

# 2016 ANNUAL REPORT

OFFICE OF THE LOUISIANA INSPECTOR GENERAL

STEPHEN B. STREET, JR.

INSPECTOR GENERAL



## **INSPECTOR GENERAL STEPHEN B. STREET, JR.**

Stephen Street has served as Louisiana's Inspector General since January of 2008, and was confirmed by the Louisiana Senate for a second six-year term that runs through January of 2020. The Louisiana State Inspector General is an independent office dedicated to investigating fraud and public corruption.

Mr. Street received his law degree in 1989 from the Paul M. Hebert Law Center at Louisiana State University. The bulk of his years as a practicing attorney have been spent in the field of criminal law at the state and federal levels -- first as a criminal staff lawyer with the Third Circuit Court of Appeal in Lake Charles, and later both defending and prosecuting serious criminal cases. Mr. Street has extensive experience as lead trial counsel in a wide variety of cases, from capital murder to complex white collar and economic crime.

From 2000 until his appointment as Inspector General, Mr. Street exclusively handled white-collar fraud and public corruption prosecutions as the Section Chief of the Louisiana Attorney General's Insurance Fraud Support Unit. Investigations/prosecutions handled by the unit ranged from basic claims fraud to multi-defendant insurance fraud, money laundering, and conspiracy cases.

Mr. Street is a Certified Inspector General (CIG), and regularly conducts training on white collar and economic crime investigation. He continues to serve as an instructor for the National White Collar Crime Center (NW3C), teaching courses on Financial Investigation Practical Skills (FIPS) offered to law enforcement throughout the United States. Mr. Street also serves as an adjunct instructor for the Inspector General Criminal Investigator Academy's Public Corruption Investigation Training Program, and for the National Association of Inspectors General (AIG) certification institutes.

On November 14, 2016, Mr. Street was re-elected to a second two-year term as President of the AIG, comprised of over 1,600 members from the Inspector General, Law Enforcement and Oversight communities of the United States, U.S. territories and several foreign countries.

## MESSAGE FROM THE INSPECTOR GENERAL



STEPHEN B. STREET  
INSPECTOR GENERAL

On April 1, 1988, Louisiana Governor Buddy Roemer signed an Executive Order that created the Office of State Inspector General (OIG) and gave it a mission to root out fraud, waste and corruption in Louisiana State Government. That was 29 years (and three Inspectors General) ago, and much has happened since then. January 8, 2017 was the 9<sup>th</sup> anniversary of my appointment as Louisiana's third State Inspector General. I am now in my second six-year term, which runs through January of 2020. I speak from the heart when I say that it has been both an honor and privilege to serve the citizens of Louisiana, who deserve and have demanded honest and accountable government that is free from fraud and corruption.

As a native and lifelong resident of Louisiana, I will be the first to admit that our state has enjoyed a special reputation for public corruption over the years. Much – though not all -- of that reputation was well earned. I can also attest personally, though, that in Louisiana, *"The times they are a changin'..."*

When I was first approached about becoming Louisiana's Inspector General in 2007, I sensed that the tide of public opinion had shifted dramatically. We were two years removed from two of the worst natural disasters in U.S. history, Hurricanes Katrina and Rita, and the jokes were no longer funny. Louisiana citizens were sick and tired of corruption in government and wanted to do something about it. And they did. In the first legislative sessions following my appointment, the Inspector General enabling statute (La. R.S. 49:220.21 et seq) passed with overwhelming legislative and public support, granting independence and law enforcement powers to the office.

Since then, OIG has transitioned from what had been operating primarily as an internal audit shop into a statutorily empowered law enforcement agency specializing in criminal public corruption investigations. OIG is staffed with seasoned law enforcement professionals experienced in complex white collar fraud and public corruption investigations, and continues to work closely in partnership with state and federal law enforcement. In the three years leading up to the 2016 budget cycle, OIG worked many successful criminal cases, had a 96% conviction rate on federal criminal cases, and averaged more than five times the amount of its State General Fund Appropriation in fraud and corruption identified. OIG has also faced many challenges, including significant budgetary staff reductions and two unsuccessful efforts to eliminate the office. Despite these challenges, we here at OIG remain dedicated to doing the job with integrity and one goal: to get to the truth, whatever it is, without regard to partisan politics, allegiances, status or influence.

Wherever Inspectors General operate, two things are guaranteed: 1) they will add great value; and 2) they will come under attack. This report demonstrates that both are true in Louisiana.

Very Respectfully,

A handwritten signature in blue ink that reads "Stephen B. Street, CIG". The signature is fluid and cursive, with the letters "CIG" written in a larger, more prominent style at the end.

## **OIG MISSION AND RESPONSIBILITIES**

### **MISSION (La. R.S. 49:220.21 et seq)**

- Primary mission to investigate fraud, waste and public corruption
- Primary jurisdiction over executive branch and all of its contractors, sub-contractors, grantees and sub-grantees
- Authorized to conduct joint investigations with other law enforcement and oversight agencies

### **LAW ENFORCEMENT**

- Access to confidential law enforcement databases
- Authority to obtain Criminal Investigative Subpoenas
- Authority to obtain Criminal Arrest Warrants
- Authority to obtain and execute Criminal Search Warrants
- P.O.S.T. Certified Criminal Investigators
- Staffed with seasoned law enforcement professionals whose primary objective is to work successful criminal cases and to root out and prevent fraud and corruption in government

### **INDEPENDENCE AND SAFEGUARDS**

- Six year term for Inspector General, subject to Senate Confirmation<sup>1</sup>
- Current term of IG Stephen Street Expires in January of 2020
- Inspector General may not be removed by Governor without majority vote of both House and Senate
- Inspector General Salary Protection
- Reports final upon Inspector General signature
- Restrictions on holding and seeking elected office
- Statutory confidentiality of Inspector General investigations with criminal penalty for violation
- Independent Counsel

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<sup>1</sup> The IG's six year term overlaps the four year term of the Governor, which is an effort to keep the appointment non-political.

## OIG ADDS GREAT VALUE

The amount of OIG's annual State General Fund appropriation represents just **.007% of Louisiana's overall state budget**. In spite of the relatively small amount required to fund the agency, the numbers demonstrate year after year that the Louisiana Inspector General is a highly productive public corruption unit.

- Since 2012, OIG has a **96% success rate** in federal criminal prosecutions arising from its investigations
- 7 of 23 successful criminal cases involved fraud against Louisiana's Film Tax Credit program in a total amount of over **\$9.7 million**
- In just 1 of those cases, OIG prevented **\$4.5 million** in fraudulent payments from going out
- Compare that to **annual appropriation of less than \$2 million**
- *No one else in state government is working these cases*
- OIG's main performance measure, the three-year average of fraud and corruption identified, is over **five times** its state general fund appropriation

## FRAUD, WASTE AND CORRUPTION

### OIG Three Year Average from FY 13 through FY 15

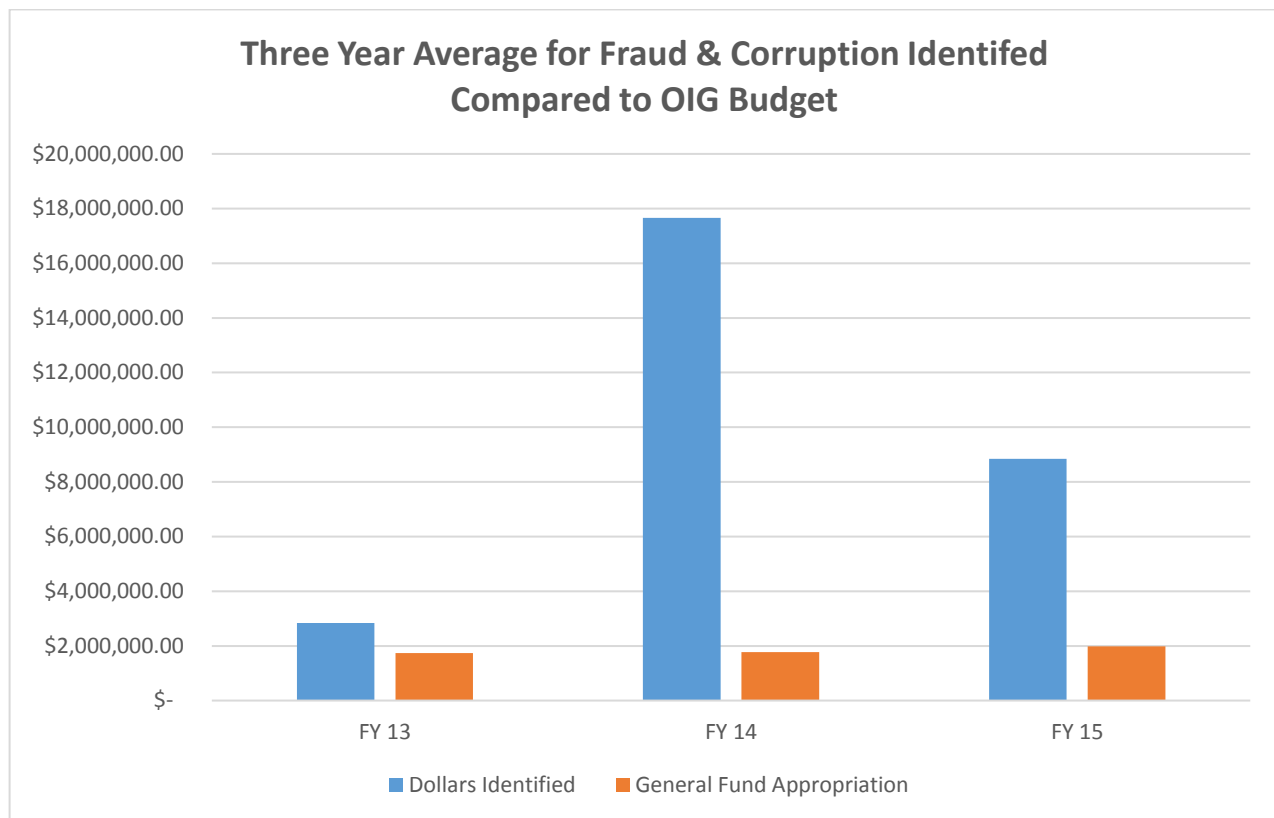
Dollars Identified	OIG General Fund Appropriation
FY 13 -- \$2,834,790	FY 13 -- \$1,738,291
FY 14 -- \$17,663,728	FY 14 -- \$1,778,219
<u>FY 15 -- \$8,843,920</u>	<u>FY 15 -- \$1,980,820</u>
Total: <b>\$29,342,438</b>	Total: <b>\$5,497,330</b>

### THREE YEAR AVERAGE

FY 13 – FY 15 Average Dollars Identified: **\$9,780,813**

FY 13 – FY 15 Average General Fund Appropriation: **\$1,832,443**

FY 13 – FY 15 Average Percentage of General Fund Appropriation: **534%**



## Complaints Received/Investigations Opened

### FY 2016

**Complaints Received:** 401

**Investigations Opened:** 42

### FY 2015

**Complaints Received:** 439

**Investigations Opened:** 43

### FY 2014

**Complaints Received:** 349

**Investigations Opened:** 52

## **IMPACT OF BUDGET REDUCTIONS**

On May 9, 2016, the House Appropriations Committee voted to reduce OIG's budget to zero and effectively close down the office. I testified that closing down OIG, an independent watchdog for the taxpayers, was a terrible idea and a disservice to the citizens of the state, especially given the demonstrated productivity of the office. I also testified that attempting to close down OIG would bring negative publicity to our state, which did in fact happen. On May 12, 2016, the full House unanimously restored OIG funding, but only to 80% of the amount required to fully fund the office. That 20% cut resulted in the loss of three criminal investigators, and over 100 years of combined law enforcement experience. Previously, in 2015, OIG lost an auditor position due to a mid-year budget cut. We are now down to 13 total personnel, 10 of whom are investigative field personnel. The loss of experienced personnel has had a negative impact on OIG investigations. Many OIG investigations are large, complex and labor intensive, and it has become much harder to efficiently work these cases with reduced personnel. Additionally, almost all OIG investigations have criminal prescription deadlines, which are becoming increasingly difficult to meet with reduced staff.

Over the past three years, OIG has received an average of 400 complaints per year. Roughly 12% percent of these complaints passed screening to become full investigations. We are now beginning to see the impact of staff reductions on OIG productivity in fraud and corruption dollars identified. Though there are many cases in the pipeline, it is taking much longer to get those cases resolved. Many were not resolved as of June 30, 2016, which had a negative impact upon numbers reported in the LaPAS system. Though OIG's three-year average (our main performance indicator) remains high at 488%, that average will be difficult to maintain if the office is forced to continue operating with reduced personnel.

### **2015-2016 -- T.O. 17 positions (17 total staff)**

4 auditors  
10 criminal investigators  
1 admin assistant  
1 general counsel  
1 Inspector General

### **After 2015-2016 midyear cut—T.O. 16 positions (16 total staff)**

3 auditors  
10 criminal investigators  
1 admin assistant  
1 general counsel  
1 Inspector General

### **Present Staff after cuts in 2016 session – T.O. 16 positions (3 unfunded) (13 total staff)**

2 auditors  
8 criminal investigators (1 auditor position converted to criminal investigator)  
1 admin assistant  
1 general counsel  
1 Inspector General



## OIG IN THE NEWS AND SUMMARIES OF SELECTED CASES

### Bad timing: Scandals, criticism erupt around Louisiana's film credit program

(Baton Rouge Advocate: March 4, 2015)

*"The film (tax credit) program has repeatedly drawn the attention of Street's office, resulting in at least nine federal indictments. 'It (has) kept us very busy in recent years,' Street said."*

#### OIG FILM TAX CREDIT FRAUD CRIMINAL CASES

**USA v. Greg Walker** – pleaded guilty to wire fraud, sentenced to 70 months in federal prison, restitution of **\$1,833,619**. Walker devised and executed a scheme to defraud purchasers of Louisiana film tax credits. He falsely represented to purchasers that he owned certain tax credits, when in fact, he neither owned nor controlled them. He forged the signatures of various individuals on tax credit purchase agreements and used interstate wires to complete his scheme. Sentenced to 70 months in federal prison.

**USA v. George Kostuch** – pleaded guilty to wire fraud, sentenced to 3 years probation, restitution of **\$161,850**. Kostuch submitted \$539,500 in bogus production expenditures for tax credit submissions.

**USA v. Matthew Keith** – pleaded guilty to Conspiracy to Commit Wire Fraud; sentenced to six months in federal prison, restitution of **\$1,200,000**. Keith conspired with another individual to transfer 1 million through four film companies, then used the cancelled checks to submit 4 million in bogus expenses for film tax credits.

**USA v. Daniel Garcia** – pleaded guilty to Conspiracy to Commit Wire Fraud; sentenced to 6 months in federal prison, restitution of **\$900,000**. Garcia conspired with another individual to transfer 1 million through four film companies, then used the cancelled checks to submit 3 million in bogus expenses for film tax credits.




**USA v. Peter Hoffman**  
**USA v. Susan Hoffman**  
**USA v. Michael Arata**

These three defendants were charged with Conspiracy, Wire Fraud, Mail Fraud and False Statements to a Federal Agent. On April 27, 2015 a federal criminal jury found all three defendants guilty of multiple felony counts. Evidence presented at trial showed that more than \$13 million in purported expenditures were submitted to the State of Louisiana for tax credits even though the house at the center of the project, 807 Esplanade, was only valued at approximately \$5 million after its renovation. In addition to repeated misrepresentations regarding construction expenditures throughout the scheme, the fraudulent expenditures claimed included \$1,834,292 in non-existent film equipment, \$962,856 in bogus interest payments on a non-existent \$10 million dollar loan, \$150,000 in fake rent costs, and over \$1.5 million in various fraudulent fees. All three defendants were sentenced to probation, even though sentencing guidelines recommended lengthy federal prison sentences. The Government has indicated that it intends to appeal. During the investigation, OIG was able to prevent another **4.5 million in fraudulent payments** from going out.

Total Dollar Amount on these 7 Film Tax Credit Fraud Cases: **\$9,727,949**.

OIG continues to work criminal investigations of fraud against the Louisiana Film Tax Credit Program.



## **In fresh black eye for Louisiana film incentives, overbilling in Saints-related programming**

**(Baton Rouge Advocate June 29, 2016)**

*“The report from Inspector General Stephen Street’s office says Horizon Entertainment, which produced ‘The Sean Payton Show’ and ‘Saintsational,’ inflated its expenses associated with those programs by as much as \$3.4 million.”*

OIG’s investigation of Horizon Entertainment revealed that **\$1,403,161** of the expenses Horizon reported on the “Sean Payton Show” and “Saintsations” productions were either inflated or never incurred. Additional expenses that lacked sufficient documentation to justify the awarding of tax credits totaled **\$2,059,983**. As a result, Horizon improperly received **\$1,038,942** in tax credits from the state.

## Nursing director at Jackson veterans home arrested Thursday, accused of destroying incident reports

(Baton Rouge Advocate October 24, 2015)

*“Todd Christopher Price, the 47-year-old director of nursing at the Louisiana Veterans Home in Jackson, turned himself in to the East Feliciana Parish Sheriff’s Office on Thursday after a warrant for his arrest was issued Oct. 13, according to jail records. He faces 24 counts of first-degree injuring of public records and a count of malfeasance in office, according to a warrant from the Inspector General’s Office.*

*Price used the facility’s computer system to delete 24 records of patients’ falls, bruises, head injuries and skin tears from March 12, 2013, to April 1, 2015.”*

## State worker accused of falsely reporting she had checked on foster children arrested

(Baton Rouge Advocate February 17, 2016)

*“Kimberly Deann Lee, 49, of Calhoun, faces 20 counts of filing false public records and a count of malfeasance in office, according to an arrest warrant filed Feb. 10 by the Office of Inspector General in the 19th Judicial District Court. Lee is accused of falsifying documents to make it appear she was checking on foster care children when she was not.”*

## Family Running Non-Profit Indicted for Conspiracy and Theft of Federal Funds Intended for Needy Individuals

*Used Money to Pay for Football Tickets and  
Cruise Expenses*

(U.S. Attorney Press Release June 17, 2016)

*"U.S. Attorney Kenneth A. Polite announced that **RICKEY ROBERSON**, age 48, his wife **ADA CRAIGE-ROBERSON**, age 42, and her mother **MELANIE DUPLECHAIN**, age 69, of New Orleans, were charged today in a three-count Indictment for conspiracy and theft of federal funds.*

*U.S. Attorney praised the work of the Federal Bureau of Investigation, the United States Department of Housing and Urban Development, Office of Inspector General, the Office of State Inspector General, and with the assistance of the Louisiana Legislative Auditor's Office in investigating this matter."*

## Inspectors general: Funding, access create hurdles for corruption investigations in Louisiana

(Baton Rouge Advocate January 30, 2017)

*Louisiana Inspector General Stephen Street is bracing for the threat of another round of budget cuts, and he said he sees his job as one that sets him up to be an easy target.*

*"At the end of the day, people get mad," Street told the Press Club of Baton Rouge. "If you do the job right, it results in that reaction."*

## Push to Eliminate the OIG, and its Ongoing Investigations, Draws Criticism

(Baton Rouge Advocate May 10, 2016)

*"If you're just going to eliminate the agency, then there's a real concern that it's just politically motivated and not really driven by budget concerns," said Robert Travis Scott, president of the Public Affairs Research Council of Louisiana.*

*Scott said that he isn't surprised to see the Inspector General's Office targeted, though. "The stronger the effort to try to eliminate this investigator, probably the better the evidence that the investigator is doing something worthwhile," Scott said. "If it's ruffling feathers, it will become a target."*

*"Are we really going to want to take steps backwards by shutting down what has demonstrated to be a highly effective public corruption-fighting agency?" said Stephen Street, who has served as inspector general since 2008. "Just think about the optics. It's a black eye."*

## Inspector General Financing Restored

(Associated Press May 12, 2016)

*"An effort to eliminate the Louisiana (I)nspector (G)eneral's office failed to win House support Thursday, amid concerns about scrapping a government watchdog agency in a state with a history of public corruption problems.*

*Lawmakers in the House rejected a proposal from its Appropriations Committee to eliminate all financing for the inspector general in the budget ... About \$1.7 million for the inspector general was restored to the budget proposal without objection."*

## Zurik: Wasted airfare costs Louisiana taxpayers plenty

(FOX 8 New Orleans, February 11, 2016)

STATE SPENDING ON EXPIRING TICKETS	
FY 2013-14	\$233,673
FY 2014-15	\$172,499
FY 2015-16	\$107,418

*"In 2010, the state inspector general alerted the Jindal administration about all of the unused tickets. After that, the problem only got worse.*

*In 2014, the inspector general produced another report.*

*"It can be very frustrating at times, because you put out the reports, you kind of clang the cymbals, you sound the alarm, and you really are just waiting for somebody to listen," Street told us. "And it eventually gets to the point where you say, gosh, what more do we have to do here, to see to it that this is properly handled?"*

*The problem has improved since that last report but, according to the inspector general, not enough.*

*"When you have monies that are dedicated to airline tickets and those tickets are allowed to expire, it is literally wasting the money, letting it evaporate into thin air," Street says. "And lord knows, in these kind of budget times that we've got in our state, we just can't afford to let that happen."*

*Such a practice of wasting perfectly good airfare would seldom occur in a home budget.*

*"I'm certainly not going to do that," Street said. "And I think most people who sit around the kitchen table trying to figure out how to pay bills wouldn't let that happen. And I think the duty that we, the stewards of the taxpayer money - we owe them no less."*

## Louisiana Inspector General heads national group again

(Times Picayune, November 30, 2016)

*"Considering our history of public corruption, the fact that an Inspector General from Louisiana has been elected to serve two terms as President of an international organization dedicated to fighting fraud and corruption in government may seem ironic to some," said Louisiana Inspector General Stephen Street. ("I believe, rather, that it is one more sign that times are continuing to change for the better here. The importance of that is not lost on me, and I am more determined than ever to keep fighting the good fight.")*

## Inspector General finds unnecessary spending at Commission for the Deaf

(Times Picayune, November 30, 2016)

*The Inspector General detailed several ways the Commission for the Deaf's Executive Director, Naomi DeDual, authorized unnecessary spending on services.*

*Among the findings:*

- The Commission for the Deaf spent almost \$440,000 to distribute free telephone equipment to deaf and hard-of-hearing people in the state using private contractors, even though the Inspector General found that five other states distribute those devices without using contractors.*
- Although the Commission for the Deaf allows for spending on sign language interpreters in emergency situations, 61 percent of the (money spent) on interpreters was for non-emergency use.*
- Contractors were paid \$186,655 -- or about \$150 per patient -- to schedule exams and verify income to determine whether deaf or hard of hearing residents were eligible for hearing aids. That expense was "avoidable," the Inspector General found, and meant less money was spent on the actual hearing aids for residents in need of them.*
- DeDual authorized nearly \$6,000 in public funds to repay debts for customers of the Deaf Services Center, even though the commission had no obligation to repay that debt.*

## Basin blues: Ex-Henderson official sentenced for illegal police bonuses in traffic ticket quota scheme

(Acadiana Advocate, April 24, 2016)

*The town of Henderson's former assistant police chief pleaded guilty Monday in an investigation of illegal bonuses paid to officers for handing out traffic tickets along Interstate 10, a violation of a state law against incentives for meeting ticket quotas.*

*The criminal charges grew from a state Office of Inspector General investigation into the quota system, prompted by a complaint about the practice by a former Henderson officer.*

*The inspector general's report notes that Henderson benefited to the tune of about \$2.4 million between 2009 and 2011 in fines and forfeitures, mostly from traffic stops.*

*That figure represented about 80 percent of the town's annual revenue for that period, according to the report.*

## Louisiana state auditor gets 3 years in federal prison for theft from agency he was charged with monitoring

(Times Picayune, September 24, 2014)

*A state auditor whose job was to detect and prevent theft within the Louisiana Department of Children and Family Services was sentenced on Wednesday (Sept. 24) to more than three years in federal prison for doing just that.*

*Delrice Augustus, 35, of Baton Rouge, had pleaded guilty in May to using agency funds to purchase personal electronics for his home and pay for trips to New Orleans for Mardi Gras parades and the NBA all-star game. Said Louisiana Inspector General Stephen Street in a statement: "This sentence should make it clear to anyone thinking about stealing from the taxpayers that they had better be prepared to go to jail for it."*



# Former State Official Convicted of Bribery Scheme

(U.S. Attorney Press Release April 16, 2015)

*WINN E. JOHNSON, age 71, of Boyce, Louisiana, has been charged in a Bill of Information with two counts of using the telephone in aid of bribery, in violation of Title 18, United States Code, Section 1952. This morning, JOHNSON appeared before Chief U.S. District Judge Brian A. Jackson and pled guilty.*

*As described in Court earlier today, the Federal Bureau of Investigation and the Louisiana Office of the State Inspector General opened an investigation involving JOHNSON and others in 2013, based in part on allegations that JOHNSON would accept cash from individuals who were scheduled to take Board examinations.*

*Louisiana Inspector General Stephen Street commented: "We have zero tolerance for those who compromise the integrity of government in exchange for monetary gain. It undermines the entire system and is an enormous disservice to the taxpayers. We will continue working with the FBI and United States Attorney to make sure that anyone who does this faces criminal consequences."*

## INSPECTOR GENERAL CO-AUTHORS NATIONAL ARTICLE WITH FORMER NEW JERSEY STATE IG

The national Center for the Advancement of Public Integrity (CAPI) invited Inspector General Street and Former New Jersey State Inspector General Mary Jane Cooper to write an article about the challenges they have faced in their home states. The article is written from two perspectives: 1) Louisiana, where the Inspector General has successfully fought off two attempts to completely close down the office and still faces yearly efforts to slash the budget; and 2) New Jersey, where despite the demonstrated effectiveness of the office in fighting fraud and corruption, the New Jersey State Inspector General was successfully eliminated by the New Jersey Legislature at the behest of Governor Chris Christie.

In the years following the elimination of the New Jersey Inspector General, the Fort Lee Bridge Lane Closure Scandal (*aka* “*Bridgegate*”) occurred, and the State of New Jersey spent tens of millions of dollars on outside investigations of a matter that would have been squarely within OIG’s jurisdiction had the office not been eliminated. Several of Governor Christie’s aides were convicted of felonies and are now facing possible federal jail time.

The article that follows was released on January 30, 2017.



### Independent Inspectors General Under Siege

A Tale of Two State Inspectors General

# Independent Inspectors General Under Siege: A Tale of Two State Inspectors General

*“You have enemies? Good. That means that you stood up for something, sometime in your life.”  
(Winston Churchill)*

Advocates for transparent and corruption-free government agree that independent Inspectors General are a critical asset in ensuring that public funds are not wasted or endangered by corrupt officials. More and more states and cities in the U.S. now have Inspectors General as part of their oversight structures, and the numbers keep going up.<sup>1</sup>

But setting up an Inspector General’s office and providing it with some form of independent powers and a budget does not always guarantee a happy ending for seekers of honest and efficient government, even when an OIG is demonstrably successful at its mission of saving taxpayer money by revealing fraud and waste. Both Louisiana State Inspector General Stephen Street and former New Jersey State Inspector General Mary Jane Cooper have faced numerous challenges to their offices over the last few years. These challenges came in different forms and from different places, but all threatened the very existence of these critical oversight entities.

Below are their stories, told by the IGs themselves. Spoiler alert: the Louisiana Legislature’s attempts to shutter Stephen Street’s office have so far been unsuccessful due to extensive media coverage, the support of good government groups and elected officials who believe in meaningful oversight, and the efforts of the IG himself, while despite former IG Mary Jane Cooper’s best efforts to draw positive attention to the great work of the New Jersey OIG, Governor Chris Christie imposed upon the legislature to close down the OIG and shift its powers and budget to the Comptroller.

If Inspectors General are to fulfill their promise of being effective oversight bodies, they must be independent. This independence means, of course, that no one should interfere with an IG’s ability to investigate freely within the scope of his or her authority. But independence also must include budgetary independence. After all, eliminating an office’s entire budget (as the Louisiana legislature has been attempting to do, in direct conflict with the OIG enabling statute), is the same as eliminating the office. And even significant cuts to an office’s budget (as happened to the New Jersey OIG before it was entirely closed), impact the ability of an OIG to effectively fight fraud and corruption.

Following the first-hand accounts of IG Street and former IG Cooper, we provide some lessons learned from these experiences, to help IGs ensure their independence so that they can keep fighting the good fight for clean, honest, and efficient government.

## Authors



Former New Jersey Inspector  
General Mary Jane Cooper



Louisiana Inspector General  
Stephen Street

## Baton Rouge, Louisiana

By Louisiana Inspector General Stephen Street<sup>2</sup>

Shortly after I was appointed as Louisiana's State Inspector General in 2008, former Massachusetts and New Orleans Inspector General Robert Cerasoli told me: "*Stephen, if you do this job right, they will eventually try to shut you down.*" At the time, I didn't know exactly what he meant by that. The incoming Governor had been elected by landslide on an anti-corruption platform and I, a white-collar crimes prosecutor, had been appointed to the job with a mandate to "find and root out the bad actors." The Inspector General enabling statute had passed with overwhelming legislative and public support, granting independence and law enforcement powers to the office. In terms of budgetary independence, the enabling legislation stated:

*The legislature shall make adequate appropriations to the office to enable it to implement this Part efficiently and effectively.*  
(Louisiana OIG Enabling Statute – La. R.S. 49:220.22C).<sup>3</sup>

I had a shiny new set of law enforcement tools and was determined to "do the job right," as Bob Cerasoli had put it. As time went by, though, I gained a much clearer understanding of the consequences of "doing the job right." As I continued to work on tough cases against the politically connected, I learned that, at a minimum, doing the job right meant having no regard for who had friends in high places. It meant being as aggressive as necessary to get to the truth, regardless of status or partisan politics. Simply put, it meant choosing what is right over what is easy.

### Doing this job right meant choosing what is right over what is easy.

Being an effective Inspector General means having a thick hide and a steely resolve. It requires you to take on politically toxic investigations that most elected oversight officials shy away from -- the cases guaranteed to infuriate the very politicians that get to decide how much money you get in your

annual budget. Inspectors General who do the job aggressively, as I have, will inevitably find themselves at odds with the political establishment. I did, and in the process learned about a vulnerability that I and other seemingly independent IGs can still face.

### 2012:

On May 1, 2012, a Louisiana State Representative introduced an amendment in the House Appropriations Committee to completely remove all funding for the Office of State Inspector General from the state budget. I was not notified about the amendment, nor was I given any opportunity to comment on it before the vote. This defunding amendment passed with a narrow quorum in the room, with complete disregard for the statutory language that requires the Inspector General to be adequately funded.

The amendment's sponsor argued publicly that my office was redundant with the state police, attorney general and legislative auditor. But a closer look at comments that this Representative made to Louisiana media outlets tells a different story:

*Days after scuttling funding for the state Inspector General's Office, [a State Representative] said Thursday that he disagreed with the office's probe of allegations that [another public official] misused his authority.*

*“(They) used a lot of misinformation and destroyed a man’s reputation.” [The State Representative also] said Street’s office has morphed from following paper trails into conducting poorly managed police investigations ... “No good investigator would ever bring this to the point it got to without verifying any information.”*  
(Baton Rouge Advocate, May 4, 2012)

*“311 investigations and no one ever got indicted ... no one.”*  
(WWLTV, May 4, 2012)

The alleged basis for closing down the Inspector General’s office – its redundancy with other oversight entities -- was plainly a smokescreen for the true motive, which was to retaliate against OIG for its perceived mistreatment of a particular public official.

On the merits, this complaint was groundless. OIG had not made any public statements about the investigation at issue, which at that time was in its infancy. The Representative’s public comments about the investigation revealed a complete lack of knowledge about that investigation and OIG’s role in it, and his claims that the Inspector General had worked no successful criminal cases were quickly and easily refuted by readily available information on arrests, indictments and convictions.

The political nature of the whole defunding effort became clear when the money taken from the Inspector General was reallocated to a fund for disabled children. This meant that in order to restore the funding, the money would have to be taken away from disabled children. I had to reluctantly tip my cap to the Representative for this shrewd political move. But I was now in the fight of my life.

Over the next several weeks, the following headlines, among many, appeared in Louisiana media outlets:

- **Louisiana Legislator Calls OIG Waste** (May 5, 2012)<sup>4</sup>
- **Inspector General Hopes Senate Will Keep Office from Closing** (May 17, 2012)<sup>5</sup>
- **Inspector General’s Office Too Valuable to Eliminate** (May 15, 2012)<sup>6</sup>
- **Battle over Funding for State IG Rife With Coincidence** (May 9, 2012)<sup>7</sup>
- **Inspector General says State Not Serious about Fighting Corruption** (May 16, 2012)<sup>8</sup>
- **Plan to Defund Louisiana Inspector Office Incurs Watchdog Groups’ Howls** (May 8, 2012)<sup>9</sup>
- **Senators Support Inspector’s Office** (May 19, 2012)<sup>10</sup>
- **Louisiana Legislature Walking Down Wrong Street by Defunding Inspector General** (May 11, 2012)<sup>11</sup>
- **Enabling the Next “Dollar Bill”** (May 8, 2012)<sup>12</sup>
- **Restore State Inspector General Money** (May 22, 2012)<sup>13</sup>



Street speaking at the Baton Rouge Press Club in May, 2012

It became clear after a few days that I had been handed an extraordinary media platform that allowed me to bring maximum negative attention to those who were trying to close down the office. Even national publications could not resist the irony of Louisiana politicians trying to close down a public corruption investigation agency. By the time the budget bill made it to the Senate Finance Committee, there was overwhelming public pressure to restore the Inspector General’s budget, and I found myself on much friendlier ground.



On May 30, 2012 the Louisiana Senate unanimously restored the Inspector General's funding, at a higher level than before the efforts to shut it down. Shortly thereafter, the Governor signed the budget bill. We had won the first big battle over OIG funding decisively.

## 2016:

*"Plus ça change, Plus c'est la même chose" ("The more things change, the more they stay the same")*  
(Jean-Baptiste Alphonse Karr)

In the three-year period leading up to the 2016 budget process, the Louisiana Inspector General worked many successful criminal cases, had a 96% conviction rate on federal criminal cases and averaged more than five times the amount of its State General Fund Appropriation in fraud and corruption identified. But, in compiling that record, the Louisiana OIG also continued to regularly handle investigations that angered those in political circles. Given the demonstrated effectiveness of the Louisiana OIG compared to its relatively small appropriation, and the media and public outrage that occurred when the office was nearly eliminated in 2012, one might ask why Louisiana politicians would ever consider trying it again. The answer can be summed up in two words: *political cover*.

By the time the 2016 budget cycle rolled around, Louisiana was facing a severe decline in revenue due to falling oil prices and other factors. This created an environment in which every budget item was under scrutiny for possible elimination. On May 9, 2016, it was *"déjà vu all over again."*<sup>4</sup>

**...the Louisiana OIG also continued to regularly handle investigations that angered those in political circles.**

This time, the attempt to defund OIG came as part of a lengthy package of amendments to the state budget bill, making it impossible for the Appropriations Committee to restore OIG funding without rejecting the entire package of amendments. Again, this was a shrewd political move. The budget amendments package was passed by the committee.

When asked for comment following the vote, the House Appropriations Chairman said the following:

*"Myself and several members of the House felt that the work done by the Inspector General's office could be duplicated by the attorney general, legislative auditor's office and state police."*  
(WDSU New Orleans May 10, 2016)

Other members of the Appropriations Committee were quoted as saying the office was a duplication of the Attorney General. These arguments were almost identical to the surface claims raised in 2012, but this time against the backdrop of a huge and very real budget deficit, which, in the eyes of some, made the arguments more compelling. There was one significant difference from 2012, however; I had several days of advance warning that OIG would be targeted when the Appropriations Committee took up the budget bill. This allowed me to let media and good government groups know about it before the hearing.

It also allowed me to be in the room when the vote took place. When I arrived, I immediately saw that two individuals who had been the subjects of previous high profile OIG investigations were in attendance. The fact that those individuals were present to witness a vote on an amendment to defund OIG – an amendment that several sitting members of the Appropriations Committee did not yet know about – spoke volumes about the true motives behind these actions.

Typically, there is no testimony taken during the budget amendment process, but my presence in the room led some of the committee members to call me to the table. When I sat down, I pulled no punches about the latest effort to defund the Inspector General.

*“Louisiana politicians trying to shut down a public corruption agency? That’s the classic ‘man bites dog’ story.”  
“... if you think that this is going to read any way other than a bunch of Louisiana politicians trying to shut down what has been demonstrated to be a highly effective public corruption agency ... the optics of that are horrible for our state.”  
(Louisiana Inspector General Stephen Street)*

Here is a sampling of the headlines that appeared in Louisiana media outlets over the next week:

- **Louisiana House Committee Votes to Close Down State Inspector General** (May 10, 2016)<sup>15</sup>
- **Lawmakers Propose Eliminating OIG** (May 9, 2016)<sup>16</sup>
- **Louisiana Inspector General Questions Lawmakers Motives** (May 16, 2016)<sup>17</sup>
- **Inspector General Fights to Keep Office Open** (May 10, 2016)<sup>18</sup>
- **Push to Eliminate Inspector General Draws Criticism** (May 14, 2016)<sup>19</sup>
- **Protect the Inspector General's Office** (May 18, 2016)<sup>20</sup>
- **Kill Effort to End Inspector General's Office** (May 16, 2016)<sup>21</sup>
- **North Shore Watchdog Group Lashes Out over Threat to State IG** (May 10, 2016)<sup>22</sup>

I did 16 media appearances the week that OIG funding was eliminated by the Appropriations Committee, including radio, television and print interviews. Just as in 2012, a number of statewide editorials calling for the immediate restoration of OIG funding also appeared.

As public outrage grew, a tremendous amount of pressure was brought to bear on the Louisiana Legislature. Luckily, this pressure led to a positive result. The Louisiana OIG went from being eliminated from the budget on a Monday to being put back in by acclamation just three days later. This means that out of the 104 representatives in the Louisiana House, not a single one objected to the restoration of OIG funding, including those who led the charge to eliminate the office in the first place. Before the vote, the Governor and several members of the House made strong statements in support of OIG – both a reminder and an encouragement that there is a lot of support for Inspectors General, and that support usually (but not always, as seen in New Jersey) outnumbers the opposition.

Though we had decisively won another battle over OIG funding, I was forced to accept the fact that as long as I continue to do this job aggressively and without regard to politics, I am going to draw the ire of those in political circles, and the attacks that go along with it.

### **Death by a Thousand Cuts?**

Although the Louisiana OIG has now successfully fought off two attempts to close down the office through complete defunding, we have not been immune from budget cuts. In the last two budget cycles, OIG’s staff has been reduced from 17 to 13, making it increasingly difficult to handle the large and complex criminal investigations for which we are known, and to do so in a timely fashion. As Louisiana’s Inspector General, I have informed the Governor and lawmakers that any further cuts at all to OIG’s budget will cripple the office and prevent us from fulfilling our statutory mission to root out fraud and corruption on behalf of the taxpayers. Due to the lack of protected funding, I now spend the majority of my time as IG fighting to keep the lights on, an unfortunate distraction from our primary mission.



## Trenton, New Jersey

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By former New Jersey Inspector General Mary Jane Cooper<sup>23</sup>

### 2004: Scandal Results in Creation of Strong OIG

New Jersey Governor James McGreevey announced his resignation in 2004 after presiding for almost three years over a scandal-ridden administration. Shortly thereafter, State Senate President Richard J. Codey was sworn in as Acting Governor, serving out the remaining 16 months of McGreevey's term.

In his dual role, Codey took steps intended to renew public confidence in State government, including promoting legislation creating a powerful statewide Office of Inspector General (OIG). According to the legislation, OIG would be led by an independent Inspector General (IG) appointed by the Governor with the approval of the Senate. The IG must be an attorney, would serve a five-year term with the opportunity to be reappointed once, had subpoena power, could only be removed from office for cause, and could choose to investigate anywhere state funds were spent. Unlike Louisiana's Office, the NJ OIG's budget was controlled by the Governor through the Treasurer, also appointed by the Governor. The OIG statute required that OIG's reports be public and that it publish an annual report.

### 2005: Executive Order and SCA Investigation

The New Jersey Legislature held the OIG legislation hostage for several months. As a result, in January 2005, Codey signed an Executive Order creating OIG and appointed me to be the IG. That same day, Codey asked me to investigate the \$8.6 billion School Construction Authority (SCA), created a few years earlier to build schools in the State's neediest districts. SCA had been the subject of negative press alleging waste of large amounts of public funds.

Within one month, OIG published a scathing report exposing a tremendously wasteful, conflict-ridden SCA working without internal controls or external oversight that had already wasted hundreds of millions of dollars in public funds. Upon receipt of OIG's report, Codey halted SCA work until massive changes were brought about, including a new Board and new management, establishment of an internal Inspector General reporting to OIG, the creation of new policies and procedures for spending approvals and elimination of conflicts of interests, more frequent audits, appropriate school site selections, and oversight of construction companies.

The report resulted in front page headlines, and OIG received a great deal of praise for exposing the waste and problems at SCA. That said, not everyone was happy with the OIG reports, including the local officials whose districts were benefitting from extravagant schools, and the builders and SCA officers and staff who could see the pot of gold going dry. OIG's SCA reports created powerful enemies for the office, as did later reports in other investigations.

### June 2005: Legislation Creates OIG and IG Appointed for 5 Year term

In late June 2005, Acting Governor Codey succeeded in getting the OIG legislation passed, and I was appointed as the Inspector General for a five-year term. In the early days of my tenure, I tried to create productive relationships with members of government, meeting one-on-one with legislators and other officials such as then-United States Attorney for the District of New Jersey Chris Christie. My early relationship with Christie was cordial, and I worked very well with his staff of professional prosecutors; looking back, this is somewhat ironic given Christie's later role as the person largely responsible for eliminating my office.

While as IG, I tried to foster positive relationships with public officials, my investigations were bound to create enemies. For example, OIG reviewed New Jersey's 50-plus State Authorities; the report ultimately revealed significant discrepancies in employee benefits between the Authorities' employees and other State employees, extremely wasteful

spending, and serious conflicts of interest in hiring politically-connected individuals, particularly with respect to the hiring of outside counsel.

## January 2006: Corzine Declares War on OIG

In January 2006, Jon Corzine became New Jersey's Governor. OIG still had a powerful ally in the President of the Senate, Richard Codey, but Governor Corzine immediately started various attacks on the OIG, including by stating his preference for a comptroller *instead of* an IG at our first meeting. I responded that New Jersey needed both offices, as they performed different functions.

Governor Corzine succeeded in having legislation passed that created a Comptroller. The Comptroller was appointed for a term of 6 years, but did not have investigative or subpoena powers; as defined by the legislation, the Comptroller was essentially an auditor who would do financial and performance audits of New Jersey agencies.

Shortly after the Comptroller was appointed, a Legislative Committee conducted a hearing on the benefits to the State of having several oversight bodies; the Committee examined OIG, the Comptroller, the State Auditor, and the State Commission of Investigation. Carey Edwards, the Republican Chairman of the State Commission of Investigation and former State Attorney General, opened the hearing by stating in effect that anyone taking the position that there is too much oversight in the State of New Jersey is a person you want to watch. (These turned out to be prophetic words, given that the reasons given by Governor Christie for eliminating OIG in 2010 were essentially that there was too much oversight via duplication of efforts.) At the hearings, Edwards also pointed out that the existing oversight offices communicate with each other, and do not investigate the same problems. At the end of the hearing, the Committee decided that the agencies should all continue in existence doing their work.

Governor Corzine attempted to convince me to voluntarily merge OIG into the Comptroller's Office, losing my office's independence but gaining the ability to ask the Comptroller to perform audits. I did not view the merger and loss of independence as a benefit to OIG or the State of New Jersey, and declined the merger.

Governor Corzine continued his attacks on OIG by going after our budget, which was controlled by the Governor's office. Every year, OIG's meager budget was cut: originally \$3.5 million, in the end it was \$1.8 million for a staff of 15 investigators, including the IG, and 3 administrators.

In the meantime, OIG continued to make powerful enemies, including political party leaders, and lawyers for both parties who were abusing the New Jersey Public Employees Retirement System (PERS) to improperly collect pensions.

## 2010: Christie Ends OIG

Chris Christie was sworn in as Governor of New Jersey in January 2010. Both before and after he was elected, Christie made it clear that it was his intent to eliminate what he called "duplicate oversight offices."

OIG's Annual Report for 2009, actually published in the spring of 2010, was a "five-year-lookback" laying out much that OIG had accomplished even with its small staff and budget. Unfortunately the report did not get a lot of press attention; the newspapers were overwhelmed with fighting for their own survival and hardly took note of it.<sup>24</sup>

Despite OIG's record of success in its brief 5 ½ year history -- returning \$7 to the State Treasury for every \$1 OIG cost the State; finding well over one-half billion dollars in waste of public funds; identifying over \$50 million for return to the State Treasury; providing evidence holding several government officials accountable for their misdeeds; and in the absence of any challenge whatsoever to the substantive validity of OIG's work, a record that could not be matched by the other oversight entities -- OIG was the only oversight agency eliminated.

Governor Christie had made it clear that he did not want a successful, independent, Office of Inspector General. On June 28, 2010, legislation became effective abolishing OIG and transferring its funding, powers, and staff to the Comptroller. Notwithstanding Governor Christie's claims about duplicating efforts, it was clear that OIG and the Comptroller were not performing the same functions; the Comptroller was tasked with audits and OIG was charged with rooting out corruption, fraud and waste in New Jersey public spending. The ultimate result bears this out, because the entire budget and staff of OIG were shifted over to the Comptroller to become a new investigations division, demonstrating that the OIG function was not duplicative and that merging OIG with the Comptroller would not save money.

The loss of New Jersey's OIG is significant and damaging to the State in many ways. First of all, as long as their mandates are different, it is unquestionably true that two independent oversight agencies are better than one. Particularly where the Governor appoints both positions, having two such independent offices – especially if the terms are long enough that the officials span multiple Governors -- makes it much more likely that at least one of the Comptroller or IG will be truly independent of whoever is in power at any given time. To be truly independent, the leader of such an office *must* be willing to investigate wherever the facts may lead, regardless of the Governor's wishes. Second, a Comptroller is just not an Inspector General. A Comptroller will most likely have an accounting background, because the primary function of a Comptroller is to conduct financial audits. An IG, by contrast, will tend to have a law and/or law enforcement background, and his or her primary function is to investigate wrongful conduct. Third, putting aside the qualifications of the head of any particular office, an OIG and a Comptroller's Office have different missions. As a structural matter, these missions are distinct and are too important to be blurred together into one catch-all office. Finally, placing all of the power to oversee government in an independent and meaningful way into one office is inherently dangerous because it relies too heavily on one person. If the only independent oversight authority uses his or her power improperly, incompetently, or doesn't use it at all, the whole oversight system fails.

Every single state has a Comptroller or State Auditor. Those states that are serious about meaningful oversight also have an Inspector General, recognizing that an OIG adds immense value. Indeed, the same is true of the federal government, which has a Comptroller General as well as dedicated Inspectors General in each federal agency. For a while, New Jersey seemed to recognize this too, and still claims that the investigative functions that were transferred from OIG to the Comptroller are effectively rooting out fraud, waste and abuse in New Jersey State spending. The problem is that New Jersey took away the independence that is so important to an IG's investigative effectiveness.

As a broader matter, eliminating an OIG, especially one with a record of delivering critical blows to corrupt officials, unquestionably has a chilling effect on all State workers. It also sends a dangerous message to those who would misuse their office or take advantage of State funds: the watchdog is gone.

## Lessons Learned

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- All Inspectors General who do their jobs aggressively will come under attack. These attacks may include lawsuits, efforts to restrict or dial back authority and access, and attacks on funding.
- These attacks come with the territory, and in some ways are a true indication of an Inspector General's effectiveness.
- The public, media, and IG community are, with rare exceptions, overwhelmingly supportive of Inspectors General. There are also many elected and appointed public officials who are very supportive of IGs. All can be a powerful resource when these attacks come.
- Attacks on an OIG are often led by a relatively small number of legislators who sit on influential budget committees, but do not represent the majority view. Conversely, if the Governor (and some subset of legislators who will automatically support the Governor) oppose an OIG, as occurred in New Jersey, such battles are difficult, if not impossible, to win if the IG does not have budgetary independence (as well as constitutional or statutory protections for the office, of course).
- Protected funding for Inspectors General is absolutely essential and should be non-negotiable. Some municipal IGs are guaranteed a fixed percentage of the budget. Others may get portions of recovered funds to offset shortfalls. Regardless, funding that cannot be arbitrarily eliminated is crucial to an IG's ability to be effective.
- The "redundancy" argument as it relates to IGs is typically meritless, and is most often used to provide politicians with cover when – as demonstrated by these examples -- the true motive is almost always anger or concern about the Inspector General's investigative activities.
- IGs are unique in their independence, authority and non-political nature. This separates them from every other elected official or any at-will appointed official who reports to an elected official.
- When an Inspector General is eliminated, a void is left that results in more government corruption and more cost to the taxpayers.
- New Jersey, in particular, has been beset by scandals related to the Christie administration in connection with the "Bridgegate" matter and the "Chairman's Flight."<sup>25</sup> It is not possible to speculate as to whether the elimination of the New Jersey OIG could have prevented these events, wherein four people were convicted of federal felony corruption offenses.<sup>26</sup> One thing is certain, though: had the New Jersey OIG not have been closed it would have been in the best position out of all relevant entities to investigate these and other related matters. Instead, the Christie administration spent millions of dollars in public funds to hire a private law firm to investigate and write a report on the Bridgegate matter – a report that was roundly criticized as biased and as reaching conclusions not based on the evidence.<sup>27</sup> The state legislature also hired outside counsel to do a separate report on its behalf. The OIG would have conducted a fair and independent investigation and would have written a comprehensive report in the normal course of its work, for a tiny fraction of what was spent.

## Endnotes

<sup>1</sup> *Landscape Assessment: Survey of the practitioners, offices, and agencies charged with upholding public integrity across the United States*, Center for the Advancement of Public Integrity, September 2016, [http://www.law.columbia.edu/sites/default/files/microsites/public-integrity/files/capi\\_landscape\\_assessment.pdf](http://www.law.columbia.edu/sites/default/files/microsites/public-integrity/files/capi_landscape_assessment.pdf)

<sup>2</sup> *About the Inspector General*, Office of State Inspector General, <http://oig.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&nid=2&pnid=0&pid=2&catid=0>

<sup>3</sup> The fact that this language is not embedded in the Louisiana Constitution meant that some in the Legislature felt they were free to ignore it. Defunding the IG would, in their view, constitute the latest expression of legislative will and therefore supersede the statutory IG funding mandate. Though it is unclear whether this legal argument would succeed, the issue would be rendered moot if the mandate were constitutional. In order to amend the Louisiana Constitution, a 2/3 vote of both houses plus a statewide referendum is required.

<sup>4</sup> Baton Rouge Advocate, May 5, 2012.

<sup>5</sup> WAFB News, May 17, 2012.

<sup>6</sup> Lake Charles American Press, May 15, 2012.

<sup>7</sup> New Orleans Times Picayune, May 9, 2012.

<sup>8</sup> WWLTV, May 16, 2012.

<sup>9</sup> New Orleans Times Picayune, May 8, 2012.

<sup>10</sup> Baton Rouge Advocate, May 19, 2012.

<sup>11</sup> Bayou Buzz, May 11, 2012.

<sup>12</sup> New Orleans Gambit, May 8, 2012.

<sup>13</sup> New Orleans Times Picayune, May 22, 2012.

<sup>14</sup> Quote attributed to Yogi Berra: <http://yogiberramuseum.org/just-for-fun/yogisms/>

<sup>15</sup> OIG Press Release, May 10, 2016.

<sup>16</sup> WBRZ News, May 9, 2016.

<sup>17</sup> Baton Rouge Advocate, May 16, 2016.

<sup>18</sup> WDSU News, May 10, 2016.

<sup>19</sup> Baton Rouge Advocate, May 14, 2016.

<sup>20</sup> Houma Today, May 18, 2016.

<sup>21</sup> Houma Today, May 16, 2016.

<sup>22</sup> Fox 8 New Orleans, May 10, 2016.

<sup>23</sup> *About Mary Jane Cooper*, <http://maryjanecooper.com>

<sup>24</sup> Christie was battling with the newspapers too by attempting to discontinue the required print publication of Sunshine Law Notices in favor of allowing the internet to be the sole source of these notices. These required Sunshine Law publications were a significant source of revenue for the print media.

<sup>25</sup> New Jersey Monthly, May 1, 2015; NJ.com, Nov. 4, 2016; NY Times, July 14, 2016.

<sup>26</sup> *See id.*

<sup>27</sup> Star Ledger Editorial Board, December 23, 2015.

## **APPENDICES**

### **Statutory References**

The following are Louisiana Revised Statutes sections relating to the powers and duties of the Louisiana Office of Inspector General:

#### **Louisiana Revised Statutes Title 49**

##### **§ 220.21. Office of the state inspector general; policy and purpose**

A. The prevention and detection of waste, inefficiencies, mismanagement, misconduct, abuse, fraud, and corruption in all departments, offices, agencies, boards, commissions, task forces, authorities, and divisions of the executive branch of state government as specifically provided in Title 36 of the Louisiana Revised Statutes of 1950, all hereinafter referred to in this Part collectively as “covered agencies” and individually as “covered agency”, is an important responsibility of the state.

B. In view of the responsibility of the state, it is the purpose of this Part to establish an independent office of the state inspector general in the office of the governor to examine and investigate the management and affairs of covered agencies.

##### **§ 220.22. Office of the state inspector general; creation; domicile; funding**

A. The office of the state inspector general, referred to in this Part as the “office”, is created and shall be a body corporate with the power to sue and be sued.

B. The domicile of the office shall be in Baton Rouge.

C. The legislature shall make adequate appropriations to the office to enable it to implement this Part efficiently and effectively.

D. The office is authorized to employ its own legal counsel, and also may obtain such additional legal representation as the office deems necessary from the attorney general or his designee.

##### **§ 220.23. State inspector general; appointment; term; vacancy; compensation; removal**

A. (1) There shall be a state inspector general, hereinafter referred to as the “inspector general”, who shall be appointed by the governor with the consent of the Senate. No person appointed inspector general shall hold or be a candidate for any elective office, including elective political party office, or any other public office or political party office. No person shall be appointed inspector general who has held any elective office or political party office within two years immediately preceding his



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appointment. No former inspector general shall be eligible to qualify as a candidate for any elective office, including elective political party office, nor shall he assume any elective office or political party office within four years after the termination of his service as inspector general.

(2) If a vacancy exists in the office of the state inspector general for more than six months, then the holder of the next highest level administrative position in the office shall become the inspector general, subject to confirmation by the Senate.

(3) Not later than one year from the date of appointment, if not already certified, the inspector general shall obtain certification as a Certified Inspector General from the Association of Inspectors General.

B. The inspector general shall serve a six-year term.

C. The salary of the inspector general shall be fixed by the governor, which amount shall not exceed the amount approved for such position by the legislature while in session. The salary of the inspector general may not be reduced by the governor or the legislature during his term of office.

D. (1) Notwithstanding the provisions of Subsection B of this Section, the inspector general may be removed by the governor provided such removal is approved by a majority vote of each house of the legislature.

(2) In order to obtain the consent of a majority of the elected members of each house of the legislature, the clerk of the House of Representatives and the secretary of the Senate shall prepare and transmit a ballot to each member of the legislature by certified mail with return receipt requested, unless it is determined that the legislature will be in session in time for the ballots to be distributed to them and returned by them during the session. The ballot shall be uniform and include pertinent information as the clerk and secretary shall determine.

### **§ 220.24. Authority; duties; powers; standards; functions**

A. The inspector general shall serve as the executive head and chief administrative officer of the office and shall have responsibility for the policies of the office, except as otherwise provided by this Part, and for the administration, control, and operation of the functions and affairs of the office.

B. The inspector general is authorized to examine and investigate the management and affairs of the covered agencies concerning waste, inefficiencies, mismanagement, misconduct, abuse, fraud, and corruption, and he may conduct all necessary investigations into such areas, including but not limited to:

(1) Misuse of state-owned automobiles, planes, watercraft, and all other movable and immovable property.

(2) Evidence of a pattern of excessive bills on state contracts.

(3) Unauthorized use of leave.

(4) Mismanagement of governmental operations.



(5) Waste or abuse of things of value belonging to or used by the covered agencies.

(6) Construction, operation, and maintenance of facilities.

C. (1) The inspector general shall help prevent waste, inefficiency, mismanagement, misconduct, abuse, fraud, and corruption in covered agencies by periodically reviewing policies and procedures and monitoring operations and making recommendations for improvement.

(2) The inspector general shall receive complaints of waste, inefficiency, mismanagement, misconduct, abuse, fraud, or corruption in covered agencies and determine whether they warrant investigation by the inspector general or by appropriate federal, state, or local agencies or may conduct such investigations upon his own initiative. In order to accomplish this, the office of the inspector general shall maintain a toll-free fraud hotline number and web site for anonymous reporting.

(3) The inspector general shall investigate complaints of waste, inefficiencies, mismanagement, misconduct, abuse, fraud, and corruption and, when appropriate, recommend whether disciplinary action or further investigation by appropriate federal, state, or local agencies is warranted and take further action as appropriate.

(4) The inspector general shall report complaints of fraud, abuse, or corruption to such federal, state, or local agencies when there is evidence of what may be criminal activity and when otherwise appropriate and shall otherwise cooperate with such agencies in any further action.

(5) The inspector general shall make reports of his findings to the governor. Such reports shall be subject to the provisions of R.S. 44:1 et seq.

(6) The inspector general shall submit an annual report to the governor and the Joint Legislative Committee on the Budget at the end of each fiscal year that describes the accomplishments and contributions made by the office toward achieving the mission of helping to prevent and detect waste, fraud, and abuse in Louisiana government. Upon completion, as indicated by signature of the inspector general, all final reports of the inspector general immediately shall be filed with the Joint Legislative Committee on the Budget and shall include the response of the agency, if any. All such reports shall be provided to the staff of the governor's office and the Joint Legislative Committee on the Budget upon request.

D. The inspector general shall provide for an opportunity for agency response prior to the release of a report unless the inspector general, in conjunction with a United States attorney, the state attorney general, district attorneys, or other prosecutorial agencies, determines that supplying the affected person or entity with such report will jeopardize a pending or potential criminal investigation.

E. All officers and employees of covered agencies shall extend full cooperation and all reasonable assistance to the inspector general.

F. (1) In the performance of his duties, the inspector general and any member of his staff designated by him may seek and obtain sworn testimony from any person using the same procedure as is provided for taking depositions provided for in Article 1443 in the Code of Civil Procedure.

(2) In the performance of his duties, the inspector general or any member of his staff designated by him may compel the attendance of witnesses to be deposed under oath or the production of public and private records by issuing a subpoena. However, such a subpoena or subpoena duces tecum shall be issued only upon approval of a judge of the district court of the parish in which the office of inspector general is domiciled upon application in writing by the inspector general. The judge shall issue a written decision within seventy-two hours after receipt of such application. Any subpoena for production of private records shall be in compliance with all applicable constitutionally established rights and processes. The subpoena may be served by certified mail, return receipt requested, at the addressee's residence or business address, or by representatives appointed by the inspector general, or may be directed for service to the office of the state police. If a person refuses to obey a subpoena issued by the inspector general, upon application by the inspector general, the district court of the parish in which the office of inspector general is domiciled may issue an order to the person requiring the person to appear before the court to show cause why an order shall not be issued ordering such person to obey the subpoena, and the person may be adjudged in contempt of court.

(3) The inspector general shall have access to all records, information, data, reports, plans, projections, matters, contracts, memoranda, correspondence, and any other materials of a covered agency and shall be deemed to be an authorized representative and agent of each covered agency for the purposes of:

(a) Examining and investigating the records of all contractors, subcontractors, grantees, or subgrantees of covered agencies, which records relate to contracts, subcontracts, grants, or subgrants with a covered agency.

(b) Obtaining access to any records of a covered agency in the possession of a third party, including but not limited to bank account records.

G. The inspector general and employees of the inspector general shall carry identifying cards.

H. The office of the state inspector general shall adhere to professional standards for initiating and conducting audits, investigations, inspections, and reviews such as those promulgated by the Association of Inspectors General. The office shall develop an operations manual that contains such standards and shall make it available to the public.

I. The inspector general shall engage in prevention activities, including but not limited to reviewing legislation, rules, regulations, policies, procedures, and transactions; providing for training and education; and making recommendations to the governor and the legislature to strengthen public integrity laws.

J. The office of the state inspector general is hereby designated as a law enforcement agency and conferred all investigative powers and privileges appurtenant to a law enforcement agency under state law as necessary and in furtherance of the authority, duties, powers, and functions set forth in this Part. These powers and privileges shall not include arrest powers but shall include access to computer systems, information maintained for the use of law enforcement personnel, and any

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information contained in the criminal history record and identification file of the Louisiana Bureau of Criminal Identification and Information.

K. Upon credible information of corruption or fraud, the office of the state inspector general shall notify the appropriate law enforcement agencies. Subsequent to notifying the appropriate law enforcement agency, the inspector general may assist the law enforcement agency in conducting the investigation. Upon detecting a violation of one of the provisions of the Code of Governmental Ethics, the office of the state inspector general may file a complaint with the Board of Ethics.

L. The office of the state inspector general may conduct joint investigations and projects with other oversight or law enforcement agencies.

M. The inspector general shall do all things necessary to carry out the functions set forth in this Part.

### **§ 220.25. Confidentiality of certain records**

Except for the reports of investigations released as provided in R.S. 49:220.24(C)(6), the records prepared or obtained by the inspector general in connection with investigations conducted by the inspector general shall be deemed confidential and protected from disclosure. No privilege established by law shall be deemed waived on any record obtained by the inspector general in connection with the performance of the duties established in this Part. Any record or information obtained by the inspector general which is confidential pursuant to any other provision of law shall remain confidential, and it shall be a misdemeanor punishable by a fine of not more than two thousand dollars or imprisonment for not more than one year, or both, for the inspector general or any of his employees, or any other public official, corporation, or individual, to make public any such information or record. Nothing herein shall be interpreted to prevent public access to public records during the course of an inspector general investigation. The custodian of any public record shall provide that record to any person having the right to examine public records. If the only copy of the public record is in the hands of the inspector general, the custodian of that record shall so certify and the requestor may examine and copy the record at the office of the inspector general.

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Email: [state.ig@la.gov](mailto:state.ig@la.gov)

Website: [oig.louisiana.gov](http://oig.louisiana.gov)

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## **REPORT FRAUD, WASTE, AND ABUSE**

To report alleged fraud, waste, abuse, or mismanagement relative to state programs or operations, use one of the following methods:

- Complete complaint form on web site at [www.oig.louisiana.gov](http://www.oig.louisiana.gov)
- Write to Office of State Inspector General, P. O. Box 94095, Baton Rouge, LA 70804-9095
- Call the Office of State Inspector General at (225) 342-4262