

PUBLIC QUERIES:

REQUESTS FOR ANSWERS FROM ELECTED OFFICIALS¹

Honorable New Orleans City Council Members –

**HOW WILL YOU HOLD THE OFFICE OF INSPECTOR GENERAL ACCOUNTABLE FOR
QUESTIONABLE ACCOUNTING AND SPENDING PRACTICES?**

“The Government should not keep information confidential merely because public officials might be embarrassed by disclosure, because errors and failures might be revealed, or because of speculative or abstract fears.”

President Barack H. Obama

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An Initiative of LJI's Project Transparency Campaign

Progressive public policy change requires a citizenry that is not only fully informed, but motivated and mobilized to actively participate in the democratic processes through which their policy-making leaders are selected. Public cynicism about government serving moneyed interests and the privileged must be replaced with hope and genuine confidence that government can be a positive force for helping ordinary people and advancing the common good. To that end, LJI has devoted its civic engagement efforts on Open Access to Government projects, including *Project Transparency/ Now You Know* (www.NolaPublicRecords.org), and a new pilot project, *Open Louisiana Government*, which will begin tracking campaign contributions to government officials with government contracts, through local & state budgets. Finally, LJI continues aggressively pursuing litigation against public entities that violate the Louisiana Public Records and Open Meetings laws.

Honorable New Orleans City Council Members - HOW WILL YOU HOLD THE OFFICE OF INSPECTOR GENERAL ACCOUNTABLE FOR QUESTIONABLE ACCOUNTING AND SPENDING PRACTICES?

What the Records Show

A. Failure to Adhere to "Green Book" Standards by Fusion of ERB & DIG Operations

In 1996, a majority of New Orleans voters amended the Home Rule Charter to authorize the City Council to establish an Ethics Review Board (ERB). The mission of the ERB is to uphold and enforce high ethical standards and promote the public's confidence in the governance of the City of New Orleans by establishing additional recommendations for the Code of Ethics, issuing advisory opinions, promulgating rules regarding the interpretation and enforcement of the Code of Ethics, referring cases for investigation on referral or complaint, and imposing fines.¹ The Office of Inspector General (DIG) was established by city ordinance to provide independent and objective reporting to the mayor, city council, New Orleans residents, and other stakeholders, on government programs and operations through the identification and elimination of fraud, waste, abuse, and mismanagement.²

The New Orleans DIG has accepted and agreed to comply with the "Green Book," which is a handbook of national best practices written, produced, and published by the Association of Inspectors General.³ The Green Book admonishes that any competent Inspector General and that IG's staff involved in performing or supervising any assignment should be free from personal or external impairments to independence and should constantly maintain an independent attitude and appearance.⁴ Despite this clear directive, the New Orleans ERB and DIG continually - and often with reckless abandon - co-mingle resources, both monetary and personnel, resulting in conflicts in interest and the appearance of impropriety.

The most glaring evidence of this problem lies in the DIG inventory and purchasing records, which establish there is no independence between the DIG and ERB. Documents produced in response to public records requests⁵ to the DIG show the DIG made purchases for the ERB and paid the salaries of two (2) ERB employees, and the ERB reciprocated by purchasing materials and paying expenses for the DIG. There is virtually no distinction as to how the resources have been allocated between the two departments and, at least initially, both the DIG and ERB funds were disbursed by an ERB employee.⁶ This is clearly a violation of those Best Practices promulgated by the Green Book, and the New Orleans City Charter.

A. Weapons Arsenal, and Intelligence Gathering Equipment Purchases that Disregard the Public Interest

LJI requested documentation of those weapons and other 'law enforcement' tactical equipment purchased by the DIG. The weight and breath of information produced should inform the public's conversation concerning the actual mission of the DIG. Records reflect the DIG's intent to arm and equip a law enforcement and intelligence agency. The NOLA DIG Fiscal Year 2009 Pistol Inventory Control Log account documents⁷ the following purchases:⁸



FNH 5.7 USG Pistol and Magazine



Armor Piercing Bullets



Speco Tech Pinhole Camera



Northwest Night Vision Monacles

- 20 FNH 5.7 USG Pistols (retail priced at \$936.00 each, totaling \$18,720.00)⁹
- 60 Twenty (20) round magazines (retail priced at \$36.71 each, totaling \$2,202.60)¹⁰
- 20 Gun Boxes (retail priced at \$30.00 each, totaling \$600.00)¹¹
- 4 Speco Tech Pinhole Cameras (retail priced at \$319.99)¹²
- 2 Lecia Laser Rangefinders (retail priced at \$599.00 each)¹³
- 2 SVAT Electronics Convert DVR w/ Pinhole Camera System (retail priced at \$439.98 each)¹⁴
- 1 Digital Intelligence Ultra-Block Forensic USB Bridge (retail priced at \$299.00)¹⁵
- 4 Northwest Nightvision Monacles (retail priced at \$265.00)¹⁶
- 1 Irwin Titanium Unibit (retail priced at \$77.02). This equipment is used specifically to drill precise holes into steel, aluminum, brick, or any other hard material, such as private residence outside walls.¹⁷

The Office of Inspector General is neither a law enforcement agency nor an intelligence gathering agency. Consequently, there are major issues surrounding the purchase of these firearms and spy equipment:

- All employees of the OIG are Civil Service employees, and do not have arrest powers or firearm permits.¹⁸
- FNH 5.7 USG pistols are tactical weapons used by the military, intelligence agencies, law enforcement S.W.A.T. teams and other direct-combat organizations.¹⁹
- The Five-Seven and 5.7x28mm ammunition have been the target of controversy because there is credible evidence the commercially available SS192 ammunition can penetrate even a Level IIA vest.²⁰

These weapons carried by the OIG lawyers and staffers are lethal. On November 5, 2009, the weapon was allegedly used by U.S. Army psychiatrist Major Nidal Malik Hasan in the Fort Hood shooting, where 13 were killed and 30 were wounded.²¹

OIG General Counsel Deborah McCrocklin and Investigator Carla Gendusa (former senior staffer with Council member Stacy Head) were issued these lethal weapons for a period of 81 days. But their job descriptions and, indeed, the scope, mission, and authority of the OIG offer no practical need for such weapons. **In excess of 20 of these assault-type weapons were purchased; at most, 5 OIG employees could qualify to be deputized by Police Superintendent Warren Riley to carry such weapons.**²²

Concerning the surveillance equipment, according to the methodology of the findings in the few reports completed by the OIG, there have been no instances where they office used or contemplated the use of the high-tech forensic spy equipment purchased.²³ These tools, along with multiple pages of other unnecessary equipment purchases (i.e. hardhats, HD Utility Knives, Magnetic Drive Guide Sets, Cobalt Drill Bit Sets, etc.) have nothing to do with the scope and mission of the OIG. By purchasing these weapons and tools, the OIG has overstepped the boundaries mandated by the City Charter.

C. Duplicative Purchases of Computer Hardware and Software, and Cell Phone Equipment

Former Inspector General Robert Cerasoli "placed the responsibility for ordering the computer system and supplies for the Office of Inspector General with an employee of the ERB and an employee of the OIG, neither whom had any professional experience in this area. There were many issues that arose during the purchasing phase as a result of these employees' lack of experience. In addition, these employees did not have Sparkhound review the purchase orders. A few of those issues are as follows..."²⁴

There are several examples of unnecessary equipment and supply purchases. One of the most egregious; OIG's defiance of its paid consultant's recommendation for purchase of one multi-user media license of Microsoft Office Ultimate 2007, instead purchasing 86 individual licenses at \$575.99 each for a total of \$49,535.14.²⁵ Total wasteful spending on computer equipment may exceed \$100,000. In addition to the wasteful spending on computer software the OIG purchased:²⁶

- 30 additional 500 GB Internal Hard Drives
- 9 additional 250 GB Laptop Hard Drives
- 15 additional 3.5 inch "Barracudas" (high performance forensic hard drives)
- 10 DiamondMax I Terrabyte SATA II 300 Internal Hard Drive Kit (created for editing videos and playing video games).

When a computer is purchased, it comes with its own hard drive. There is no need to purchase additional hard drives, unless the computer is being used for things other than what the office has been mandated to produce. Consider, as of September 2009, the OIG employed 28 individuals²⁷ but had purchased 42 computers with 64 additional internal hard drives.²⁸ For whom and for what purpose were the 16 additional computers and 64 hard drives purchased?

Finally, over \$4,000 in cell phone equipment was purchased by the OIG from Siliconave.com.²⁹ Siliconave is a forensic technology firm that creates custom mobile PCs tuned for forensic applications. Portable forensic devices were already purchased.³⁰ There was no need for the additional mobile forensic applications. Curiously, in the first two quarters of 2009, the OIG expended over \$20,000 in phone charges, including monthly cell phone bills. Only 18 OIG employees have office-issued cell phones.³¹

What We Want to Know

While the City Council is considering draconian reductions to the budgets of Public Safety agencies and programs as well as the Health and Sanitation Departments, New Orleans' legislative branch must not ignore the larger expenditure waste at the Office of the Inspector General.

Consider the following:

*In 2008 and 2009, the OIG and ERB were appropriated \$3,130,000 and \$3,722,336, respectively. According to the OIG website, the office has released a total of **four complete reports**, totaling exactly 100 pages. **Based on this budget allocation and the number of reports they list, this comes to a cost to New Orleans taxpayers of \$68,523.36 per page.***³²

The City of New Orleans must not simply appropriate lump sum funds to the OIG without specific justification for spending, and then hope there is a surplus that may or may not be refunded later, at the discretion of this agency. Accounting research should be quickly completed into both OIG and ERB that consider line item reductions to improve cost efficiency, rather than dangerous "quick fix" solutions that could cause potential problems for the city budget in the future. Most important, a system needs to be in place to oversee the spending decisions of the OIG and ERB to ensure efficiency, transparency and accountability.

The citizens and taxpayers have a right to be concerned and ask:

- 1.) How do we ensure public funds expended by the DIG are continually audited and reviewed for waste and potential fraud? We understand that an "DIG Watchdog Panel" was recently created. However, we are troubled with the notion of a cycle of monitoring failure, in that the Watchdog Panel is comprised of city officials who the DIG is supposed to be monitoring. There is a major conflict of interest. Will an independent (outside of New Orleans) monitoring entity be hired?
- 2.) Considering this analysis of DIG and ERB expenditures, how can our wasted dollars be recouped?
- 3.) Will the council reprogram any DIG and ERB surplus funds to critical public safety and healthcare/human services programs that are essential to fighting and preventing violent crimes and human suffering?
- 4.) The DIG and ERB need to be operationally independent. When will this policy actually be enforced? We have seen the damage that has been done, due to the lack of independence within these entities. How can we ensure that this will no longer occur with our tax dollars?

Endnotes:

¹ See, ERB Website: <http://nolaethics.org/main/inside.php?page=mission>.

² See, [Article XIII, Section 2-1120 \(2\) Home Rule Charter of the City of New Orleans](#).

³ Pursuant to [Article XIII, Section 2-1120 \(13\)](#) "Standards for initiating and conducting audits, investigations, inspections, and performance reviews by the office of inspector general will conform to the Principles and Standards for Offices of Inspectors General (Green Book) promulgated by the Association of Inspectors General. The Office of Inspector General shall develop an operations manual available to the public that contains principles based on these standards."

⁴ See, [Association of Inspectors General: Principles and Standards for Offices of Inspector General](#).

⁵ See, NolaPublicRecords.org [DIG Purchasing Records](#).

⁶ See, NolaPublicRecords.org [DIG Purchasing Records](#).

⁷ See, NolaPublicRecords.org [Pistol Inventory Control Log](#), Page 2 of this log was not produced, in violation of the Louisiana Public Records Act.

⁸ See, NolaPublicRecords.org [DIG Technology and Tool Inventory](#)

⁹ See, www.wholesalehunter.com.

¹⁰ Ibid

¹¹ See, www.wholesalehunter.com.

¹² See, <http://www.amazon.com/gp/product/B000246SSM>.

¹³ See, http://www.bhphotovideo.com/c/product/534564-USA/Leica_40527_Rangemaster_CRF_1200_M_Laser.html.

¹⁴ See, <http://www.whohas.com/products/handheld-dvr-with-2-5-in-lcd-screen-and-color-pinhole-camera-BCC5EA59AD7E9088073.html>.

¹⁵ See, http://www.digitalintelligence.com/products/usb_write_blocker/. The UltraBlock USB Write Blocker is designed to allow forensically sound images to be extracted from USB mass storage devices. Data can be read from the USB mass storage device without fear that data on the USB device will be modified inadvertently during the acquisition process¹.

¹⁶ See, www.grainger.com/Grainger/items/2UY39?cm_mmc=Google%20Base_-_Office%20Equipment_-_Business%20Machines_-_2UY39.

¹⁷ See, www.irwin.com/irwin/consumer/jhtml/productBuyOnline.jhtml?prodId=IrwinProd100146&skuid=8M155_02.

¹⁸ See, [www.NolaPublicRecords.org](#), Section 4-502(2)(a) Home Rule Charter of the City of New Orleans.

¹⁹ See, Wood, J.B., "FNH USA Five-seven Pistol 5.7×28mm". <http://tactical-life.com> - Gun Reviews.

²⁰ See, "Police Officers at Risk from Cop-Killer Gun". <http://Bradycampaign.org> - Brady Campaign Official Website.

²¹ See, "Fort Hood Killer Reportedly Chose 'Cop Killer' Handgun". <http://Bradycampaign.org> - Brady Campaign Official Website. November 6, 2009.

²² See, NolaPublicRecords.org [DIG Employment Chart](#).

²³ See, NOLA DIG Final Reports: <http://www.nolaoiq.org/cs/>

²⁴ See, [Office of the Inspector General Assessment of the Transition of the DIG from Inspector Cerasoli to Interim Inspector Odom on January 30, 2009](#). Sparkhound is the computer consultant hired by DIG and ERB.

²⁵ Ibid.

²⁶ See, NolaPublicRecords.org [DIG Technology and Tool Inventory](#)

²⁷ See, NolaPublicRecords.org [DIG Employment Chart](#).

²⁸ See, NolaPublicRecords.org [Technology Inventory](#).

²⁹ See, www.siliconforensics.com.

³⁰ See, NolaPublicRecords.org [DIG Technology and Tool Inventory](#).

³¹ See, NolaPublicRecords.org [DIG Inventory List and DIG Employee Individual Inventory Reports](#).

³² See, www.nolaoiq.org.