



OFFICE OF THE CITY COUNCIL

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August 14, 2019

Maria Chapa Lopez, Esq.
U.S. Attorney for the
Middle District of Florida
300 N. Hogan St., Suite 700
Jacksonville, FL 32202

Dear Ms. Chapa Lopez:

I write to express serious concerns regarding recent allegations of procurement fraud by high ranking individuals in the office of Mayor Lenny Curry, City of Jacksonville. I request that the Department of Justice investigate whether any crimes have been committed.

The Florida Times-Union recently obtained a memorandum drafted by Joe Peppers, the CEO of the City's Kids Hope Alliance wherein he expresses that Brian Hughes, the mayor's chief of staff, and Sam Mousa, the city's top administrator, exerted "undue influence" on him to give preferential treatment to a hand-picked group of organizations to receive grant money (\$10,000 each) from the city agency.

This occurred while Mayor Lenny Curry was running for re-election. Many of the organizations who received grant money were run by individuals who had criticized the mayor for failing to reduce crime as he promised in the 2011 election. It is believed that these are the organizations which were hand-picked by the mayor's office to receive grant money to quiet criticism of Mayor Curry.

There have long been allegations of Curry, Hughes, and Mousa using undue influence, threats, and retaliation to get preferential treatment for select individuals, organizations, and companies. It is imperative that these allegations be thoroughly investigated and that appropriate action be taken if crimes have occurred.



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Undue influence and steering are forms of procurement fraud that cause public distrust in the government and are examples of mismanagement of taxpayer dollars. The high public interest in these allegations warrants investigation by the Department of Justice.

Attached for your reference and review is the August 14, 2019, article from The Florida Times-Union by Christopher Hong titled "City official: Mayor Lenny Curry's office pressured him to steer grant money to "preferred" groups" along with the referenced memorandum prepared by Joe Peppers. These materials provide the names of multiple witnesses to the allegations of procurement fraud.

In light of the above, it is imperative that the Department of Justice initiate an investigation of these allegations.

Sincerely,

A handwritten signature in black ink that reads "Garrett L. Dennis". The signature is stylized with a large, flowing "G" and "D".

Garrett L. Dennis

Enclosures

Exhibit #1
Jacksonville.com
Article Dated August 14, 2019

Exhibit #2
Memo from Joe Peppers
Dated September 8, 2018

City official: Mayor Lenny Curry's office pressured him to steer grant money to "preferred" groups

By Christopher Hong

Posted at 10:32 AM

In a detailed memo he emailed to his executive team last September, Kids Hope Alliance CEO Joe Peppers said Mayor Lenny Curry's two highest ranking officials told him to give certain grant applicants "preferential treatment."

In the waning hours of a Saturday night last September, the CEO of the Jacksonville Kids Hope Alliance typed on his smartphone a memo leveling an explosive allegation: Mayor Lenny Curry's office was exerting "undue influence" on him to give preferential treatment to a hand-picked group of organizations that would soon seek grant money from the city agency.

In the memo, Joe Peppers described a tense meeting with Brian Hughes, Curry's political operative turned chief of staff, and Sam Mousa, then the city's top administrator, that happened the previous week to discuss the city's Stop the Violence initiative, a bundle of small grants Curry and the City Council funded in response to a deadly shooting at a Raines High School football game, a tragic lowpoint to an already violent summer.

The \$10,000 "micro" grants were to be awarded to dozens of nonprofits and faith-based organizations, which would have free reign to spend the cash on whatever programs they believed would steer kids away from violent crime.

Peppers planned to hire a contract manager to oversee the \$364,000 program. Hughes and Mousa didn't like that idea, according to the Sept. 8 memo, which the Florida Times-Union obtained a copy of this week.

Hughes asked another KHA employee attending the meeting, Damien Cook, to step out of the room, according to the memo. He then told Peppers he “didn’t understand” why he was trying to hire a contract manager.

Mousa spoke next, explaining to Peppers there wouldn’t be any need to do that, according to the memo. Instead, Mousa said he wanted Peppers “personally involved” in scoring the grant applications.

“This is family talking; this is political!” Mousa said, according to the memo. “To reiterate, both Brian and Sam stated that there would be designated applicants that would get preferential treatment during the application process.”

Peppers didn’t mention any specific organizations in his memo. The Times-Union has requested an interview with Mousa, Hughes and Curry. Mousa, who is now retired, hasn’t responded. City spokeswoman Nikki Kimbleton hasn’t said whether Hughes and Curry would be available for comment, and she said she hasn’t seen a copy of Peppers’ memo.

“Regardless, I can assure you the Mayor’s office follows all ordinance and law related to procurement. Any implication or inference of “undue influence” or “preferential treatment” in the procurement process is not factual,” she said in an email.

Peppers wrote that he never agreed with or challenged Hughes and Mousa during the meeting, but the conversation left him feeling “very uncomfortable.” His discomfort grew when he later heard rumors that a group of local pastors were conspiring to blackmail him over a purported picture of him attending a rally for President Donald Trump.

Peppers shared some of his concerns with Lawsikia Hodges, an attorney with the city’s office of general counsel, after his meeting with Mousa and Hughes. She instructed him to “not make a big deal” about it, according to the memo.

“She stated that the \$350k was insignificant compared to the \$32 mm we received and that I shouldn’t ‘openly question the mayor.’ That I shouldn’t ‘bite the hand that feeds me,’” he wrote, referencing the total amount of the grant program and the \$32 million KHA received from the city that year. “I didn’t tell

her about my conversation with Brian and Sam, but I did ask what I should do if I felt like I was under undue influence. She said 'we will cross that bridge if we get to it.'"

Those interactions left Peppers so unsettled that he emailed the memo to two members of his executive team, Mary Tobin and Jennifer Blalock, and instantly transformed his detailed recollection of the meetings into a public record.

"I am stating for public record that I do not agree with the approach dictated to me by the mayors (sic) office," he wrote. "Two of the mayor's direct reports have intimated to me that they expect me to pass certain applicants based on their discretion regardless of how they score on the (request for proposals.)"

A year after putting those troubling accusations into writing, Peppers remains at the helm of the agency, which oversees city-funded children's services and is controlled by a board of directors appointed by the mayor.

Peppers didn't return a message seeking comment, and a KHA spokesman didn't respond to a request to interview him. It's unclear how the organizations that received the city funding were selected. The Times-Union has requested a copy of the scoring results and a list of groups that received the grants.

Curry was gearing up for his reelection campaign at the time of the Raines shooting, although a challenger had not stepped forward yet.

Still, Curry was elected in 2015 on a campaign promise to lower violent crime, and violent crime numbers were moving in the wrong direction. The number of murders in the previous two years — 106 and 112, respectively — were the highest recorded since 2008, and the number of rapes during the same years hadn't been higher since 2000.

The 19-year-old killed during the Aug. 24 shooting at the Raines football stadium pushed the 2018 homicide rate to 82. Two other teens were injured during the shooting.

According to Peppers' memo, Hughes and Mousa expressed a keen interest in the micro grant program during their meeting. It's unclear when the meeting occurred: In one part of the memo, Peppers said it occurred the week before he

wrote it on Sept. 8. In another part, he says the meeting occurred on Thursday, Aug. 6. (Aug. 6 fell on a Tuesday, although Sept. 6 fell on Thursday.) The Times-Union has requested calendars for that time.

Hughes told Peppers that he'd normally expect him to measure the outcomes of any programs the agency funded — a talking point Curry often mentioned when discussing children's services — but this case was different.

"We want this to be something that happens fast," Hughes said, according to the memo.

Mousa then asked Peppers why he met with Councilman Danny Becton and planned another meeting with Councilwoman Anna Brosche, according to the memo. Mousa erupted after Peppers asked whether he should cancel the meetings.

"He said no and got very angry with me," according to the memo.

Marlene Russell, another Curry aide, also attended the meeting but said "very little," according to the memo. The Times-Union requested an interview with Russell on Wednesday morning. Kimbleton hasn't said whether she would be available for comment.

Peppers wrote that he shared his concerns with other people, including KHA board members Kevin Gay and Barbara Darby, and told parts of the story to then-Councilman Matt Schellenberg, who he wrote encouraged him to "do the right thing."

"I have a meeting Monday morning with Brian where I will let him know that I do not plan on supporting preferential treatment of applicants," Peppers wrote at the end of the memo.

A month after Peppers' purported meeting with Mousa and Hughes, 100 local organizations applied for the micro grants. KHA later awarded a total of \$364,000 to 37 groups.

Peppers has led the agency since April 2018, and the board's decision to hire him was a controversial one.

Curry appointed Peppers to the agency's board in November 2017. A few months later, Peppers applied for the CEO position while he was still a board member. He resigned before receiving the job after the move was criticized as a potential conflict-of-interest.

An operations manager for a local Amazon facility and an Army veteran who served three tours in Iraq and earned a Bronze Star, Peppers had the least amount of relevant experience among the five finalists for the job. Still, he received high scores from the board's selection committee, which prompted another candidate to withdraw her application due to the "inherent relational advantages" she believed Peppers possessed.

The board later chose Peppers to lead the agency in a split vote and gave him a salary that was \$30,000 higher than the executive director of the agency that the KHA replaced when it was formed in 2017.

Earlier this year, Peppers took a leave of absence due to "long-standing health issues," according to an Action News Jax report. Peppers has returned to work, although Tobin and Blalock both resigned this summer. Peppers hired Tobin, a long-time friend, and Blalock, who also applied for the CEO position, to help him oversee the agency.

Peppers is the latest person to accuse Hughes of using his position to pressure or intimidate them while conducting city business. In early 2018, an aide to City Councilwoman Anna Lopez Brosche filed a complaint against Hughes, claiming she felt unsafe after he angrily confronted her on the fourth floor of City Hall. An internal review by the general counsel's office cleared Hughes of breaking any laws or city policy.

In April, Schellenberg said Hughes threatened retaliation after he publicly criticized an incentives-rich deal to redevelop downtown's vacant Berkman II property that soured after the Mississippi-based developers walked away.

Hughes sent Schellenberg a screenshot of a comment he made in the Times-Union expressing disappointment that the city's Downtown Investment Authority didn't discover more than \$11 million in financial judgements filed against companies tied to the developers before asking the council to approve the deal.

Hughes followed up with a cryptic statement: "I hope Matt gets everything he needs prior to June 30."

June 30 was Schellenberg's final day in office.

This is a developing story. Check back for updates.

From: [REDACTED]
Sent: Wednesday, August 14, 2019 1:54 PM
To: [REDACTED]
Subject: FW: Emails PRR

From: joseph peppers <joseph.peppers@gmail.com>
Date: September 8, 2018 at 9:17:04 PM EDT
To: Mary Tobin <MTobin@coj.net>, Jennifer Blalock <jblalock@coj.net>
Cc: Mary Tobin <Marytobin8@gmail.com>, Jennifer Blalock <injenuity413@gmail.com>
Subject: Regarding Mini Grants for Stop the Violence Campaign

Ladies,

I am stating for public record that I do not agree with the approach dictated to me by the mayors office regarding the facilitation of the RFP for the \$50k grants and the \$300k grants. I am also going on record as stating that I believe that I'm under undue influence from the mayors office. Two of the mayor's direct reports have intimated to me that they expect me to pass certain applicants based on their discretion regardless of how they score on the RFP,

On Thursday morning, August 6th, at 1130am, I had a meeting with Sam Mousa, Brian Hughes, and Marlene Russell. Damion Cook was also at the meeting for the initial 10 minutes. Initially, Brian asked for clarification on what grant we were getting from the White House. After receiving clarification, he asked Damian to step out. Afterwards, Brian Hughes indicated that he didn't understand why I was trying to hire a contract manager for the micro grants and why I was talking to Greg Pease about hiring a contract manager. I stated that the full context was we needed a contract manager to manage 30 ten thousand dollar grants. Sam stated that we didn't need that. "This is family talking; this political!" I said I wanted to make sure that we measured outcomes but that what I hear them saying is that these grants need to be simplified. Sam stated that he wanted me personally involved in grading the grants. At no time did I agree or disagree and I felt very uncomfortable with the conversation. Brian said I know that you hearing two different things, but this something you have to be really sure of when talking with Councilmembers. "We want this to be something that happens fast." We started talking about my meeting with Councilman Becton. I told them that Councilman Becton didn't agree with me taking on this task. I told them I would also see Anna Broche later that day. Sam asked why I was having all of these meetings. I stated that I was asked to follow up with them or meet with them. I asked if I should not meet with them. He said no and got very angry with me. Marlene said very little. I closed the meeting saying I guess I am over thinking it. To reiterate, both Brian and Sam stated that there would be designated applicants that would get preferential treatment during the application process. I have shared this with Dawn Lockhart and Kevin Gay. On Friday I was told by Sylvester that some pastors are trying to blackmail me, stating they have a picture of me at a President Trump rally which isn't true. I speculate where that rumor came from considering my conversation on Thursday. This email serves as my recollection of the events that transpired last week. I do not plan to give any preferential treatment to any applicants. I will discuss this with Kevin Gay and Dr Darby tomorrow. I have a meeting Monday morning with Brian where I will let him know my stance on the issue.

Let me know if you have any questions.

JP

904 570 1909

This message may contain confidential and/or privileged information. If you are not the intended recipient or authorized to receive this for the intended recipient, you must not use, copy, disclose or take any action based on this message or any information herein. If you have received this message in error, please advise the sender immediately by sending a reply e-mail and delete this message. Thank you for your cooperation.