

CITY OF STONECREST, GEORGIA

**CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY ACT PROGRAM
(CARES RELIEF)
AUTHORIZATION, ORGANIZATION, MANAGEMENT, ACCOUNTING
AND COMPLIANCE INVESTIGATION**

**FIRST SUPPLEMENTAL REPORT
(INVESTIGATION FINDINGS RELATED TO FINANCIAL MATTERS)**

In connection with our continuing investigation of the matters detailed by the City Attorney of Stonecrest, Georgia in the Report dated April 12, 2021 (“*Coronavirus Aid, Relief and Economic Security Act (CARES) Program – Authorization, Organization, Management, Accounting and Compliance Investigation*”), our investigative team hereby submits this First Supplemental Report to the Mayor and City Council. This Supplemental Report provides an expanded description of the process involved, provides incidents of secondary payments that came to our attention after the initial Report was finalized, and refines our findings and conclusions.

I. Expansion of Confirmation of Grant Awards and Related Information

As indicated in our initial Report, we wanted to gain information about the distribution of grant funds by engaging the community directly. To accomplish this, we selected thirty-four (34) businesses and community-based organizations using the information provided to us by City staff, which listed disbursements that had been made using CARES Act funds. We sent a letter to these thirty-four entities requesting the confirmation of certain data related to the awards and the disbursements (Exhibit A). The selection process used to select the thirty-four awardees would best be described as “random selective.” We mailed confirmation letters to businesses and community-based organizations that (1) received the larger amounts; or (2) had contacted us to disclose that portions of the awarded funds had been paid, based on requests from City connected individuals, to support non-specific marketing and business development planning. We also sent letters to selected community religious organizations since we knew that those organizations had not been funded using an application process.

We received ten responses¹ by the time the initial Report was scheduled for issuance, and we detailed the information from those responses in the Report. After the release of that information, discussions with members of City Council, and calls to us by other grant recipients, we decided to make the same inquiry of all of the CARES Act funded grant recipients that we had

¹ The information we received from *On Common Ground* newspaper was not in response to a letter from the investigative team, but is included with responses to letters for the sake of completeness. In addition, information received from Flat Rock Archives was provided through a member of City Council and included a written response.

been made aware of. We have also elected to send second requests to the grant recipients who did not respond to the first letter as part of this process, and note the following:

1. Nine of those that were not mailed letters in the first group had notations attached by the owners' names "Atten: Clarence Boone". We separated those and modified the confirmation letter to specifically inquire about that notation;
2. Seven of those that were not mailed letters were companies who used the address of 7310 Stonecrest Concourse, Stonecrest, Georgia 30038. That is the address for AEI Startup Factory, which signed an agreement to assist with the CARES Act application intake process for a fee of \$100,000. AEI Startup Factory also has a separate \$25,000 agreement with the City to lease property at 2995 Stonecrest Pass Road for the City to operate its COVID-19 Small Business Support and Relief Program. That address shows as vacant based on internet research, and is listed as being owned by a foreign profit corporation organized by Leicester Allen, Education Real Estate, Inc.
3. One \$20,000 award recipient, Stacy Thibodeaux, is the wife of the recently departed internal auditor for the City; and
4. Eight of those not mailed letters had award amounts indicated, but no contact information. We used the internet to locate all but one of that group. We used a differently worded confirmation for this group and we are still searching for information to send the remaining confirmation (Exhibit B).

As of the date of this Supplemental Report, we have not received any responses from this second round of letters. However, we plan to update Mayor and City Council when and if responses are received. A total of 117 new letters were mailed, along with 25 second requests letters to entities who were mailed the first letter, but who did not respond.

II. Supplemental Reports of Secondary Payments

As indicated, we received information from a number of grant recipients after the initial Report was finalized. Because this information is highly pertinent to the matters we investigated, inclusion in this Supplemental Report became necessary.

Union Missionary Baptist Church - We sent a letter to Union Missionary Baptist Church on March 22, 2021, requesting information related to its grant award. Evidence of an award in the form of a cancelled check or inclusion on any list of awardees had not been provided by City staff; however, information came to us that such an award had been made, and we reached out to the church directly to confirm that information. The church did not initially reply to our letter, but on April 14, 2021, Alma Perdue-Byrd, who is the administrator and treasurer for the church, spoke by telephone with the City Attorney and gave an account of the church's receipt and distribution of CARES Act grant funds. According to Ms. Byrd, Union Missionary never actually applied to receive grant funds. But in December of 2020, Mayor Jason Lary, who serves as a deacon and trustee at the church, stated in a trustee board meeting that the church would be receiving \$150,000 in grant funds. At the same trustee board meeting, Mayor Lary advised that a portion of the funds awarded to the church would go, Ms. Byrd indicates, towards "community home repairs."

Ms. Byrd states that after the church received the \$150,000 in grant funds, she wrote a check for a third of it, or \$50,000, to Real Estate Management Consultants, Inc. at the request and direction of Mayor Lary. As noted in the initial Report, Real Estate Management Consultants' incorporator and registered agent is Robert Burroughs. Further, the initial principal office address for the company is 6844 Main Street, Lithonia, Georgia 30058, which is listed as being owned by Jason Lary Management, LLC. According to Ms. Byrd, she gave the check to Mayor Lary personally. When asked, Ms. Byrd admitted that she has no knowledge of whether any "community home repairs" were ever performed. It should be noted that Union Missionary is located at 2470 Bruce Street, Lithonia, Georgia 30058, which is outside the corporate limits of the City of Stonecrest.

Flat Rock Community Church – We were contacted by Pastor Charles Bennafield of the Flat Rock Community Church after our initial Report was released and discussions in the community regarding our investigation of use of the CARES Act funds began. We were unaware that the church had received a grant award, since all information related to community-based awards has not been made available to us. This is despite numerous requests made to legal counsel for Jacobs, as well as to officials and legal counsel associated with Municipal Resource Partners Corporation, as discussed in the initial Report. Pastor Bennafield requested that we send him a letter requesting information on the grant award, but provided us information regarding the grant award his church received prior to responding to the letter. He stated that the church did not solicit the grant, but was nonetheless awarded \$100,000. According to the Pastor, Mayor Jason Lary asked for checks in the amount of \$6,500, payable to Windermere Roofing, and for \$2,500, payable to Covaco Tires & Services. In an email to Pastor Bennafield, Mayor Lary indicated: "you can give them to James when y'all meet." The church also wrote a check payable to One Way Management, LLC, a company organized by James W. Lary, the Mayor's son, on September 21, 2020, according to Georgia Secretary of State records (Exhibit C). The check to One Way Management was for \$10,000. The church followed up with a written response dated April 15, 2021, restating what we had been told earlier. (Exhibit D).

Windermere Roofing and Covaco Tires & Services – Both of these companies are listed as having been awarded grants of \$50,000 each. Confirmation letters have been mailed requesting information about the payments referenced above. See Exhibit E.

Visit Us, Inc. - In a telephone conversation with Alma Purdue-Byrd, administrator and treasurer of Union Missionary Baptist Church, Ms. Byrd indicated that she is also the CFO of Visit Us, Inc. and that she works at that company with Tee Foxx. Ms. Byrd states that she is aware of grant funds being sent to Visit Us, Inc. but maintains that none of those funds have been spent. Rather, she maintains that all the money remains in bank accounts for Visit Us, Inc. We did not independently verify her statement regarding the funds still being on hand.

Subsequent Citizen Report – Councilmember George Turner received an email on April 16, 2021, from a citizen associated with a local nonprofit, Circle of Support, Inc., indicating: "I was approached by Ms. Tee Fox (the mayor's assistant a while back with an offer for my agency to receive some "grant money" from Stonecrest. She assisted me to complete an application for

\$30,000. However, once I submitted it, I never heard anything else about it. Can you look into whether my agency Circle of Support, Inc. is listed as one of those who received funds? She urged me to go ahead & fill out the application, though my agency is a non-profit.”

This nonprofit is not on any list that we have seen for small business or community-based funded organizations; however, despite our requests to Municipal Resource Partners Corporation officials, City staff, Jacobs legal counsel, and Jones Day, a complete listing of all disbursements by Municipal Resource Partners Corporation together with copies of cancelled checks have not been made available to our investigation team.

III. Revised Recommendations from Investigative Report

Based on the facts uncovered, the initial Report set forth a series of recommendations for consideration by the Mayor and City Council. However, for purposes of clarity and succinctness, we submit the following revised list of actions that we recommend the City adopt immediately:

1. Direct the City Attorney to demand production of all outstanding records and a reconciliation of amounts paid to grant recipients by Municipal Resource Partners Corporation, and to recommend legal action in the event of noncompliance;
2. Direct the City Attorney to demand production of all outstanding records from Jacobs, and to recommend legal action in the event of noncompliance;
3. The Mayor and Council repudiate and declare void all contracts executed by Jacobs employees and subcontractors that were not properly authorized and entered into in accordance with law;
4. Direct the City Attorney to send notice of void contracts to the contracting entities, along with a demand that such entities return all improper contract payments to the City, and to recommend legal action in the event of noncompliance;
5. Direct the City Attorney to notify those entities who improperly received secondary payments from grant recipients that all funds should be immediately returned to the City and to recommend legal action in the event of noncompliance;
6. Direct the City Attorney to send notice to Jacobs of its responsibility for the actions of its employees and subcontractors, and to demand payment of all sums wrongfully distributed by such employees and subcontractors, as well as payment for any resulting loss sustained by the City, including the cost related to the investigation of the actions of the Jacobs employees and subcontractors;

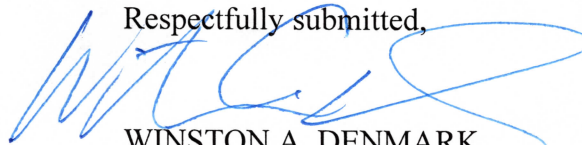
7. Direct the City Attorney to send notice to DeKalb County of deviations from the requirements of the IGA between the City and the County, and to notify the County of the City's plan for corrective action;
8. Direct the City Attorney to refer investigation report and findings to DeKalb County District Attorney and U.S. Attorney for the Northern District of Georgia for further investigation; and
9. Direct the City Attorney to notify those who improperly made payments from grant funds for ineligible amounts that such amounts are subject to refund to the City of recovery and used for the purposes intended.

We believe that the adoption of these recommendations is critical and that the Mayor and Council should do so at their first opportunity.

IV. Conclusion

Based on the information we continue to gather; it is likely that another supplemental report will be forthcoming. In the meantime, you are invited and encouraged to contact us with any questions you may have.

Respectfully submitted,



WINSTON A. DENMARK
City Attorney, City of Stonecrest

EXHIBIT A

COVID Grant Confirmation Draft

Dear Grant Recipient:

As you know, the City of Stonecrest (hereinafter "the City"), Georgia recently accepted funds through DeKalb County, Georgia to administer and distribute services and Coronavirus Relief Funds to the citizens and businesses of the City impacted by the public health and economic crises related to the coronavirus pandemic. In that connection, the City records indicate that through an application and review process conducted by the City, an award in the amount of _____ was made to your business, organization.

The City has certain compliance and recordkeeping requirements as part of the assistance programs and engaged our firm to investigate the program administration and report our finding back to City Council. As part of that investigation, we wish to confirm the following related to the grant amount that was received:

1. Date that application was made for an award (a) _____
 2. Date notification that award was being made received _____
 3. Amount of the award _____
 4. Description of any requests and/or directions made by City representatives or any other person representing themselves as associated with the City for a portion of the award to be donated to another entity and the suggested amount _____

 5. The amount provided pursuant to the request described in #4 above, if any _____
 6. The name of the organization that the requested funds were provided to _____
- (a) Please provide a copy of the application if available

A stamped self-addressed envelope has been enclosed for the return of your responses or they can be faxed using 770.471.9948 Attention: Winston Denmark or emailed to Marshall Mitchell at mmitchell@fincherdenmark.com. Your responses will be maintained in complete and strict confidence.

Thank you for your assistance with this matter.

Sincerely,

Winston A. Denmark, Esquire
City Attorney, City of Stonecrest, Georgia

Enclosure - Envelope

EXHIBIT B

COVID Grant Confirmation Draft I

Dear Grant Recipient:

As you know, the City of Stonecrest (hereinafter "the City"), Georgia recently accepted funds through DeKalb County, Georgia to administer and distribute services and Coronavirus Relief Funds to the citizens and businesses of the City impacted by the public health and economic crises related to the coronavirus pandemic. In that connection, City records indicate that an award in the amount of _____ was made to you and/or your business and there is no application on file to document that transaction

The City has certain compliance and recordkeeping requirements as part of the assistance programs and engaged our firm to investigate the program administration and report our finding back to City Council. As part of that investigation, we wish to confirm the following related to the grant amount that was received:

1. Did you/your business make an application for an award ? _____
2. If an application was made, date that application was made and how made

3. If an application was not made and you/your business received an award, please briefly explain how you/your business were made aware that an award was going to be made to you/your business _____
4. Please identify how the funds were made available to you/your business. Hand delivery and by whom? Mail? Other?
5. Description of any requests and/or directions made by City representatives or any other person representing themselves as associated with the City for a portion of the award to be donated to another entity and the suggested amount _____

6. The amount provided pursuant to the request described in #4 above, if any _____
7. The name of the organization that the requested funds were provided to _____.

A stamped self-addressed envelope has been enclosed for the return of your responses or they can be faxed using 770.471.9948 Attention: Winston Denmark or emailed to Marshall Mitchell at mmitchell@fincherdenmark.com. Your responses will be maintained in complete and strict confidence.

Thank you for your assistance with this matter.

Sincerely,

Winston A. Denmark, Esquire
City Attorney, City of Stonecrest, Georgia

EXHIBIT C

STATE OF GEORGIA

Secretary of State
Corporations Division
313 West Tower
2 Martin Luther King, Jr. Dr.
Atlanta, Georgia 30334-1530

Annual Registration

Electronically Filed
Secretary of State
Filing Date: 11/09/2020 17:33:41

BUSINESS INFORMATION

BUSINESS NAME : One Way Management LLC
CONTROL NUMBER : 20187420
BUSINESS TYPE : Domestic Limited Liability Company
ANNUAL REGISTRATION PERIOD : 2020

BUSINESS INFORMATION CURRENTLY ON FILE

PRINCIPAL OFFICE ADDRESS : 3303 crystal cove, stonecrest, GA, 30038, USA
REGISTERED AGENT NAME : james W lary
REGISTERED OFFICE ADDRESS : 3303 crystal cove, stonecrest, GA, 30038, USA
REGISTERED OFFICE COUNTY : Dekalb

UPDATES TO ABOVE BUSINESS INFORMATION

PRINCIPAL OFFICE ADDRESS : 2567 Park Central Blvd., Stonecrest, GA, 30035, USA
REGISTERED AGENT NAME : James W Lary
REGISTERED OFFICE ADDRESS : 2567 Park Central Blvd., Stonecrest, GA, 30035, USA
REGISTERED OFFICE COUNTY : Dekalb

AUTHORIZER INFORMATION

AUTHORIZER SIGNATURE : James W. Lary
AUTHORIZER TITLE : Organizer

EXHIBIT D

Flat Rock Community Church

1. Date that contact was made with the church about an award 11/19/2020
2. Date notification that the award was being made received 11/20/2020
3. Amount of the award 100,000
4. Description of any requests and/or directions made by City representatives or any other person representing themselves as associated with the City for a portion of the award to be donated to another entity and the suggested amount 19,000

5. The amount provided pursuant to the request described in #4 above, if any 19,000
6. The name of the organization that the requested funds were provided to One Way Management LLC (10k), Windermere Roofing (6.5k), Covaco Tires (2.5k)
7. Any other comments you would like to provide Sadden that we were put in a position that provided means for us to make a difference in the lives of people at a critical time and now it is something that I would have preferred Flat Rock Community Church had never been selected to participate in because of all of the negativity associated with these funds.

Submitted by Pastor Charles Bennafield 4/15/2021
Sent from my iPad

EXHIBIT E



PARTNERS

WINSTON A. DENMARK
STEVEN M. FINCHER
EMILIA C. WALKER

ASSOCIATES

VALORRI C. JONES
MAX M. CHANG
SHIRNELLE R. COUNCIL
DANIELLE M. MATRICARDI
MICHAEL J. HUENING
ZALAK N. RAVAL

WRITER'S LINE
770.692.2030
wdenmark@fincherdenmark.com

April 16, 2021

Covaco Tires & Service
2888 Evans Mill Road
Decatur, Georgia 30034
Attention: Conner Johnson

Dear Grant Recipient:

As you know, the City of Stonecrest (hereinafter "the City"), Georgia recently accepted funds through DeKalb County, Georgia to administer and distribute services and Coronavirus Relief Funds to the citizens and businesses of the City impacted by the public health and economic crises related to the coronavirus pandemic. In that connection, the City records indicate that through an application and review process conducted by the City, an award in the amount of \$50,000.00 was made to your business, organization.

The City has certain compliance and recordkeeping requirements as part of the assistance programs and engaged our firm to investigate the program administration and report our finding back to City Council. As part of that investigation, we wish to confirm the following related to the grant amount that was received:

1. Date that application was made for an award (a) _____,
2. Date notification that award was being made received _____,
3. Amount of the award _____,
4. Description of any requests and/or directions made by City representatives or any other person representing themselves as associated with the City for a portion of the award to be donated to another entity and the suggested amount _____

5. The amount provided pursuant to the request described in #4 above, if any _____

6. The name of the organization that the requested funds were provided to _____.
- (a) Please provide a copy of the application if available

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Thank you for your assistance with this matter.

Sincerely,



Winston A. Denmark,
City Attorney
City of Stonecrest, Georgia

Enclosure - Envelope



FINCHER DENMARK LLC
ATTORNEYS

100 Hartsfield Centre Pkwy,
Ste. 400, Atlanta, GA 30354
T. 770.478.9950 | F. 770.471.9948
www.fincherdenmark.com

PARTNERS

WINSTON A. DENMARK
STEVEN M. FINCHER
EMILIA C. WALKER

ASSOCIATES

VALORRI C. JONES
MAX M. CHANG
SHIRNELLE R. COUNCIL
DANIELLE M. MATRICARDI
MICHAEL J. HUENING
ZALAK N. RAVAL

WRITER'S LINE
770.692.2030
wdenmark@fincherdenmark.com

April 16, 2021

Windemere Roofing
2520 Hollingsworth Street
Lithonia, Georgia 30058
Attention: John Lewis

Dear Grant Recipient:

As you know, the City of Stonecrest (hereinafter "the City"), Georgia recently accepted funds through DeKalb County, Georgia to administer and distribute services and Coronavirus Relief Funds to the citizens and businesses of the City impacted by the public health and economic crises related to the coronavirus pandemic. In that connection, the City records indicate that through an application and review process conducted by the City, an award in the amount of \$50,000.00 was made to your business, organization.

The City has certain compliance and recordkeeping requirements as part of the assistance programs and engaged our firm to investigate the program administration and report our finding back to City Council. As part of that investigation, we wish to confirm the following related to the grant amount that was received:

1. Date that application was made for an award (a) _____,
2. Date notification that award was being made received _____,
3. Amount of the award _____,
4. Description of any requests and/or directions made by City representatives or any other person representing themselves as associated with the City for a portion of the award to be donated to another entity and the suggested amount _____

5. The amount provided pursuant to the request described in #4 above, if any _____

6. The name of the organization that the requested funds were provided to _____.
- (a) Please provide a copy of the application if available

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Thank you for your assistance with this matter.

Sincerely,



Winston A. Denmark,
City Attorney
City of Stonecrest, Georgia

Enclosure - Envelope