onboarding and start date, there were a few conversations between the HR Business Partner and the Senior Director of Finance (who at that time was still the under the old position title) regarding the SDC2 position. During which the Senior Director of Finance also expressed similar concerns to the HR Business Partner regarding the SDC2’s former employment and being hired for SDC2 position.

She stated the job specifications and salary for the SDC position were not changed to benefit the SDC2. Regarding the SDC2’s starting salary, she recalled that he was offered the same salary as his predecessor, SDC1.¹⁵

The HR Business Partner stated the following regarding the Senior Director of Finance.

In November of 2018, there was a conversation between her and CEO Peppers regarding changing the position title from Director of Finance to Senior Director of Finance. During their conversation, CEO Peppers stated, *“He wanted to move her [Director of Finance] into a senior director because of her salary being higher than the other directors within KHA. The HR Business Partner stated CEO Peppers “didn’t see her position as an officer position... and that was pretty much his justification for it.”*

The HR Business Partner advised that her salary was comparable to and possibly higher than other finance positions within COJ. Based on this, the HR Business Partner stated, *“It was hard for us equitably to ... say that her job was worth a higher salary than those here at City Hall.”*

Statement of Former Chief Operating Officer, KHA

The former Chief Operating Officer (COO) stated that she and CEO Peppers attended the United States Academy (WestPoint) together. The COO advised that after CEO Peppers was offered the CEO position, he contacted her and advised that there would be positions available within KHA in the near future. CEO Peppers encouraged her to apply for the COO position when it became available based on her experience and background.

A few months after this conversation, the COO position became available. CEO Peppers contacted her to encourage her to apply for the COO position, which she did. The COO assumed the COO position was open to the public, since it was on the COJ website.

¹⁵ SDC1 served as the SDC from October of 2018 through February of 2019.

Upon submitting her application for the COO position, the Employees Services Department informed her that she met the minimum requirements for the COO position. CEO Peppers interviewed her for the COO position via telephone, which included a discussion about her background and experience.

To the COO's knowledge, CEO Peppers spoke with members of the KHA Board of Directors (KHA Board) and consulted with Kevin Gay, Chairman, KHA Board of Directors, about her possible employment as the COO.

CEO Peppers asked her about her desired starting salary range, to which she responded, \$150,000 to \$180,000. Ultimately, CEO Peppers offered the COO a starting salary of \$125,000, which was based on comparable positions. CEO Peppers advised the COO that all COJ employees would be given a 4% increase in October of 2018, which would make her salary \$130,000. Afterwards, CEO Peppers submitted his recommendation for her to be hired as the COO.

Prior to her employment, the COO believed CEO Peppers informed Chairman Gay that he (CEO Peppers) had known the COO prior to her employment. More specifically, she believed Chairman Gay was informed that CEO Peppers and the COO attended the United States Academy (West Point) together.

The COO recalled Senior Director of Communications (SDC1) attended West Point with both she and CEO Peppers and that he (SDC1) was a classmate of CEO Peppers. She stated that CEO Peppers and SDC1 were *"very close friends, they communicated quite often"* prior to his employment at KHA. The COO stated she and the SDC1 were also *"very close friends."*

In regards to the SDC1 becoming a KHA employee, the COO recalled there was a position of Communications Officer that was open to all applicants on two different occasions.

On the first occasion, KHA did not fill this position. Based on this, CEO Peppers worked with the COJ Employees Services Department to *"revamp"* the title and salary as CEO Peppers was looking for a higher caliber candidate. Afterwards, CEO Peppers informed the COO that he was going to encourage [SDC1] to apply for this position. CEO Peppers also stated to the COO, *"What's the worst that can happen ... we want good candidates and we've only been looking in Jacksonville how about we ... expand it."*

The COO advised that only CEO Peppers and the Chief Strategy Officer were involved in the hiring process of SDC1. Ultimately, CEO Peppers made the decision to hire him as the Communications Officer. When SDC1 became employed with KHA, CEO Peppers informed KHA officials that he had known previously known SDC1.

Statement of Former Chief Strategy Officer, KHA

The former Chief Strategy Officer (CSO) advised that CEO Peppers initially reached out to her via Facebook, and after a few conversations, he inquired if she would work for him at KHA. The original position he was discussing with her was the Chief Programs Officer. In July of 2018, she visited Jacksonville in relation to the KHA position. During this visit, CEO Peppers inquired about her personal life, including questions related to her romantic relationship.

The former CSO advised that she was interested in KHA and decided to accept a position with KHA as the Chief Programs Officer. She stated that she could tell CEO Peppers did not have a lot of experience in this specific field. As the CPO, her job duties included overseeing government relations and community engagement. Within 30 days of being hired, her position changed to Chief Strategy Officer, and she oversaw pre-teen team programs, juvenile justice intervention and prevention programs, data and research, grants, and trainings. CEO Peppers continued to be her direct supervisor.

She advised that she was aware that both the COO and the Senior Director of Communications (SDC1)¹⁶ were West Point classmates. She recalled that she and the COO interviewed him for the position, and CEO Peppers ultimately approved his hiring with KHA. When SDC1 began his employment at KHA, he and the COO were very close and it became divisive within KHA, which, in her opinion, created a hostile environment.

Statement of Former Interim CEO, KHA

The former Interim CEO advised that he first became hired with KHA in late April or early May of 2019 as the Senior Director of Communications (SDC2). CEO Peppers was his direct supervisor. In August of 2019, he became the Chief Operating Officer (COO) and began serving in the capacity of Interim CEO until he resigned in February of 2020.

In late 2018 or early 2019, the former Interim CEO's father, an alumnus of West Point, told him that he (former Interim CEO's father) had met CEO Peppers through the United States Military Academy (West Point) alumni network. Both his father and CEO Peppers were graduates of West Point. At some point (date not specified), CEO Peppers contacted him for a lunch meeting. He and CEO Peppers stayed in contact through text messages and e-mail; however, it was at least six months before they spoke again.

SECTION I: SUMMARY OF FINDINGS

CEO Peppers was appointed in April of 2018. During his tenure, CEO Peppers reorganized KHA positions, in part, to create a Senior Leadership Team, who reported directly to him. During Fiscal Years 2018, 2019, and 2020, the COJ paid in excess of **\$926,000** in salary

¹⁶ SCD1 was in the position for approximately less than four months and was not interviewed during this investigation.

compensation, excluding benefits, to the KHA for the Senior Leadership Team. As of May 2, 2020, none of the Senior Leadership Team Members remained employed with KHA. Excluding CEO Peppers, the range of employment among the Senior Leadership Team varied from as little as less than four months to just over one year.

The investigation disclosed that CEO Peppers attended the United States West Point Academy during approximately 1998 through 2002. The investigation disclosed potential hiring conflicts (real or perceived) in that the Chief Operating Officer and the Senior Director of Communications (SDC1) were classmates, roommates, and/or personal friends with CEO Peppers while they attended West Point. Additionally, the father of the second individual hired as the SDC2 also was a graduate of West Point and introduced CEO Peppers to the SDC2. The Chief Operating Officer and both Senior Directors of Communication reported directly to CEO Peppers.

The HR Business Partner testified that while working with CEO Peppers during the hiring of these individuals she was never informed by CEO Peppers that he was friends and/or associates with any of these individuals. However, the OIG could not find any COJ policy or procedure or *Ordinance Code* that requires such disclosure.

The investigation confirmed that CEO Peppers had a consensual sexual relationship with a member of his Senior Leadership Team, who reported directly to him, from approximately August of 2018 through approximately February of 2019. Based on testimony, the relationship deteriorated and affected the KHA Senior Leadership Team, at least in part due to a perception of preferential treatment, and created a strained working environment for Senior Leadership Team members.

On a least one occasion, the CEO Peppers sent pornographic images and accompanying text messages to the Senior Leadership Team Member, which could be considered prohibited conduct by the *Workplace Violence, Directive 0532*. Based on Employee Services records, CEO Peppers never acknowledged that he read and understood the *Workplace Violence, Directive 0532*, and other various policies issued to him in January of 2019. The investigation determined that various KHA employees had also not acknowledged various COJ policies issued to them during this timeframe.

The investigation determined that there are no existing COJ policies and/or procedures that address non-professional relationships between supervisors and subordinate employees, more specifically regarding consensual sexual relationships within the workplace between supervisors and direct reports.

In April of 2019, CEO Peppers alerted both the former COO and Chairman Gay that since approximately August of 2018, he had a consensual sexual relationship with another member of the KHA Leadership team, but it had since ended. In addition, CEO Peppers alerted them both to other personal issues as well. Upon learning this information from CEO Peppers, both

Chairman Gay and the COO, independently of the other, informed the Administration of the disclosures. Per testimony, then Chief of Staff Hughes, then Chief Administrative Officer Mousa, and Mayor Lenny Curry had no knowledge of the personal relationship between CEO Peppers and the Senior Leadership Team Member prior to being notified by Chairman Gay. Per testimony, it was the KHA Board's, and more specifically, Chairman Gay's, responsibility to oversee decisions regarding CEO Peppers.

The investigation disclosed that CEO Peppers went out on FMLA on April 30, 2019, and when he resumed his duties as CEO in June of 2019, he continued to supervise the Senior Leadership Team Member with whom he had the relationship. Based on testimony of both the COO and the Senior Leadership Team Member, they both alerted Chairman Gay to their respective concerns they had about CEO Peppers returning to the position and continuing to supervise the Senior Leadership Team Member.

Chairman Gay testified that the Senior Leadership Team Member never asked him to remove her from CEO Peppers' supervision at any time, which is inconsistent with the testimony of the Senior Leadership Team Member. Chairman Gay stated no individuals voiced concerns to him about CEO Peppers returning to the CEO position and continuing to supervise the former Senior Leadership Team Member, which is inconsistent with the testimony of both the former COO and the former Senior Leadership Team Member.

Chairman Gay testified he believed Employee Services, in conjunction with the Mayor's Office, had handled the matters related to CEO Peppers resuming the CEO position and continuing to supervise the Senior Leadership Team Member. The Director of Employee Services testified that she was not asked to provide assistance regarding the return of CEO Peppers to his position, including supervision over the Senior Leadership Team Member. No fact-finding investigation was conducted regarding the supervisor-subordinate relationship.

SECTION I: KHA WORKPLACE ENVIRONMENT/MANAGEMENT CONCLUSION

The OIG investigation concluded the following:

1. CEO Peppers engaged in a consensual sexual relationship with a Senior Leadership Team Member who directly reported to him for approximately seven months. According to records and testimony, CEO Peppers may have violated the COJ *Workplace Violence, Directive 0532, established January 28, 2019*, by sending text messages and comments (refer to page 13), that "...expressed or implied threats, remarks or other acts...or subjected another individual to emotional distress...and expressed verbal intimidation..." to the Senior Leadership Team Member.
2. In June of 2019, when CEO Peppers resumed the duties as CEO after a leave of absence, Chairman Gay allowed CEO Peppers to continue direct supervision over the Senior Leadership

Team Member with whom he had the consensual sexual relationship. No fact-finding investigation was conducted by Employee Services.

3. The investigation determined there are no existing COJ policies and/or procedures that address non-professional relationships between supervisors and subordinate employees, more specifically regarding consensual sexual relationships within the workplace between supervisors and direct reports.

4. Based on testimony, the deterioration of the consensual sexual relationship between CEO Peppers and the Senior Leadership Team Member negatively affected the KHA Senior Leadership Team. During Fiscal Years 2018, 2019, and 2020, the COJ paid in excess of **\$926,000** in salary compensation, excluding benefits, to the KHA Senior Leadership Team from April of 2018 through May of 2020. Excluding CEO Peppers, the employment term of the Senior Leadership Team ranged from approximately less than 4 months to a little over 1 year.

5. Based on testimony, the investigation disclosed potential hiring conflicts (real or perceived), specifically three of the Senior Leadership Team, hired through the COJ's "special hiring" process or hired competitively, had been either classmates or roommates with CEO Peppers at West Point during 1998 through 2002, or were affiliated in some way with West Point alumni. These conflicting relationships were not disclosed to Employee Services during the hiring process, although the OIG notes that currently no disclosure is required.

6. The investigation determined there are no existing COJ policies and/or procedures that address disclosing potential conflicting relationships during any COJ special hiring process.

7. A review of overall policy acknowledgements for KHA employees, as a whole, disclosed that from April of 2018 (hiring of CEO Peppers) through July of 2019 (last full month CEO Peppers worked in the KHA office) there were a number of employees, in addition to CEO Peppers, who also had outstanding policy acknowledgements.

SECTION II: CONFLICTING RELATIONSHIPS AND/OR MISUSE OF POSITION

Based on a review of applicable records and testimony, CEO Peppers' actions of coordinating with and promoting several organizations, known to him both personally and professionally, for the purpose of receive funding, led to an appearance of conflicts of interest, more specifically:

2(A) (a) In May of 2018, CEO Peppers promoted before the KHA Board an individual known to him, both personally and professionally, in order for the individual to receive funding from the COJ.

2(A)(b) In May of 2018, CEO Peppers coordinated with and promoted before the KHA Board an organization owned by an individual known to him, both personally and

professionally, since at least 2002, in order for the organization to receive appropriated funding from the COJ in the amount of \$77,000;

2(B) Beginning in June of 2018, CEO Peppers coordinated with and facilitated grant funding to an organization owned by an individual known to him, both personally and professionally, since at least 2002, in order for the organization to receive grant funding in the amount of \$15,000; and

2(C) Beginning in August of 2018, CEO Peppers obtained in-service training for KHA employees in the amount of \$2,695, from two organizations owned by individuals known to him, both personally and professionally, since at least 2000.

Based on a review of applicable records and testimony, the OIG established that CEO Peppers misused his position to recommend two organizations in order to receive consideration for financial benefit from a non-profit organization, more specifically:

2(D) In September of 2018, CEO Peppers used his position to recommend two organizations owned by individuals known to him, both personally and professionally, to receive consideration for a financial benefit in the amount of \$100,000 each from a non-profit organization.

GOVERNING DIRECTIVES

The following governing directives were reviewed and deemed relevant to all of the items 2(A) through 2(D) listed above.

Florida Statutes

Chapter 112, Public Officers and Employees: General Provisions, Part III, Code of Ethics for Public Officers and Employees

- *§112.312 Definitions; and*
- *§112.313 Standards of conduct for public officers, employees of agencies and local government attorneys, (6), Misuse of Position*

City of Jacksonville Ordinance Codes

Chapter 77, Kids Hope Alliance

Chapter 602, Jacksonville Ethics Code

- *§602.201, Definitions*
- *§602.401, Misuse of position, information, etc.*

City of Jacksonville Policies, Procedures, and Other Related Documents

- *Procurement Division, Finance and Administration Department, Procurement Manual, May 2018*
- *Office of Ethics, Compliance, and Oversight Records*
- *Finance and Administration Records*
- *KHA Meeting Minutes*

RECORDS REVIEW

The OIG reviewed various records, including applicable state statutes and municipal ordinances, United States Department of Treasury records, and KHA Board meeting records. The following records apply to the above-referenced items 2(A) through 2(D).

Florida Statutes***Chapter 112, Public Officers and Employees: General Provisions***

§112.312 (2), *Definitions*, states, in part verbatim:

“Agency” means any state, regional, county, local, or municipal government entity of this state, whether executive, judicial, or legislative; any department, division, bureau, commission, authority, or political subdivision of this state therein...

§112.313(6), *Misuse of Public Position*, states verbatim:

No public officer, employee of an agency, or local government attorney shall corruptly use or attempt to use his or her official position or any property or resource which may be within his or her trust, or perform his or her official duties, to secure a special privilege, benefit, or exemption for himself, herself, or others. This section shall not be construed to conflict with s. 104.31.

The actions of CEO Peppers outlined in 2(D) may be considered prohibited activity within the Florida Statutes, *Chapter 112, Public Officers and Employees: General Provisions, §112.313(6), Misuse of Public Position.*

City of Jacksonville Ordinance Code***Chapter 77, Kids Hope Alliance***

The OIG reviewed City of Jacksonville *Ordinance Code, Chapter 77, §77.109 (12)* and found the following, in part, verbatim:

Competitively procure the Service of Providers and retain such other services, including professional services, by means of Chapter 126, Ordinance Code, in order to implement the Plan;

Ordinance Code, §77.10, Definitions, (i), specifies the following, in part, verbatim:

Provider(s) shall mean any public or private non-profit entity that provides contract Services to KHA in excess of \$65,000.

Ordinance Code, §77.111, Contracts; contract administration; carryover, (a) Provider Contracts, specifies the following, in part, verbatim:

(1) Procurement. Provider Contracts shall be competitively procured by the Board under Chapter 126, Ordinance Code, via an evaluated bid process...

Chapter 602, Jacksonville Ethics Code

The OIG reviewed City of Jacksonville *Ordinance Code, Chapter 602.401(a) Misuse of position, information, etc.* in force from June 4, 1999 to December 9, 2019, which stated, verbatim:

It is unlawful for an officer or employee of the City or an independent agency to intentionally use his or her official position to secure, by coercion or threat, a special privilege or exemption for himself, herself or others, or to secure confidential information for any purpose other than official responsibilities.

Due to the limiting language, specifically, “*by coercion or threat*” contained in the *Ordinance Code* referenced above, the Ordinance is not applicable to the CEO Peppers’ actions addressed by this investigation.

Ordinance Code, §602.401(a), was amended in amended December 10, 2019, and although CEO Peppers was still employed with KHA, none of CEO Peppers’ actions addressed by this investigation fall after December 10, 2019; therefore, the current version is not applicable.

City of Jacksonville Policies, Procedures, and Other Related Documents

COJ Office of Ethics, Compliance, and Oversight Records

According to the Office of Ethics, Compliance, and Oversight (Office of Ethics), comprehensive ethics training is provided to newly appointed boards and commission members, City Council members, and appointed officials throughout the City of Jacksonville.

During the OIG investigation, the OIG reviewed ethics training records for calendar years 2018 and 2019 to determine what specific information was provided to CEO Peppers regarding conflicts of interest and misuse of position.

Per Office of Ethics records, CEO Peppers received a certificate of completion dated May 16, 2018, for attendance at an Office of Ethics training presented to the KHA Board on May 16, 2018. The certificate of completion states verbatim, in part, *“This Certificate confirms that **Joseph Peppers** completed the Ethics Training for Boards & Commissions presented by the Office of Ethics, Compliance, and Oversight on **May 16th, 2018**. In accordance with Jacksonville Municipal Code section 50.109, this certification verifies the fulfillment of the required ethics training, and is valid for a period of four (4) years from the date thereof...*

Attendees of the May 16, 2018, Office of Ethics training were provided the following information, as noted below.

Ethics Training PowerPoint, May 16, 2018

A Microsoft PowerPoint (PowerPoint) presentation titled, *“Ethics Training,”* included a slide titled, *“But I was doing a good thing ...,”* which noted, *“Don’t use official letterhead for private projects ...”* Another untitled slide noted, *“5. You might be In Trouble if: You misuse your position — throw your weight around.”*

United States Department of Treasury Records

The following records apply to the above-referenced items 2(A)(b), 2(B) and 2(C) (refer to pages 44-45).

During the OIG investigation, the OIG reviewed a *Return of Organization Exempt From Income Tax, Form 990 (Form 990)*, for tax year 2018 for The Positivity Project, Pinehurst, North Carolina. Per review of *Form 990*, during tax year 2018, The Positivity Project had tax-exempt status as a 501(c)(3) (non-profit) organization. Mike Erwin was listed as the President.

May of 2018

2(A) (a) In May of 2018, CEO Peppers promoted before the KHA Board an individual known to him, both personally and/or professionally, in order for the individual to receive funding from the COJ.

RECORDS REVIEW

In addition to the records listed on pages 46-48, the OIG reviewed other relevant records as described below.

City of Jacksonville Policies, Procedures, and Other Related Documents***Technology Use Policy Directive 0516***

The *Technology Use Policy 0516*, effective March 21, 2018, applicable to anyone who uses city technology resources, states in part, verbatim:

Purpose

This policy defines the appropriate use of technology resources which are owned by the City of Jacksonville and are provided to employees to conduct City business. Based on operational need, your Department may further define terms such as “Limited Personal Use”.

Internet / E-mail / IT Equipment / Electronic Storage

City Resources are for City Business

City-owned technology resources shall serve the business needs of the City of Jacksonville. Examples of resources include: internet access, desktop computers, laptop computers, tablets and cell phones.

No Expectation of Privacy

Nothing in this policy confers an individual right or should be construed to provide an expectation of privacy. Employees must not expect privacy while using any City communication or technology equipment.

Review of CEO Peppers’ COJ-issued Cellphone

On August 15, 2019, CEO Peppers voluntarily relinquished his COJ-issued cellphone to the OIG. As part of this investigation, the OIG reviewed the contents within CEO Peppers’ COJ-issued cellphone. A review of the cellphone revealed instant messages were exchanged between CEO Peppers and a former NFL football player in May of 2018, concerning funding events of small providers, specifically a Father’s Day event sponsored by the former NFL football player. These instant messages were located in CEO Peppers’ Yahoo account, which had been linked to the COJ-issued cellphone. Relevant messages are referenced *verbatim* below.

Tuesday, May 8, 2018

CEO Peppers sent the former NFL football player a message stating:

[9:43:44 a.m.] “*When is your Father’s Day event?*”

The former NFL football player responded:

[9:53:06 a.m.] An attachment, "*File name: IMG_3927.JPG,*" was sent that contained a flyer for a Father's Day Celebration being held by the former NFL football player's foundation on June 9th.

There were no other relevant messages between CEO Peppers and the former NFL football player.

Monday, May 14, 2018

The former NFL football player sent CEO Peppers a message stating:

[9:45:32 a.m.] "*I look forward to catching up later. Just checking on contribution for the Fathers Day Celebration. Expo. Can I still count on the KHA or City for sponsorship? I'm doing the numbers - you know that is.*"

CEO Peppers responded:

[10:11:09 a.m.] "*Same here bro*"

The former NFL football player did not reply to this message.

Wednesday, May 16, 2018

The former NFL football player sent CEO Peppers a message stating:

[11:05:04 a.m.] "*Thanks again. I have to head out. I hope that was good for your initial kick off for small providers.*"

CEO Peppers responded:

[4:45:56 p.m.] "*Let's follow up soon*"

Tuesday, May 22, 2018

The former NFL football player sent CEO Peppers a message stating:

[12:12:02 p.m.] "*Hey buddy. Are we any closer on funding ability for event? Hope all is well. I'm hitting the pavement hard*"

CEO Peppers responded:

[12:52:36 p.m.] *"I see you. I'm still meeting with the board to make sure they are ok with it. I don't want to get sideways. Our thinking is we pay \$15k for your camp workers. Still working on the kinks";*

[7:30:45 p.m.] *"Honestly, I'm getting board push back";* and

[7:31:05 p.m.] *"It's going to be a battle"*

The former NFL football player responded:

[7:41:13 p.m.] *"Wow! What's the basis of the push back?"*

CEO Peppers responded:

[8:27:36 p.m.] *"Just too late to the game. I'm working the angles. The process is long and the politics at city council could delay release of funds."*

The former NFL football player responded:

[8:30:05 p.m.] *"No problem bro! I'm all about the long haul. I totally understand process and I think that's the best way for us to move forward. Allow them to see the benefit of our partnership and the need for what I bring to the table. Are you still thinking about creating a position for me to possibly oversee the "new" idea of the character and athletic summer program?"*

CEO Peppers responded:

[8:40:45 p.m.] *"Yes It's going to be a process. Once I get my budget approved for next year, we can have a conversation with the board about it. It's going to be a process, but ideally we partner with Parks and Rec Department and Neighborhoods Department and Library's that helps us facilitate a 6-8 week summer program next summer that you would manage where we pay college athletes to coach various sports. We will have to build out a proposed budget and a detailed plan to show the mayor this summer. It's a huge deal so the details will take us most of the rest of the year to hash out. I'm confident the mayor will support but the critical pieces are the expenses of paying college kids, transportation, and food. The other critical piece is getting support and donors around town."*

[8:41:28 p.m.] *"Getting you to run is a no brainer."*

[8:41:39 p.m.] *“Run it*”*

The former NFL football player responded:

[8:45:05 p.m.] *“I understand. I just have a lot of people coming at me trying to get me locked down because of what I do and my impact and I really like what you are doing and your vision. So I just wanted to give you and the mayor a heads up.”*

CEO Peppers sent the former NFL football player messages stating:

[8:50:21 p.m.] *“I have another role you might be able to compete for if you need something soon.”*

[8:50:41 p.m.] *“I was given responsibility of the mayors summer jobs program.”*

[8:50:48 p.m.] *“You could crush that”*

The former NFL football player responded:

[8:52:36 p.m.] *“Just know I’m here to serve. I think together we can do some great things. Send me what you got when you can to take a look at it.”*

CEO Peppers responded:

[8:53:12 p.m.] *“Ok [the COJ Director of Strategic Partnerships] is handling the transition. More to follow”*

There were no other relevant messages between CEO Peppers and the former NFL football player.

KHA Board Meeting Minutes and Audio Records

KHA Board Meeting Minutes

A review of KHA *Board Meeting Minutes*, dated May 16, 2018, called to order at 10:00 a.m., disclosed content related to the above referenced messages between CEO Peppers and the former NFL football player concerning funding events of small providers, specifically a Father’s Day event sponsored by the former NFL football player. The meeting minutes stated the following verbatim, in part:

... Mr. Peppers said that he wanted to encourage smaller providers to come forward with their ideas. Mr. Peppers said that he wanted to encourage the community to participate and help the board bridge any of the gaps in services. Mr. Peppers said that [former NFL football player] presented an idea to the staff around Father's Day. Mr. Peppers said that this presentation would set the precedent and that the Board would then need to build the process out. Mr. Peppers said he wants small providers to come forward and participate.

Mr. Peppers invited [the NFL football player] to come to the podium to talk about his organization....

... Chairman Gay stated he would like other small providers to get involved by presenting their ideas to the Board and the Board needs to develop a process to determine where they fit in ...

... Mr. Gay said that the purpose was to present to the staff and to let the Board determine the process going forward as to "If we can?" or "Do we want to?" Mr. Gay said that there are dollars in the budget to promote smaller organizations to come up with ideas ...

...[Deputy General Counsel] from the Office of General Counsel said that the small provider provision in the ordinance requires a competitive process through procurement. That process will handle how small providers are screened because of the informal bid requirements.

[Deputy General Counsel] said that if the board is in the procurement process, vendors would not typically come before the Board. All vendors have a right to make public comments, but OGC would encourage staying true to the procurement process....

...[Deputy General Counsel] said that the procurement piece is required. [Deputy General Counsel] stated that the ordinance contemplated that the Kids Hope Alliance would provide workshops for the small providers alongside procurement to inform and educate them on the process for bidding to receive funds.

KHA Board Meeting Audio for May 16, 2018

The OIG reviewed the corresponding audio for the KHA Board Meeting held on May 16, 2018. Excerpts of relevant statements made during the KHA Board Meeting are referenced in part, verbatim, below. Some statements of the audio recording of this meeting have been omitted, due to lack of materiality, and any gaps in between speakers are annotated with [Other Comments Omitted].

[Other Comments Omitted Before]

Chairman Gay stated:

“... One of the things I wanted to say, this might be a good time. [Former NFL football player] come up with idea had presented and idea to the staff about an event that is coming up. We haven’t developed the processes yet but thought this might be an opportunity, but I know [unintelligible] traveling out to present to the Board. We still have to flush out the processes and all that but if that is okay may want to have him present that because it was only been presented to staff but in accordance with the board I would have set still.... But since [unintelligible] I do not know what area or category would fit in best...”

[Other Comments Omitted]

CEO Peppers stated:

“... Okay just to give you some context. So one of the things want to do... is encourage smaller providers to come forward with ideas, I believe it was called “shark tank” in the past not sure really want to go back that far but really want to encourage the community to participate and to help bridge the gaps we might have whether be in any of five essential service categories. So, in this case [former NFL football player] with myself and some of the staff came up with the idea around father day physical establish precedent and what it would like, and the board would need to build the process out. But intent is for all of you or any of you starting 501c and do not let me bully you (laughs). We want you to come forward, we want you to participate. If we do not have the dollars well, we are gonna have the dollars, the intent is how do we get into donor or do we get the exposure. Alright with that said [former NFL football player] if it pleases the board if we can take 3 minutes and allow [former NFL football player] to speak.”

[Other Comments Omitted]

Chairman Gay stated:

“...for the boards sake anything that working on, ideas bring to board and then we need to look at processes going forward to see where they fit. Thank you for Presenting.”

KHA Board Member stated:

“Question was this for information for board to participate or was this a request for support?”

Chairman Gay stated:

“Really just present to staff and let board determine process going forward, how and if we can. Do we want to?... We have dollars in budget for organization to come up with idea. This is something, we wish to take up internally as we move forward.”

[Other Comments Omitted]

[Deputy General Counsel, OGC] stated:

“Through the chair just know that for the following the small preventive type “things” the ordinance code requires that we have a process through procurement so that is going to handle a lot of how these folks are weeded through because there are formal requirements that will determine who receives that funding...”

Chairman Gay responded:

“So your recommendation [Deputy General Counsel, OGC] would be if someone has concept, they can present it but then it would also have to go through process?”

[Deputy General Counsel, OGC] responded:

“Right so typically and this has come up before in former JCC when in procurement process you would not typically have vendors coming in front of the board because you want to make sure you do that procurement process at level playing field but all vendors of course have a right as you just heard through chain to make public comment if they want to talk for three minutes and present or talk about whatever they want to talk about can certainly do that but we probably encourage them to stay true to your procurement process and integrity of that process evaluation criteria that will develop that process to award funding.”

Chairman Gay responded:

“We will make sure we have staff develop that process...”

[Other Comments Omitted]

[Deputy General Counsel, OGC] stated:

“So the procurement piece is required so don’t have an option with that so you will definitely have to do that as part of the small provider criteria [unintelligible].... ordinances as a part of that the council in surveyed that the KHA provide workshops and information session regarding opportunities for funding so it contemplated with the smaller providers would be workshop forum that you would let folks know that funding opportunity going to be available and then there would be that informal bid in procurement process that would better

hone on the qualifications , scope of what project will be, what evaluation criteria will be and all of that will be led by procurement president”....”

KHA Board Member stated: “*Well we need an open process.... I think we need to make process public....”*

[Other Comments Omitted After]

2(A)(b) In May of 2018, CEO Peppers coordinated with and promoted before the KHA Board an organization owned by an individual known to him, both personally and professionally, since at least 2002, in order for the organization to receive appropriated funding from the COJ in the amount of \$77,000.

RECORDS REVIEW

In addition to the records listed on pages 44-48, the OIG reviewed other relevant records as described below.

Review of CEO Peppers’ COJ-issued Cellphone

A review of the cellphone revealed instant messages were exchanged between CEO Peppers and Mike Erwin, President, The Positivity Project, regarding obtaining funding for The Positivity Project, located in Pinehurst, North Carolina, from the City of Jacksonville in May of 2018. These instant messages were located in CEO Peppers’ Yahoo account that had been linked to the COJ-issued cellphone. Relevant messages are referenced *verbatim* below.

Friday, May 11, 2018 Messages

CEO Peppers sent Erwin a message stating:

[4:20:28 p.m.] “*I’m going to propose to my board a \$77k investment in Positivity Project for next school year”*

[4:21:02 p.m.] “*I go before the board on Wednesday”*

Erwin responded:

[9:10:08 p.m.] “*Fired up bro! Lets connect tomorrow”*

Wednesday, May 16, 2018 Messages (Same day as the KHA Board meeting)

Erwin sent CEO Peppers a message stating:

[7:25:09 p.m.] “*What did the Board say, bro?”*

CEO Peppers responded:

[7:25:44 p.m.] “*Not yet*”

[7:25:53 p.m.] “*I have to get you down*”

[7:26:05 p.m.] “*They want data for proof it works.*”

Erwin responded:

[7:26:07 p.m.] “*I thought you were briefing them today?*”

CEO Peppers responded:

[7:26:17 p.m.] “*They said Not yet*”

KHA Board Meeting Minutes and Audio Records

KHA Board Meeting Minutes

A review of KHA *Board Meeting Minutes*, dated May 16, 2018, which was called to order at 10:00 a.m., disclosed content related to the above referenced messages between CEO Peppers and the President of The Positivity Project. Under the heading *KHA Finance Committee, New Business Presentation, Action Item* titled *The Positivity Project*; CEO Peppers introduced *Action Item, The Positivity Project*, to the KHA Finance Committee. The meeting minutes stated the following verbatim, in part:

He [CEO Peppers] described the program as consisting of 24 character strengths that empower students to build positive relationships by equipping educators with training, strategies and resources...The program would work with DCPS to select sites. The outcomes would be less violence, less bullying, more connectivity. The program has worked well all across the country...

[The KHA Board Treasurer] asked if the Board was able to fund this program under the ordinance...

[Deputy General Counsel, OGC] stated that in order for the board to approve this funding, they would need to waive the ordinance requirements, given that the ordinance contemplated a plan. [Deputy General Counsel, OGC] stated that programs were required to be competitively bid otherwise...

[City Council President] mentioned that if the KHA was going to come before City Council and ask to waive ordinance provisions, it raises many more questions...

[KHA Chairman] stated that the Board would table the item.

[CEO Peppers] asked about the allocated funds approved by the Board that were available to be used.

There was more discussion on the use of funds already allocated, the ordinance and funding for any new programs that are not already funded.

KHA Board Meeting Audio for May 16, 2018

The OIG reviewed the corresponding audio for the KHA Board Meeting held on May 16, 2018. Excerpts of relevant statements made during the KHA Board Meeting are referenced in part, verbatim, below. Some statements of the audio recording of this meeting have been omitted, due to lack of materiality, and any gaps in between speakers are annotated with [Other Comments Omitted].

[Other Comments Omitted Before]

CEO Peppers stated to the KHA Board:

“...The last new business is The Positivity Project and the request is ... amending legislation for the ... 187 thousand of unallocated, The Positivity Project is 501c'd and focuses on 24 character strengths and relationships...the intent is that we were able to really focus on relationships and ... schools that we've been working, Jackie and Dana could identify schools and principles where we would had a campus site leader come in, focus on the 24 character strengths, the value of productive among students and student bodies....so the idea would be to bring someone down here for the upcoming school year and ... implement sort of this ... culture and climate program...”

A [KHA Board Member] asked:

“...It's not a program that I'm familiar with, it is certainly that something that we would be comfortable having a conversation about, is this a new program are we able to do this under our current.”

[Deputy General Counsel, OGC] responded:

“...You have to waive your ordinance requirement...it's not that you can't do it you just have to go to City Council which is referenced here but I just wanted to point out through the Chair you definitely have to waive your other requirements in your code.”

A second [KHA Board Member] asked:

“I can ask another question, which of the essential services does this program [unintelligible].”

CEO Peppers responded:

“I ... see this most under special needs for our community or mental behavioral health culture climate...”

The second [KHA Board Member] asked:

“So we are being asked today to approve the program for implementation is that what the agenda item is asking for and at what value amount, I’m not sure.”

CEO Peppers responded:

“I’m sorry, seventy-seven thousand.”

The second [KHA Board Member] responded:

“Seventy-seven thousand okay, so that’s what we’re being asked to approve to secure this program.”

CEO Peppers responded:

“Yes, we can ... table it to if you need more information; I just wanted to make sure I.”

The second [KHA Board Member] responded:

“...One of the questions I have after reviewing it is again and I’m going to ask that as a board member perhaps going forward and I know we’re in transition, measurements of success or progress in terms of goals, I’ve looked at the objective and that increase...I don’t know how that increase is going to be measured, is there a baseline requirement that we’re then going to show growth so I don’t feel like I have enough information to say this is the program that needs to go forward under this, we know it’s going to give us benefits based on these things...”

[The City Council President] stated:

“...I can only speak for one out of nineteen, but if you’re going to come with waiving the ordinance code provision, I think there is a lot more [unintelligible].”

A third [KHA Board Member] stated:

“So we’re going ... to defer and move this to review.....”

CEO Peppers responded:

“Thank you, I think that’s it.”

The third [KHA Board Member] asked:

“Any comments to the, from the Board before we go into public comments.”

CEO Peppers responded:

“The only question I have is so we have this remaining money during the summer and one of my concerns that is I wanted to make sure ... I wonder if we have enough time this is open, [Deputy General Counsel, OGC] I’d love to hear your feedback on this to, that I would over to make sure that we are sort of allocating that to programs that are going to service children so is there any feedback on what your thoughts are...”

[Deputy General Counsel, OGC] responded:

“...So the way that your current postured is to essentially keep the status quo which make sense...it’s just whenever you are developing action for a new program other than serving the status quo the Council approved last year that when you really need to do some additional explaining...”

CEO Peppers responded:

“Thank You.”

[Other Comments Omitted After]

TESTIMONY

Statement of the Deputy General Counsel, Office of General Counsel

The Deputy General Counsel, Office of General Counsel (OGC), COJ, had been employed with the COJ OGC for the past 13 years, and had held the position of Deputy General Counsel for six years. Her job duties included providing legal advice to all COJ departments, including KHA. The Deputy General Counsel assisted in drafting the legislation that created KHA.

The Deputy General Counsel became acquainted with CEO Peppers after he became the CEO of KHA and described her relationship with CEO Peppers as an Attorney-Client professional relationship.

The Deputy General Counsel was asked by the OIG if she recalled a time when CEO Peppers provided a benefit or preferential treatment to an individual or an organization because of

friendship. The Deputy General Counsel recalled CEO Peppers placed a former NFL football player on the KHA Board agenda to speak to the KHA Board.

The Deputy General Counsel could not recall who, either CEO Peppers or another person, told her that CEO Peppers was friends with the former NFL football player. She stated, *“It was known that [CEO Peppers] was friends with [the former NFL football player].”*

Due to CEO Peppers placing a former NFL football player on the KHA Board’s agenda, she had a conversation with CEO Peppers in which she told him, *“if there are agencies that are trying to get funding, that you’re placing on the agenda... remember you don’t want to give anybody any impression that you’re bringing your friends up here...to give a nice plea to the [KHA] Board as to funding their programs... there’s procurement standpoint and perception standpoint.”*

The Deputy General Counsel stated that after this conversation with CEO Peppers, no further actions regarding the former NFL football player occurred and she was not aware of the former NFL football player receiving any funding from KHA.

Sub-Section 2(A) - Summary of Findings

Based on records and testimony, in May of 2018, during a KHA Board Meeting, CEO Peppers had a former NFL football player, known to him either personally and/or professionally, speak during a KHA Board meeting, in part, regarding funding for a specific event being sponsored by the NFL football player. In addition, CEO also appeared before the KHA Board on May 16, 2108, and attempted to secure funding in the amount of \$77,000 for The Positivity Project.

Prior to the KHA Board meeting, CEO Peppers exchanged text messages using his COJ cell phone in advance of the boarding meeting with both the former NFL football player and the President of The Positivity Project regarding securing of funding. CEO Peppers specifically expressed in text messages he exchanged with the President of The Positivity Project his intention to obtain \$77,000 in funding for the organization. There were no other text messages with any other businesses or individuals with whom KHA was intending to do business during this same period.

Based on a review of both KHA Board Meeting minutes and corresponding audio, no disclosures were made by CEO Peppers regarding any personal or professional relationship that existed between himself and the former NFL football player and himself and The Positivity Project.

The Deputy General Counsel testified that it was known that CEO Peppers was friends with the former NFL football player. The Deputy General Counsel also testified that because of this, she spoke with CEO Peppers regarding appearances of bringing friends before the Board to seek funding. The Deputy General Counsel was not aware of the former NFL football player receiving any funding from KHA.

In regards to The Positivity Project funding request for \$77,000, during the board meeting, the Deputy General Counsel advised that an *Ordinance* wavier would have to be obtained in order to secure the funding. The board meeting concluded with this funding matter being tabled.

June of 2018

2(B) Beginning in June of 2018, CEO Peppers coordinated with and facilitated grant funding to an organization owned by an individual known to him, both personally and professionally, since at least 2002, in order for the organization to receive grant funding in the amount of \$15,000;

RECORDS REVIEW

In addition to the records listed on pages 46-48, the OIG reviewed other relevant records as described below.

Review of CEO Peppers' COJ-issued Cellphone – June through August of 2018

A review of the COJ-issued cellphone revealed a voice mail message from the Director of Strategic Partnerships, COJ, referenced below, *verbatim*:

Tuesday, June 12, 2018 Messages

The Director of Strategic Partnerships' voice mail stated:

[11:43:13 a.m.] *“Hey Joe this is [the Director of Strategic Partnerships], when you get a chance give me a call. I have about ten to fifteen thousand dollars of funding that a private [Telecommunications Company] is interested in designating to the City on behalf of the Mayor for an initiative that he would like to see and I am wondering if we would think about the....Positivity Project or [former NFL football player], two of the initiatives you were interested in and how could think about those, so anyway just give me a call when you get a chance we can talk more about it.”*

A review of the COJ-issued cellphone revealed instant messages were exchanged between CEO Peppers, the former NFL Football Player, and Mike Erwin, President, The Positivity Project, in regards to securing grant funding from the Telecommunications Company¹⁷ through the City of Jacksonville. These instant messages were located in CEO Peppers' Yahoo account, linked to his COJ-issued cellphone. Relevant messages are referenced *verbatim* below.

¹⁷ The name of the Telecommunications Company is not material.

Tuesday, June 12, 2018 Messages

CEO Peppers sent Erwin and [the former NFL Football Player] a message stating:

[8:58:53 p.m.] “[*the former NFL Football Player*], Want to introduce you to Mike Erwin. Mike meet [*NFL football player*]! Mike and I went to West Point together and he runs a cutting edge Positive Psychology program for kids. Would love to formally connect you two over the phone, but I’ve been told that money is being donated through the city and [*the Telecommunications Company*] to sponsor a Character and Leadership Seminar for DCPS educators. I’d like you two to team up and lead it.”; and

[8:59:26 p.m.] “*Duval County Public Schools*”

Erwin responded:

[9:01:34 p.m.] “*Fired up, Joe! As we discussed, there is huge potential here. [the former NFL Football Player], I grew up in Syracuse and loved watching you play. The hardest hitting safety in America! I’m at Michael.s.erwin@gmail if you want to connect on email.*”

The [the former NFL Football Player] responded:

[9:07:19 p.m.] “*Thanks Joe and it’s great to meet you Mike. I have some time in the afternoon. You want to jump on a call?*”

Erwin responded:

[9:07:48 p.m.] “*I can do tomorrow afternoon. Does 2pm work?*”

The [the former NFL Football Player] responded:

[9:11:22 p.m.] “*Yes 2pm is good. Will it be all three of us or just us two*”

Erwin responded:

[9:55:36 p.m.] “*Joe, do you have a conference line? Fired up to connect, fellas!*”

CEO Peppers responded:

[10:02:17 p.m.] *“Unfortunately, I can’t do 2pm, but I recommend you two connect tomorrow. I can meet from 230-3, but that might limit the conversation. I’m in meetings until 6pm. Do you want to meet at 6?”*

There were no other relevant messages between CEO Peppers, Erwin, and the former NFL football player.

The review of the COJ-issued cellphone also revealed instant messages were exchanged between CEO Peppers and Mike Erwin, President, The Positivity Project, in regards to securing grant funding for The Positivity Project from the Telecommunications Company¹⁸ through the City of Jacksonville. These instant messages were located in CEO Peppers’ Yahoo account linked to the COJ-issued cellphone. Relevant messages are referenced *verbatim* below.

Tuesday, June 12, 2018 Messages

CEO Peppers sent and exchanged messages with Erwin stating:

[5:10:26 p.m.] *“Ok It’s going to take some gymnastics [the Telecommunications Company] is going to literally cut you a check and I’ll introduce you to [former NFL football players]. It will move fast.”*

[5:10:59 p.m.] *“I’m going to send the mayors office your slide deck”*

Erwin responded:

[5:39:37 p.m.] *“BOOYAH”*

[5:39:37 p.m.] *“We are gonna crush this bro”*

[5:39:37 p.m.] *“Taking mental health head on via positive psychology and character”*

CEO Peppers responded:

[7:47:12 p.m.] *“Can you send me a brief slide on your CLC?”*

Erwin responded:

[7:48:00 p.m.] *“Will send you a one pager tonight bro”*

CEO Peppers responded:

[8:14:48 p.m.] *“2 minutes”*

¹⁸ The name of the Telecommunications Company is not material.

Erwin did not reply to this message.

Thursday, June 14, 2018 Messages

CEO Peppers sent Erwin a message stating:

[6:25:14 p.m.] *“When we talk again I’d like for us to talk with [the COJ Director of Strategic Partnerships].”*

Erwin did not reply to this message.

Monday, June 18, 2018 Messages

CEO Peppers sent messages to Erwin stating:

[8:56:56 a.m.] *“Who do we make the check out to?”*

Erwin responded:

[9:07:46 a.m.] *“If you can make it out to me, that is ideal since I am the trainer and this is something different than what the P2¹⁹ typically does. But whatever is best for you bro.”*

CEO Peppers responded:

[10:24:01 a.m.] *“If we make it out to P2 can you make it work?”* and

[10:24:40 a.m.] *“[The Telecommunications Company] wants to donate directly to P2.”*

Erwin responded:

[11:18:58 a.m.] *“Yep!”*

CEO Peppers responded:

[8:40:20 p.m.] *“From [the COJ Director of Strategic Partnerships]: Perfect! I called [The Telecommunications Company] to set it all up today. Have not heard back yet”*

Erwin did not reply to this message.

¹⁹ P2 refers to The Positivity Project.

Tuesday, July 31, 2018 Messages

CEO Peppers sent and exchanged messages with Erwin stating:

[11:20:40 a.m.] “*Here is the update on [The Telecommunications Company] grant for the Positivity Project: Good morning! I just heard from our foundation contact this morning and was able to get a better feel for the timeline on grant decisions. Apparently it’s a lengthy process. All initial submissions are still under review. We should know by late August which organizations will be invited to submit the more formal grant applications. The deadline for those is not until end of Sept. so I believe the grant recipients will know sometime in late October. There’s a possibility things could move a little quicker but I think this is a good estimate. As soon as I hear anything I’ll let you know.*” and

[11:21:38 a.m.] “*The thing I look for is an emphasis on character and humility. When I read stuff that sounds like a silver bullet I get suspicious.*”

Erwin responded:

[11:21:49 a.m.] “*Yep, spot on bro*”

CEO Peppers did not reply to this message.

Tuesday, August 14, 2018 Messages

CEO Peppers sent messages to Erwin stating:

[11:35:13 a.m.] “*[The Telecommunications Company] approved us moving forward with the Positivity Project! I will forward the e-mail to you, [the KHA Chief Strategy Officer] and [the KHA Assistant Director of Research and Grants].*”

Erwin responded:

[4:42:58 p.m.] “*Boooom! Standing by bro*”

KHA Finance Committee Meeting Summary for September 5, 2018

A review of the KHA *Finance Committee Meeting Summary*, dated September 5, 2018, called to order at 9:01 a.m., disclosed content related to the above referenced messages between CEO Peppers and the President of The Positivity Project under the heading, *New Business Action Items*. The summary indicated that CEO Peppers was in attendance at the KHA Finance Committee Meeting.

The *KHA Finance Committee Meeting Summary* stated the following verbatim, in part:

... The Board is asked to give the Kids Hope Alliance permission to apply for [a Telecommunications Company] Positivity Grant; give authorization to introduce legislation to appropriate the grants funds upon notice of award; and authorize the CEO to execute any contract or legal documents necessary. This grant will work with youth from the Mayor's Youth Pathway Academy... All were in favor and the motion passed.

KHA Finance Committee Meeting Audio for September 5, 2018

The OIG reviewed the corresponding audio for the KHA Finance Committee Meeting held on September 5, 2018, called to order at 9:01 a.m. The relevant statements are referenced **verbatim**, in part below.

The KHA Assistant Director of Research and Grants stated to the KHA Board:

"... So this came up quickly from the Mayor's Office through some of the work that Joe had planned with the first five year, [the Telecommunications Company] had approached the Mayor's Office, they wanted to work with some of the Mayor's Youth Partnership and some character path activities and we kinda just put this together over a couple days and submitted a grant to [the Telecommunications Company] for fifteen thousand dollars to serve 110 youth..."

CEO Peppers stated to the KHA Board:

"So ... just to add a little bit of context, so The Positivity Project is ... really based on positive psychology...in the spirit of transparency I've known the founder of this for ... a long time and it's the fastest growing character development for children K to twelve ... this is the start I think of ... a cool ... initiative for us to really purse character driven programs..."

A KHA Board member asked:

"Is there a match, I mean are they putting money in and we're putting money in or this is pretty much what it takes to do it."

CEO Peppers responded:

"...They committed \$15k, we did not, there was no match, we can put in one."

A second KHA Board member asked:

"So [the Telecommunications Company] is committing to the \$15k, specifically for this project, is that right?"

CEO Peppers responded:

“For this project, so they [unintelligible] the project...”

The second KHA Board member asked:

“So the fifteen thousand is going to be, that will be going to The Positivity Project, is that a non-profit that will pay for the training...”

CEO Peppers responded:

“The Positivity Project is a non-profit...”

CEO Peppers asked the KHA Assistant Director of Research and Grants.”

“...The money is going directly to P2 right?”

The KHA Assistant Director of Research and Grants responded:

“Well it will come from [the Telecommunications Company] to us, then [unintelligible]...”

This motion was voted on and unanimously passed by the KHA Finance Committee.

KHA Board of Directors Meeting Agenda for September 12, 2018

The KHA *Board of Directors Meeting Agenda* dated September 12, 2018, contained an attached memorandum titled *Board Action Item* addressed to the KHA Board from CEO Peppers. The memorandum also provided the dates for the *Finance Committee* as September 5, 2018 and the *Board Meeting* date as September 12, 2018. The *Board Action Item* was regarding, “GRANT: [Telecommunications Company]: THE POSITIVITY PROJECT,” which stated the following under *Requested Action*, verbatim, in part:

The Board is asked to authorize the Kids Hope Alliance to:

- 1. Apply for [Telecommunications Company] grant for The Positivity Project for \$15,000 to serve 110 youth;*
- 2. Authorize introducing legislation to appropriate the grant funds upon notice of award; and*
- 3. Authorize the CEO to execute a contract with The Positivity Project consistent with the requirements of the grant and to execute any other contracts and documents which may be necessary or appropriate to meet grant requirements.*

KHA Board Meeting Minutes for September 12, 2018

The OIG reviewed the *KHA Board Meeting Minutes*, dated September 12, 2018. The meeting was called to order at 10:02 a.m., at which time CEO Peppers was listed as being in attendance. A review of the *KHA Board Meeting Minutes* reflected the introduction of the [*The Telecommunications Company*], Positivity Project Action Item referenced above and reflected that all were in favor and the motion passed.

KHA Board Meeting Audio for September 12, 2018

The OIG reviewed the corresponding audio for the *KHA Board Meeting* held on September 12, 2018. The former COO presented the information to the KHA board and CEO Peppers made no statements.

Review of CEO Peppers' COJ-issued Cellphone – November of 2018

A review of the COJ-issued cellphone revealed a voice mail message from the Director of Strategic Partnerships, COJ, referenced below, ***verbatim***:

Monday, November 19, 2018

CEO Peppers sent Erwin a message²⁰ stating:

[2:51:26 p.m.] “*Dear Mr. Peppers, Congratulations! We are very much looking forward to working with you and your team on our shared goal to empower students everywhere to reach their highest potential. Through [the Telecommunications Company] we are investing in students today – at home, in the classroom, at work – to prepare them for success tomorrow. We see tremendous value in your education program and are pleased to award a contribution in the amount of \$15,000.00 for City of Jacksonville - FL - Kids Hope Alliance, 117 West Duval Street, Jacksonville, FL 32202. The purpose of the contribution is: To support the Positivity Project that will develop and help define leadership and management skills for use in the workplace. Your organization will be receiving a check shortly. Your [The Telecommunications Company] External Affairs advocate will be contacting you within 10 to 14 days to arrange delivery. By accepting this check, City of Jacksonville - FL - Kids Hope Alliance reaffirms that all statements made in its application are true and that it will use the funding for the purpose noted above and consistent with the description in its application. Please note that, as part of the application process, you agreed that we have the right to redirect or recover the funds if you do not use them in this manner. Please let us know if any information in your application is no longer accurate and needs to be updated. As a reminder,*

²⁰ CEO Peppers sent this message from the COJ-issued cellphone number and not from his Yahoo account linked to the COJ-issued cellphone.

during the application process you agreed to give [the Telecommunications Company] permission to mention your organization and use campaign hashtags in social communications. [The Telecommunications Company] may also retweet, repost, or amplify content about your project across all [the Telecommunications Company's] social media, digital and employee/retiree channels. Please accept our best wishes for much success...

Mayor's Budget Review Committee Records and accompanying documents

On February 11, 2019, the Mayor's Budget Review Committee (MBRC) approved a *Request for Budget Form* for KHA. Per the *Request for Budget Form, Justification For/Description of Transfer*, was to appropriate \$15,000 to The Positivity Project, more specifically, "*Appropriate a \$15,000 grant received from [Telecommunications Company] for the Positivity Project. Funds received from private sources. This is a train the trainer...*"

City of Jacksonville's e-Procurement System Records

The OIG reviewed the COJ's procurement records within the COJ's e-Procurement System (JaxPro) records and identified The Positivity Project as a vendor with the COJ, with a corresponding vendor ID number as 00019282. A review of JaxPro records disclosed two *Open Market Purchase Orders* related to The Positivity Project, purchase order numbers PO9A07972 and PO8A10987. Only purchase order PO9A07972 is relevant to this section.

COJ Ordinance 2019-129, COJ Purchase Order PO9A07972 and accompanying documents

COJ Ordinance 2019-129E appropriated the \$15,000 grant from [The Telecommunications Company] to fund The Positivity Project and invoked an exception to *Ordinance Code §126.107(g)*.

A review of closed COJ Purchase Order PO9A07972, dated May 8, 2019, and accompanying documents disclosed an Administrative Award, Bid No: AD-0485-19 was approved by the Chief, Procurement Division, COJ on May 7, 2019, in order for "*The Positivity Project to provide, "Train the Trainer" program in accordance with Ordinance 2019-129 to be held on Wednesday, May 8, 2019. Total expenditure amount not to exceed \$15,000.*"

Under the Purchase Order PO9A07972 Item Description, the purchase order was for Not-For-Credit Classes, Seminars, Workshops, etc. and specified, "*DELIVER COMBINATION OF KEYNOTE TALK WITH Q&A AND PROFESSIONAL DEVELOPMENT SEMINAR ON POSITIVE PSCYHOLOGY AND CHARACTER DEVELOPMENT. UP TO 100 PARTICIPANTS AT KIDS HOPE ALLIANCE. TRAIN THE TRAINER FOCUSED.*"

A review of The Positivity Project Scope of Work, the "*Train the Trainer*" provided in part, verbatim: "*Students Served: 75 directly trained, who will then serve as ambassadors for their*

respective high schools throughout Duval County Goal to touch at least 100 additional students throughout Duval County, ages 11-19.”

A Positivity Project invoice dated April 26, 2019, for \$15,000 for “*Positivity Project Presentation on May 8, 2019*” was attached to the purchase order. No further details or records accompanied this invoice. Based on a review of JaxPro records this purchase was approved for payment in the amount of \$15,000 on June 5, 2019.

COJ Finance and Administration Department Records

The OIG reviewed the COJ Finance and Administration Department (Treasury) records related to The Positivity Project. A review of Treasury records disclosed check number 01284947 made payable to the order of The Positivity Project in amount of \$15,000. A review of the corresponding Item Details section reflected a “*Check Paid*” status as of June 13, 2019.

TESTIMONY

Statement of Assistant Director of Research and Grants, KHA

The Assistant Director of Research and Grants (Assistant Director) had held this position since approximately 2014 and been employed with the COJ for over twenty years. The job duties for the Assistant Director position included researching grant opportunities, writing grants, and completing other duties as assigned.

According to the Assistant Director, KHA sought authorization to apply for grants from the KHA Board through a Board Action Item. Depending on the type of grant, the Board Action Item was reviewed and approved by the appropriate KHA sub-committee, including the KHA Governance and/or Finance Committee. During the appropriate KHA sub-committee meeting, the Assistant Director introduced the Board Action Item for review and approval. Upon approval by appropriate KHA sub-committee, the Assistant Director introduced the Board Action Item for review and approval during a full KHA Board meeting.

The Assistant Director applied for various types of grants on behalf of KHA, including the [*The Telecommunications Company*] grant. She did not find the [*The Telecommunications Company*] grant information on her own; rather the grant information was provided to her by the Director of Strategic Partnerships, Mayor’s Office.

Either the Director of Strategic Partnerships and/or CEO Peppers informed her that [*The Telecommunications Company*] liked and wanted to fund The Positivity Project as “*it fit with the Mayor’s strategic plan.*” The Assistant Director stated, “*The Mayor’s Office via [the Director of Strategic Partnerships] wanted me to finish the grant.*” The Assistant Director was unfamiliar with The Positivity Project and stated she had never been asked to write a grant for an organization she had not personally researched.

Regarding the *Board Action Item*, “RE: Grant: [The Telecommunications Company]: The Positivity Project” (refer to page 68), the Assistant Director believed she created the Board Action Item. She stated the Director of Strategic Partnerships and CEO Peppers provided her with the information contained in the Board Action Item.

The Assistant Director did not have firsthand knowledge of CEO Peppers’ personal and professional relationship with President of The Positivity Project at the time of [The Telecommunications Company] grant. If she had been made aware, she would have disclosed this information to either the Director of Strategic Partnerships or KHA’s Chief Strategy Officer.

The Assistant Director stated that shortly after CEO Peppers began his employment at KHA, he mentioned The Positivity Project to her (either publicly or privately) on more than one occasion. She specifically recalled CEO Peppers spoke about “*character building*” and “*how important that was for kids.*”

Within approximately four months of CEO Peppers’ employment at KHA, he instructed the Assistant Director to locate funding opportunities for The Positivity Project; however, she was unable to locate any funding. During a conversation with CEO Peppers, she informed him that The Positivity Project was not “*evidence based,*” but rather was a “*feel good project.*”²¹

During the OIG interview, the Assistant Director explained to the OIG that in the past KHA had funded other organizations that were not evidence based and had developed measures of performance to ensure that the organizations would have a compounding effect.

Statement of the Director of Strategic Partnerships, Office of the Mayor

The Director of Strategic Partnerships (Director) had held her current position since July of 2016. As the Director, her job duties included aligning initiatives between the public sector, private sector, and philanthropic entities to address community issues.

The Director explained that Mayor Curry’s initiative, known as the Mayor’s Pathway Academy, introduced youth to seventeen career pathways. The Director recalled that a representative of [The Telecommunications Company] contacted her and stated that [The Telecommunications Company] wanted to support the Mayor’s career pathway initiative by providing a grant intended for supporting “*mental health for youth.*”²²

The Director understood that KHA provided and oversaw youth related services; therefore, she contacted KHA to inquire if KHA would “*like to benefit from [the Telecommunications*

²¹ In context of this interview, evidence based means research existed that measured and supported the organization’s effectiveness.

²² The OIG did not interview [The Telecommunications Company] representative.

Company's] resources." The Director also stated she, CEO Peppers, a representative of *[The Telecommunications Company]*, and the Assistant Director were included in this conversation.

CEO Peppers recommended that The Positivity Project be included in the Mayor's Career Pathway Academy, which would allow The Positivity Project to receive grant funding from *[The Telecommunications Company]*. CEO Peppers told the Director "*[CEO Peppers] had a relationship*" with Mike Erwin and The Positivity Project and also "*[CEO Peppers] thought it was an important initiative that would be great for Kids Hope Alliance.*"

CEO Peppers recommended The Positivity Project to the Director prior to *[The Telecommunications Company]* grant being introduced to the KHA Board for review and approval. The Director believed CEO Peppers did not recommend to her any other organizations to be included into the Mayor's Career Pathway Academy.

The Director provided CEO Peppers' recommendation of The Positivity Project to *[The Telecommunications Company]*. The Director believed *[The Telecommunications Company]* conducted research on The Positivity Project to determine whether this organization was suitable for this grant opportunity. The Director stated, "*[The Telecommunications Company] liked The Positivity Project, they liked what it was about, so they were the ones to approve... the submission of The Positivity Project.*"

The Director stated The Positivity Project "*would have never come up as [an] organization that would have come up on someone's radar, if they didn't know about it.*" She advised if it had not been for CEO Peppers' recommendation, The Positivity Project probably would not have been selected.

According to the Director, KHA employees had to obtain approval from the KHA Board to submit the grant application. However, she did not recall if CEO Peppers disclosed to the KHA Board that he was friends with The Positivity Project's senior leadership (President).

Statement of Senior Director of Finance, KHA

Senior Director of Finance²³ (Senior Director) had held her current position since the establishment of KHA in 2018 and had been with employed with the COJ since February of 2005. The job duties consisted of overseeing all KHA's financial matters to include accounts payable and receivable.

According to the Senior Director, KHA adhered to the following practice in regards to requesting authorization to apply for a grant from the KHA Board.

²³ The Senior Director of Finance resigned on January 31, 2020.

The Assistant Director of Research and Grants (Assistant Director) was responsible for completing a matrix that outlined the grant in its entirety. Afterwards, a Board Action Item outlining the grant was created and presented to the KHA Governance Committee, KHA Finance Committee, and KHA Board. Ultimately, each committee and board had to review and approve the Board Action Item. Upon the KHA Board's approval, the Assistant Director was allowed to move forward in applying for the grant.

The Assistant Director was responsible for writing the grant. Occasionally, the Senior Director assisted the Assistant Director with the grant's budget. Based on the grant application's deadline, the Assistant Director submitted the grant application either during or subsequent to the KHA Board's approval of the Board Action Item.

Regarding The Positivity Project, the Senior Director recalled CEO Peppers mentioned The Positivity Project during a meeting. Specifically, CEO Peppers mentioned that The Positivity Project was working with Duval County Public Schools.

The Senior Director stated, "*The money came from [the Telecommunications Company] and it was directed towards The Positivity Project.*" The Senior Director was unaware of KHA having a selection process or if other organizations were reviewed to receive the grant.

She recalled the Chief Strategy Officer was responsible for ensuring The Positivity Project provided the services as written in *[The Telecommunications Company]* grant. The Senior Director did not know if the services were actually provided by The Positivity Project. According to the Senior Director, The Positivity Project had never received funding from KHA prior to CEO Peppers' employment.

At the time that *[The Telecommunications Company]* grant was awarded to The Positivity Project, the Senior Director did not have firsthand knowledge of CEO Peppers' personal and professional relationship with the President of The Positivity Project. If she had been made aware, she would have advised CEO Peppers "*it's a conflict of interest.*" The Senior Director was of the opinion that KHA employees "*should disclose any kind of personal relationship with vendors.*"

Occasionally, CEO Peppers met with prospective organizations and they informed him of their services. Afterwards, CEO Peppers informed the Senior Director of the organizations and asked if KHA could fund these organizations. She always informed CEO Peppers that everything KHA does "*has to go through a procurement process or some type of RFP process.*"

Statement of the former Chief Strategic Officer, KHA

The former Chief Strategic Officer (former CSO) was aware that CEO Peppers and Erwin were former West Point classmates.²⁴ The former CSO was also aware Erwin was associated with The Positivity Project.

The former CSO recalled the Director of Strategic Partnerships, Mayor's Office, introduced CEO Peppers to *[The Telecommunications Company]* grant opportunity. Afterwards, with the former CSO's assistance, the Assistant Director of Research and Grants (Assistant Director) wrote *[The Telecommunications Company]* grant. CEO Peppers decided that *[The Telecommunications Company]* grant was to be written to specifically include and fund The Positivity Project.

[The Telecommunications Company] grant was to "bring The Positivity Project" to KHA to administer a Train-the-Trainer-program that introduced high school students to 24 characteristics. Per the former CSO, in May of 2019, The Positivity Project conducted the training at KHA and was attended by several organizations, including a non-profit organization that supports young women.

The former CSO believed CEO Peppers disclosed his personal and professional relationship with Erwin to KHA officials in various conversations (dates not specified). Per the former CSO, it was common knowledge among KHA senior leadership, which included the Chief Operating Officer and the Senior Director of Finance, that CEO Peppers and Erwin had a personal and professional relationship. The former CSO believed the Senior Director of Finance did not become aware of *[The Telecommunications Company]* grant until it was already moving forward. The Senior Director of Finance did not express any concerns to the former CSO about CEO Peppers and Erwin's personal relationship.

The former CSO stated "*I think we all knew that [CEO Peppers] had a personal relationship and interest in The Positivity Project...because he expressed it and introduced it to us as something that his friend, Mike Erwin, who [CEO Peppers] really liked...had this exciting program...that [CEO Peppers] wanted to bring to Jacksonville.*"

The former CSO did not believe that the KHA Board members had knowledge of CEO Peppers and Erwin's friendship. The former CSO believed CEO Peppers should have disclosed his personal relationship with Erwin to the KHA Board to ensure there was not a conflict of interest. The former CSO did not believe that Mayor's Office employees had knowledge of CEO Peppers and Erwin's personal and professional relationship.

²⁴ Referring to the United States Military Academy at West Point, West Point, New York.

Statement of former Chief Operating Officer, KHA

The former Chief Operating Officer (former COO) stated she, CEO Peppers, and Erwin were former West Point classmates. The COO believed Erwin either may have been CEO Peppers' West Point roommate or had known him through CEO Peppers' West Point roommate.

The former COO stated she became aware that the Director of Strategic Partnerships informed CEO Peppers that *[The Telecommunications Company]* wanted to provide funding towards youth, character development, and leadership development. She became aware of this during a KHA staff meeting near the end of 2018.

The former COO understood the grant funding was coming from *[The Telecommunications Company]*, and would be passed through KHA. At the time of the KHA staff meeting in 2018, the former COO believed The Positivity Project referenced within the *Board Action Item* (refer to page 68) was the name of the grant rather than the organization overseen by Erwin. Approximately a month later, CEO Peppers and the former Chief Strategy Officer had conversations with the *[The Telecommunications Company]* to use "that money to bring The Positivity Project to Jacksonville."

In the fall or winter of 2018, the former COO asked CEO Peppers if *[The Telecommunications Company]* grant was a sole sourced grant whereby KHA had some discretion or whether it needed to undergo a procurement process. CEO Peppers informed the former COO that *[The Telecommunications Company]* was giving KHA the funding and therefore KHA had the discretion to write an organization into the *[The Telecommunications Company]* grant.

At some point, the former COO asked CEO Peppers "if it was legal to just write in a name versus following the procurement process." CEO Peppers led the former COO to believe that KHA did not have to follow the COJ procurement process because the grant funding was from *[The Telecommunications Company]*.

KHA was awarded the *[The Telecommunications Company]* grant for the purpose of The Positivity Project administering a "Train-the-Trainer" program, which trained the youth to become youth leaders of character development.

The former COO stated she did not have knowledge of how The Positivity Project was selected for *[The Telecommunications Company]* grant. However, she had knowledge that CEO Peppers did not review any other organizations for *[The Telecommunications Company]* grant. The former COO stated she "didn't think that this particular grant followed the normal City of Jacksonville procurement process."

After KHA had been awarded *[The Telecommunications Company]* grant, CEO Peppers, during a KHA staff meeting instructed the former CSO to work with Erwin to execute *[The Telecommunications Company]* grant requirements. At the time of this KHA staff meeting, the

COO became aware that The Positivity Project referenced in the [*The Telecommunications Company*] grant was the organization overseen by Erwin. In spring of 2019, KHA coordinated with Erwin to execute the grant requirements. The former COO believed CEO Peppers should have disclosed his personal relationship with Erwin to both the KHA Board and KHA Finance Committee.

The former COO stated that if she had been overseeing [*The Telecommunications Company*] grant, she would have ensured it went through the procurement process. The former COO stated there were other local organizations that could have provided the same services that were required by [*The Telecommunications Company*] grant.

She stated if an organization overseen by Erwin did not undergo a procurement process in order to do business with KHA, there would have been a conflict of interest based on his and CEO Peppers' personal and professional relationship.

Statement of President, The Positivity Project, Pinehurst, North Carolina

The Positivity Project, a non-profit organization, which started in December of 2015, was comprised of Mike Erwin, President and Jeff Bryan,²⁵ Co-Founder and Chief Operations Officer. The Positivity Project was located in Pinehurst, North Carolina, and no offices were located in the State of Florida.

The Positivity Project's mission was to empower America's youth to have positive relationships. The Positivity Project partnered with schools and other non-profit organizations to administer training to students regarding twenty-four positive psychology character strengths. Some of the character strengths included, but were not limited to, bravery, honesty, humility, self-control, and gratitude.

The President and CEO Peppers were classmates together at West Point in the graduation class of 2002. He described his relationship with CEO Peppers as professional and considered CEO Peppers to be a friend, even though they did not currently reside in the same state. Although they did not know each other that well at West Point, they kept in contact with each other through social media after their graduation.

In 2010, the President started his first non-profit organization called Team Red, White, and Blue. The organization's mission was to enrich the lives of America's veterans by connecting them with the community through physical and social activity. In either 2012 or 2013, he and CEO Peppers reconnected. For approximately eight months, between 2012 through 2014, CEO Peppers volunteered and led the Austin, Texas, Chapter of Team Red, White, and Blue. During this time, CEO Peppers was transitioning to civilian life from active military duty.

²⁵ Bryan was not interviewed during this OIG investigation.

In December of 2015, ten individuals, including CEO Peppers, attended a seminar he held in North Carolina. During this seminar, the President informed the attendees about positive psychology, which CEO Peppers became interested and passionate about.

Occasionally, CEO Peppers called him for advice by asking, “*How would The Positivity Project help address this situation*” [No specific situation identified]. Further, he and CEO Peppers spoke about how The Positivity Project could assist students and how to get The Positivity Project in Jacksonville.

The President and CEO Peppers spoke about ways either he or The Positivity Project could do business with KHA. They had discussions regarding conducting business with KHA as an independent contractor (i.e. individually) rather than as an organization (i.e. The Positivity Project). During these conversations, CEO Peppers recommended that he do business with KHA as an organization rather than an independent contractor.

CEO Peppers told the President that KHA had significant funding; however, he could not use KHA’s funding to bring The Positivity Project to Jacksonville. He understood that KHA’s funding was earmarked by legislation to be used towards mental health support, rather than trainings (i.e. The Positivity Project training).

After their discussions, the President assumed the possibility of The Positivity Project doing business with KHA had stalled. However, CEO Peppers told the President there were other outside funding sources, such as the [*The Telecommunications Company*], that were able to fund The Positivity Project conducting business in Jacksonville.

In the summer or fall of 2018, CEO Peppers made him aware of the conversation with [*The Telecommunications Company*] and about the grant opportunity, either via telephone or e-mail. The President stated the [*The Telecommunications Company*] grant was “*going to essentially bring The Positivity Project and try to jump start it in Jacksonville...*” He understood the funding from [*The Telecommunications Company*] grant was unrestricted; therefore, it could be used towards The Positivity Project.

According to the President, there was no competitive process conducted in relation to [*The Telecommunications Company*] grant. He never spoke with any representatives of [*The Telecommunications Company*] regarding the [*The Telecommunications Company*] grant. He submitted relevant records to KHA for approval, which included the price of The Positivity Project’s training. A KHA employee (could not recall employee’s name) notified Erwin that the [*The Telecommunications Company*] grant was approved and the funding was secured.

On May 7, 2019, the President drove to Jacksonville to administer The Positivity Project’s training class at KHA headquarters. Approximately forty individuals attended the training to include at-risk girls and their mentors, and a Duval County Public School representative. Upon completion of training, the President submitted an invoice to the Chief Strategy Officer. [*The*

Telecommunications Company] provided a check for \$15,000 to COJ, which COJ then provided to the President.

The President was unaware if CEO Peppers disclosed his personal relationship with him to any representatives of the *[The Telecommunications Company]* or KHA officials, to include the KHA Board. It was the opinion of the President that CEO Peppers should have disclosed his personal relationship with him if there was a legal requirement to do so.

The Positivity Project had never conducted business with KHA prior to CEO Peppers' employment, nor had CEO Peppers donated money to The Positivity Project.

The President stated that there were no promises or agreements made between he and CEO Peppers regarding the *[The Telecommunications Company]* grant. The President also stated there were no kickbacks or quid pro quos between he and CEO Peppers regarding *[The Telecommunications Company]* grant. It was the opinion of the President that neither he nor The Positivity Project received a benefit or preferential treatment from CEO Peppers.

Statement of the Deputy General Counsel, Office of General Counsel

The Deputy General Counsel recalled a lunch meeting (exact date not specified), during which CEO Peppers discussed with her, in part, a possible business opportunity between KHA and The Positivity Project. The Deputy General Counsel could not recall the type of services administered by The Positivity Project, other than that these services involved children. She also could not recall if the services administered by The Positivity Project were in relation to *[the Telecommunications Company]* grant.

The Deputy General Counsel responded to CEO Peppers by stating, *"That's fine you can do it, that's gonna have to go to [City] Council and it would have to be a single source award...if you go to [City] Council with a single source award for this one particular provider, the question that [City] Council's going to ask...is why are you picking that one provider, why is this one provider so special...?"*

Referring to her above-mentioned conversation with CEO Peppers, the Deputy General Counsel stated, *"... Joe, you need to think about all the questions you're going to be asked, and if you're just picking this guy because this is the guy you like, that's not gonna be good enough...it was that kinda conversation...my point was simply just think about the perception...if you're single sourcing one provider."*

During another conversation with CEO Peppers (date not specified), CEO Peppers mentioned a possible training opportunity in relation to The Positivity Project (no other details provided). The Deputy General Counsel also thought CEO Peppers might have told her additional information about The Positivity Project and that he wanted to explore The Positivity Project. The Deputy General Counsel responded to CEO Peppers by stating, *"Okay if you're not*

competitively procuring whoever this vendor is... you're gonna have to go through [City] Council and you're gonna have to ask for a waiver of your code."

Referring to her above-mentioned conversation with CEO Peppers, the Deputy General Counsel stated, *"The bottom line of our conversation would have been because it wasn't competitively bid, it would've required City Council approval."*

The Deputy General Counsel stated CEO Peppers did not disclose to her his relationship with The Positivity Project's employees during their conversations.

The Deputy General Counsel recalled having various conversations with an OGC Attorney III.²⁶ During one conversation with the OGC Attorney III (exact date not specified), the Deputy General Counsel recalled the OGC Attorney III *"felt like every other day...they were coming up with crazy requests."* The Deputy General Counsel recalled these requests were *"a constant challenge... either it didn't brightly fall within their code or... we were having to make the recommendation ... you're going to have to take it to [City] Council, you gotta waive it."*

During another conversation with the OGC Attorney III (exact date not specified), the Deputy General Counsel recalled the OGC Attorney III stated something along the lines of *"this Positivity Project ... it's not a well thought out project. I don't know...why their tryna do it... and they can't do it under the code."* The Deputy General Counsel responded to the OGC Attorney III by stating, *"Okay tell them they don't have any authority to do it and tell them how they can do it."*

The Deputy General Counsel told the OIG that KHA has the ability to waive the relevant *Ordinance Code* in order to select a preferred provider (i.e. single source), if it was reviewed and approved by City Council. The Deputy General Counsel also told the OIG *"if it's not the only provider that ... can do this, then you need to competitively outsource because that's best government practice."*

The Deputy General Counsel stated she did not have knowledge of CEO Peppers providing a benefit or preferential treatment to an organization because of a friendship. The Deputy General Counsel also stated she did not have knowledge of The Positivity Project or its president receiving a benefit or preferential treatment from CEO Peppers.

Sub-Section 2(B) - Summary of Findings

The OIG investigation found that The Positivity Project, North Carolina, never conducted business with the COJ prior to the arrival of CEO Peppers, when awarded the \$15,000 [*The Telecommunications Company*] grant. In May of 2018, CEO Peppers went before the board to obtain \$77,000, for this same organization as outlined in section 2(A) of this report.

²⁶ The OGC Attorney III was not interviewed during the investigation.

Based on testimony, CEO Peppers had a personal and professional relationship with the President of The Positivity Project, dating back to at least 2002. More specifically, CEO Peppers and the President attended West Point together.

Based on testimony, CEO Peppers asked the Assistant Director of Research and Grants, KHA, to find funding for The Positivity Project shortly after becoming CEO. Per testimony, CEO Peppers recommended The Positivity Project for the grant and did not recommend any other vendors for the Mayor's Career Pathway Academy. The Director of Strategic Partnerships, Office of the Mayor Lenny Curry, stated if not for CEO Peppers' recommendation, The Positivity Project would not have been on anyone's radar or selected for the grant.

Former KHA Senior Leadership staff testified that CEO Peppers had expressed an interest in The Positivity Project. Some, but not all of the KHA Senior Leadership staff knew that CEO Peppers and the President had attended West Point together and/ or were personal friends. No one testified that they could be certain whether the KHA Board had knowledge of the relationship between CEO Peppers and The Positivity Project but believed that the relationship could be considered a conflict of interest. KHA Board meeting records did not disclose that CEO Peppers informed the Board publically of his relationship with the President of The Positivity Project. At least one former Senior Leadership Team member testified that these services could have been provided by a local organization.

The President testified that he and CEO Peppers were classmates together at West Point back in 2002. In 2010, for approximately eight months, CEO Peppers volunteered and ran the President's Austin, Texas, Chapter of Team Red, White and Blue. CEO Peppers and the President had multiple conversations about bringing The Positivity Project to Jacksonville and working with KHA and that the [*The Telecommunications Company*] grant would be the jumpstart. Some of these conversations were noted during OIG's review of text messages located on the COJ-issued cellphone assigned to CEO Peppers. The President also testified that there was no quid pro quo between himself and CEO Peppers.

The Deputy General Counsel testified that she had more than one conversation with CEO Peppers about adhering to the COJ's procurement processes and ensuring that he avoided the perception of single sourcing one provider. Similar admonitions were noted in the audio portions of the KHA Board Meetings in May of 2018 as outlined in Section 2(A).

August of 2018

2(C) Beginning in August of 2018, CEO Peppers obtained in-service training for KHA employees in the amount of \$2,695, from two organizations owned by individuals known to him, both personally and professionally, since at least 2000.

RECORDS REVIEW

In addition to the records listed on pages 46-48, the OIG reviewed other relevant records as described below.

City of Jacksonville Policies, Procedures, and Other Related Documents

Jacksonville's e-Procurement System Records

As previously referenced on page 70, the OIG reviewed the COJ's procurement records within the COJ's e-Procurement System (JaxPro) records and identified The Positivity Project as being a vendor with the COJ. Similarly, an additional review identified Gregory L. Cruell, as a vendor with the COJ, with a corresponding vendor ID number of 00019535.

Referenced below is information relating to *Open Market Purchase Orders* for The Positivity Project, Pinehurst, North Carolina, and Gregory L. Cruell, Harker Heights, Texas.

COJ Purchase Order PO8A10987 – The Positivity Project

JaxPro records related to closed COJ Purchase Order PO8A10987, date entered August 27, 2018, disclosed that an \$895 invoice was approved for payment for The Positivity Project on September 18, 2018. The Purchase Order *Item Information* noted that this purchase order was for services related to “*In-Service Training (For Employees): EVENT REGISTRATION, P2 100 INITIAL IMPLEMENTATION 1 ACCESS TO VIRTUAL TRAINING VIDEO.*”

COJ Purchase Order PO9A02509 and attachments, Gregory L. Cruell

JaxPro records related to closed Purchase Order PO9A02509, date entered November 13, 2018, disclosed that an \$1,800 invoice was approved for payment for Gregory L. Cruell on January 2, 2019. The Purchase Order *Item Information* noted that this purchase order was for services related to “*In-Service Training (For Employees): TWO-DAY WORKSHOP WITH STAFF INTRODUCING THE ETHNOS LEADERSHIP PROCESS (ELP), DECEMBER 13-14, 2018.*”

Included in the JaxPro records related to Purchase Order PO9A02509 were two attachments *Request for Supply/Equipment Purchases* form, dated November 8, 2018, and an undated letter, as referenced below.

Request for Supply/Equipment Purchases Form

A review of the *Item Description* section of the *Request for Supply/Equipment Purchases* form, dated November 8, 2018, related to vendor Gregory L. Cruell, Ethnos Leadership, Harker Heights, TX disclosed that this request was for services related to “*Ethnos Leadership Process*

Training.” Per a review of the form, “*Joe Peppers*” requested this service, the form appears to bear the signature of “*Joe Peppers*”, and the form was dated November 9, 2018.

Undated Letter

In an undated letter sent by Cruell addressed to CEO Peppers, Cruell wrote, in part, “*Dear Mr. Peppers, I am honored to be able to accept your invitation to conduct a two-day workshop with your staff introducing The Ethnos Leadership Process (ELP), December 13-14, 2018...*” The letter also specified that the group rate for the workshop would be \$900 per day. Additionally, Cruell listed round-trip airfare and hotel accommodations as part of the requirements for final scheduling of the condensed two-day workshop; however, there were no dollar values attached to those items.

COJ Finance and Administration Department Records

The OIG reviewed COJ Finance and Administration Department (Treasury) records and identified two checks, one made payable to the order of The Positivity Project and one made payable to the order of Gregory L. Cruell. Referenced below is information relating to these Treasury records.

COJ Treasury Check Number 01264197 – The Positivity Project

Check number 01264197, in the amount of \$895, was made payable to the order of The Positivity Project. A review of the corresponding *Item Details* section reflected a “*Check Paid*” status as of October 1, 2018.

COJ Treasury Check Number 01273114 – Gregory L. Cruell

Check number 01273114, in the amount of \$1,800, was made payable to the order of Gregory L. Cruell. A review of the corresponding *Item Details* section reflected a “*Check Paid*” status as of January 15, 2019.

TESTIMONY

Statement of President, The Positivity Project

The President recalled the in-service training referenced in the closed COJ Purchase Order PO8A10987 (refer to page 82) was related to KHA being provided access to The Positivity Project’s online resources, which included training videos. However, the President was unaware for whom specifically this in-service training was purchased.

The President stated, CEO Peppers “*tasked another KHA employee*” (could not recall name of employee) because “*he wasn’t going to have the time to do it himself.*” Essentially, the KHA employee obtained access to The Positivity Project’s online resources to “*better understand*” The Positivity Project and use these resources for KHA. The President stated in-service training “*was definitely not working directly with Joe, but again he knew about it and said hey like yes, I want... us to be able to pilot this and see the application of this... for Kids Hope Alliance.*”

The President acknowledged receipt of payment from COJ for \$895 for the in-service training. The President stated that there were no promises or agreements made between him and Peppers regarding the funding in relation to the in-service training. The President also stated there were no kickbacks or quid pro quos between he and Peppers regarding the funding in relation to the in-service training.

Statement of the Founder and Primary Facilitator, Ethnos Leadership

The Founder and Primary Facilitator (The Founder), founded Ethnos Leadership in 2013. The Founder was the sole employee of Ethnos Leadership and the only paid employee. Ethnos Leadership is located in the State of Texas and does not have any offices located in the State of Florida. The Founder’s job duties included conducting leadership workshops that focused on purposeful relationships, authentic accountability, and professional responsibility.

Ethnos Leadership’s curriculum was fourteen weeks in length. However, based on the training needs of each organization, the workshops were tailored accordingly, and mainly at various military bases.

The Founder retired from the United States Army in 2004. From June of 2000 through June of 2005, he served as the Army Chaplain at West Point. As Chaplain, he provided guidance and mentorship to West Point cadets and oversaw the cadet gospel choir. He met CEO Peppers while stationed at West Point. He described his relationship with CEO Peppers as being that of a mentor-mentee relationship.

He and CEO Peppers lost contact for some time; however, they reconnected in late summer of 2018. After reconnecting, he and CEO Peppers had several conversations about Ethnos Leadership administering a workshop to KHA. He believed the former Senior Director of Communications (SDC1), KHA, made CEO Peppers aware of Ethnos Leadership.²⁷

Note: SDC1 was employed with the COJ from October 8, 2018 through February 1, 2019. Based on sworn testimony, CEO Peppers and SDC1 attended West Point together.

²⁷ SDC1 was not interviewed during this OIG investigation.

The Founder said CEO Peppers “*wanted to... continue building that very competent staff, so [CEO Peppers] thought this was a great opportunity.*” At some point, CEO Peppers “*invited or asked me to come.*”

CEO Peppers’ Executive Assistant provided him with the general information necessary in order to become a COJ vendor, which, in part, consisted of submitting an application to the COJ. He confirmed that he wrote the undated letter (referenced on page 83) and that he conducted the in-service training at KHA on December 13 and 14, 2018, for \$1,800.

The in-service training was conducted during a two-day workshop and was related to purposeful relationships, authentic accountability, and professional responsibility. He estimated the workshops were comprised of at least 50 KHA employees. To his knowledge, he did not go through a competitive process in order to conduct the workshops at KHA.

He advised that he conducted a partial workshop and not the full eight-hour workshop on one of the two dates (date not recalled). The partial workshop was conducted because certain KHA employees were unable to attend the workshop on that particular day. He stated, “*I was not fully satisfied that we didn’t complete the eight hours... so I worked with the time we had... but it was not as effective from my perspective.*”

On the second day of the workshop, he and CEO Peppers discussed the possibility of him completing the remainder of the eight-hour training.

The Founder advised he encouraged CEO Peppers to schedule future workshops that were comprised of other Ethnos Leadership components; however, no future workshops were scheduled. The last time he spoke with CEO Peppers was in January or February of 2019.

Ethnos Leadership had never done business with KHA prior to CEO Peppers’ employment with KHA, and CEO Peppers had not donated to Ethnos Leadership.

The Founder acknowledged receipt of payment from COJ for \$1,800 for the workshop. The Founder stated there were no promises or agreements made between he and Peppers regarding the funding for the workshop. The Founder also stated there were no kickbacks or quid pro quos between he and Peppers regarding funding for the workshop. It was the opinion of The Founder that neither he nor Ethnos Leadership received a benefit or preferential treatment from CEO Peppers.

Sub-Section 2(C) - Summary of Findings

Based on records reviewed and sworn testimony, CEO Peppers obtained in-service training for KHA employees, from both The Positivity Project and Gregory L. Cruell, using COJ’s informal procurement process. Both of these vendors are located out of the State of Florida and were affiliated with CEO Peppers through their connection to West Point.

The Positivity Project is the same organization for which CEO Peppers went before the KHA Board and requested \$77,000 in funding in May of 2018, as outlined in section 2(A) (b) of this report; and in section 2(B) was selected as the beneficiary of \$15,000 [*The Telecommunications Company*] grant awarded to KHA.

Cruell testified that he did not conduct a full workshop on the second day citing unavailability of KHA employees to attend that particular day. He further testified that the workshop hours missed were not made up.

The OIG did not find that any violations of the COJ procurement process related to these in-service trainings of personal associates. However, securing in-service training from out-of-state companies, known to CEO Peppers personally and/or professionally, creates an appearance of conflicts of interest.

September of 2018

2(D) In September of 2018, CEO Peppers used his position to recommend two organizations owned by individuals known to him, both personally and professionally, to receive consideration for a financial benefit in the amount of \$100,000 each from a non-profit organization.

RECORDS REVIEW

In addition to the records listed on pages 46-48, the OIG reviewed other relevant records as described below.

United States Department of Treasury Records

The OIG reviewed a *Return of Organization Exempt From Income Tax, Form 990 (Form 990)*, for tax year 2018, for the Headstrong Project Inc. New York, NY. Per review of *Form 990*, during tax year 2018, the Headstrong Project was a 501(c)(3) (non-profit) organization. Headstrong Project's Executive Director was listed as Joe Quinn.

City of Jacksonville Policies, Procedures, and Other Related Documents

Jacksonville's e-Procurement System Records

The OIG reviewed the COJ's records within the COJ's e-Procurement System (JaxPro) records and could not locate a COJ vendor with the name of *Headstrong Project Inc.* or Joe Quinn, New York, NY.

Review of CEO Peppers' KHA E-mail Account

The OIG reviewed CEO Peppers' KHA e-mail account for calendar years 2018 through 2019. Referenced below are relevant e-mails.

June 22, 2018 e-mail

During the investigation, the OIG located an e-mail dated June 22, 2018. KHA's former Assistant Director of Government Relations and Strategic Partnerships (former Assistant Director) sent this e-mail to the Executive Vice-President of Finance (Executive Vice-President) of a Professional Golf Organization.²⁸ CEO Peppers was courtesy copied on the June 22, 2018 e-mail.

The body of the June 22, 2018 e-mail, with the subject line of *Recommendations from the Kids Hope Alliance*, read, "On behalf of the Kids Hope Alliance CEO, Mr. Joseph Peppers, please see the following attached recommendations for the [Professional Golf Organization's] generous investment. I look forward to working with you on the execution of this project..." The body of the June e-mail references attachments, but no attachments were included with the forwarded June 22, 2018 e-mail.

September 16, 2018 e-mail

The OIG located an e-mail dated September 16, 2018, sent from CEO Peppers to the former Assistant Director, with the subject line of *Fwd: Recommendations from the Kids Hope Alliance*, with two attached Pdfs. This e-mail forwarded the above-reference June 22, 2018 e-mail.

Referenced below are the two Pdf attachments to the September 16, 2018 e-mail, specifically *[Professional Golf Organization] Recommendations.pdf* and *Presentations for [Professional Golf Organization].pdf*.

[Professional Golf Organization] Recommendations.pdf Attachment

The *[Professional Golf Organization] Recommendations.pdf* attachment was an undated two-page letter from CEO Peppers addressed to the Executive Vice-President *[Professional Golf Organization]*. The attachment appeared also to be signed by CEO Peppers. CEO Peppers wrote the following verbatim, in part:

Thank you very much for your willingness to invest in the organizations that need it the most. Your generous donation of \$2.5 million will touch the lives of so many in our community and around the nation.

²⁸ The name of the Professional Golf Organization is not material.

On behalf of the Kids Hope Alliance, I would like to submit the following recommendation of organizations to receive a part of this generous donation. The attached list of organizations not only provide high quality services with data proven results, but have been identified as organizations that provide a compounding effect on the populations they serve. Through these organizations, the benefits of your charitable act will be felt not only in Jacksonville, but across the nation.

Along with a list of recommended organizations, I will also include a brief summary on the different organizations, along with a synopsis of the quality services and results that make them extraordinary...

The *[Professional Golf Organization] Recommendations.pdf* attachment contained a chart that listed the various organizations recommended by CEO Peppers for consideration of funding from the *[Professional Golf Organization]*.

A review of the chart showed CEO Peppers recommended both The Positivity Project and the Headstrong Project for consideration to receive funding in the amount of \$100,000 each. The chart outlined The Positivity Project's program as the "P2 Program," which was described as a "Program expansion that facilitates school climate around character based living." The chart also outlined the Headstrong Project's program as the "Veteran Treatment Program," which was described as a "PTSD treatment for veterans with clinical depression."

Presentations for [Professional Golf Organization].pdf Attachment

The *Presentations for [Professional Golf Organization].pdf* attachment contained informational slides for each of the various organizations listed in *[Professional Golf Organization] Recommendations.pdf* referenced above, to include The Positivity Project and the Headstrong Project.

Review of CEO Peppers' COJ-issued Cellphone

A review of the COJ-issued cellphone revealed instant messages between CEO Peppers and Joe Quinn, Executive Director, the Headstrong Project, regarding CEO Peppers recommending the Headstrong Project for consideration to receive funding from the *[Professional Golf Organization]*. These instant messages located in CEO Peppers' Yahoo account linked to the COJ-issued cellphone. Relevant messages are referenced *verbatim* below.

Wednesday, June 13, 2018 Messages

CEO Peppers sent Quinn a message stating:

[8:09:06 p.m.] *“Really want to see you move the needle on Headstrong to Jacksonville”*

Quinn responded:

[8:09:16 p.m.] *“It’s a long winding road, but where we are suppose to be.”* and

[8:09:32 p.m.] *“Need to get funding.”*

CEO Peppers responded:

[8:13:49 p.m.] *“Yes... this is a major issue. I wish it was easier.”*

Quinn responded:

[8:16:16 p.m.] *“If local Jacksonville Funder does like kids, but loves Veterans then let me know!”*

CEO Peppers responded:

[8:16:34 p.m.] *“Let me think on that. I think I might have a lead on that.”*

No response from Quinn.

Friday, June 22, 2018

CEO Peppers sent Quinn a message stating:

[2:40:49 p.m.] *“Can you send me a presentation on your organization?”*

Quinn responded:

[2:44:55 p.m.] *“Personally? Everything okay with you?”*

CEO Peppers responded:

[2:45:26 p.m.] *“Peppersj@coj.net”*

[2:45:39 p.m.] *“Joseph.peppers@gmail.com”* and

[2:45:57 p.m.] *“I have a donor interested in your org.”*

Quinn responded:

[2:46:51 p.m.] *“Awesome.”*

No response from CEO Peppers.

Friday, July 27, 2018 Messages

CEO Peppers sent Quinn a message stating:

[7:47:45 p.m.] *"The [Professional Golf Organization] is donating some money to us. I've requested \$100k go to Headstrong. I'm not sure when we will find out, but I'm fighting for you."*

[7:47:08 p.m.] *"Hopefully I'll know something by the end of August"*

Quinn responded:

[8:33:53 p.m.] *"Is there something I can help with in engaging them?"*

CEO Peppers responded:

[9:32:18 p.m.] *"Not really Maybe get on the [Professional Golf Organization] radar"*

[9:32:34 p.m.] An attachment, "File name: IMG_0454.PNG," was sent that contained a chart on KHA official letterhead, which reflected both The Positivity Project and the Headstrong Project to each receive funding in the amount \$100,000.

[9:32:36 p.m.] *"They were mostly looking local."*

[9:34:05 p.m.] *"I asked for support of HS and P2. I feel good about it."*

No response from Quinn.

The OIG's review of CEO Peppers' COJ-issued cellphone also revealed instant messages between CEO Peppers and Mike Erwin, President, The Positivity Project, regarding CEO Peppers recommending The Positivity Project for consideration to receive funding from the [Professional Golf Organization]. Relevant messages are referenced *verbatim* below.

Friday, July 27, 2018 Messages

CEO Peppers sent Erwin a message stating:

[7:47:08 p.m.] *"The [Professional Golf Organization] is also donating some money to us. I've requested \$100k go to P2. I'm not sure when we will find out, but I'm fighting for you."*

Erwin responded:

[7:48:26 p.m.] *“Great to hear from you bro, good copy on all and I appreciate it. Just getting home from a long couple days on the road, let’s catch up in August!”*

No response from CEO Peppers.

TESTIMONY

During the investigation, the OIG attempted to contact Joe Quinn, Headstrong Project, on several occasions to no avail.

Statement of the Executive Vice-President of Finance, [Professional Golf Organization]

The Executive Vice-President of Finance (Executive Vice-President) stated she had been employed with the [Professional Golf Organization] for approximately 32 years. As the Executive Vice-President, her job duties included being responsible for accounting and financial matters, such as accounts payable and receivable.

In conjunction with her employment, she also volunteered with the [Professional Golf Organization’s] non-profit organization [Golfing Non-profit], a 501(C)(3) nonprofit organization that focuses on supporting *“adolescent substance and alcohol abuse treatment”* for individuals that do not have the ability to pay for treatment within the North Florida area.

According to the Executive Vice-President, the [Golfing Non-profit] had established a grant program to provide funding to charities that administered *“adolescent substance and alcohol abuse treatment.”*

The [Golfing Non-profit’s] Board of Directors selected which charities were to be awarded funding based upon the Executive Vice-President’s recommendation. The non-profit Board had discretion to award funding to charities that provided services related to children that were outside of adolescent substance and alcohol abuse treatment. However, the non-profit Board only had this discretion if the scope of the funding was amended.

Note: As of the date of the OIG interview, no amendments were made to the scope of the funding by the non-profit Board.

The Executive Vice-President had known Mayor Curry since the 1990’s, when he was employed as an auditor with the [Professional Golf Organization]. She contacted Mayor Curry approximately two to three years ago regarding the [Golfing Non-profit’s] proposed grant program. During their conversation, she asked Mayor Curry *“were there any places they could recommend that they felt were good solid charities to receive grants.”*

According to the Executive Vice-President, Mayor Curry asked then Chief of Staff Hughes to assist the Executive Vice-President with this matter. At some point (date not specified), the

Executive Vice-President met with Hughes and she made him aware of her conversation with Mayor Curry. During the Executive Vice-President and Hughes' conversation, Hughes recommended, "*Joe from the Kids Hope Alliance because [Hughes] felt it fell under that type of initiative program.*"

During her first meeting with CEO Peppers, she informed him that she was "*trying to develop some referrals of charities that would support the cause of the [Golfing Non-profit],*" which was adolescent substance and alcohol abuse treatment. She asked CEO Peppers to "*provide some referrals and potential programs for [the Golfing Non-profit] to support,*" as well as provide relevant information about the recommended charities.

During their first meeting, CEO Peppers provided the Executive Vice-President with the names of several charities that he believed were qualified to receive the funding. She thought CEO Peppers might have also mentioned the Headstrong Project to her as a charity that he believed was qualified to receive the funding. She told CEO Peppers that the non-profit Board might consider awarding funds to charities that administered preventive services for children.

In a second meeting between the Executive Vice-President, CEO Peppers, and the former Chief Strategy Officer (former CSO), the Executive Vice-President believed she reiterated to both CEO Peppers and the former CSO the funding was intended for adolescent substance and alcohol abuse treatment.

The Executive Vice-President stated the former CSO did not provide her with any information related to the Headstrong Project or The Positivity Project. The *[Professional Golf Organization] Recommendations.pdf* attachment (referenced above on page 87), was the final document that she received from CEO Peppers related to his recommendation of charities.

The Executive Vice-President stated no KHA employees, to include CEO Peppers, made her aware of how the recommended charities listed in the attachment were selected. She also stated CEO Peppers never disclosed to her that he had a friendship with any senior leadership of the charities listed in the attachment.

In her opinion, CEO Peppers being friends with representatives of the charities he recommended was not inappropriate. The Executive Vice-President stated, "*I know the [Golfing Non-profit] wouldn't give any of those money*" if the charities did not meet the criteria to receive the funding.

Regarding the Headstrong Project, who administered a Veteran Treatment Program, she stated this charity was "*totally outside of the category*" as the funding was intended "*for adolescent substance and alcohol abuse.*"

Regarding The Positivity Project, she stated this charity might qualify for the intent of funding, if the non-profit Board amended the scope of the funding.

As of October 10, 2019, the date of the interview, no funding had been awarded by the [Golfing Non-Profit].

Statement of the former Chief Strategy Officer, KHA

The former Chief Strategy Officer (former CSO) stated that she and CEO Peppers met with the Executive Vice-President [of the Professional Golf Organization]. During this meeting, the Executive Vice-President informed both the former CSO and CEO Peppers that she (the Executive Vice-President) wanted KHA to recommend organizations that administered children services related to “*substance abuse and recovery.*” The former CSO stated that CEO Peppers “*understood very clearly what [Executive Vice-President] was interested in.*” The Executive Vice-President also stated that the funding would go directly to the recommend organizations upon approval by the non-profit Board.

The former CSO was tasked with finding organizations to be recommended and working with the Executive Vice-President. The former CSO recalled that none of the e-mails that she sent to Executive Vice-President contained any references related to The Positivity Project or the Headstrong Project.

The former CSO was unfamiliar with the [*Professional Golf Organization Recommendations.pdf attachment*] (referenced above on page 87), stating she had not created or forwarded this attachment to the Executive Vice-President.

The former CSO stated The Positivity Project and the Headstrong Project “*don’t align with what the goals of the grant are.*” She stated that CEO Peppers did not see any problems when he lobbied for individuals he knew.

Statement of the former Assistant Director of Government Relations and Strategic Partnerships, KHA

The former Assistant Director of Government Relations and Strategic Partnerships (former Assistant Director) was employed with KHA from April or May of 2018 through July of 2019. His job duties included interacting with the Mayor’s Office and the COJ City Council.

In May or June 2018, CEO Peppers held a leadership team meeting with the former Assistant Director, the former CSO, and the former COO. During this meeting, CEO Peppers informed them of the meeting with the Executive Vice President [Professional Golf Organization]. CEO Peppers advised that the [Professional Golf Organization] was interested in making a donation to non-profit organizations in Jacksonville that administered children services. The Executive Vice President asked CEO Peppers to recommend organizations that had demonstrated success with children’s services.

The former Assistant Director stated, “[the Professional Golf Organization] was going to make a donation to a number of organizations totaling 2.5 million and they were relying on Mr. Peppers’ expertise or recommendations for potential names.” He understood the [Professional Golf Organization] would directly fund the recommended organizations; therefore, KHA would not oversee any contracts.

During the leadership team meeting, they discussed KHA recommending organizations in Jacksonville that met the grant criteria of the [Professional Golf Organization]. Each of them, including CEO Peppers, mentioned organizations they believed met the [Professional Golf Organization’s] criteria. CEO Peppers wrote the names of the mentioned organizations on a dry erase board, which were added and removed based on their evolving discussion. The former Assistant Director did not know if the organizations on the dry erase board were the finalists.

During this leadership team meeting, CEO Peppers provided the name of the Headstrong Project. CEO Peppers voiced his familiarity of this organization and the person who oversaw this organization. The former Assistant Director recalled CEO Peppers stated, “he was aware of the work that [the Headstrong Project] were doing...they fit with the description of the [Professional Golf Organization].” The former Assistant Director did not recall KHA employees objecting to the Headstrong Project. However, the former Assistant Director thought to himself, “This is not a normal organization that we [KHA] work with.”

During this leadership team meeting, there was also a conversation regarding the amount of funding each organization would be recommended for in order to total up to the \$2.5 million dollars.

The Assistant Director did not recall if he or another KHA employee, such as CEO Peppers’ Executive Assistant, created the [Professional Golf Organization] Recommendations.pdf attachment (referenced above on page 87).²⁹ He was also unaware of how the specific funding amounts for each organization in this attachment were chosen. However, he stated CEO Peppers ultimately was the decision maker in which organizations were recommended in this attachment.

The former Assistant Director was not familiar with the Headstrong Project or Quinn, the Executive Director. He was unsure if the Headstrong Project provided children services, in conjunction with their veteran services. He stated, “If the Headstrong Project was just purely for adult veterans that did not fit in line with the work that we [KHA] did.”

The former Assistant Director had heard of The Positivity Project, but he did not know any specifics about this organization. He was not familiar with Erwin (President), but he believed The Positivity Project worked with the Duval County Public Schools. He did not recall whether CEO Peppers mentioned this organization during the leadership team meeting.

²⁹ The OIG did not interview CEO Peppers’ Executive Assistant during this investigation.

Statement of the former Chief Operating Officer, KHA

The former Chief Operating Officer (former COO) stated that she, CEO Peppers, and Quinn were former West Point classmates. She stated CEO Peppers and Quinn “*were very close at West Point and were roommates at one point.*” She also stated, “*Mr. Peppers referred to Joe Quinn as his best friend and... they’ve been in each other’s wedding and... been a constant fixture in each other’s lives since West Point.*”

She believed Erwin either may have been CEO Peppers’ West Point roommate or had known CEO Peppers through his (CEO Peppers’) West Point roommate.

She recalled having conversations with CEO Peppers regarding conflicts of interest. Specifically, she told CEO Peppers to ensure “*we don’t seem preferential with organizations that we do business with.*” On more than one occasion, she cautioned CEO Peppers about “*publicly naming organizations to do certain things.*”

She stated if an organization overseen by Quinn and Erwin did not undergo a procurement process in order to do business with KHA, there would have been a conflict of interest based on their personal relationships with CEO Peppers.

Statement of the President, The Positivity Project, Pinehurst, North Carolina

The President stated he had not seen the [Professional Golf Organization] Recommendations.pdf attachment (refer to page 87) prior to the OIG interview. He also stated he had never spoken with anyone from the Professional Golf Organization.

The President stated he had conversations with CEO Peppers in which CEO Peppers mentioned the idea of bringing The Positivity Project to Jacksonville through outside funding sources. During at least one conversation, CEO Peppers asked him “*what would it take to bring The Positivity Project in a meaningful way to the kids of... Jacksonville*” [generally speaking, no specific need identified]. Erwin responded, “*It’ll take...at least a part-time employee...we could... pay at least forty or fifty thousand dollars a year, you know to essentially work for... The Positivity Project.*”

During the OIG interview, the President told the OIG, “*I’d say \$100,000 was what we would need to really ramp the Positivity Project up in Jacksonville.*”

The President stated that there were no promises or agreements and no kickbacks and quid pro quos made between he and CEO Peppers regarding the funding recommendation in relation to the Professional Golf Organization.

Statement of Kevin Gay, Chairman, KHA Board of Director, COJ

Chairman Gay stated he did not recall seeing the *[Professional Golf Organization] Recommendations.pdf* attachment (referenced above on page 87), prior to the OIG interview. Further, Chairman Gay did not recall his and/or the KHA Board's involvement in the selection of the organizations listed in this attachment. Per Chairman Gay, the KHA Board did not have much involvement in matters where outside organizations were asking the CEO of KHA to recommend other organizations for funding.

Sub-Section 2(D) - Summary of Findings

Based on KHA records and witness testimony, CEO Peppers recommended \$100,000 each, on KHA letterhead, two organizations for consideration of grant funding from a Professional Golf Organization owned by individuals known to him, both personally and professionally. No testimony exists that he disclosed these relationships to the Professional Golf Organization or that he informed the KHA Board Chair of these recommendations.

The OIG notes that no existing COJ policies address such disclosures referenced above, other than the disclosure of financial interests in the organizations; however, CEO Peppers' actions at a minimum, lead to an appearance of conflicts of interest and could be a violation of Florida Statute, §112.213(6), Misuse of Position.

As of October of 2019, the funding for this grant had not yet been awarded. However, when the funding is awarded, the funding would be dispersed directly from the Professional Golf Organization to the organizations selected. Of note, neither The Positivity Project nor the Headstrong Project's presentation contained any matters related to adolescent substance and alcohol abuse treatment.

SECTION II: SUMMARY OF FINDINGS FOR SUB-SECTIONS A THROUGH D

Of significance, the OIG investigation found the following:

In section 2(A)(b), on May 16, 2018, CEO Peppers sought funding approval in the amount of \$77,000 from the KHA Board for The Positivity Project, Pinehurst, North Carolina, whose President is a person with whom CEO Peppers had a personal and professional relationship. In the process of seeking funding approval from the KHA Board for The Positivity Project, CEO Peppers communicated with the President via instant message, using his COJ-issued cell phone, several days before and subsequent to the KHA Board meeting. A review of these instant messages disclosed that CEO Peppers discussed the specific funding amount he was seeking on behalf of The Positivity Project with the President. The KHA board tabled the funding discussion after learning from OGC that a waiver of the *Ordinance Code* procurement process would be required.

In section 2(B), CEO Peppers facilitated the award of the \$15,000 Telecommunications Company grant to The Positivity Project. Prior to the selection of the grantee and funding of the Telecommunications Company grant, CEO Peppers communicated with the President via text message, using his COJ-issued cell phone, several months before and subsequent to the KHA Board meeting when KHA requested approval to apply for the grant. A review of these instant messages disclosed that CEO Peppers discussed the grant with the President from at least mid-June of 2018 through November of 2018. In June of 2019, the \$15,000 grant was issued by the COJ to The Positivity Project.

In section 2(C), CEO Peppers used an informal procurement process to secure in-service training for KHA employees. In two separate procurements, CEO Peppers selected individuals and organizations with which he had a personal and/or professional relationship.

In section 2(D), CEO Peppers used KHA official letterhead and his official position to recommend two organizations for consideration of \$100,000 each in grant funding from a non-profit organization. The grants were intended for adolescent drug treatment related services. CEO Peppers recommended two organizations owned by individuals with whom CEO Peppers had personal and/or professional relationships. In addition, these organizations did not appear to meet the criteria of performing services related to adolescent drug treatment. As of October of 2019, the \$100,000 in grant funding had not yet awarded to either of these organizations.

Based on testimony, Deputy Chief Counsel alerted CEO Peppers on more than one occasion, both during public KHA Board meetings and during private conversations, about the need to avoid the perception of favoritism in the procurement process and advised that the COJ and KHA was guided by prescribed procurement procedures.

The investigation disclosed that there are no existing COJ policies that (1) require COJ employees to disclose personal or professional relationships with businesses or individuals seeking to provide services to and/or entering into contracts with the COJ, or (2) require any analysis of potential conflicts of interest, other than employees disclosing that they have a financial interest in the businesses or with individuals seeking to provide services to and/or entering into contracts with the COJ.

In addition, the investigation disclosed that there are also no existing COJ policies that require COJ employees to disclose personal or professional relationships with businesses or individuals related to making recommendations for consideration to receive outside grant funding, although the recommendations are being requested of COJ officials in the performance of their duties.

SECTION II: CONFLICTING RELATIONSHIPS/MISUSE OF POSITION CONCLUSION

In Sections 2(A) through 2(D) the OIG concluded CEO Peppers had conflicting relationships with organizations for which he was facilitating, selecting, communicating, and/or

recommending for COJ funding or for non-profit grant funding. The investigation concluded that CEO Peppers was not transparent about his conflicting relationships.

The current *Ordinance Code*, Subpart A., Conflicting Relationships, §602.401, *Misuse of Position, information, resources, etc. (a)*, prohibits in part, “*It is a violation of this Chapter for an officer, employee...otherwise act in a manner inconsistent with official duties, to obtain a special privilege or exemption, financial or otherwise, for himself, herself or others...*” However, this provision was not in effect when these events outlined in Section 2(A) through 2(D) occurred. CEO Peppers actions outlined in Sections 2(B), may be in violation of Florida Statute, §112.213(6), Misuse of Position. The OIG concluded other than a lack of transparency concerning conflicting relationships there were no procurement violations disclosed in Section 2(C) related to acquisition of the in-service training.

In Section 2(D), the OIG investigation *substantiated* that CEO Peppers misused his public position, title, or authority by recommending two organizations for consideration of grant funding from a non-profit organization. These organizations are owned by individuals with whom CEO Peppers had a personal and/or professional relationship. In addition, these organizations did not appear to meet the grant criteria of performing services related to adolescent drug treatment. CEO Peppers actions may be in violation of Florida Statute, §112.213(6), Misuse of Position.

The OIG concluded that existing COJ policies do not address disclosures (either verbal or documented) by COJ employees of the existence of any conflicting relationships, either personal or professional, during any non-competitive procurement process or when involved in making recommendations on behalf of the COJ, especially for grant funding not subject to review or oversight by the COJ.

SECTION III: NON-COMPLIANCE/POLICY DEFICIENCY

In addition to CEO Peppers using his COJ-issued cellphone in the above-referenced conduct outlined in Section II, CEO Peppers used his COJ-issued cellphone for numerous non-COJ business communications (adult content of a sexual nature) inappropriate for the workplace.

RECORDS REVIEW

The OIG reviewed various records, including applicable state statutes and municipal ordinances, COJ policies and procedures, and COJ-issued cellphone related records.

City of Jacksonville Policies, Procedures, and Other Related Documents

- *Oath of Public Officials, dated April 9, 2018*
- *Technology Use Policy, Directive 0516, effective March 21, 2018*

- *Cell Phone Policy, revised March 7, 2011*
- *Cell Phone Policy and Plan Form (Acknowledgment Forms)*

City of Jacksonville Policies, Procedures, and Other Related Documents

Oath of Office

As outlined on page 10, *Ordinance Code, Chapter 2, Oaths, §2.101, Oaths of public officials (Oath)* requires in part that all appointed employees confirmed by City Council shall sign an oath of office. A review of the *Oath* dated April 9, 2018, which bears the signature of “*Joseph Peppers*” states verbatim, in part:

... I will support, protect, defend and honor the Charter, the ethic laws, and other ordinances, rules, and regulations of the City of Jacksonville...

Technology Use Policy Directive 0516

The *Technology Use Policy 0516*, effective March 21, 2018, applicable to anyone who uses city technology resources, states in part, verbatim:

Purpose

This policy defines the appropriate use of technology resources which are owned by the City of Jacksonville and are provided to employees to conduct City business. Based on operational need, your Department may further define terms such as “Limited Personal Use”.

Internet / E-mail / IT Equipment / Electronic Storage

City Resources are for City Business

City-owned technology resources shall serve the business needs of the City of Jacksonville. Examples of resources include: internet access, desktop computers, laptop computers, tablets and cell phones.

Limited Personal Use

City-owned technology resources may be used for personal purposes on a limited basis, providing the following requirements are met:...;

- *No interference with work responsibilities*
- *No disruption to the workplace*
- *Supervisor is aware of use and approves...;*

Specific Prohibitions and Limitations

City policies regarding acceptable behavior and communication apply to all electronic communication, including cell phones, messaging and radios, on any City-owned IT equipment or communication device. Specifically prohibited use includes, but is not limited to:...

- *Accessing inappropriate including adult content, pornographic material, online gambling, and dating services;...*

No Expectation of Privacy

Nothing in this policy confers an individual right or should be construed to provide an expectation of privacy. Employees must not expect privacy while using any City communication or technology equipment.

Policy Enforcement

In order to safeguard City technology assets and information, violations of this policy will be handled in accordance with the City's established disciplinary procedures...;

If violations of this policy are discovered, the City will take appropriate action to resolve the issue and violators may be subject to disciplinary measures up to and including termination of employment. If violations of this policy are discovered that are illegal activities, the City may notify the appropriate authorities. The City reserves the right to pursue appropriate legal actions to recover any financial losses suffered by the City as a result of violation of this policy.

Based on a review of COJ Policy Acknowledgements, as outlined on pages 12 and 13 of this report, CEO Peppers never acknowledged receipt of the *Technology Use Policy Directive 0516*.

COJ Cell Phone Policy and Accompanying Acknowledgement Forms

The COJ Cell Phone Policy, revised in March of 2011, outlines the procurement, use, and taxability of wireless telephones issued by COJ to the COJ's employees. An acknowledgment form titled *Acknowledgment of Receipt of Policy Memorandum Entitled City of Jacksonville Cell Phone Policy* is incorporated as part of this policy. In addition, the COJ uses a *Cell Phone Policy and Plan Form* that signifies the selection by the employee of either a *Business Only Plan* or a *Private/Reimbursement Plan*.

The *Cell Phone Policy, revised March 7, 2011*, applicable to COJ employees who are provided a wireless telephone (i.e. cellphone), states in part, verbatim:

Purpose

To establish city policies and procedures regarding the procurement, use and taxability of wireless telephones issued by the city to its employees...;

2. General Policy

2.1. The city elects to provide wireless telephone service for employees whose positions and/or scopes of work require the use of wireless phones in conducting official city business.

2.2. Employees required to carry a cell phone or similar communications device may elect one of the following arrangements:...;

2.2.1. Business Only Plan - Employees may elect to receive a city-issued cell phone for business purposes, which will not be subject to imputed income reporting...;

7. Prohibited Activity

7.2 Employees that select the City Business Only option are prohibited from and may be subject to disciplinary action for using the following features unless they are included in the plan and usage parameters are not exceeded:...;

- Texting or instant messaging (IM)...;*
- Such other features that are not necessary to conduct city business.*

8. Violations

8.1 Employees are subject to disciplinary action and/or loss of city-provided cellular telephones and service for cellular charges that are unexplained or usage that is in violation of this policy.

8.2 Violation of this policy will subject an employee to disciplinary action up to and including dismissal, as well as being required to reimburse the city for costs associated with improper or otherwise prohibited use of a city-provided cellular telephone.

The OIG located an undated review of the *Acknowledgement of Receipt of Policy Memorandum Entitled City of Jacksonville Cell Phone Policy form*, which bears the signature of “Joseph Peppers.” In addition, a review of the *Cell Phone Policy and Plan Form* bears the signature of “Joseph Peppers” dated May 1, 2018, and reflected that CEO Peppers selected the “2.2.1 Business Only Plan,” for a COJ-issued cellphone, which states in part, verbatim:

Employees may elect to receive a city-issued cell phone for business purposes, which will not be subject to imputed income reporting.

Review of CEO Peppers’ COJ-issued cellphone

On August 15, 2019, CEO Peppers’ voluntarily relinquished his COJ-issued cellphone to the OIG. As part of this investigation, the OIG reviewed the contents within CEO Peppers’ COJ-issued cellphone, which disclosed numerous non-COJ business communications and/or usage. These non-COJ business communications were located in CEO Peppers’ Yahoo account, which had been linked to the COJ-issued cellphone. More specifically, the OIG identified instant message conversations containing adult content of a sexual nature, all dated April 17, 2019, which included CEO Peppers exchanging messages and discussing procuring sexual services, pricing for these same services, and follow-up after a sexual encounter.

In addition, the review of the contents within CEO Peppers’ COJ-issued cellphone disclosed at least one adult-content photo of CEO Peppers that was both non-work related and inappropriate to be retained on a COJ-issued cellphone and disclosed CEO Peppers accessed at least one non-worked-related website (my.roommates.com) in excess of 300 times.

SECTION III: SUMMARY OF FINDINGS

The contents of CEO Peppers’ COJ-issued cellphone revealed that CEO Peppers’ linked his Yahoo account to the COJ-issued cellphone. A review of the contents disclosed numerous non-COJ business communications (adult content of a sexual of nature) and at least one adult-content photo of himself that were inappropriate for the workplace and/or any COJ-issued cellphone. In addition, he accessed a non-COJ business website in excess of 300 times.

The investigation determined that CEO Peppers never acknowledged that he had read and understood the *Technology Use Policy 0516* assigned to him in January of 2019. However, the Oath of Office, dated April 9, 2018, which bears the signature of “Joseph Peppers” states verbatim, in part that he would, “*support, protect, defend and honor the Charter, the ethic laws, and other ordinances, rules, and regulations of the City of Jacksonville...*”

A review of the *Technology Use Policy 0516* specifically provides that, “*employees must not expect privacy while using any City communication or technology equipment.*” However, although the policy includes, in part, a prohibition against “*accessing inappropriate sites including adult content,*” the policy is deficient in that it fails to address the transmission and/or

retention of (1) inappropriate adult content of a sexual nature transmitted through instant messages and/or text messages, e-mails, or other types of communications; and (2) photos containing inappropriate adult content or nudity on COJ-issued devices.

Existing COJ policies, specifically the *Technology Use Policy 0516* and *Cell Phone Policy*, do not specifically prohibit COJ employees from linking personal e-mail or other accounts to COJ-issued devices.

Lastly, the *Technology Use Policy 0516* expressly states, “*City-owned technology resources may be used for personal purposes on a limited basis, providing the following requirements are met:... Supervisor is aware of use and approves...*” The OIG acknowledges that this prohibition would most likely not apply to an individual, such as a CEO, charged with a higher level of responsibility and presumably the highest level of authority for the overall organization.

SECTION III: NON-COMPLIANCE/POLICY DEFICIENCY CONCLUSION

In addition to the conduct pertaining to the COJ-issued cellphone outlined in Section 2, the OIG investigation *substantiated* that CEO Peppers exchanged, transmitted, and/or retained numerous non-COJ business communications related to adult content of a sexual nature and at least one adult-content photo of himself that were inappropriate for the workplace and/or retention on any COJ-issued cellphone. The investigation *substantiated* that CEO Peppers violated the *Cell Phone Policy and Plan Form, Business Only Plan*. The investigation also concluded that CEO Peppers never acknowledged that he had read and understood the *Technology Use Policy 0516*.

At present, the *Technology Use Policy 0516*, dated May 24, 2019, prohibits, in part, verbatim:

- *Accessing inappropriate sites including adult content, pornographic material, online gambling, and dating services;*
- *Accessing sites that promote illegal activity, copyright violation, or activity that violates the City’s ethical standards;*

These prohibitions appear to be limited to “*accessing*” websites, but the policy is deficient, as it does not address prohibiting the transmission and/or retention of inappropriate communications or the transmission and/or retention of inappropriate photos related to adult content of a sexual nature. More specifically, the OIG concluded that the policy is deficient and lacks prohibitions concerning the following: (1) the transmission and/or retention of inappropriate adult content of a sexual nature through instant messages, e-mails, or other types of communications and (2) the transmission and/or retention of photos containing inappropriate adult content of a sexual nature or nudity while using the COJ-issued cellphone.

Further, the *Technology Use Policy 0516* and *Cell Phone Policy*, do not specifically prohibit COJ employees from linking personal e-mail or other accounts to COJ-issued devices.

Finally, although efforts were made by COJ Employee Services to obtain policy acknowledgements from CEO Peppers, the COJ did not ensure CEO Peppers acknowledged the *Technology Use Policy 0516*, among other policies.

IDENTIFIED, QUESTIONED, AND AVOIDABLE COSTS

Not Applicable.

RECOMMENDED CORRECTIVE ACTIONS

The OIG recommends the following corrective actions based on the findings contained within each section of this report:

SECTION I: KHA WORKPLACE ENVIRONMENT/MANAGEMENT

1. Establish a policy that addresses standards of conduct for interactions between supervisors and subordinates that prohibits direct supervision over individuals involved in personal relationships. Provide copies of any updated and/or newly established policies to the OIG. In addition, provide verification of distribution to all impacted employees.
2. Include in the above-mentioned policy a protocol for Employee Services to be notified of any potential violations in order for Employee Services to conduct an independent fact-finding investigation to determine whether any violations of COJ policies have occurred and ascertain the overall health of the impacted City department, division, or work unit.
3. Develop a policy and a procedure requiring a documented disclosure of hiring conflicts of interest by existing COJ employees (real or perceived) and a documented conflicts of interest determination by Employee Services for retention in any applicable personnel hiring file. Provide copies of any updated and/or newly established policy to the OIG. In addition, provide verification of distribution to all impacted employees.
4. Expand the line of questioning on employment applications to include questions regarding possible conflicting relationships concerning past or present professional, personal and/or financial relationships related to individuals within the hiring City department, division, or work unit. Provide a copy of any updated employment supplemental questions.
5. Develop a policy relating to an alternate unpaid leave mechanism, in lieu of paid administrative leave, during an ongoing investigation by authorized entities with the COJ, for individuals that are subjects of an employee misconduct investigation. Provide copies of any updated and/or newly established policy to the OIG. In addition, provide verification of distribution to all impacted employees.

6. Request Employee Services meet with all Boards and Commissions who have oversight of COJ employees, i.e. CEO of KHA, etc., to review and discuss available resources within Employee Services to provide guidance and assistance in resolving issues and conflicts in the workplace.
7. Establish a protocol that holds heads of COJ departments or agencies accountable to ensure that all COJ employees review and acknowledge COJ issued policies in a timely manner and includes an appropriate remedy for non-compliance. Provide a copy of any newly established protocol to the OIG.
8. Establish a procedure to ensure timely review and acknowledgement of COJ issued policies are completed by all KHA employees. Coordinate with Employee Services and identify any KHA employees who have not read and acknowledged any applicable COJ policies. Provide verification of review and compliance.

SECTION II: CONFLICTING RELATIONSHIPS/MISUSE OF POSITION

1. Establish a policy and a procedure requiring COJ employees to provide a documented disclosure of conflicting relationships when involved in the procurement process, especially for procurements not subject to a competitive process. The policy should also include a documented review by Chief of Procurement, or appropriate authority. Provide copies of any updated and/or newly established policy to the OIG. In addition, provide verification of distribution to all impacted employees.
2. Establish a policy and a procedure requiring COJ employees to provide a documented disclosure of conflicting relationships when involved in making recommendations on behalf of the COJ, especially for grant funding not subject to review or oversight by the COJ. The policy should also include a documented review by Grant Administrator, or appropriate authority. Provide copies of any updated and/or newly established policy to the OIG. In addition, provide verification of distribution to all impacted employees.
3. Review the JaxPro (or equivalent database) vendor profile question concerning “*Conflict of Interest*” and consider adding questions relating to (1) whether the vendor has a personal or professional relationship with any COJ employee within a specified time frame; and (2) whether the vendor has a financial relationship with any COJ employee. The field for explanation should be sufficient to explain any details of the personal, professional and/or financial relationship to determine whether a conflicting relationship exists between any business, individual, or COJ employee. Provide a copy of any updated language to OIG.

The following corrective actions are recommended for consideration by the KHA Board:

4. Establish a procedure for the KHA CEO to consult with the KHA Board, either in whole or part, regarding potential recommendations or selection of potential businesses and/or individuals

being considered for grant funding, whether through the COJ or through an outside party, to ensure impartiality, appropriateness, and that there are no conflicting relationships related to business and individuals being considered. Provide copies of any updated and/or newly established policies to the OIG. In addition, provide verification of distribution to all impacted employees.

SECTION III: NON-COMPLIANCE/POLICY DEFICIENCY

1. Determine whether there should be two distinct policies: one related to general use of City technology equipment and one related specifically to COJ-issued mobile devices.

2. Review and update the *Technology Use Policy 0516* and the *Cell Phone Policy* to include prohibitions against:

(1) Linking personal e-mail or other personal applications or accounts to COJ-issued devices in order to ensure that COJ issued technology and mobile devices are clearly used for work purposes only;

(2) Update language in each policy regarding the use of COJ issued devices to prohibit *communications* with other individuals relating to any adult content (e.g. sexting or sending and/or receiving pornographic material or photos); and/or the retention of any adult content material (e.g. adult-content photos).

Provide copies of any updated and/or newly established policies to the OIG. In addition, provide verification of distribution to all impacted employees.

3. Consider the use of mobile device management software for COJ-issued mobile devices in order to ensure tighter controls over mobile devices (e.g. cell phone/smartphones, tablets and iPads, etc.).

WHISTLE-BLOWER'S COMMENTS

On August 28, 2020, the OIG met with the WB to review and discuss a copy of the draft Report of Investigation. The OIG provided the WB an opportunity to submit a written explanation or rebuttal to the findings in the draft Report of Investigation, due on or before September 7, 2020. On September 1, 2020, the WB advised OIG that the WB had no comments related to the draft Report of Investigation.

PEPPERS' COMMENTS

On August 20, 2020, the OIG hand delivered a copy of the draft Report of Investigation to the Attorney on file for Joseph Peppers, former KHA, CEO. The OIG provided Peppers an

opportunity to submit a written explanation or rebuttal to the findings in the draft Report of Investigation, due on or before August 31, 2020. On August 31, 2020, the OIG received a written response from the Attorney on file for Peppers. The response is attached in its entirety to this report.

MANAGEMENT COMMENTS AND CORRECTIVE ACTIONS

On August 11, 2020, the Chief Administrative Officer, Office of Mayor Curry, City of Jacksonville, Florida, was provided the opportunity to submit a written explanation or rebuttal to the findings as stated in this draft Report of Investigation, due on or before August 31, 2020. On August 31, 2020, a written response was received from the Chief Administrative Officer, Office of Mayor Curry and is attached in its entirety to this report.

The Office of Mayor Curry agreed with the OIG recommendations. As part of the response, the Administration agreed and instituted a COJ Standard of Conduct Policy, effective September 14, 2020. Additionally, the Administration agreed to either establish and/or update existing policies based on the OIG recommendations. One of the OIG recommendations included developing a policy relating to an alternate unpaid leave mechanism, in lieu of paid administrative leave, during an ongoing investigation by authorized entities with the COJ, for individuals that are subjects of an employee misconduct investigation. The Administration committed to providing updated policies related to the OIG recommendations by October 31, 2020.

Attachments:

- 1 – Peppers’ Response, dated August 31, 2020
- 2 – Management’s Response, dated August 31, 2020

cc: IG Distribution 2019-0007WB

This investigation has been conducted in accordance with the ASSOCIATION OF INSPECTORS GENERAL Principles & Quality Standards for Investigations.

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Charles P. Pillans, III
Henry M. Coxe, III
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Chester Bedell (*d. 1981*)
Nathan Bedell (*d. 1982*)
C. Harris Dittmar (*d. 2009*)

August 31, 2020

TO: Inspector General
City of Jacksonville
InspectorGeneral@coj.net

FROM: Joseph Peppers

RE: Response of Joseph Peppers to Draft Report
Investigation Number: 2019-0007WB

I have reviewed the draft Inspector General report. To the extent the Inspector General felt compelled to address details of my personal life, there is no purpose in responding. All discussion in this draft relates to private matters already known to superiors within the City, and matters (as acknowledged by the Inspector General) not proscribed by City of Jacksonville policy or regulation.

I am proud of the persons whom I hired or recommended for other positions, and stand by their skills, talents and effectiveness. I certainly do not apologize for hiring or recommending any person who is a graduate of the United States Military Academy at West Point.

The suggested criticism of me with respect to internal/external communications is an issue similarly encountered by countless people who work for governments and government-related entities. Again the Inspector General acknowledges that there is no City of Jacksonville policy or regulation governing this conduct.

I wish the best to Kids Hope Alliance. Its work and mission are a credit to the community.

/s/Joseph Peppers
With Authority of Henry M. Coxe III

cc: Thomas A. Delegal III



ONE CITY. ONE JACKSONVILLE.

City of Jacksonville, Florida


Lenny Curry, Mayor

City Hall at St. James
117 W. Duval St., Suite 400
Jacksonville, FL 32202
(904) 630-CITY
www.coj.net

MEMORANDUM

DATE: August 31, 2020

TO: Lisa Green
Inspector General

FROM: Brian Hughes
Chief Administrative Officer 

RE: Draft Report of Investigation – Number 2019-0007WB

I have reviewed the recommended corrective actions in your report dated August 11, 2020 and offer the following responses:

Section I: KHA Workplace Environment/Management

1. Establish a policy that addresses standards of conduct for interactions between supervisors and subordinates that prohibits direct supervision over individuals involved in personal relationships. Provide copies of any updated and/or newly established policies to the OIG. In addition, provide verification of distribution to all impacted employees.

Response: Employee Services will implement a policy by September 15, 2020 that addresses standards of conduct for interactions between supervisors and subordinates.

2. Include in the above-mentioned policy a protocol for Employee Services to be notified of any potential violations in order for Employee Services to conduct an independent fact-finding investigation to determine whether any violations of COJ policies have occurred and ascertain the overall health of the impacted City department, division, or work unit.

Response: Employee Services will implement a policy by September 15, 2020 that will require immediate notification of any potential violations.

3. Develop a policy and a procedure requiring a documented disclosure of hiring conflicts of interest by existing COJ employees (real or perceived) and a documented conflicts of interest determination by Employee Services for retention in any applicable personnel hiring file. Provide copies of any updated and/or newly established policy to the OIG. In addition, provide verification of distribution to all impacted employees.

Response: Employee Services will draft a policy for my review and approval by October 31, 2020.

4. Expand the line of questioning on employment applications to include questions regarding possible conflicting relationships concerning past or present professional, personal, and/or financial relationship related to individuals within the hiring City department, division, or work unit. Provide a copy of any updated employment supplemental questions.

Response: Employees Services will expand the line of questioning on employment applications by October 31, 2020 to include the following:

- Within the past two years, have you had a professional relationship, which may include financial relationship, with any employees in the department where the position for which you are applying resides? Yes, No, or I Do not know answer. If Yes or I do not know, explain in detail.
 - Within the past two years, have you had a personal relationship with any employees in the department where the position for which you are applying resides? Yes, No, or I Do not know answer. If Yes or I do not know, explain in detail.
5. Develop a policy relating to an alternate unpaid leave mechanism, in lieu of paid administrative leave, during an ongoing investigation by authorized entities with the COJ, for individuals that are subjects of an employee misconduct investigation. Provide copies of any updated and/or newly established policy to the OIG. In addition, provide verification of distribution to all impacted employees.

Response: Employee Services will draft a policy for my review and approval by October 31, 2020.

6. Request Employee Services meet with all Boards and Commissions who have oversight of COJ employees, i.e. CEO of KHA, etc., to review and discuss available resources within Employees Services to provide guidance and assistance in resolving issues and conflicts in the workplace.

Response: Employee Services will meet with all Boards and Commission who have oversight of COJ employees to review and discuss available resources within Employee Services. These meetings will be completed by December 31, 2020.

7. Establish a protocol that holds heads of COJ departments or agencies accountable to ensure that all COJ employees review and acknowledge COJ issued policies in a timely manner and includes an appropriate remedy for non-compliance. Provide a copy of any newly established protocol to OIG.

Response: Employee Services will draft an Electronic Policy Acknowledgement Follow-Up policy for my review and approval by October 31, 2020.

8. Establish a procedure to ensure timely review and acknowledgement of COJ issued policies are completed by all KHA employees. Coordinate with Employee Services and identify any KHA employee who have not read and acknowledged any applicable COJ policies. Provide verification of review and compliance.

Response: Employee Services will draft an Electronic Policy Acknowledgement Follow-Up policy for my review and approval by October 31, 2020.

Section II: Conflicting Relationships/Misuse of Position

1. Establish a policy and a procedure requiring COJ employees to provide a documented disclosure of conflicting relationships when involved in the procurement process, especially for procurements not subject to a competitive process. The policy should also include a documented review by the Chief of Procurement, or appropriate authority. Provide copies of any updated and/or newly established policy to the OIG. In addition, provide verification of distribution to all impacted employees.

Response: Employee Services will draft a Conflict of Interest policy relating to the procurement process for review by October 31, 2020.

2. Establish a policy and a procedure requiring COJ to provide a documented disclosure of conflicting relationships when involved in making recommendations on behalf of the COJ, especially for grant funding not subject to review or oversight by the COJ. The policy should also include a documented review by Grant Administrator, or appropriate authority. Provide copies of any updated and/or newly established policy to the OIG. In addition, provide verification of distribution to all impacted employees.

Response: The current or revised Conflict of Interest form will be implemented for use by the Grants Office by October 31, 2020.

3. Review the JaxPro (or equivalent database) vendor profiles concerning "Conflict of Interest" and consider adding questions relating to (1) whether the vendor has a personal or professional relationship with an COJ employee within a specified time frame; and (2) whether the vendor has a financial relationship with any COJ employee. The field for explanation should be sufficient to explain any details of the personal, professional, and/or financial relationship to determine whether a conflicting relationship exists between any business, individual, or COJ employee. Provide a copy of any updated language to OIG.

Response: The Administration will review and determine if the current Conflict of Interest form should be revised, since the current form requires disclosure of financial interest in a bid or contract by a public official.

The following corrective actions are recommended for consideration by the KHA Board:

4. Establish a procedure for the KHA CEO to consult with the KHA Board, either in whole or part, regarding potential recommendations or selection of potential businesses and/or individuals being considered for grant funding, whether through the COJ or through an outside party, to ensure impartiality, appropriateness, and that there are not conflicting relationships related to business and individuals being considered. Provide copies of any updated and/or newly established policy to the OIG. In addition, provide verification of distribution to all impacted employees.

Response: KHA has created a draft policy letter regarding guidance to the KHA leadership and staff on providing letters of support when requested by providers of children's services to KHA Providers and other community organizations. Once the policy is reviewed with the KHA Board and approved, a copy will be provided to OIG.

Section III: Non-Compliance/Policy Deficiency

1. Determine whether there should be two distinct policies: one related to general use of City technology equipment and one related specifically to COJ-issued mobile devices.

Response: ITD recommends maintaining one policy that is distributed to all employees through the annual Employee Services Acknowledgement process. ITD will revise the mobile devices section of the policy to include greater emphasis on acceptable usage of COJ issued cell phones, iPads, other mobile devices, and Internet of Things (IOT). The revisions will be completed by October 31, 2020.

2. Review and update the Technology Use Policy 0516 and the Cell Phone Policy to include prohibitions against:

- (1) Linking personal e-mail or other personal applications or accounts to COJ-issued devices in order to ensure that COJ issued technology and mobile devices are clearly used for work purposes only.

Response: ITD recommends mirroring the acceptable use language for personal usage of COJ laptops and PCs, which allows for limited personal use. In addition, ITD will apply security controls on mobile devices and IOT's for application control as part of mobile devices management (see response below to item 3).

- (2) Update language in each policy regarding the use of COJ issued devices to prohibit communications with other individuals relating to any adult content (e.g. sexting or sending and/or receiving pornographic material or photos); and/or the retention of any adult content material (e.g. adult-content photos).

Response: ITD will include the language referenced above in the policy by October 31, 2020.

Provide copies of any updated and/or newly established policy to the OIG. In addition, provide verification of distribution to all impacted employees.

3. Consider the use of mobile device equipment software for COJ-issued mobile devices in order to ensure tighter controls over mobile devices (e.g. cell phone/smartphones, tablets, and iPads, etc.).

Response: Mobile device management software is part of ITD's multi-year strategy. Due to priority security initiatives, this is scheduled for consideration as part of FY2022 MBRC budget process.

We will ensure that the Office of the Inspector General receives copies of final approved policies and/or procedures. Please let us know if you have any questions or require additional information.

**FORM 2
CONFLICT OF INTEREST CERTIFICATE**

RFP No. _____

Bidder must execute either Section I or Section II hereunder relative to Florida Statute 112.313(12). Failure to execute either Section may result in rejection of this bid proposal.

SECTION I

I hereby certify that no official or employee of the City or independent agency requiring the goods or services described in these specifications has a material financial interest in this company.

Signature

Company Name

Name of Official (Type or Print)

Business Address

City, State, Zip Code

SECTION II

I hereby certify that the following named City official(s) and employee(s) having material financial interest(s) (in excess of 5%) in this company have filed Conflict of Interest Statements with the Supervisor of Elections, 105 East Monroe Street, Jacksonville, Duval County Florida, prior to bid opening.

Name	Title or Position	Date of Filing
_____	_____	_____
_____	_____	_____

Signature

Company Name

Name of Official (Type or Print)

Business Address

City, State, Zip Code

PUBLIC OFFICIAL DISCLOSURE

Section 126.110 of the Purchasing Code requires that a public official who has a financial interest in a bid or contract make a disclosure at the time that the bid or contract is submitted or at the time that the public official acquires a financial interest in the bid or contract. Please provide disclosure, if applicable, with bid.

Public Official _____

Position Held: _____

Position or Relationship with Bidder: _____